

[Shri C. M. Poonacha]

nection should be there. This is the broad policy. Survey is going on. I do hope that after it is completed and we get all the details completed, Government will try to examine the project and consider sympathetically.

16.04 hrs.

GENERAL BUDGET—GENERAL DISCUSSION

Mr. Chairman: The House will now take up general discussion of the General Budget for which time allotted is 20 hours.

Shri M. E. Masani (Rajkot): Mr. Chairman, when I spoke in this House on the President's Address last session, I had made a plea for a new temper and tone by which we could carry on a democratic dialogue in this House without doubting the motives and attacking the characters of one another. I had said that we and the gentlemen opposite have certain common ends, but that what we disapprove of are the methods by which they think they can get to those ends. Now, I would like in what I say today to try and apply the spirit of the plea I had made to hon. Members on all sides at that time.

To start with, I would agree with the diagnosis of the main ills or evils from which the country suffers that was made by the Finance Minister in Part A of his speech. He quite rightly drew attention to the food shortage, the rise in prices, industrial stagnation and the adverse trend in exports as being four of the major areas we have to deal with. I also welcome the general approach he made to the problems facing the country. He was candid enough to say that there was no perfect answer to these problems. That is very true particularly when we have been taken into the mess in which we find ourselves today. But he did indicate certain correct principles. One was that

governmental expenditure should be restrained and reduced; another was that industry should be exposed to a competitive environment; a third was that there should be a hospitable environment for private foreign capital. He was good enough to express publicly doubts about the wisdom of the Second and Third Five Year Plans and to admit that mistakes had been made. He also said that the relative roles of the State and the free sectors of the economy should be dependent on their relative abilities and performance. He said that controls were only a means to an end. All these are very sound principles. Many of us have expressed them in this House over the past few years.

But I have to confess that when Part B of his speech came, there was absolutely no action to match these precepts. There was only the customary tinkering with the rates of taxation. The Finance Minister forgot the very good advice somebody had given that taxes should not be raised or lowered from season to season like the hemlines of women's skirts. This Budget, like those before, has done nothing, only a little higher here, a little lower there. What is more important is that there is nothing in this budget to cure the stagnation from which this country is today suffering and to stop the economy from running down further. There is no incentive to a revival of the economy. Undoubtedly, minor concessions have been given to the direct tax payer, but all of them put together aggregate to only Rs. 5 crores.

16.06 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

If the Finance Minister thinks that this kind of tinkering will the massive problem of a capital market that is dead is going to stimulate the economy, I am afraid he is in for a disappointment. In other words, the Budget does not touch the fringe of the problem.

It has been described as a status quo budget. That is true. But what is the status quo? The status quo today is rank stagnation, depression, a recession on the way, and shortage of food and other commodities for the mass of our people. This was no time for a status quo budget. What was needed was a dynamic budget, if you like, a revolutionary budget.

Now, the Finance Minister says, he has done something. He has balanced the budget. But he has balanced it, if I may say so, by passing the buck. He has passed the buck in two directions. One was the unfortunate Railway Minister who, though faced with a deficit in the railways, had to agree to Rs. 7 crores being squeezed out of the railway budget for the general budget.

The Deputy Prime Minister and Minister of Finance (Shri Morarji Desai): Did he say that I forced the Railway Minister to do it?

Shri M. R. Masani: What happened in the Cabinet is beyond my knowledge. But judging the relative seniority of the two hon. Ministers, I would not put a little gentle twisting of the arm of the unfortunate Railway Minister beyond my hon. friend.

The other direction in which the hon. Minister has passed the buck are the unfortunate States. Last year the Centre gave the States Rs. 921 crores by way of loans and advances. This year the interim budget provided for Rs. 740 crores only. Now the Finance Minister has generously added another Rs. 98 crores, making Rs. 838 crores. Since Rs. 38 crores out of this are for famine relief, which are altogether of a different category, the net assistance to all the States put together comes to only Rs. 800 crores, as against Rs. 921 crores last year. Thus the States are left with Rs. 121 crores less than last year. That is one of the methods by which the Finance Minister has been able to claim that he has balanced the budget.

Now, on this basis he has claimed that the budget will not be inflatio-

nary. I am sorry I must question that claim. Undoubtedly by balancing the budget and eschewing deficit finance, he has tried to fulfil the laudable purpose of stopping further inflation. But by his indirect taxation by the numerous excise duties he has raised, he has effected inflation in a positive manner.

The Economic Adviser of the Government made a statement 'he day after the budget was introduced that the new duties would affect, in the way of inflation, only five to six per cent of the general index of prices. Only five to six per cent. At a time when the whole economy is saturated with inflation, five to six per cent can be a lethal dose. The sympathetic or chain reaction which can set in among prices that are not directly affected by the excise duties can be very far-reaching and very violent.

What is the background? Why do I say that the whole economy is charged with inflation? Thanks to the policy of those who sit in office, prices rose in the past four years by 14 per cent every year, and in 1966-67 they rose by 16 per cent. According to Prof. Shenoy, one of our best economists, during 1966-67, Government was printing currency notes at the rate of Rs. 1.3 crores per day during the last twelve months, and in March, 1967, the last month of the year in question, currency notes were being printed at the rate of Rs. 3 crores per day.

It is against this background of massive inflation, criminal inflation, if I may say so, that this mere five to six per cent rise in the price index has to be considered. It can be poison to the body politic and to the body economic and can spread like cancer over the entire economy. There are many ways in which these excise duties are inflationary.

Tea, coffee and cigarettes will add directly to the cost of the white-collar worker, the lower middle classes who are ground down by prices and taxes,

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and the upper ranks of the skilled workers. Aluminium is the poor man's metal. The cost of electrical equipment which all of us have to use, public and private, and a hundred other commodities will rise because of the rise in the excise duty on aluminium. Even utensils will cost Rs. 1.74 more per kilo.

The Finance Minister said that the poor too should be taxed; it is a question of their self-respect, he told the Bombay Union of Journalists on 8th April. The whole concept of a Welfare State is that those who are underprivileged should be helped, the whole idea of a Welfare State is to put money into the pockets of people who by their own efforts may not be able to get the minimum needs of life. Today in this country we may be too poor, thanks to the misguided policies of the Treasury Benches during the last 20 years, to be able to have a Welfare State such as we would like, but certainly to say that those who have not should be taxed, otherwise they would lack self-respect, is a very cruel joke. In the United States today, Prof. Milton Friedman and his Liberal School of Economists, advocate "negative taxation". They say that anyone who has less than the lowest limit should be given something to supplement it to bring him up to the exemption level. In other words, in India, if we were to have the capacity to do it, if we had the wisdom to follow the economic policies of the United States and in course of time reach something like their affluence, we should say that any one who is earning less than Rs. 4,000 a year should be given by the State the difference between his income and Rs. 4,000 a year to make him partake of the opportunities of life. When the rest of the world is talking about the Welfare State and negative taxation, to claim that a man who is destitute, who cannot pay tax, should be made to pay it, otherwise he would be lacking in self-respect is, I think a very harsh and cruel joke.

The worst of the excise duties is the one on petroleum and high power diesel alongside of the rise in railway freights. The effect on the cost of domestic gas will be Rs. 1.42 more per cylinder of 14.5 kilos. But the bigger effect is on transportation. Everything that is moved will cost more. This particular duty is pernicious because already petrol and diesel are being taxed many times more than they should ever have been. Bus fares, taxi fares, scooter fares, will all go up. It has been rightly described as a "stay-where-you-are budget" in every sense of the term. Not only is the country stagnant and must stay where it is. Unfortunately today, everyone must stay where he is. Even if you walk, your shoes will cost you more by being worn out faster. If you try to transport any commodity, that will cost you more. Therefore, this pernicious duty on petrol and high power diesel oil is going to add to the cost of every commodity which our people use. That is why I say that this is not a budget free from inflation. It is an inflationary budget because of both the direct effect of taxes and excise duties, and the indirect effect on the rest of the economy. Prices are going to rise as a result of this budget in the coming months.

If this budget is not going to revive the economy and is going to continue the price rise, then it is a pretty bad budget; it is a useless budget and it has no solution to the problems that the budget should have faced.

At this point there are many kind gentlemen in the country who say: What could the poor Finance Minister have done? Look at the background, at the legacy with which he was faced. Look at the kind of people by whom he is surrounded on the Treasury Benches! What more could you expect from this poor man?

The honourable Finance Minister will be glad to know of the sympathy that is being extended for him from certain misguided quarters.

Shri Morarji Desai: I am glad you are one of them.

Shri M. R. Masani: I am not one of them; we are agreed on that. I have too much respect for the hon. gentleman to feel pity for him. I have a feeling of sorrow and disappointment and I am trying to control anger. But I will not insult him with pity.

I say that there was an alternative for the Finance Minister. I **am not talking** of his bringing in a Swatantra budget. That of course is beyond him. If that budget could be brought, we can revolutionise the economy of this country within a year or two and we can bring in a new atmosphere and a new psychological mood. Our policy would be the exact opposite of the policy that the Treasury Benches are following. I am not expecting him to do anything of that kind. The policy or philosophy of all previous budgets has been: maximum revenues through maximum rates of taxation. Our philosophy is exactly the opposite: maximum revenues through minimum rates of taxation. Ours is the Policy of President Kennedy which he indicated in his own country when he was President. I am not even expecting the present Finance Minister to do anything of that kind. But I do expect him, within the framework of his own Government and his own policy, to do the right thing by the country. That he has failed to do.

I am going to put to him an alternative budget, an alternative budget which he could have brought and carried through and which would have produced many good effects for this country. I am not just criticising his budget; I am saying what he could have done because we are often told: why don't you provide an alternative? This is not the Swatantra Party alternative. This is an alternative suggested to the Finance Minister of the Congress Government; it is a very modest alternative as a result.

The Finance Minister should have started with economy in expenditure. It is shocking that of a total expendi-

ture of Rs. 5150 crores he could not make any cut. Rs. 6 crores on defence is all that I remember in the way of reduction in expenditure that he has ventured to make. From 5,000 crores he has no capacity to make any cut anywhere. I say that without hurting anyone very much, he could easily have effected economies of at least Rs. 150 crores, which would be less than three per cent of the total. If anyone tells me; I spend a thousand rupees and I cannot cut Rs. 30, I know that he is lying. Everyone of us can cut Rs. 3 out of Rs. 100 that he spends, if we really want to. He could have cut 150 crores painlessly and without tears.

How? He has given Rs. 10 crores more for civilian non-developmental expenditure which is mostly wasteful. Our bureaucracy has been proliferating and more and more drones are living on it; they are under-employed. Instead of cutting down that civil expenditure, he has given Rs. 10 crores more this year to waste. I suggest he could have made a modest cut of Rs. 10 crores on last year's civil administration expenditure. That would have made a saving of Rs. 20 crores between his present budget and my alternative budget.

It has been suggested that there is a taboo on suggesting a cut in defence spending. I propose to break that taboo today. A retired Wing Commander of the Air Force wrote in a magazine last week or the week before that "anybody who talks about a cut in defence is considered not defence-minded; and the entire defence finance is completely muffled by officialdom; it is hardly ever scrutinised by experts outside the circle of the brass."

The Prime Minister fall a victim to this fallacy on the first of his month when she is reported to have made the following remark: "So long as there is danger on the borders, there can be no cut in defence expenditure." I suggest this is a *non-sequitire*. Danger on the borders and defence expenditure have very little to do

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with each other except indirectly. Economy in defence expenditure is consistent not only with maintaining the effectiveness of our defences but even increasing it. On the one hand, you can cut the waste and on the other hand you can make your Armed Forces more effective instruments of defence.

Now, one could claim that the present foreign policy should be changed in the direction that some of us want to change it, and hundreds of crores could be saved for this country.

Here again, I am not suggesting that you change your foreign policy. Let them stick to the present policy of non-alignment, but even within this foreign policy, of which we do not approve, it is possible by the application of modern techniques in the fields of inventory control and equipment maintenance to save crores of rupees and yet not do the slightest harm to an effective fighting force.

In the Air Force for example, the ratio of spares to capital cost of planes is today 20 times what it is in Air India and other international airlines. I allow for a higher ratio on defence services because they have to deal with emergencies but not 20 times; may be five times or six times, but not 20 times. It is a colossal waste. The spares which have such a ratio are going down the drain. Does it mean that if a control is kept on inventories, our fighting forces will not be able to deliver the goods? Similarly, there is tremendous waste in many defence production projects. All these can be rationalised without in anyway affecting the fire-power of a single regiment of the army or a single squadron of the Air Force.

What is needed is a Mc Namara operation, what Mc Namara has done for the American defence system through cost effectiveness; testing every dollar spent as to whether it has delivered the goods, cutting it out or giving it somewhere else where the fire-power

capacity of the defence forces can be increased. If this could be done, a saving of Rs. 80 crores could have been easily made in defence without doing the country the slightest harm and doing a great deal of good.

Thus, Rs. 20 crores on civil administration and Rs. 50 crores on defence gives you a net saving of Rs. 70 crores.

I will now turn to the third field of economy, where the economy could be the biggest, and there, I would say that on the so-called Plan expenditure of Rs. 1,826 crores, an economy of Rs. 80 crores could have easily been made. I am suggesting Rs. 80 crores because I am referring to only two projects which could have been easily dropped without touching the rest of the fourth Five Year Plan for this year. The two projects I suggest could have been dropped are the Cement Corporation with an estimated expenditure of Rs. 3,1/2 crores and the Bokarao Steel Plant with an expenditure of Rs. 75 crores. Between them, they would have given us a saving of Rs. 80 crores straight-away.

I was very glad to read the speech made by the hon. Speaker—I am sorry he is not in the Chair now—In Madras on May 14, when he recommended that we should go slow on industrial projects and divert our attention to agriculture. As reported in the *Times of India* on May 15th, the hon. Speaker said:

"Thousands of crores of rupees are being spent on industries. If one-tenth of the money invested in big steel plants had been diverted to agriculture, the country would not have today faced a food crisis."

He should know: he has been the Minister of Steel in the Congress Government. Only two days ago we had a vindication of what he said when the conclusions of the Pande Report were

published, and we realised that in one year Rs. 13 crores have gone down the drain in the steel works at Durgapur.

But the worst of all these white elephants, worse than Durgapur, is Bokaro. It can easily be postponed for several years without doing our economy the slightest harm. It has already become, even before it can go up, a by-word for wasteful expenditure and nepotism of the worst kind. So far, Rs. 70 to Rs. 80 crores have been spent and all that has been achieved is a levelling of the ground and the building of quarters. Even before that is completed, an army of drones is living off the country. To manage 3000 employees, there are already thirteen heads of departments drawing more than Rs. 2,000 apart from other emoluments.

I have got information—I hope hon. Finance Minister will get it checked—that they have a big Personnel Department with a Deputy General Manager drawing Rs. 2000 to Rs. 2500, under him a Deputy Personnel Manager drawing Rs. 1300 to Rs. 1600, one senior Personnel Officer, 3 Personnel Officers, 9 Assistant Personnel Officers and one Law Officer. There is a General Administration Department with a Secretary drawing Rs. 1600 to Rs. 2000; under him is a Public Relations Officer. There is an Engineering Department with an Engineering Departmental Head. Under him there are 3 Chief Engineers. Under them there are several Design Engineers. The Accounts Department is the worst. There is a Financial Adviser drawing Rs. 3000 to Rs. 3500, a Deputy Financial Adviser drawing Rs. 1600 to Rs. 2000, a Deputy Controller drawing Rs. 1600 to Rs. 2000, 6 Assistant Controllers, 2 Senior Accounts Officers, 9 Accounts Officers and 12 Assistant Accounts Officers. All of them are engaged from the 1st to the 8th of every month in paying wages to 3000 employees. The whole accounts staff is required to pay wages to 3000 employees.

Then there is a Material Department Head, a Medical Department

Head, a Transport Manager and finally, like all private business houses, a Liaison Officer in Delhi drawing Rs. 1800. It is a colossal waste of scarce resources, which can be easily cut out to great advantage.

According to information with me, it sounds dependable, but I hesitate to mention this aspect of it, many of these officers I have mentioned are relations of ministers and senior Congress-men in Bengal and Bihar or are relations of senior Government officials. I am going to pass on this letter to the hon. Finance Minister for him to investigate. I am too responsible to read out which official is related to which Congress-man. This is a story of not only colossal waste, but nepotism.

There are other smaller examples I can give to the Finance Minister. For lack of time, I will give only one more before I pass on from the topic of economy. I would draw attention to the colossal waste of public money that is now being contemplated and which he can even now prevent if he wants to. The Minister of Industries is discussing with Czechoslovakia a project for the manufacture of 12000 tractors per year at an investment by this country of Rs. 25 crores. Rs. 16 lakhs have already been spent on a project report supposed to have been prepared by the Czechoslovaks. It is not at all necessary for this factory to be set up in this country. There is a production of 8,000 tractors last year by Indian companies. I believe this was quite adequate. In fact, there is a glut on the market and even these companies are building up stocks. But assuming that there is a demand for a smaller tractor, as has been alleged by the Agriculture Department, the Indian industry today has an installed capacity to produce more tractors of any kind that are required, big or small, with any horse power and any kind of engine, all produced in this country. They claim that for one-fifth of 25 crores i.e. at a cost of Rs. 5 crores, they can produce 12000 more tractors of any kind, any size with any horse power that is required.

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Can there be any justification, when we have the wherewithal to produce all our needs of tractors, to be talking with foreign country to set up a factory at a cost of Rs. 25 crores to build tractors which we can produce at a cost of Rs. 5 crores? I do hope the hon. Minister will investigate this matter and deal with it in his reply. Will he step in and stop this criminal waste of public money? Unfortunately, 68 per cent of this country's investible resources, including foreign aid, are today being invested in such wasteful State sector enterprises. Let me estimate what this costs the country. According to the National Council of Applied Economic Research, an organisation the Government themselves use, if you give a tax relief of Rs. 100 crores, those who get the relief, the lower middle class on the marginal exemption level, would invest Rs. 25 crores out of this in productive enterprises. That means that if you give a relief in tax at the lower levels out of Rs. 100 crores that you give Rs. 25 crores you can count on coming into an investible surplus. How much are Government be able to put aside for investment out of the money we give them? The corresponding figures are that out of an investment of Rs. 100 crores there is a revenue surplus of Rs. 4 crores. That means out of a Rs. 100 crores tax that we give them they can only produce a revenue of Rs. 4 crores. In other words, there is a net saving of Rs. 81 crores per Rs. 100 crores or 21 per cent of what is left in the pockets of the public compared to the rupee that we put into the till of the hon. Finance Minister. This means, for the coming year, since there is an additional revenue of Rs. 232 crores which the Finance Minister wants, we shall be diverting that much money at the cost of Rs. 49 crores. Rs. 49 crores of capita' will be consumed in this process of diverting from more productive to less productive channels.

I have suggested to the Finance Minister where the economies would have

been made. Let me tell him what he could have done or still can do with these savings. The saving of Rs. 150 crores can be converted into tax relief of Rs. 150 crores—Rs. 80 crores on indirect taxes and Rs. 70 crores on direct taxes.

Reduction in indirect tax could have given tremendous relief to the poorer sections of our people. If the excise duty on vegetable oil products could have been cut down altogether a hundred per cent—, if kerosene duties could have been cut by half, if cotton fabric duties could be cut by half, if the duty on matches could have been cut by half, and if the duty on trucks for transportations of goods could have been cut by half, there would have been tax relief to the extent of Rs. 80 crores. These Rs. 80 crores would have gone to the poorer sections of our people to give them a little more of the needs of life instead of having to pay the exchequer all this money. It would have meant a 50 per cent reduction on the burden of the poorer sections of our people on their most immediate needs.

Then I come to direct taxation, how he can spend Rs. 70 crores to regenerate our economy. He should have removed the Annuity Deposit Scheme. It is the worst masterpiece of confusion and futility ever invented by human ingenuity. That would have meant a net loss of Rs. 14 crores. Shri Bhoothalingam, whom the Finance Ministry itself employed to give a report, says so. He says:

"It would be highly desirable to get out of the way this complicating feature which in reality is not even germane to the tax structure. ***The continuance of this system certainly cloud the consideration of other proposals for the rationalization and simplification of the tax structure. ***If the system is not to be permanent, the sooner it is abolished the better."

And, as he himself points out, for

a mere loss of Rs. 14 crores it could have been lifted from our tax system.

The second deduction could have been by raising the exemption limit for the lower middle class from Rs. 4000 to Rs. 8000 a year. It would have only lost us Rs. 5 crores but it would have given great relief to a wide section of our poor middle class people.

The saving in collection charges would have been extra. Then he should have removed the surcharge on income-tax, giving another Rs. 18 crores relief. He could have given relief on the first Rs. 500 of all dividends earned. That would have cost another Rs. 500 crores. Finally, the abolition of the company surcharge of 10 per cent would have meant Rs. 30 crores, bringing the total to Rs. 70 crores.

Thus, along with Rs. 80 crores on excise duties he could have given relief of Rs. 150 crores this year to the taxpayer.

This would have yielded three results. First, it would have given an incentive to investment and saving. The capital market would have been stimulated to the extent of Rs. 40 crores, which direct tax relief to the individual taxpayer would have left in his pocket. As I have pointed out, one-fourth of this would have come into productive enterprise immediately. Joint Stock companies would have been left with Rs. 30 crores more to re-invest. It could have been made a condition that if you re-invest, you will be given this much.

The other effect would have been anti-inflationary. Increased investment and production would have checked the rise in prices. The scheme of commodity tax relief would have brought down prices in

six very sensitive sectors for the common man, and the ever-mounting Dearness Allowance bill would have been stopped from growing further. Thus, such a Budget would have stabilised prices.

Finally, he could have got more revenue which he has thrown away by unintelligent measures. As I said, the objective should be maximising tax revenues by minimum rates, not by maximum rates. Normally, the benefits of tax relief take sometime to be shown. I would have been told that it would take two or three years for the benefits to be shown from tax cuts. But this year happens to be a special kind of year when any relief given would give you returns within this year itself. There is a reason for this, and the reason is, as I have pointed out, as in the case of trucks, that we already have unutilised installed capacity for production which today is not being used either because people have not got the money to buy the things or because high taxes do not leave a surplus to re-invest. This relief would have given an immediate fillip to production because, as I said, unutilised capacity is there and there would not have been the time-lag which normally one would have expected. Mr. Morarji Desai would have had, according to me, Rs. 100 crores extra from import duties and excise duties if he had accepted my budgetary pattern. With Rs. 100 crores extra import and excise duties, he could have given more relief next year when he would have come before us, if he is still there, on 28th February, 1968. All this he has thrown away.

Now, I will be told that if it is so easy, why he did not do it? I speak more in sorrow than in anger. I am one of the many disappointed people in the country. It is for him to answer why he did not do it. I hope, when he replies to the debate, he will tell us, specifically, why what I have said could not be done.

Shri Morarji Desai: I hope you will be here.

Shri M. R. Masani: Till then, I can only guess why he did not do it, may be because of habit, conservatism. May be because of his clinging to the legacy of the past. May be because he put Party above country. May be because he did not have the courage to admit past mistakes and strike out in a new direction. In any case, whatever the reason, he has lost a great opportunity, and so has the country. I am not very much surprised, I can understand and sympathise a little with him, because a bad Budget is only one symptom of the disease that is within his Party. There are other symptoms also.

Before I conclude, I would like to mention three other symptoms because the Budget is symptomatic of the same malady which shows in different ways. One of the symptoms is the Congress Working Committee's resolution. For sheer irrelevance to the country's problems, it is hard to beat. Having failed for more than a decade to cure a patient, all that the doctor does is to double the dose of the same medicine! Or, if may change the metaphor, when the patient is debilitated by the medicines and the treatment of the doctor, when he needs a shot in the arm, a blood transfusion, all that the doctor does is to bleed him a little further! I have no time to go into each of the idiotic proposals made by the Congress Working Committee. But I shall mention only one of them to show how ridiculous they are. Take, for example, the proposed nationalisation of General Insurance. The total amount of money on which Government can lay its hands its ugly, grasping hands would be Rs. 3½ crores a year. For this miserable pittance, the Congress Working Committee wants the Government to destroy an essential, a useful, service to industry and shatter confidence in the whole country at the cost of Rs. 2½ crores only. The Congress Working Committee's resolution appears to me to be a cheap

demagogic device to divert the minds of the people from the miseries to which the Congress Party has brought them. I think the Congress Working Committee has made a mistake in judging that the people of India were going to support such measures. They are making a mistake; they are misunderstanding the minds of the people. As I understand it in all humility, the people want a better life, lower prices, more food and more consumer goods. I do not think that they care so much by what dogma or by what method we produce it. They are no more interested in my dogma than the dogma of my hon. friends on the Opposite. They want them just to deliver the goods and the Congress Working Committee's Resolution certainly cannot deliver the goods.

A second symptom is the way in which this Government is seeking to evade giving implementation to the excellent Report of the Administrative Reforms Commission on the planning machinery. That Report was submitted by Mr. Hanumanthaiya and his colleagues on April 29. I would like to congratulate them on the very good job of work done. But since then, all that we have heard is humming and having behind the scenes and an occasional leak to the Press showing how unhappy the gentlemen in office are that they have to carry out the recommendations of the Administrative Reforms Committee which they themselves appointed and which has a big majority of their own Partymen. Obviously, the Report is very embarrassing to the Congress bosses who have been misusing the planning apparatus for twenty long years.

What has the Reforms Committee recommended? They have said that the National Planning Commission has been dominated by Ministers and politicians under the Chairmanship of the Prime Minister. This, in the view of the Committee, I think I am paraphrasing them accurately; Mr. Hanumanthaiya will correct me if I go wrong—has helped it to become a

super or parallel Government diluting in some measure the responsibilities of the Cabinet to Parliament and through Parliament to the people, and that its staff has grown to monstrous proportions and needs to be pruned. These broadly are the conclusions.

The recommendations of the ARC are: first, that the Planning Commission should be an expert advisory body, that the role of the Planning Commission should be confined to planning and evaluation and it should stop involving itself in executive functions and decision-making. Secondly, that while the Prime Minister and the Finance Minister should be closely associated with the work of the Commission, neither of them should be a member or the Chairman of the National Planning Commission.

I would have thought that this was a modest recommendation and could have been accepted immediately without all this baffling. The fact that this is a vindication of what we on these Benches said, I hope has not stopped the Congress Government from accepting the recommendations of Mr. Hanumanthaiya and his colleagues. Because that is exactly what we have been saying. We put it slightly differently: we said that the present Planning Commission should be dissolved and replaced by an expert advisory body. The Reforms Committee suggest that the name and the continuity should remain, but the change should be made exactly as we wanted.

What is coming in the way of these recommendations being accepted? Why this ominous leak that the Prime Minister insists on retaining the Chairman of the National Planning Commission? I suggest that the reason is that the Congress Party has been misusing the apparatus of national planning and has made it Party-planning. This is a federal Government and we have a federal Constitution. The Planning Commission should belong to the nation, to the

country, as much to the State Governments as to the Union Government. They have monopolised that all this time, kept the State Governments completely outside the purview of planning, and have, therefore, all the power in their own hands.

They should be grateful to the Administrative Reforms Committee that they are letting them out so gently, just suggesting that they retire from the scene in dignity and honour. In the Soviet Union, where the planning process started and where it also failed, they were not so charitable to the planners who fail. It should interest the House to know that in the USSR, where also planning has miserably failed, those at the head of the National Planning Commission, called the Gosplan, are normally executed. From the First Five-Year Plan to the death of Stalin, the position of Gosplan Chairman was held by six officials in succession; four of these were shot; the names were G. F. Grinko, V. I. Mezhlauk, G. Yu Smirnov and N. A. Voznesensky. The fifth, Mr. V. V. Kuibyshev, died suddenly and in mysterious circumstances. Only the sixth survived. So, under the old Stalinist regime, four were executed, one died mysteriously and one lived to die in bed. Even after Stalin, under Mr. Khrushchev....

An hon. Member: He is referring to Russia.

Shri M. E. Masani: It is better that we try to learn the lessons without tears.

Even under Mr. Khrushchev, Mr. M. S. Saburov, was accused of being a member of an anti-party group and lost his job. As of now, the average life of the Chairman of the National Planning Commission in Moscow, which is supposed to do long-term planning, has been a year and a half each.

In the USSR, Communism is being dragged painfully into the 20th century. Here, we have the framework

[Shri M. R. Masani]

of democracy, we have this Parliament, we have a free press, and we have an intelligent public. Must we go through those horrors and those disasters? Should we have to learn the hard way? Should we not learn from their mistakes and our mistakes and change where change can be made on the lines suggested by Mr. Hanumanthaiya?

Then, I come to the last and final symptom of what is wrong with the ruling party, and that is the most interesting discussion on the Hazari report. We have been following this controversy with some interest and not a little amusement, this hullabaloo in the Congress Party's ranks over the Hazari report. My sympathies are entirely with these gentlemen who are suffering from shock, and anguish that their wonderful system of socialism has produced this monster that has come before their eyes.

They are doing an injustice to Mr. Hazari. I hold no brief for him; he is a Leftist. But, after reading the report, I must say that I have found it a sensible and reasonable document. There is nothing new in it. He has only repeated what we have been saying here for the last five years. If that is his real thinking, he is welcome to join the Swatantra Party. What does he say? I have gone through the report very carefully, more than I think most Members have done, who have spoken as a result of the report. I am very much in agreement—and I want my hon. friend Shri Madhu Limaye to listen—with the editorial writer who commented that most Members of the legislature....

An hon. Member: That has gone to the Privileges Committee.

Shri M. R. Masani: That has not gone yet. That would be going tomorrow. That is why I say that I am entirely in agreement with the editorial writer, whoever he is, that most of the members of the legislature perhaps shot their bolt or talked

through their hate without bothering to read the report. If they had gone through the report, they would not have gone into the hysterics that they did.

What does the Hazari report say? All that Dr. Hazari point out is this. These are the main conclusions. I am paraphrasing them and for the benefit of hon. Members I shall give the references to the page numbers.

He says:

(1) "That the licensing system set up by the Congress Government contains the implicit assurance of more or less monopolistic (or non-competitive) positions which the licensee is expected to occupy"; (page 17).

(2) "The issue of licences tends to give an exaggerated picture of industrial capacity which sometimes scares away genuine entrepreneurs who might be chronologically late at the same time as it encourages foreclosure of licensed capacity by influential groups and sitting tight on unimplemented licences"; (page 19).

(3) That the process of licences 'leads to bottlenecks, contributes to delays and higher costs' (page 19).

(4) That these failures and deficiencies are 'inherent in the licensing system as it was conceived and made to function' (page 19).

(5) That these deficiencies are so fundamental that they cannot be overcome by procedural or administrative changes and that they indicate the need for "reconstituting of the scope and working of the licensing mechanism" (page 21).

—or, as we suggest, the scrapping of the permit-licence raj—

(6) That "if licensing is retained"....

—about which he seems to have some doubts—

"... It should be limited to new undertakings of over Rs. 1 crore capital in place of Rs. 25 lakhs as at present" (page 27).

These recommendations are very sensible and reasonable. They hardly justify the hysteria into which certain "leftist" Members of the Congress Party seem to have gone, obviously without reading the report. I suggest that tonight they read the Hazari Report before it is discussed in the Lok Sabha in the next few days.

The fact that the system of licences, permits and controls is creating greater inequalities as a result of corrupt politicians and officials and their business friends—not ours—their business friends, feathering their own nests has pointed out by us month after month and year after year from these very benches. I myself on several occasions have done so, and you, Sir, had been part of the audience, and you have replied to me in debate. I have pleaded with the House that the best way to ensure social justice and a free and equal society in which we all believe is to scrap this permit-licence-control apparatus and free the people from this octopus.

The correct conclusion to be drawn from the Hazari Report is not to look for scapegoats here and there but to realise that all this is inevitable as a result of so-called socialism, which is really Statism, and to give it up (Interruption).

The quarrel between the Congressmen and Birlas is a domestic quarrel with which we have nothing to do.

The remedy is to scrap permit-licence-raj and restore competitive free enterprise, make the industrialist subject to the wishes and preferences

of the small man, the consumer, and not the wishes of the politicians, and officials as at present.

If State enterprises and Bokaro are one kind of State Capitalist exploitation, the Hazari Report highlights another aspect of the same State Capitalist system. Both must go.

Today the national economy is pressed and held back by an army of drones who have been well described as "the heavy hands, the big feet and the blind eyes of the State". The millions of our people have to be liberated from this vested interests. Ours being a mixed economy, our "New Class," as Djilas has described it, is a mixed class; it consists not only of the Malaviyas but also of the Serajudins. This is the prototype of the New Class in our country, the combination of corrupt Ministers and corrupt businessmen exploiting the people and sharing the profit.

16.54 hrs.

[Mr. SPEAKER in the Chair].

The sad thing is that Shri Morarji Desai's Budget does nothing to liberate the Indian people from this "New Class". On the contrary, it freezes the status quo. I think the effort will fail. I think the country's economy and politics demand today revolutionary solutions. Mere conservatism and the status quo will not work. The present stagnant order will come unstuck under its own contradictions and futilities and the people are not going to keep quiet. Too long have they been fed on hope.

The Finance Minister has found a good friend—and he is a "good friend of India also—I refer to Mr. George Woods of the World Bank. May I commend to him a very wise remark—Mr. Woods is reported to have made. He has said "Hope is a good breakfast but a very poor supper". Today we are not in the morning, we are late in the evening. We are ap-

[Shri M. R. Masani]

proaching midnight. The hour is late. The crisis is very much on us mere hope will not do. The Indian people want results, I have shown the Finance Minister the way in which he could have produced results. Unfortunately, he has not brought such a Budget before us.

The result is that the people are going to be disappointed. He and his Party will no doubt pay for that disappointment when the time comes.

Shri Banga (Srikakulam): The country suffers.

Shri M. R. Masani: Yes, unfortunately, the country also is going to suffer, and millions of innocent men, women and children, who are not responsible for these policies, will have to pay the price.

This is the real tragedy of this Budget. As I said, I speak with great disappointment and sorrow. I still appeal to the Finance Minister and his Party. If they have any imagination left, if they have any vision left, even at this late hour, let them mend. Otherwise, they will destroy the country along with themselves.

Shrimati Susheta Kripalani (Gonda): While presenting his Budget, the hon. Finance Minister made a very realistic assessment and correct analysis of the economic situation prevailing in this country today. His speech was forthright, pinpointing the reasons for the prevailing economic ill health. He pointed out that the major difficulties were, as already mentioned by Mr. Masani before me, drought leading to food shortage, rising prices, the need to revive industrial activities and adverse trends in exports, and also the adverse effects of the Indo-Pak. war which necessitated increase in defence expenditure. He proposes to end what he terms the psychology of inflation by limited outlay on Central Government expenses within resour-

ces to be mobilised in a non-inflationary manner. He has also said that private industry will not be inhibited from increasing production by undue limitation on availability of credit. That should give some assurance to Mr. Masani. He has also said, at the cost of being criticised, that he would welcome foreign investment if it boosts exports. Coming to the controversy of public and public sectors, he has said that their relative values will be determined by their ability in course of time. Certainly this approach is not a doctrinaire approach, not a leftist approach; it is a very pragmatic approach. His very words would indicate that there was a keen desire to see that the economic condition of the country was raised to the extent possible and, that the common man's distress was relieved to a certain extent.

His analysis is masterly, and therefore it is obvious to all of us that the Finance Minister is aware of the very difficult situation which he has inherited. I am one of those foolish persons who have a certain amount of sympathy for the Finance Minister. He knows that the situation is very difficult, and he has to find a solution, he has to find a remedy for this complex situation.

What is the economic situation today? He has been very frank, he has never tried to slur over it and say that our situation is any better. He has neither tried to claim any credit for the measures he has now initiated. He has on the other hand said: "Let us wait and see what results these measures yield, then you assess me, you judge me". His whole approach has been modest, frank, honest.

The Economic Survey draws a rather grim picture of India's economy. Foodgrain production has gone down by 17 per cent since 1964-65 for reasons too well known to everybody. In industrial product on there has been a marginal increase between April

and October, 1966 of 2.7 per cent, and perhaps a little more increase during recent months. Exports have declined from April 1966 to February 1967 by 120 million dollars. The cost of living has gone high with prices rising by 46 per cent in the last three years, a very cruel burden on the common man. These are the facts of the situation. Nobody can get away from it, such is the state of affairs.

Everybody expects, because the Finance Minister is a man of courage, that he will chalk out a bold plan to lift the economy out of depression, revive the moribund capital market, boost exports and hold the price line. It is a very tall order.

Within the short time since he became responsible to guide the finances of this country, what steps has he proposed to take. Finding the position so very difficult, absolutely acute, the first thing that he has decided is to avoid deficit financing. Hence he has presented a balanced budget. True, he has imposed certain taxes, but I am sure that a balanced budget of this type will have some disinflationary effect.

The wide range of miscellaneous concessions and levies give the impression that the budget perhaps is a major fiscal undertaking, but it is not so. We do admit that it is more or less a *status quo* budget, but *status quo* to what end? *Status quo* to give stability to the economy. When your economy has been upset to such an extent, some steps have to be taken first to bring about stability, then we can think of building the super structure.

He has given a few concessions. The concessions are: relief in direct taxes to the tune of Rs. 5 crores, exemption of dividend income up to Rs. 500 from taxation; limit of surcharge has been raised on unearned income to Rs. 30,000; he is helping industries adversely affected by devaluation; he is trying to give tax in-

centive to industrial undertakings employing refugees and repatriates; he is also helping industries damaged by calamity, towards their rehabilitation. Certain step proposed will create a congenial atmosphere for the amalgamation of the economic units. He is also taking steps to simplify tax collection. So far so good. None of these concessions proposed by him are bad; they are good. But the criticism is that they do not go far enough.

17 hrs.

It is natural therefore that there are various questions raised by the public. One is: will it tackle the basic problems? Has it touched the critical points of the economy? Has he given productive orientation to our fiscal and monetary policies? Are there built-in devices to control prices? Will it give confidence to the new entrepreneurs to take reasonable economic risks? Will it help individual saving, to which Mr. Masani had again and again referred. Will it hold the price-line?

I cannot possibly go into all these questions. But let us take some of the major points. The business community's reaction is that nothing has been done to revive capital market. This reaction is nothing new. During the last two or three budgets, their reaction has been the same. It is true that the capital raised by non-governmental private companies last year was low. The main facts of the business situation are not denied either by the Finance Minister or by anybody else. Recognising this difficult situation, the Finance Minister has tried to help the industry, may be, in a small way, by stimulating industrial production by larger availability of bank finance. He has not spelt out the details. I would rather urge that while replying he should give more details and tell that these are the various steps by which greater finances would be made available. Today the real position is that only the biggest

[Shrimati Sucheta Kripalani]

industrialists are able to get finances; the middle and small industrialists find it rather difficult because of the rigid position taken by the banks. He has suggested tax concession to promote industrial research, continuation of the liberal import policy, particularly to 59 priority industries, to continue, the provision of Rs. 10 crores to financial institutions. Of course it is just a token but in this tight position, even this indicates a desire and the goodwill of the Minister to help the industry. He has also indicated that he would try to see that all additional outlay is directed to capital goods industry in future and, that he would also explore all avenues for stimulating development outlay as soon as the basic supply conditions improve. It is well known that fiscal concessions alone cannot revive industry. The earlier concessions concerning bonus shares though welcomed by the capital market did not produce lasting benefits. Therefore, the Minister has rightly pointed out that industrial growth is inhibited more by the lack of supply of raw materials, capital goods and machinery rather than fiscal burden. Relaxation of industrial licensing and decontrol of steel will enable the industry to diversify production. Government support the efforts of industries to increase export of capital goods through credit arrangements. New industries will be encouraged by the provision that unabsorbed tax holiday is to be carried forward for eight years. These are some of the proposals by which he tried to set an improved climate for industrial growth. It is true that this will not solve their problem immediately but industries, it is hoped, will start moving towards the right direction.

The main pleading from the industrialist is that taxes should be reduced; they want reduction in the rate of the corporate tax and personal tax and reduction in the rate of tax on unearned income, wealth, tax etc.

They contend that all these rates should be reduced. Otherwise, the industry cannot grow. The circumstances under which we are functioning and the mental attitudes that have developed during the few years precludes taking such a step. It is true that corporate taxes may perhaps be reduced if it goes to help towards more investment. Why should personal taxation for higher income groups be reduced? It does not fit in with present day thinking in modern India.

He has taken certain effective steps to improve agriculture. Agriculture is the biggest problem today. Therefore, we have to divert our energies to the extent possible to see that food is produced in this country, and that we do not go in for aids and loans from other countries for that purpose. The Finance Minister has promised a provision for rupee and exchange required for agricultural production programmes. The Central assistance to States has been increased from Rs. 535 crores to Rs. 590 crores, and Rs. 5 crores have been given for land mortgage banks. It is true that perhaps the total amount given to the States this year may be less than last year, but the financial position is very tight at the moment, and within the tight position, the Finance Minister has tried to take them forward and give something more to the States. Therefore, to accuse the Minister and to say that his budget is not production-oriented is not quite correct. The steps may be very moderate; they may not go far enough, but certainly the effort is towards improving the production and taking the economy forward.

What the Minister has to take care of is this: I can say it from the little experience: that than the policies may be correct; the aims may be all right and the desire may be to develop, but in implementation various difficulties and defects crop up the implementation is often misdirected.

the policy and stands in the way of progress. Just now Mr. Masani mentioned the Hazari report. I am one of the foolish persons to have read the report and while reading the report I thought that the few remarks on Birlas comparatively less important on which we should be so excited. Certainly that should be checked. But the more important part of it is, the more effective part of it is the criticism that he has levelled regarding the policy, regarding the implementation of the policy and regarding the role of the Planning Commission. I agree with Mr. Masani that we should go into it and see that the implementation of the policy should not be so defective that it goes absolutely contrary to the desired goal.

The next important point is, how to hold the price line? The price has risen excruciatingly to 46 per cent in the last three years. Some steps have been taken by the Finance Minister. One of them is to avoid deficit financing. That is the biggest step towards bringing about a certain amount of stability; also, he has promised to reduce administrative expenditure. He has said that he is making certain efforts in his own department and also will try to influence other departments. I would like to criticise here—

An hon. Member: Criticise whom?

Shrimati Sucheta Kripalani: ... the Government. I am not pledged to support them for everything. I will support them for the good things they have done and I would criticise them for the things they, to my mind, have not done. I am sure they will take it in that light. The interim budget was passed only a few months back and since then we have added Rs. 169 crores. Of course, there are certain items which could not be avoided, but if it could have been avoided, then there would have been a surplus of Rs. 100 crores without increasing any taxation, that would have reduced the general demand in the economy thus

restraining the rise in prices. That would have given more benefit to the country.

There are certain inevitable items or which the Finance Minister wanted to raise the resources. But, I agree with Mr. Masani that in a huge budget like this, if we wanted to save, we could have saved, I do realize that trying to reduce the administrative expenditure is a very difficult task. With my own experience in the administration, I will tell you that for three and a half years, I was trying my level best to reduce the expenditure. Reduction in expenditure does mean that we have to reduce the number of employees whenever it comes to the question of reducing the number of employees, there is always a great agitation, I can understand the reason for the agitation. In these very hard days, when one loses one's job, one is very hard put to it. Therefore the agitation. There are certain other ways, also but they try to create difficulties. I was able to bring about a saving of Rs. 13 crores, but after how much effort? Once, we reduce the amount, after a few months' pressure is brought by the concerned departments, to revive the items and to have the cut restored. So it is a very difficult task indeed, but the task must be taken and taken up manfully because the time has come when by the proliferation of administration it has become a vast jungle and it is therefore necessary that the administrative expenditure should be meticulously scrutinised and should be cut whenever it is possible. I am sure if the Finance Minister is determined in this, he will get full support from the Congress as well as from the opposition benches.

The Economic Survey while speaking about inflationary psychology says:

"This can only be checked by curtailment of non-development outlays and also by enforcing economy in development expenditure, even to the extent of postponing some of the items."

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I agree with it intoto. That is the only possible way which we must cut down our expenditure. The time has come when we should think about it. The Finance Minister must recognise this. Of course, he has tried in his own way to make a beginning but a ruthless firmness will be needed if he wants to achieve any success in the task.

I would like to give figures to show how non-development expenditure has increased during the last three plans in the Central Government. In the last 15 years, non-development expenditure has increased from Rs. 260 crores to Rs. 1528 crores—i.e. seven times! This is too much. Much earlier than this, Government should have thought about cutting it down. A poor country like ours cannot afford to have such a top-heavy administration. When we were not free, we were talking about the top-heavy administration. Since independence, various items of work have been taken up which the then Government never thought of taking up. Therefore, a certain amount of increase is legitimate, but I am sure much can be cut down. The time has come when the people's capacity to pay further taxes is exhausted.

Regarding arrears of tax collection, only on 25th May the Finance Minister said that Rs. 528.11 crores are outstanding. A great effort needs to be made to recover this amount. If I am not wrong, there is tax evasion to the tune of Rs. 300 crores and more annually. This is where a very strict and careful watch is needed and strong action is necessary. Even development expenditure can bear a great deal of scrutiny. In the name of development, many things are done which need not be done in a poor country. These frills and embroidery can wait for a future time when we are economically better off. I would suggest to the Finance Minister may try to implement the 18 point note he gave to the Congress Working Committee some weeks back. If

he can bring economy on those lines, it can go a long way to improve our economy.

Shri Kanwar Lal Gupta (Delhi Sadar): He suggested a 10 per cent cut, i.e. Rs. 300 crores.

Shrimati Sucheta Kripalani: He was the originator of the document and he knows it. I do not want to go into details.

The plan outlay on the public sector has gone on rising during the last 3 plans. In the first plan it was Rs. 1900 crores, in the second Rs. 4572 crores and in the third Rs. 8800 crores. It is a huge amount. It was expected that we would derive some income out of this investment. Some income has started coming, but it is not adequate. There is enough room to scrutinise the public sector projects to see that a part of the plan expenditure is met from the income derived from this investment. I have not got the figures, but if we scrutinise it, we will see that we are depending more and more on direct taxation for meeting our plan expenditure. It is easy to tax directly; therefore, we go on imposing new taxation for meeting our plan expenditure. It is time the tax burden was reduced. More and more of plan expenditure should be met by these industrial units. I am not one of them to believe that the public sector projects will not survive. They will survive. We might have made mistakes; we might have started with certain wrong ideas of administration, but all that should be rectified. It is necessary to keep public sector projects. We shall keep the public sector projects, because otherwise the private sector will have the utmost freedom to exploit the country. Therefore, we adhere to our policy that for the time being we have a mixed economy where both the private and public sector projects will have to develop side by side. It is for us to see that the public sector

undertakings are worked in such a way that they are a source of income and strength to our economy. Various other steps had been taken to bring down the price line like subsidy to foodgrains and fertilisers, opening of co-operatives, price regulation of essential commodities, civil supplies organisations etc. All these steps have been taken by the Government to bring down the prices. It only goes to show that this is a subject which is receiving constant attention of the Government. It is not that the Government is unaware of it and the Opposition Members only are aware of it and it is they who are bringing this matter to our notice. We are perfectly aware of it and we are taking all possible steps. But all the steps taken somehow or the other, have not yield the results we want. Therefore, sterner measures are necessary, otherwise we would be involved in the vicious circle of wages chasing prices and prices chasing wages. Therefore, it is necessary to take some more drastic steps to bring down expenditure.

An hon. Member: That is what Shri Masani says.

Shrimati Sucheta Kripalani: I agree with many of the things that he said, but I do not agree that the ugly hands of the Congress Working Committee has something or the other to do with it. Otherwise, many of the things that he said are fairly sound.

Regarding devaluation, I am very sorry to criticise it. Devaluation, if I may describe it, instead of being a booster has been a bit of a damp squib. If adequate precautions had been taken, if greater fore-thought had been given, before taking recourse to devaluation, perhaps the difficulties we have faced subsequent to devaluation may not have been arisen. The country's opinion even then was fairly divided. I do not know who advised the Government and how it came about. But whatever it is, it did come about and as a result of that we have not faced any

better. The expectations out of devaluation and the follow-up measures were: that import of non-essential goods would be restricted, rise in prices would be checked and it will bring an ever-lasting solution to India's balance of payment of position. But none of these expectations has materialised.

The policy initiatives taken after devaluation on new agricultural strategy, liberalisation of export, flexible attitude towards control of industrial production and investment, stimulus to export and import substitution, avoidance of inflationary financing and other measures have not yielded results that were expected. The reasons are, perhaps, that immediately after devaluation the consequential problems which arose were not tackled with promptitude and efficiency. Had they been tackled immediately with promptitude, perhaps the after effects of devaluation would not have been so bad. Secondly, before deciding on devaluation a total study of national economy is necessary. I am afraid such a study has not taken place in this country. Therefore, we jumped in the dark and as a result our exports suffered. Our export earnings was stagnant in 1964-65 they declined by 8 per cent in 1966-67. Part of the reason is drought. Drought affected not only agricultural production but also industrial production leading to exports. But everything cannot be put on drought. If we had taken greater fore-thought before taking recourse to devaluation perhaps things would have been better.

It is, therefore, absolutely essential—it is a matter of life and death for us—that we should improve our exports. In order to improve exports, in this budget, concessions on export duties have been given. The duties have been reduced on some of the essential traditional items of exports which comes to a total of Rs. 13.5 crores. No new subsidies have been imposed and the existing subsidies will continue. Export industries will be given a more favourable treatment in the matter of allocation of foreign

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exchange. Import requirements of export industries will be met at international prices which is a continuance of policy. This and the various other steps that have been taken are expected to boost up our exports.

But I would like to enquire from the Finance Minister whether those industries which are getting foreign exchange facilities, loans etc.—the export industries—are doing what is expected of them. To what extent do these industries export their own commodities, because when we give them loan, foreign exchange etc., they should earn foreign exchange for us. I am told, if a careful scrutiny is made we will find that most of these industries, a fairly large number of them, do not export at all. The reason is, they have a better home market than an international market. They are more keen to sell in the home market than to export. Therefore, it is time that we take into confidence known exporters because exporters, not being producers, would be keen to export. We should try to see to what extent we can give them facilities and see that they export more and earn foreign exchange.

In conclusion, I would say that, though I have been fairly critical—it does not mean I am not aware of the difficulties before the Finance Minister—the situation is very difficult and, above that, he has to find the resources to run the administration. When you are under these two pressure, you look, in great distress, to find out all the resources you can. I have myself experienced it I can fully sympathise with the Finance Minister. He has tried to impose certain taxes, at the minimum rate he can, in order not to resort to deficit financing.

What will be the effect of some of the taxes? Some of the taxes, unfortunately, will affect the poor people—they are not all on luxury goods. Even tea, to my mind, is not a luxury. Today, the poor man cannot afford to take milk; he takes tea.

Similarly, shoe is not a luxury. Therefore, some of the consumer items on which taxes have been enhanced may be reconsidered by the Finance Minister. We can meet the gap by trying to see how more rigidly we can economise and how more rigidly we can save.

I know the Finance Minister has a stupendous and an arduous task before him. In this stupendous and arduous task, he not only requires our sympathy but also our active cooperation. If all of us are determined to look after our national interests, if we all try to economise and save and if we all bring about a proper psychological atmosphere in the country, there is no reason why we should feel helpless. New nations always have to face various difficulties. We are passing through very difficult days. If we are confident, enough, if we are determined enough, to get out of these difficulties, I am sure, we can get out and we shall get out of them.

With these words, I have done.

श्री हरबाल देवगुण (पूर्व दिल्ली) :
 अध्यक्ष महोदय, वित्त मंत्री जी ने जो बजट पेश किया है वह अत्यन्त निराशाजनक बजट है। इससे न देश की सर्व व्यवस्था का कुछ सुधार होगा और न जनता को राहत मिलेगी बल्कि यदि वह कहा जाय कि जनता के जो संकट हैं वह जारी रहेंगे और महंगाई के कारण आज लोगों में जो घाँटा बहुत बूझ रहा हुआ है वे भी इस बजट के द्वारा निकटतम लिया जायगा तो वह प्रतिबोधित न होगी।

घास में देश की सर्व व्यवस्था का एक छोटा सा पिछाड़ हमारे लाबने रखा है। बहुत ही संकट और क्या कर उन्हीं यह बलनावा है कि देश की सर्व व्यवस्था आज किसनी बनावनी है? घास महंगाई परन हीना एक चक्र रहे है। जनमानस परन दुःख है, देश में घाँसे के सिधे बनाव नहीं है, सिधियों के कारण हमारा आन्दार कसे का

व्यापार है। आज देश में जो किसी भी देश की श्रम व्यवस्था का मूलाधार है वह आज हमारी श्रम व्यवस्था में मौजूद नहीं है। पहली बात यह है कि देश में खाने, पीने के लिये हो। उस में आत्म निर्भर हो। दूसरी बात यह कि देश अपनी रक्षा करने में सन्तर्प हो। तीसरी बात यह कि देश के पास अग्र बाहर से इमदाद नहीं मिले तो वह गुजारा कर सके। चौथी बात यह कि संसार में हमारे माल की भांग न रहे जिसमें हमारे सिक्के की साख डनी रहे। कोई भी बात हमारी श्रम व्यवस्था में नहीं है और अग्र इन्द्र देवता कृपा न करें तो देश भूखों मर जाय। आज दो सूखे के बाद अग्र तीसरी बार भी इन्द्र देवता वर्षा न करे तो देश में खाने को न हो और अकाल की स्थिति हो।

20 वर्ष की कांग्रेस की नीतियों का एक चिन्तावना चित्र हमारे सामने वित्त मंत्री ने रक्खा है। 20 साल तक आप देश को इन्द्र देवता की कृपा पर और रहम पर छोड़े हुये हैं। इतलिये वर्षा होने से सुखार हो जायें तो उसके लिये आपको श्रेय देने की कोई आवश्यकता नहीं है। अग्र इससे पहले वर्षा हो जाती और अन्न के लिये भी इन्द्र देवता की कृपा होती और अन्न भी हो तो उसके लिये इन्द्र देवता को हृष अन्नदात करणें। आप ने इस देश को अनाज में आत्म निर्भर करने में पिछले 20 साल में कुछ नहीं किया यह आपने इस वित्त विधेयक की व्याख्या में स्वीकार किया है। वित्त की चार जो मोटी मोटी बातें हैं उन में पहली यह कि देश में सूखे से वह स्थिति पैदा हुई है मैं समझता हूँ कि देश में जो नियोजन किया गया पिछले 20 वर्षों में और जो नीतियाँ अपनाई गईं उसके कारण आज देश में अनाज के लिये हमें विदेशों से किन्ना माँगने के लिये विवश होना पड़ा है। यदि 20 वर्ष पहले वह समझा जाता है कि वह देश कृषि प्रधान देश है वह समझा जाता

कि हमें अनाज में अपने पावों पर खड़े होना है, यह समझा जाता कि हमारी अन्न वाले 20 साल के अन्दर क्या आवश्यकताएँ होंगी, यह माना जाता कि हमारे जैसे एक स्वाभिमानी राष्ट्र को अन्न का कटोरा लेकर दुनिया के सामने नहीं जाना चाहिये और इस लिये अपने देश में अन्न उपजाने की कोशिश करनी चाहिये ताकि हमें इसकी नीबत न प्राये तो उस स्थिति में देश की सारी श्रम व्यवस्था का नियोजन इस प्रकार से किया जाता और मैं समझता हूँ कि अग्र इस प्रकार से कृषि प्रधान देश अपने को मान कर कृषि की तरफ ध्यान दिया जाता। तो आज 20 साल में वह नीबत नहीं आती।

इसमें अनेक बातें कही जा सकती हैं। इंडस्ट्रियलाइजेशन के शोक में जो सुविधाएँ इंडस्ट्रियलिस्ट्स को दी गईं उससे अनाज तथा उससे दसवाँ हिस्सा, सौवाँ हिस्सा कृषि को नहीं प्रदान किया गया। इंडस्ट्रियलिस्ट्स के लिये कर्ज, इंडस्ट्रियलिस्ट्स को हायर परचेंज पर मर्यादनी, इंडस्ट्रियलिस्ट्स को इनकम टैक्स में राहत और अन्य अनेक रियायतें दी जा रही हैं। एक उद्योगपति कारखाने के बाद दूसरा कारखाना और 300 तक कारखाने 10-15 साल में इंडस्ट्रियल साइलेंस लेकर खड़े कर सकता है लेकिन उसके मुकामले पर कृषि के बारे में जो नीति अख्यार की गई वह उनको हतोत्साहित करने वाली थी और न ही उनको इंडस्ट्रियलिस्ट्स के समान सुविधाएँ दी गईं बल्कि ऐसे कानून पास किये जिसको बजह से कृषि उत्पादन को बहुत क्षति पहुँची।

खेती की हद मुकदर की गई जिससे भी किसानों को बहुत परेशानी हुई। अब आज एक अग्र का आदमी एक मकान के बाद 20 मकान बना सकता है वहूरी सम्पत्ति व आबदाद की कोई हद मुकदर नहीं की गई जबकि किसान की खेती की हद मुकदर कर दी गई। अग्र का एक आदमी एक मकान के बाद बीस मकान

श्री हरदास देवगुज]

बना सकता है और एक कारखाने से तीन वी कारखाने बढ़े कर सकता है लेकिन किसान के बेटे के लिये यह कानून पास कर दिया गया कि वह 20 एकड़ के या 30 एकड़ से ज्यादा जमीन अपने पास नहीं रख सकता। उसके बाद उसे जो कृषि सम्बन्धी सुविधाएँ देनी चाहिए वह नहीं दी गई। उस को अच्छे बीज, अच्छी खाद व सिंचाई की व्यवस्था इन सारी आवश्यक सुविधाओं के लिये उस की उम्मेदा पिछले 20 वर्षों में की गई। उसी का कारण है कि आज देश में सूखे की स्थिति है। जब तक बाहर से हमारे लिये अनाज न आये तब तक हम गुजारा नहीं कर सकते।

इसमें यह बताया गया है कि आज स्थिति बिचम होने के कारण देश में महंगाई बढ़ रही है और बित्त मंत्री जी ने कहा कि पिछले तीन साल में 46 प्रतिशत महंगाई बढ़ी है परन्तु जो आंकड़े हैं वह उसके बिलकुल विपरीत हैं। यहां दिल्ली के लोगों का यह अंश है कि पिछले तीन वर्षों में महंगाई का अनुपात बहुत ज्यादा है परन्तु जो वर्ष जास्की है उन के अनुसार भी पिछले एक साल में 27 प्रतिशत महंगाई बढ़ी है। केवल अनाज के मामले में खाद्यान्न के मामले में ही महंगाई 39 प्रतिशत बढ़ी है। तीन साल में महंगाई अत्यधिक बढ़ गयी है। उस का हलाक इस बजट में क्या किया गया है? बित्तनी आवश्यक वस्तुएँ हैं जिनसे लोगों का सम्बन्ध है, कपड़ा, जूते और जो अन्य रोजमर्रा की चीजोंपसोनी चीजें हैं, रेल का यात्रा, वगैरह तबान चीजों में कीमतें बढ़ी हैं और जब इन आवश्यक वस्तुओं पर एकताद्वय ड्यूटी और दूसरे प्रकार के अन्य परावण कर लगाये गये हैं उन से महंगाई बढ़ी है और सरकारी प्रवृत्ता के अनुसार भी इन करों से महंगाई 5 प्रतिशत बढ़ेगी लेकिन

जो इनका मजदूर, कुल मिलाकर सामूहिक असर होगा वह इतने बहुत ज्यादा होगा। इसके अलावा मैं केवल एक बात कही नहीं है कि हम महंगाई नहीं बढ़ने देंगे। इस प्रकार का आश्वासन पिछले कई वर्षों से हम सुन रहे हैं। रुपये की कीमत घटाई गयी तब भी यह आश्वासन दिया गया था। पिछला बजट पेश किया गया था तब भी आश्वासन दिया गया था कि कीमतें नहीं बढ़ने दी जायेंगी। पिछले पांच, दस वर्षों से हम यह आश्वासन सुनते आये हैं। इस बजट के तीन साल पहले यह आश्वासन दिया गया था कि कीमतें नहीं बढ़ने दी जायेंगी, लेकिन फिर भी 46 प्रतिशत बढ़ी है।

इस लिये आज जब आप आवश्यक वस्तुओं पर या दूसरी वस्तुओं पर कर लगाते हैं तो उसके बाद आप यह धाका नहीं कर सकते कि कीमतें नहीं बढ़ेंगी।

Mr. Speaker: The hon. Member may continue his speech tomorrow.

17.32 hrs.

***PURCHASE OF ISLANDS IN
INDIAN OCEAN BY BRITISH
GOVERNMENT**

Mr. Speaker: Now, we shall take up the half-an-hour discussion.

Shri C. K. Chakrapani (Ponnani): This subject has been raised on the floor of the House several times in the past, but the replies given by Government have been consistently vague and indefinite.

As one hon. Member noted earlier, Britain was purchasing these islands not for cultivation but for establishing a foreign base. It is not a base of an ordinary type. This fact was admitted by the former Foreign