

[Shri D. Ering]

sion'. [Placed in Library See. No. LT-211/69].

Reports under Companies Act, etc.

SHRI D. ERING : On behalf of Shri Annasaheb Shinde, I beg to lay on the Table—

(1) A copy each of the following reports under sub-section (1) of section 619A of the Companies Act, 1956 :—

(i) Annual Report of the Punjab Agro-Industries Corporation Limited, Chandigarh, for the year 1968 along with the Audited Accounts and the comments of the Comptroller and Auditor General thereon.

(ii) Annual Report of the Madras Agro-Industries Corporation Limited, Madras, for the year 1967-68 along with the Audited Accounts and the comments of the Comptroller and Auditor-General thereon. [Placed in Library. See No. LT-212/69].

(2) A copy of the Prevention of Cruelty to Draught and Pack Animals (Amendment) Rules, 1968, published in Notification No. S. O. 4486 in Gazette of India dated the 21st December, 1968, under sub-section (4) of section 38 of the Prevention of Cruelty to Animals Act, 1960. [Placed in Library. See No. LT-213/69].

(3) A copy of the U.P. Land Revenue Provisions (Extension to Rampur) Act, 1969 (Hindi and English versions) (President's Act No. 5 of 1969) published in Gazette of India dated the 4th February, 1969, under sub-section (3) of section 3 of the Uttar Pradesh State Legislature (Delegation of Powers) Act, 1968. [Placed in Library. See No. LT-214/69]

Indian Telegraph (Second Amendment) Rules

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS AND SHIPPING AND

TRANSPORT (SHRI RAGHU RAMAIAH):
On behalf of Shri Sher Singh, I beg to lay on the Table a copy of the Indian Telegraph (Second Amendment) Rules, 1969, published in Notification No. G.S.R. 247 (English version) and G.S.R. 248 (Hindi version) in Gazette of India dated the 8th February, 1969, under sub-section (5) of section 7 of the Indian Telegraph Act, 1885. [Placed in Library. See No. LT-215/69].

13. (0 hrs.)

*The Lok Sabha adjourned for Lunch till
Fourteen of the Clock.*

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*The Lok Sabha re-assembled after Lunch
at three minutes past Fourteen of the
Clock*

[Mr. Deputy-Speaker in the Chair]

GENERAL BUDGET—GENERAL
DISCUSSION

MR. DEPUTY-SPEAKER : We shall now take up the General Discussion on the Budget (General) for 1969-70.

SHRI P. K. DEO (Kalahandi) : On a point of order, Sir.

श्री मधु लिमये (मुंगेर) : अध्यक्ष महोदय, मैंने स्पीकर साहब को पहले से लिखकर दिया है और उन्होंने मुझे इजाजत दी है।... (बयबधान)... मैंने तो पहले से ही नोटिस दिया है। मैं तो सोच ही रहा था कि आप मुझे बुलाएंगे।

MR. DEPUTY-SPEAKER : So far as Mr. P. K. Deo is concerned, I have got some communication from him. Be very brief.

SHRI P. K. DEO : Mr. Deputy-Speaker, Sir, the whole discussion on the Budget proposals is *ultra vires* of the Constitution because it contravenes item No. 86 of List I of Seventh Schedule. The item No. 86 reads :

"Taxes on the capital value of the

assets, exclusive of agricultural land, of individuals and companies ; taxes on the capital of companies."

Clearly and categorically, it excludes agricultural land. The Deputy Prime Minister and the Finance Minister, in his Budget proposals, has brought in a levy of wealth tax on agricultural land. They cannot take the plea under the residuary powers of the Centre under article 248 of the Constitution because if you see item No. 49 of List II it reads :

"Taxes on lands and buildings."

That is clearly a State subject. This will be an encroachment on States autonomy and will restrict the tax-levying capacity of the States. Agricultural income-tax, at the moment, is being levied in most of the States. This will provide a handle to the Centre to use it as a political manoeuvre or even to strangle the States whose resources are very meagre and it would be used as a patronage to those States who toe the line of the Centre.

The hesitancy of the Finance Minister on the soundness of this proposal has been made clear by the addition of a subsequent slip in the printed budget speech and he is not himself confident about it ; he wants to pass the buck to the Attorney-General whose name he has mentioned for the first time in a Finance Minister's speech. Further, Shri N. C. Chatterjee has stated that Mr. Niren De, the present Attorney-General has not been consulted. We would very much like that the Attorney-General should be called to this House and should be asked to explain the constitutionality of this provision.

Further, the matter has been complicated by the Prime Minister's coming late and all that. All these...

MR. DEPUTY-SPEAKER : Is that a point of order ?

SHRI P. K. DEO : All these things go to prove that there is a sharp difference of opinion even inside the Cabinet. Taking into consideration all these facts, I beg to plead that so long as there is this provision in this budget, this budget cannot be discussed. Therefore, I seek your ruling that the Finance Minister should take the earliest

opportunity to delete this new impost of wealth tax on agricultural land and then only you should allow the discussion on the general budget.

श्री मधु लिमये : मैंने अध्यक्ष महोदय को पहले से ही लिख कर दिया था...

MR. DEPUTY-SPEAKER : Just now I have seen the hon. Member's notice. So far as I am concerned I have no information that the Speaker has given permission...

श्री मधु लिमये : तो मैं क्या करूँ ? यह आपके सचिवालय का मामला है मैंने बहुत दिन पहले दिया था ।

MR. DEPUTY-SPEAKER : If he wants to raise a point of order supporting Shri P. K. Deo, he could do so. Beyond that I am not prepared to allow. This is a big communication.

श्री मधु लिमये : मेरा प्वाइंट प्रलग है । उनका अपना अपनी जगह पर है । अध्यक्ष महोदय, आपको याद होगा...

SHRI P. K. DEO : You should first dispose of my point of order.

MR. DEPUTY-SPEAKER : I think Shri Madhu Limaye is also making a submission concerning the same point...

श्री मधु लिमये : मेरे दूसरे रहेंगे, आप उसे सुन लीजिए ।

MR. DEPUTY-SPEAKER : Shall I dispose of the first point of order ? In that case, the hon. Member's point of order would be covered by that.

श्री मधु लिमये : मेरी बात भी सुन लीजिए...

SHRI SHEO NARAIN (Basti) : Shri Randhir Singh and I had been rising to raise points of order. But you have only permitted Shri Madhu Limaye to go ahead.

SHRI RANDHIR SINGH (Rohtak) : On a point of order.....

SHRI DEPUTY-SPEAKER : Let Shri Sheo Narain please co-operate.....

SHRI SHEO NARAIN : I stood earlier. But you have only allowed him. You have not called us. I want clarification on this.

SHRI RANDHIR SINGH : You not allowing Opposition Members. But why are you not allowing Congress Members also to raise points of order ?

MR. DEPUTY-SPEAKER : I have permitted Shri Madhu Limaye. Now, let him be brief.

श्री मधु लिमये : अध्यक्ष महोदय, उस दिन मैं बाकायदा नोटिस देकर वित्त विधेयक का विरोध करने के लिए खड़ा हुआ। मुझे अध्यक्ष महोदय की अनुमति थी और जब मैं अपना बयान देने के लिये खड़ा हो गया तो मैंने कहा कि वित्त विधेयक में जो सुझाव हैं उनका भी मैं विरोध कर रहा हूँ... (व्यवधान)... उपाध्यक्ष महोदय,

श्री शिव नारायण : सर, हमने उनसे पहले प्वाइंट ऑफ आर्डर उठाया है...

MR. DEPUTY-SPEAKER : Now, Shri Madhu Limaye. He may be brief.

श्री मधु लिमये : उपाध्यक्ष महोदय, अगर मैं बातों को दोहराऊं तो आप कह सकते हैं कि मैं विस्तार कर रहा हूँ। मैं तो अपनी बात संक्षेप में ही रख रहा हूँ। जब मैं वित्त विधेयक का विरोध करने के लिए खड़ा हुआ तो मैं चाहता था कि जो सुझाव हैं उनका भी मैं विरोध करूँ और संबैधानिक आपत्ति भी उठाऊँ। लेकिन आप जानते हैं कि उस समय बात चली नहीं। अगर चल जाती और मेरे सब साथी उसमें शामिल हो जाते तो जरा अच्छा होता। मैंने संबैधानिक आपत्ति दो सुझावों को लेकर उठाई थी। एक जो फर्टिलाइजर के ऊपर इन्होंने जो उत्पादन शुल्क लगाया है, आयात पर लगाया है असल में... (व्यवधान)... मीनू मसानी जी इस तरह से नहीं चलेगा, उस दिन आपने झंझा डाला था, सरकार की दलाली करने का काम

आप लोग करते हैं... (व्यवधान)... मैंने उस वक्त जो संबैधानिक आपत्ति उठाई थी...

SHRI ZULFIQUAR ALI KHAN (Rampur) : I strongly object to this expression.

SHRI N. DANDEKER (Jamnagar) : How can he argue about it at this stage ? .. (Interruptions)

MR. DEPUTY-SPEAKER : What has happened is this. He had addressed a communication to the Speaker because on that day he had not been allowed to make his full plea. If I were to stop him at this juncture, then I should have stopped Shri P. K. Deo also. At the present juncture, it is a proposal in the form of a Bill and the appropriate time to raise this point would be at that time when that Bill will come up before the House, not at this hour.

श्री मधु लिमये : मैं बजट के बारे में बोल रहा हूँ।

MR. DEPUTY-SPEAKER : But where is the budget ? These are only the proposals.

श्री मधु लिमये : ठीक है, लेकिन मैं उस पर नहीं बोल रहा हूँ, बजट के बारे में बोल रहा हूँ।

MR. DEPUTY-SPEAKER : Let him be brief on this. I have given him permission. But let him be very brief.

श्री मधु लिमये : उपाध्यक्ष महोदय, मेरा पहला मुद्दा यह है कि जिन संबैधानिक आपत्तियों को मैंने उठाया था उनको चाहे पंजाब के मुख्य मन्त्री हों, बंगाल के इन्फर्मेशन मिनिस्टर हों, महाराष्ट्र के मोहिते साहब हों या दूसरे मन्त्री हों, सभी लोगों ने मेरे आक्षेपों का समर्थन किया है।

आगे चलकर मैं यह बात कहना चाहता हूँ— जो सबसे बुनियादी बात है कि जब इन्होंने अपना बजट भाषण दिया, उसके बाद बजट भाषण की प्रति हम लोगों को तत्काल दी गई, उसमें यह एक वाक्य नहीं था जो मैं आपके सामने पढ़ना चाहता हूँ—

"I shall, however, consider as to how genuine agriculturists can be exempted from the purview of this measure and will be moving the necessary amendment to the Finance Bill at the appropriate time."

यह वाक्य उसमें नहीं था—इसीलिये मुझे यह सवाल यहाँ उठाना पड़ा है। दूसरे दिन इन्होंने क्या किया। हमारे पालियामेंट्री पेपर्स के साथ एक स्लिप हमको दी गई, उसके ऊपर लिखा था—इरेटम। इरेटम का क्या मतलब है? मैं तो अंग्रेजी का पंडित नहीं हूँ, लेकिन ब्राक्सफोर्ड डिक्शनरी को उठाकर देख लीजिये...

श्री रणधीर सिंह : गलती है।

श्री मधु लिमये : सदन को गुमराह करने का प्रयास किया जा रहा है—इसी लिये मैं व्यवस्था का प्रश्न उठा रहा हूँ। इस स्लिप में कहा गया है कि यह इरेटम है। इसके क्या माने? ब्राक्सफोर्ड डिक्शनरी कहती है—

"Error in printing or writing."

इस सदन के साथ मजाक किया जा रहा है—कितनी हास्यास्पद स्थिति हो गई है। बजट सुभाषों में एक बुनियादी परिवर्तन किया गया है, जिसको ये कहते हैं कि छपाई की गलती है। इसका क्या मतलब है... (व्यवधान)...

उसके बाद टी० पी० सिंह साहब ने एक प्रेस वक्तव्य दिया, जिसमें उन्होंने कहा—

"Since the proposal was first formulated, the Deputy Prime Minister had had second thoughts about the scope of the proposals."

तो टी० पी० सिंह साहब कहते हैं कि यह सैकेण्ड-थीट पब्लिश बुद्धि है। सरकार कहती है कि छपाई की गलती है, लेकिन असली चीज क्या है? उस दिन जब बजट भाषण शुरू हुआ तो कैबिनेट के दूसरे सदस्य क्यों नहीं आये? यहाँ पर हंगामा हुआ था—इसका एक मात्र कारण था कि मन्त्री-मंडल के सामने जब इन्होंने अपना बजट रखा तो बड़ा हल्ला हुआ। जिन प्राक्षेपों को मैंने उस दिन उठाया था—

फटिलाइजर के बारे में कृषि संपत्ति कर, ऐसी संबैधानिक प्राप्ति को वहाँ पर उठाया गया था और मोरारजी भाई के यहाँ आने के पश्चात् हम लोगों ने देखा कि इन्दिरा गांधी जी ने उन के हाथ में एक स्लिप दे दी, जिसको इन्होंने यहाँ पर पढ़ा था। इसलिये, उपाध्यक्ष महोदय, इनकी बातों में तीन असंगतियाँ हैं—सरकार कहती है कि छपाई की गलती है, टी० पी० सिंह कहते हैं कि उपप्रधान मन्त्री ने पुनर्विचार किया, लेकिन असली चीज यह है कि मन्त्री-मंडल के अन्दर जो मतभेद थे, उनको लेकर इन्होंने यह परिवर्तन ऐन वक्त पर किया, जिसकी सदन को पहले से इत्तिला नहीं थी।

दूसरा मुद्दा यह है कि इस बजट सम्बन्धी सुभावों का पहले ही बम्बई और दूसरे केन्द्रों में पता लग गया था, जिसका नतीजा यह हुआ कि गोकुल चन्द मोरार का जैसे जखीरेबाज लोगों ने चीनी और कृत्रिम धागा आदि का स्टॉक करके लाखों रुपया कमाने की साजिश की है। इसलिये इस बजट लीकेज के बारे में जांच की जाय... (व्यवधान)... में बजट लीकेज के बारे में सफाई चाहता हूँ, इसकी जांच होनी चाहिए। अगर यह साबित हो जाय कि बजट लीक हुआ है—मैं यह नहीं कह रहा हूँ कि मोरारजी भाई ने लीक किया है—अगर इनके वित्त विभाग ने लीक किया है, तो भी इसकी जिम्मेदारी उनको लेनी चाहिए।

अन्तिम बात मैं यह कहना चाहता हूँ कि जब संबैधानिक प्राप्ति हम लोगों के द्वारा उठाई गई—सबसे पहले मैंने उठाई थी, तब मोरारजी भाई ने अहमदाबाद में क्या भाषण दिया—हमारे ऊपर लाञ्छन लगाये कि सस्ती लोकप्रियता के लिए यह सब किया जा रहा है या जो लोग टैक्स नहीं देना चाहते, वे ऐसी बातें कर रहे हैं। उपाध्यक्ष महोदय, मेरे जैसे व्यक्ति के लिए, जिसके पास एक बीघा जमीन भी नहीं है, टैक्स की चोरी की तो कोई बात ही नहीं है और न सस्ती लोकप्रियता की बात है... (व्यवधान)...

श्रीसती तारकेश्वरी सिन्हा (बाढ़) : आप गालियां दे रहे हैं।... (व्यवधान)...

श्री मधु लिखये : किसने गालियां दी ? उपाध्यक्ष महोदय, मैं तो इनको भी धन्यवाद और बधाई देना चाहता हूँ इन्होंने ग्रहमदाबाद में श्री तारकेश्वरी सिन्हा ने जो भाषण दिया है, इसमें करीब-करीब 80 प्रतिशत मेरी बातों को मान लिया है। उनकी सब बातों को बुरा नहीं मानता हूँ, मोरारजी भाई ने जो विनोदप्रियता दिखाई, सेम्स प्राफ ह्यूमर दिखाया, उसके लिये मैं उनको जरूर बधाई देता हूँ। मैं चाहता हूँ कि आप भेरे इन तीन मूठों के बारे में अपना निराण्य दें। पहला—स्लिप के बारे में, दूसरा—बजट लीकेज के बारे में और तीसरा—इन्होंने हमारे ऊपर जो आरोप लगाये हैं, किसी के छद्मत्व के बारे में सन्देह प्रकट नहीं करना चाहिये, कम से कम हमारे जैसे लोगों के बारे में।

SHRI RANDHIR SINGH : My point of order is very simple. What is the definition of 'agricultural land'? Agricultural land includes anything subsidiary to agriculture or anything pertaining to it. Even buildings on agricultural land, even pumping sets installed on agricultural land, even tube-wells fixed on agricultural land, come under 'agricultural land'. Kindly look into the Union, State and Concurrent Lists. I draw attention to Union List items 86-88. These specifically exclude agricultural land for the purpose of taxation by the Centre.

In items 86, 87 and 88 in the Union List, agriculture for purposes of taxation by the Centre is excluded. In Concurrent List items 6 and 7 also agriculture is excluded. In the State List, in Schedule VII, items 46 and 49, taxes on agricultural income and taxes on lands and buildings are mentioned. If at all any tax is to be levied on tubewells on pumping sets or agricultural income, it has to be done by the State Government. I go a step further and say that even to fertilisers this applies, because fertiliser kept in a building is also part and parcel of agricultural land.

MR. DEPUTY-SPEAKER : It is your contention that fertiliser bags are included in agriculture itself ?

SHRI RANDHIR SINGH : They are meant for promotion and development of agriculture. My submission is that the Centre has no *locus standi* in the matter of levying taxation on agriculture or agricultural income, and therefore these proposals should be deleted. I support the other proposals.

SHRI S. KANDAPPAN (Mettur) : I have a very brief submission to make.

MR. DEPUTY-SPEAKER : The same point is being repeated. You want to put on record your protest.

SHRI S. KANDAPPAN : I am on a different point.

श्री अटल बिहारी वाजपेयी (बलरामपुर) : उपाध्यक्ष महोदय, कुछ व्यवस्था के प्रश्न उठाये गये, आपने इजाजत दी है, जो कि सदन के सामने हैं। अब आप हमको बोलने से रोक नहीं सकते हैं।

MR. DEPUTY-SPEAKER : I am not stopping any member. Two members have addressed a communication regarding this point and I asked them to make a brief statement. The question is whether this is the appropriate time to take this up. I want to proceed further.

SHRI S. KANDAPPAN : That is exactly the point on which I would like to make my submission.

श्री अटल बिहारी वाजपेयी : उपाध्यक्ष महोदय, श्री देव ने जो व्यवस्था का प्रश्न उठाया है उसका आधार है कि केन्द्र, कृषि सम्पत्ति पर, कृषि भूमि पर कर लगा सकता है या नहीं। यह बिबाद की बात है और श्री देव ने कहा है इसी सदन के एक सदस्य श्री निमल चन्द्र चटर्जी ने इस बात का खंडन किया है और इस समय जो एटार्नी जनरल हैं उनसे भी इस पर राय ली गई है। यह बड़ा गम्भीर आरोप है। वित्त मंत्री स्पष्ट करें कि एटार्नी जनरल से उनका मतलब किससे है ?

MR. DEPUTY-SPEAKER ; Whether

this is the appropriate time, on that point I want clarification.

SHRI N. DANDEKER Why don't you rule ?

श्री मटल बिहारी बाजपेयी : मेरा निवेदन यह है कि वित्त मन्त्री महोदय, स्थिति स्पष्ट करें जिससे हमें चर्चा करने में आसानी होगी। इस तथ्य को चुनौती दी गई है कि वर्तमान एटार्नी जनरल से पूछा गया या नहीं पूछा गया और अगर वित्त मन्त्री स्थिति स्पष्ट करेंगे तो चर्चा में सरलता होगी।

वैसे मैं आपसे इस बात पर सहमत हूँ कि व्यवस्था का प्रश्न उठाने का यह मौका नहीं है।

SHRI S. KANDAPPAN : You were pleased to ask whether this is the appropriate time to raise this issue. I want to state very categorically that this is the appropriate time, because otherwise the Deputy Prime Minister should give us a clarification about the instructions that have been already issued to the various State Governments, particularly on the question of fertilisers.

We have fertilisers worth about Rs. 23 crores and the Government of Tamil Nadu had taken steps to see that the farmers got fertilisers at a cheaper rate before the new levy comes into effect and they were accordingly taking measures to distribute fertilisers. Some days back, just after the budget they received a telegram from the Centre not to sell fertilisers at the old price but at the new price, even before the Finance Bill has come before the House. If this is not the occasion, what else is the occasions? This raises another serious issue whether it is constitutionally proper for the Government to issue a directive to the State Governments on the new prices even before Finance Bill is passed by this House. I entirely agree with the contention of earlier speakers about the agricultural tax: it is *ultra vires* of the Constitution and it has no business to be there.

SHRI N. DANDEKER : There is an Act called the Provisional Collection of Duties Act. As soon as any indirect tax is announced, it comes into operation at once. I wanted to refer to the issue which

had been mentioned just now by my hon. friend.

SHRI NARENDRA KUMAR SALVE (Betul) : Shri Limaye's allegation regarding the leakage of the budget is a serious matter and I do request him not to treat this matter lightly and at the party level. Let him bring a motion before the House with all the material that he has and if there is a *prima facie* case, we shall all join him to institute an enquiry. His second contention was that the levy on fertiliser tantamounts to agricultural income tax. There is a certain concept of income under the income-tax Act.

SHRI MADHU LIMAYE : I know ; do not be technical.

SHRI NARENDRA KUMAR SALVE : It is a tax on a person in relation to income not on the income itself.

I, therefore, request that he should withdraw his point of order.

श्री शिव नारायण : उपाध्यक्ष महोदय, इन्होंने फाइनेन्स मिनिस्टर पर चार्ज लगाया है कि बजट का लीकेज हुआ है। अगर इन्होंने बजट लीकेज को साबित नहीं किया तो फिर इस मामले को प्रिविलेज कमेटी के पास रिफर किया जाना चाहिए, यह मेरी आपसे डिमान्ड है।

MR. DEPUTY-SPEAKER : I shall dispose of the minor points.

SHRI TENNETI VISWANATHAM (Visakhapatnam) : Can we not wait till 3 O'clock : if we can we shall know what happens in Bengal also (*Interruptions*). Certain omission was sought to be rectified.

श्री जार्ज फरनेम्बोज (बम्बई बजिएल) : अध्यक्ष महोदय, ... (व्यवधान) ...

MR. DEPUTY-SPEAKER : "Add at the beginning of the sentence....."

श्री मधु सिमये : उपाध्यक्ष महोदय, ... (व्यवधान) ...

MR. DEPUTY-SPEAKER : Correction or Addendum would have been better.

श्री जार्ज फरनेम्बीज : वह तो इरेंटम है, प्रडेंडम नहीं। इसमें बुनियादी फर्क है।

MR. DEPUTY-SPEAKER : So far as the other matter is concerned, certain proposals were made in the budget speech. They are being debated here. But even after the conclusion of the debate, I think that unless they are before the House in the form of finance legislation, I do not think it is the proper time to take objection to them.

श्री मधु लिमये : आप इसके बारे में कहिये। उसमें इरेंटम लिखा हुआ है। आप अपने मन से नहीं बोल सकते नै।... (व्यवधान)... यह वाइटल अमेंडमेंट है, आप इस पर रूनिंग दीजिये। उनके पापों पर परदा न डालिए।

MR. DEPUTY-SPEAKER : So far as leakage is concerned you cannot make such charges lightly.

श्री मधु लिमये : मैंने वित्त मन्त्री के लिए नहीं कहा ह।

MR. DEPUTY-SPEAKER : Sometimes we make charges lightly. There is a method.

श्री मधु लिमये : क्या तरीका है, वह आप हमको बताइये। हम उसको मानने के लिये तैयार हैं।

MR. DEPUTY-SPEAKER : If you are serious and if you have evidence you should take appropriate steps. You cannot caste doubt on the integrity of any person ; that is entirely wrong.

श्री मधु लिमये : ठीक है मान लिया, लेकिन सबूत और क्या होता है ?

MR. DEPUTY-SPEAKER : I am not permitting it. If you want to bring a substantive motion, with substantive evidence, you may do so, but not in this lighthearted manner. No Member will be permitted to make it like that. This is

entirely wrong. This is below the dignity of this House. Therefore, for the time being, all the points of order have been ruled out.

SHRI KANWAR LAL GUPTA (Delhi Sadar) : What about the Attorney-General's opinion ? Has he been consulted ?

MR. DEPUTY-SPEAKER : At the appropriate time, we shall take it. I know. It is not the law of the land. But in support of the thing, he has pointed it out. That is all. Beyond that, I need not say.

SHRI KANWAR LAL GUPTA : You must clarify the position.

श्री अटल बिहारी वाजपेयी : उपाध्यक्ष महोदय, मुझे अफसोस है कि एक बात कही गयी और वित्त मन्त्री सदन में मौजूद है, चर्चा होने जा रही है, यह यह बात स्पष्ट कर सकते हैं कि अटार्नी जनरल से पूछा गया है या नहीं। उन्होंने कहा पूछा गया। इसको चुनौती दी गयी। मैं नहीं समझता इसमें कोई आपत्ति की बात है।

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI DESAI) : I have consulted the Attorney-General and I have got the Attorney-General's opinion before me.

SHRI INDRAJIT GUPTA (Alipore) : Sir, do you hold that the errata and addenda are one and the same ? Are we to take it that they are one and the same, or, they are different from each other ?

MR. DEPUTY-SPEAKER : Let us take it seriously. I said that instead of that correction, "addenda" would have been better.

श्री मधु लिमये : बँटर का क्या सवाल है। सही बात होनी चाहिए।

MR. DEPUTY-SPEAKER : Beyond that, I do not say anything. I do not attach any more serious importance to it. Shri Masani.

SHRI M. R. MASANI (Rajkot) : Mr. Deputy-Speaker, Sir, in this Gandhi Centenary Year, I hope the Finance Minister would agree that a test by which we may invite this House to judge his budget proposals should be one that was prescribed long ago by Mahatma Gandhi himself. Because each of us has to have some yardstick by which we judge this budget. I would like to invite this House to test it by the yardstick which Gandhiji had very nobly placed before the people long ago. He said at that time :

"I will give you a talisman. Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to *him*. Will *he* gain anything by it? Will it restore *him* to a control over his own life and destiny?"

I think it would not be unfair to judge these budget proposals by its effect on the lowest and the poorest and the humblest of our people. Now, if we accept that test—there may be room for difference of opinion as to how we apply it and I think the hon. Finance Minister might not apply it in detail in the same way and but I suppose he would agree with the spirit of this suggestion. The question is, what are the basic facts against which we apply this test.

A recent National Sample Survey came to the conclusion that only one out of three Indians has one rupee a day to spend on himself. If he lives in a village, his average income is 50 paise per day. If he lives in a town, it rises to 80 paise per day. While 35 per cent of the people in the towns can afford to spend a rupee a day, only 15 per cent of the rural population can afford to do so. What is sadder is that. Since 1952, the proportion of the people who do not have one rupee a day has unfortunately not dropped at all. Therefore, applying this test, I am driven to the conclusion that the classes of people to whom I should like to apply this test would be the agriculturist, by whom I mean the small farmer or the landless worker in the villages on the one hand,

and the lower middle class and the working class in the cities on the other.

So far as the urban classes are concerned, we can call them the consumers, and what they have gone through in the last 20 years we all know. The lower middle class in particular, who do not have any dearness allowance, have been ground down year after year by increasing taxation and inflation. While the income of this class is relatively fixed, their costs have gone up many times and, by increasing income-tax and the excise duties in this budget again on various needs of life, I am afraid this budget is going to hit the lower middle class of the towns and the cities still further.

While changing the excise duties from specific to *ad volorem*, the Finance Minister said : "We are not interested in crumbs coming our way and we do not seek to make any profit out of this."

But he said that in spite of his desire not to make money, some Rs. 2½ crores would perhaps accrue to the exchequer. I understand that in the last few days, it has already been computed—I would like him to look into it and take the necessary steps that follow from it—that the soap industry in India alone will have to pay Rs. 1.30 crores extra because of the shift from specific to *ad volorem* excise duties and that a similar large amount would be payable by the cement industry also. In other words, these "crumbs" of Rs. 2.5 crores which we do not grudge the Finance Minister are going to be very much larger. It is not merely a crumb, but he will collect a big slice if he is not careful. Since that is not his intention, will he kindly revise the scheme of conversion by lowering the rates or otherwise, so that he really does not mulet the consumer any more, because neither the soap manufacturers nor the cement manufacturers are going to bear the duty, which will be passed on to the consumer—the poor lower middle-class and the rural people.

The facts about agriculturists, I find from reading newspapers and journals, are not as well known. For generations, under the British and under our own independent government, the rural population has been ground down, neglected and drained of what Karl Marx would have called the

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"surplus value" of their labour, for the benefit of the urban people. Gandhiji used to say: "We of the towns and cities will do everything for the man in the villages—except get off his back". If I may say so, even under the slogans of "socialism" today, we of the cities have not got off the back of the rural population. The parity of prices till about two years ago was unfair to the rural population. While their prices were artificially controlled, restricted and held down by zonal barriers, compulsory procurement and other controls, the prices the agriculturist had to pay in the market were not similarly controlled. He had to pay more and more for the needs of his life and for agriculture.

The farmer has just come out of his troubles after two bad monsoons, which in Bihar and other parts of the country accurately led to famine. He is trying to get on his feet and to recoup his loss. Even now he has to pay higher prices for inputs.

The controlled price of fertiliser mixture in India today is Rs. 860 per tonne. The corresponding cost of mixtures from fertilisers imported varies from Rs. 490 to cost Rs. 560 per tonne. The Administration Reforms Commission's Study Team on Agricultural Administration gave some very revealing figures. It said, that the quantity of rice an Indian farmer has to find to buy one kilogram of fertiliser is 3.8 kg. of rice in India, while it is 1.47 in the USA, 1.8 in Japan and only 0.85 in Pakistan. In other words, the Pakistani farmer gets his fertiliser at nearly a fifth of the price at which our peasant gets it.

The position is even worse in regard to pumping sets. Government fails to provide irrigation to the larger area of cultivated land in India even today. Pumping sets are a form of self-help, cheap and more economical than larger river valley projects, by which the farmer tries to solve his problem and the country's problem. He, therefore, deserves every encouragement and appreciation for showing that initiative. And yet, the price of the pumping set he is allowed to buy is twice the price he would pay if it were allowed to be imported. An Indian-made oil engine and

pumping set of 3 HP for irrigation costs Rs. 2,390. An imported German set costs Rs. 1,172. A Japanese set costs even less. In other words, we are making him pay even today, before the budget, the price of two sets for one set.

Is this the time to impose any further excise on fertiliser or pumping sets? I ask the Finance Minister in all good conscience, is this the time? Against this background, is this social justice of any kind? Is this an encouragement to solve the food problem of this country? The amount is not only Rs. 22 crores, as some scribes in our press would have it. Rs. 22 crores is the yield of the excise on fertiliser. There is a corresponding amount of Rs. 25 crores more from the countervailing customs duty, totalling Rs. 47 crores.

And it is a little while back that the subsidy on fertilizers was removed, adding another Rs. 37 crores to the peasants' burden. Therefore, for fertilizers alone, the peasants of India will now have to pay Rs. 84 crores more than they were paying this time last year.

Now it seems that the Finance Minister has evidently yielded to the pressure of those mad men in the Planning Commission who have ruined our economy during the last decade. They of course, wanted a 15 per cent duty and the Finance Minister, probably fighting a near guard battle against the to half-baked Marxists whom we have had to suffer from the days Mahalanobis and others, has accepted ten per cent as a compromise. Even so, I have no hesitation in saying that the duties on both fertilizer and pumping sets are wicked, and we shall oppose both of them to the end.

Broadly similar considerations apply to the attempt to impose the wealth tax on agricultural land. I concede that when an argument is put, as it was put this morning by certain learned gentlemen: "Is it not just that a man who is living in the countryside should also be taxed as a man in the city?" In the abstract, on paper, it may sound reasonable and make, good sense. But social justice, or any justice, is not something in the abstract. Justice has to be in a particular context. When a court of law administers justice, it goes into the facts of the case and the rights of the

parties and then administers justice. Now, as I have pointed out already, the facts are that we are living at the end of a period of gross injustice done to the rural population in the interests of, the ruling class, British and their friends in the old days and "the new class" of State capitalists who have come to power today on the other. Agriculture is India's basic industry. We have kept it depressed. Hence, our plans have gone awry and we have become bankrupt in the eyes of the world. Now, when agriculture is trying to get on its feet, staggering to its feet despite the misfortunes and disabilities of the past, when it is trying to shove off the shackles, not thanks to government's policies but to the shrewdness and the basic intelligence of our peasantry, just when the peasantry is trying to get on his feet, you clobber him on the head with one blow of the *danda* after another.

I say that our peasant needs a fair deal for a little while ; there will be ample time to tax him then. Let there be some time for the green revolution to establish itself, to assert itself, though I have my own doubts about its success. We all welcome the green revolution ; but let there be time for it to establish itself, stabilise itself. Today the peasant is still vulnerable to one bad monsoon. When one bad monsoon can hit him, is this the time to impose taxes and further taxes on him ?

I fear that the Finance Minister, I am sure unwittingly, has started a new class war in our country. Reading newspapers written, of course, by men from the cities like myself, I find an entirely one-sided point of view on taxing the peasant. Why is he getting away with it ? This is the kind of superficial, simplistic thinking in which a section of our intelligentsia seem to revel. I say we have got enough cleavages in our country already, based on linguistic, regional and other claims. Let us not add one more divide in our national life between the rural and the urban people. It will be a tragedy for India if the people of the countryside and the people of the towns start getting at each other's throats. We here want to keep above such a futile battle and work for social justice to people in both the sectors and between the sectors.

We do not think that there is any

fundamental clash between the interests of the urban people and the interests of the rural people. Both require increased agricultural and industrial production and both need incentives from government. So, the real divide in our national life today is between a small class, which Dijas would have called "the New Class" of India, people living on the power, patronage and money of the State capitalist monopoly which they are trying to establish, trying to get all the money they can out of the workers, peasants and the middle class on the one side and the great mass of the common people, the tax-payers and the consumers on the other. That is the only division I recognise, and I will be with the second against the first. We, therefore, reject any superficial urban clamour for taxing the peasant.

The urban population undoubtedly, has been overtaxed in the last twenty years and the lower middle class has been treated very, very severely and harshly. I come from a city but throughout and the House will bear me out—from the days when I stood here in 1959 to stop the collectivisation of the land of the farmer. I have stood for the rights of the peasant proprietor in this country against the interests of the urban classes. But, I went to ask those who are today so indignant about the proposal to levy fertiliser and pumping set duties and to impose the wealth tax on agricultural land, where was their righteous indignation all these years, when year after these men in the Planning Commission and their colleagues in Government, in order to get the surplus value out of the urban population, imposed tax after tax and burden after burden in the shape of income-tax and excise duties on the urban population ? Are they also not entitled to sympathy ?

SHRI NARENDRA KUMAR SALVE:
What does it indicate ?

SHRI M.R. MASANI : I am asking for a certain amount of class solidarity. We of the urban classes have shown it in the past. Let the rural class also show it. Neither side is blameless. Sectarianism on both sides is bad. Let us, therefore, put an end to parochialism of this kind on both sides.

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I welcome the Finance Minister's retreat but what does the term "genuine agriculturist" mean? He has still not given us his definition. If newspaper reports are correct, he is inclined to make the main source of revenue the test. But would the main source of income be a test which would be a fair one? It will certainly be discriminatory and perhaps unconstitutional under the law. But, apart from that, it would not be fair. Suppose, one is an army officer or a civil servant or a professional man or a businessman who has a firm and cultivates it in a progressive way and gets the most out of it for the country. Is anything wrong with that? Why should his main source of livelihood be farming alone? He is as good a farmer, as genuine an agriculturist, as anyone else. Therefore, I for one am not prepared to agree that anyone who is not born an agriculturist must be taxed, however good a farmer he might be.

We are told that there are classes of people, speculators who do not cultivate land, people who use farms to show false profits from agriculture in order to turn black money into white, people who buy land in order to get loans from banks. If there are such classes of people, the wealth tax is not the place to put them right. A fundamental amendment of the income-tax law must be made by which an abuse of that law can be prevented. Therefore I would say that everyone who cultivates the land and tries to contribute to the country's progress is a genuine agriculturist. We shall not make ourselves a party under this retreat to a halfway house where some people are taxed and others are not.

In any case, the wealth tax is not the right place. There are many reasons for it. One is that when the wealth tax limit was lowered from Rs. 2 lakhs to Rs. 1 lakh, I and my colleagues in this House opposed it. We think that Rs. 1 lakh is no wealth in this country today, because Rs. 1 lakh represents about Rs. 20,000 of the pre-war rupee and nobody would call one a wealthy man who should be taxed if one left Rs. 20,000 to a family of five. I remember, my hon. friend, the Finance Minister, was not unsympathetic than to these people. Therefore we do not want anyone with Rs. 1 lakh of wealth to be taxed at all,

whether in the urban area or in the rural area, much less do we want to extend it to further classes of our society.

Secondly, as is well known, this tax is not working well. Because of so-called evasion, near penal provisions have been framed Government to say that if you assess your wealth inaccurately to the extent of 20 per cent of the amount, you must pay penal tax because you are evading tax. Does it not occur to us that the value of land and farms under this Act is going to be an almost impossible imposition to assess accurately and these so-called penalties will become meaningless because we know perfectly well that land which is worth Rs. 5,000 for an acre to one man is worth Rs. 10,000 to another? Therefore I appeal to the Finance Minister to withdraw this provision altogether. If he wants to deal with the class of evildoers whom I mentioned, let him come to us with his Income-tax (Amendment) Bill and I can promise him that to the extent these three categories of evildoers are concerned, we will not stand in the way and will give him full support.

There are two other levies and taxes in the Budget proposals which I would like to dispose of before I continue my argument. One is the levy on petrol, which again hits the rural people because we cannot have the Green Revolution unless there are roads, trucks and buses to carry grain into the cities and to carry consumer goods to the villages. So, the levy on petrol and lubricants is another wicked impost in this Budget. The tax on petrol has been raised year after year. The oil companies have charged only 19 paise per litre of petrol while the tax was 75 paise or 395 per cent of the cost of the petrol that we buy.

The current proposal means an additional tax on motor spirit amounting to 3½ p. per truck-mile and on lubricants amounting to 1 p. per truck mile, that is, 4½ p. in addition. This would mean that the tax will be 430 per cent. The Government takes away more than four times what the cost of the article is. This amounts to 1 p. per tonne mile on goods moved by road.

The Keskar Committee Report, I thought, was entitled to a little consideration at the hands of the Government. They

had already protested against the excessive diesel and petrol taxes. They pointed out that these were a disincentive to the development of road transport which the country needs and they complained that the tax on petrol and diesel was already high. The Budget now seeks to raise it further.

The enormity of this burden can be realised by the House when I mention that it compares with an average freight charged by the Railways of $7\frac{1}{2}$ p. per tonne mile. So, while the Railways are prepared to carry the load at $7\frac{1}{2}$ p per tonne mile, the Government wants to charge 12 p. only as tax and leave the poor road transport operator to do what he can.

Only a few days ago, in Ahmedabad, the then Minister of Transport had, according to the *Economic Times* of the 10th February, given an assurance that while he was in no condition or position to secure a reduction of these taxes, he said the burden on road transport would not be raised any further. I would have thought at least a pledge given by his colleague, as recently as February might have been honoured by the Finance Minister in the Budget.

There is a third measure of taxation which is also against the development of this country and the building of our infrastructure, and that is the serious of levies telephones and telegraph consumers that have been levied by the Budget. Only on 20th February I had the privilege to present to the House the 40th Report of the Public Accounts Committee on posts and Telegraphs. I will not take the time of the House in reading that Report. There we made a plea that telephones were already being milched by the General Revenues in a most unconscionable way, that the development of tele-communications which is one of the indices of modern technology or progress was lagging behind, and that some justice should be shown to telephones and telephone users who are in the queue for four years, a queue which is getting longer and longer, waiting for connections. Far from meeting this plea, the hon. Finance Minister has done exactly the reverse. He has increased the burden on telephones for the benefit of the General Revenues while, we were pleading for the telephone revenues to be separated from others and allowed to be ploughed back

for the development of tele-communications in the country.

Coming back to the main theme about neglect of agriculture, I consider this Budget to be objectionable, in regard to the particular taxes that are mentioned, because of the attack on agriculture, road development and communications that today deserve to enjoy the highest priority.

It is alleged that in the Fourth Plan we are shifting the emphasis to agriculture and that agriculture has obtained priority over industry. I would welcome such a development. But the official figures do not confirm this. Where is the shift so loudly proclaimed? In the Third Plan, agriculture got 20.4 per cent of the outlay of the Plan whereas industry got 20.09 per cent. Let us say they were running neck to neck, which was bad enough because 70 per cent of people of our country depend on agriculture. The Annual Plan document for 1968-69 (page 13) gives figures that show that while agriculture, community development and irrigation received 20.6 per cent, industry, big and small, received 24.8 per cent. If there has been a shift, it is in the direction of industry and away from agriculture, not the other way about. About the Fourth Plan, we do not have official figures. But the press reports which probably are authentic make out that in the Fourth Plan agriculture will receive 20.9 per cent while industry will get 22.3 per cent.

In other words, the loudly proclaimed myth that the Prime Minister and the Government have at last learnt the lesson, that agriculture is taking the first place, is not borne out by their own official figures.

Then, again, for the inputs of agriculture, a quick licensing of projects becomes necessary, that is, projects that are required by the agriculturist. Here, procrastination by Government has become a by-word. Various projects for the production of fertiliser have all had the unfortunate experience of being kept waiting and being frustrated. This was true of Haldia, of Goa, of Mangalore, Dharmmsey Morarjee, Modinagar and Mirzapur projects. In spite of this patent fact, Shri Fakhruddin Ali Ahmed, one of the main sources of this evil, went out of his way in the Lok Sabha on the 18th February to deny that there

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had been delays in sanctioning licences due to Government procedures and procrastination. In view of the audacity of their denial, becomes necessary for me to take a few minutes of this House to document this charge.

I give only two examples, both from my own State Gujarat from which I represent a constituency. The Chief Minister of Gujarat, a Congress Chief Minister, is on record as having publicly protested in the last few weeks against the scurvy manner in which projects of this nature from Gujarat were being handled and delayed by the Union Government. I give one example, that of a nuclear thermal power station in Gujarat. A colleague of ours in the Gujarat Assembly asked a question the other day of the Minister of Electricity, whose answer was that the State Government's request had been made to the Central Government on 7th August, 1964. From 1964 to 1968 the matter had been brought up to the Central Government no less than twelve times, but the scheme was still under consideration by the Central Government.

SHRI RANJIT SINGH (Khalilabad):
It is like a true Congress Government.

SHRI M. R. MASANI : A bigger and worse example is that of the Mithapur Fertiliser Project. Our need of fertiliser is very well known. Otherwise, we would not be spending as we do today 300 million dollars on the import of fertiliser and fertiliser material every year. But for this fertiliser import, the production of 96 million tonnes of foodgrains of which we are so proud would have been impossible. Unfortunately, we in this country produce less than one per cent of the nutrients produced in the world.

This is due to the fact that the fertiliser industry was identified in the old policy declarations as one of the "commanding heights of the economy" and therefore, it became a State monopoly, and, therefore, did not advance ! It was totally neglected by these planners who were obsessed with their passion for steel and heavy engineering.

When the consequences of this foolish planning became clear and noticeable even

to Government, they came out in December, 1965, with what was proudly declared to be a New Fertiliser Policy, opening the door to both Indian and to foreign private enterprise and ending this State monopoly. I quote from that document of the Government, which says that Government

"Welcomed foreign investors to enter into partnership with private parties for putting up fertiliser plants and promised..."

—this is most ironic—

"...that no sound proposal for putting up a fertiliser plant will be allowed to flounder for lack of rupee finance and that Government will help such projects in finding full rupee capital through financing institutions in the country—"

"...Government offered freedom of distribution without control over prices for a period of seven years from the date of commencement of commercial production."

"They set up a special high-level Committee of Secretaries to function as a single focal point ; and they gave high priority to the import of raw materials required for the fertiliser industry."

It sounded wonderful that at last a change of heart had come about in 1965. But unfortunately profession and practice have proved to be poles apart.

The result, as I said, has been a halting response to these seven or eight fertiliser projects which I mentioned earlier, which, thank God, have at last come into existence. But the frustration still continues. Only on 7th February, Burmah-Shell, who had thought of putting up a fertiliser plant, sadly announced their regret and their disappointment that the company's efforts to participate in the country's development had not borne fruit in recent years, thanks to the Government prescribing certain impossible pre-conditions.

The Mithapur Project, in my part of the country, in Saurashtra, when fully developed over eight years is capable potentially of increasing the food production in India by 12 to 15 million tonnes per year. In other words, from 95 million

tonnes It will go to 110 million tonnes straightway, enough to feed 60 to 75 million people in this country. That is the end-product of this project. Even so, it would only meet 10 per cent of the need of the country for fertilisers. There will be ample room for competition and for others to advance.

The keynote of this scheme is production at the lowest net foreign exchange cost to the country and progressively reduced prices to the Indian farmer.

For this purpose, the import of a certain quantity of ammonia becomes necessary until the necessary quantity of ammonia can be substituted by local production.

Despite this, it would save the country Rs. 200 crores in foreign exchange over the first five-year period; Rs. 6.50 crores of foreign exchange would be saved over a ten-year period, and thereafter, Rs. 90 crores of foreign exchange a year would be saved, compared to the equivalent amount of fertiliser being imported as at present from abroad. Even if this fertiliser can be produced by the more backward technology which is at present used in this country, there would be a saving of Rs. 100 crores over the first ten years and Rs. 20 crores a year of foreign exchange thereafter. Compared to this more backward technology which we possess, with the import of ammonia, these large savings could be made.

People will ask, 'How can you do this?' This can be done because of the savings achieved by doing without the import of sulphur and hydrocarbons, by the recovery of potash from the sea on the West Coast of India, by creating an export surplus of salt and bromine recovered from the sea which would give Rs. 3.5 crores per year, and by savings in foreign exchange freight costs of phosphate rock and other materials.

For this purpose, Mithapur gives ideal surroundings and an ideal environment because it has everything that is wanted for fertiliser production in this country. It has got sea, sunshine, aridity, barren and flat lands, clay and sand the skills and traditions that exist there already. It is because of this that phenomenal results can be achieved by this project.

15.00 hrs.

The capital cost of the project over ten years has been estimated at Rs. 166 crores including Rs. 47 crores in foreign exchange. Rs. 47 crores of foreign exchange is just 28 per cent of the total capital cost. This is very low, because in the case of the other plants which have been already licensed, the capital cost was 64 per cent in Kotah, 50 per cent in Haldia, 49 per cent in Dharamsey Morarjee and 44 per cent in the ICI plant at Kanpur. The capital cost per annual tonne of the balanced nutrients production is only Rs. 1430, as compared to Rs. 3900 for Nangal, Rs. 3890 for Sindri, Rs. 3430 for Gorakhpur, Rs. 3230 for Haldia and Rs. 2690 for Kanpur.

From every point of view, this project is immensely superior to anything that we have had in this country so far, and the dependence on borrowed funds is also very small. The debt-equity ratio obtaining over the entire construction period averages 1.27 : 1, that is 1.27 of debt to 1 of equity, and never exceeds 1.90 : 1 in any single year in the whole construction period of the project. But look at the fertiliser projects which we have already licensed. In the case of the Coromandel Fertilisers, the debt-equity ratio is 4.24 : 1, in the case of Gujarat State Fertilisers, it is 3.14 : 1, in the case of Haldia (as first approved it is 2.33 : 1, in the case of DCM Fertilisers, Kotah, it is 1.81 : 1, in the case of Mangalore (as first approved) it is 1.67 : 1, and in the case of IEL, Kanpur, it is 1.44 : 1. Therefore, it is a project which has the least amount of borrowed capital and the largest proportion of equity.

I have said enough to show that if there was one project which the Government should have welcomed with open arms and rushed forward to meet half-way, this was one such— But what is the story? It is very sad.

The project was put before the Prime Minister when she visited Mithapur on 30th September, 1967. She immediately showed great excitement at the possibilities of the project and suggested that it should be immediately presented to Government for formal approval. This was done on 27th November, 1967, after a series of informal consultations with the Ministry of Petroleum whose past Minister I see

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sitting over there on the Congress Benches. After being approved by him in his Ministry and the Secretaries' Committee which had been set up under the new fertiliser policy, it was sent to the Cabinet for formal approval. At that point, all further progress stopped. During the last year that has passed since, it has been shuttled between the Cabinet and the Planning Commission and between these bodies and a series of *ad hoc* sub-committees each of which has passed the buck to somebody else.

It has been estimated that the loss to the country in foreign exchange by this delay is the equivalent of Rs. 24 lakhs per day which, spread over a year, comes to a loss to this country in foreign exchange alone of over Rs. 100 crores. It is like throwing out of the window every hour 13,333 dollar bills into the gutter. It means Rs. 1,00,000 an hour is being thrown into the wastepaper basket—every hour of this delay.

What am I to call this? These are people who say that unless the Government can do something big, nothing big should be done in this country. I call this a 'dog in the manger' attitude. I do not think it is a bad description of the mentality of the gentlemen who are coming in the way.

Mr. Graham Hutton, London economist, in his book on Inflation, describes how government generally behaves—he must have thought of such cases. He says: 'Government is like a dog in the barnyard'. It cannot lay eggs, but by constantly barking, it prevents the hens from laying eggs.

But let us be enclosed that these gentlemen have made history. They have provoked a new law from the great political scientist, Prof. Northcote Parkinson, with whose Laws we are no doubt familiar. No doubt, after reading the file on the Mithapur project, Prof. Parkinson has invented a Law of Delay: Hon. members will see how beautifully it reflects the facts of this particular, disgraceful episode in our economic history. He says:

"It is many years now since the existence was proved of the Abominable No-Man. In every organisation,

it is now recognised, there are men who say 'No' to every proposal, partly to avoid taking responsibility, partly to save themselves from the work which a positive decision might involve. To say 'yes' raises the awful possibility of something being done. There is always a risk in agreeing to anything which may turn out to have been a mistake. To say 'No' is far less of a hazard, for nobody can then prove that the action proposed would have served the end in view. To the No-Man, therefore, negation is an end in itself, avoiding the pitfalls and efforts which might result from saying 'yes'."

Prof. Parkinson goes on—

"There is nothing static, however, in our changing world, and recent research has tended to show that the Abominable No-Man".

and here we come to our Cabinet—

"is being replaced by the Prohibitive Procrastinator. Instead of saying 'No', the Prohibitive Procrastinator says 'in due course'—these words foreshadowing Negation by Delay. The theory of Negation by Delay depends upon establishing a rough idea of what amount of delay will equal negation".

Then he gives a very beautiful example—

"If we suppose that a drowning man calls for help, evoking the reply 'in due course', a judicious pause of five minutes may substitute, for all practical purposes, a negative response. Why? Because the delay is greater than the non-swimmer's expectation of life".

"Delay are thus deliberately designed..."

And I make this charge—

"as a form of denial and are extended to cover the life expectation of the person whose proposal is being pigeon-holed. Delay is 'The Deadliest Form of Denial'."

That is Prof. Parkinson.

Now, I come to the last part of my speech. Hon. members have a right to ask: 'You have torn the budget to bits to your satisfaction. But what have you got to substitute? How would you solve the

problems posed by the budget? I would like to answer this in the five or seven minutes left to me.

The budget fails to meet the challenge posed by our present economic plight. What is the plight. The basic fact in our economic life today is the continuous fall in the savings of the people. The savings of the individual and the collectivity of our people have been going down as a result of the economic policies of this Government. The *Economic Survey* at pp. 21-22 shows a decline in the ratio of total domestic savings to national income from about 10 per cent in 1965-66 to around 8 per cent in 1967-68.

Now, I would have thought that the basic task of this budget would be to correct this fall in the savings of the people and to give them a lift. In this context, the main task of the budget should have been to stimulate the accumulation of savings in the pockets of the people, for investment in agriculture on the one hand and industry on the other. Unfortunately, all that this budget does is to divert yet another Rs. 100 crores from the savings of the people to the sterile coffers of Government where nothing is bred except despair.

Today, already nothing less than 63 to 70 per cent of the investible income of the Indian people is taken away by the Government for relatively unproductive purposes. The State sector's share as a percentage of total investment in the First Plan was 46.4. In the Second Plan it rose to 54.6 per cent, and in the Third Plan to 63.1 per cent. Prof. Shenoy, one of our finest economists, has worked out that this should really be 70 per cent, because the value of foreign aid, which goes mostly to the State coffers, is under-valued by being taken at the nominal rate of exchange of the rupee and not at the real rate of exchange in the free markets of the world which is different. If that was taken into account, the State would take away 70 per cent and leave 30 per cent for the agriculturist, the businessman, the industrialist and all the rest of us. Let us, however, say it is only 63 per cent. So, 63 per cent goes away out of the investible, productive pool. We cannot tolerate this in the interests of our national economy. What follows, therefore, is that if we had the responsibility,

we would cut down taxation, both direct and indirect, drastically and restore the balance.

At that point I will be asked: how will you meet the needs of expenditure? The answer is: "We would not, because much of this expenditure should not be met, should not be incurred."

Year after year the Finance Minister comes to us and says: 'this is the expenditure, I must find the income.' We challenge the first part of the proposition. This expenditure cannot be taken for granted.

The real weakness of the budget is on the expenditure side. That is where all the mistakes start. Tremendous cuts can be made. The hon Minister's predecessor, Mr. T. T. Krishnamachari, once said that Rs. 300 crores could be cut out, but he did not try, nor has anyone else since then. I am sorry to say that the present Finance Minister has made no effort, has shown neither the capability nor the courage to deal with the vested interests in other spending Ministries who are holding the country to ransom today. He has permitted an increase of Rs 91 crores in defence expenditure over last year's budget estimates.

We in the Public Accounts Committee presented a report to this House. The Public Accounts Committee does not want the defence of this country to be harmed by a hair's breadth, but after examining the matter, seeing the work of the ordnance factories and other departments, we said in our report that a large cut—myself would place it at Rs. 100 crores—could be made in defence expenditure, without decreasing the fire power or the effective defence of the country by an iota.

In non-plan expenditure, there is an increase of Rs. 141 crores. Civil expenditure has gone up from Rs. 298 to Rs. 363 crores. According to Dr. I. J. Patel, the plan expenditure is Rs. 100 crores more than last year. The biggest white elephant, Bokaro, has got not less than Rs. 170 crores. The Finance Minister says this is "inevitable." It is not inevitable. If there was leadership in the Government, if there was courage, if there was economic sanity in the Government, nothing of this nature would be inevitable.

I said in my speech on the budget last

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year that in the recommendations of the Public Accounts Committee presented till then, covering only six out of 25 departments of Government, we had identified a waste of public money of Rs. 45.88 crores. Since then, another year has passed, and going through the Audit Reports presented by the Comptroller and Auditor-General to this Parliament, I find another Rs. 19 crores of public money has been wasted in the period since then. So, putting the two years together, here are examples of Rs. 65 crores being wasted, and yet the Finance Minister says it is "inevitable".

Apart from Bokaro, Hindustan Steel and the Ordnance Factories, I have to mention the Railways. The Railways are eating up capital, as the Public Accounts Committee says, which they are not able to use, for which there is no traffic, which could have gone elsewhere. There are of course other notorious wasters of public money like the Indian Statistical Institute, which has been taking money year after year from the days of Pandit Nehru and Prof. Mahalanobis, without rendering any satisfactory accounts. There is the Suratgarh State Farm taken from the Soviets which has been making a loss every year.

The Public Accounts Committee have found that during the last days of March every year a large amount of public money is alleged to be spent which was still lying unspent, because the Ministries cannot bear the idea of losing that money and its going back to the taxpayer.

This is a practice which should have been set right long ago by the Finance Ministry.

AN HON. MEMBER : What is the approximate amount involved ?

SHRI M. R. MASANI : It is difficult to say. If you want some research could be undertaken. There is the example of the Orissa Government which recently announced on 19 February that, except in very exceptional circumstances, after March 10 this year no expenditure would be allowed at all and that any money that remains will go back to the Government's coffers. I commend this example to my hon. Friend opposite. I am sorry that

our PAC reports are getting very little response from the hon. Finance Minister ; they could learn a little from those reports.

Therefore, I come to this conclusion. We on these benches are not to be driven to reply to the question : 'do you want to tax the urban people or do you want to tax the rural people ?' We say : 'Neither'. Both are being over-taxed, particularly the urban people. We will not agree to a single rupee of additional taxation and we shall vote against it. Similarly, we do not consider that there is legitimate need for a single rupee of deficit financing which has been going on all along. We oppose this budget as a whole and we shall oppose every rupee of additional taxation and every rupee of deficit financing.

SHRIMATI SUCHETA KRIPALANI (Gonda) : The National budget is not merely an annual accounting, a balance sheet of expenditure and revenue and fresh resources without the background of economic perspective. In his speech the Finance Minister briefly referred to the economic background and struck a note of buoyancy and hope. He told us that during the last one year or a little more, we have registered dynamism in agriculture. There is industrial revival and there is also restoration of price stability and some progress had been made towards self-reliance. It is true that we have been through a very bad time but we have now taken a turn for the better. In the agricultural sector, the last two years had been years of high production. It is true that there was the bounty of nature ; but that was not the only factor; our own efforts in fertilizer inputs, improved seeds and better methods of agriculture and irrigation, power, etc. have yielded results.

As far as industry is concerned, there was a bad recession but that period is now over and we are gradually progressing towards better times. Industrial production had registered an increase ; it stands at 6 per cent. I must however say that this improvement is not uniform in all the industries ; certain sectors have done well while others have not done so well. Our exports have shown sizeable increases. I may not quite agree with the Government claim that prices have shown a declining trend by

one per cent ; but I concede that they have not been increasing.

By and large there are visible signs of recovery in our economic situation. We are not out of the woods yet ; but we are recovering. The measuring rod for judging the performance of the budget is to see whether it places our economy on the road to economic recovery. Secondly, the budget should also express the urge of the people towards the attainment of certain political and social objectives. This is not attainable by fiscal measures only, as has been rightly pointed out by the hon. Finance Minister. He said that the "disciplined participation of every section of community and by every region of the country" is needed in order to bring about economic upliftment. Let us see to what extent the fiscal and financial measures would be able to enthuse the people and bring about their voluntary participation to help in the nation building activities and also put us on the path to economic progress.

The Finance Minister referred to the Fourth Plan in his speech and said that this was the first year, the beginning of the Fourth Plan. I am sorry to say that as yet we do not know the shape of the Fourth Plan and I think that the people's participation would have come in a greater measure and more enthusiastically if the picture had been clearer. There are many things on which I want to comment but I shall limit myself to a few for want of time. Let us first look at the deficit or uncovered part of the budget. After raising Rs. 127 crores by way of taxation, we have left uncovered a gap of Rs. 250 crores. Last year we had left uncovered Rs. 200 crores, but fortunately it came down to Rs. 260 crores. More or less, the situation is the same ; if anything is slightly better than it was last year. But the point is, last year, in spite of leaving an uncovered gap the inflation did not increase because there was a sizeable improvement in production, particularly agricultural production. Because it is imperative that if increased public investment is made, there should be matching production performance. This was done last year mainly by agriculture. We had two successive years of good agricultural production. There-

fore, we could avoid inflation. Perhaps encouraged by last year's experience, this year again the Finance Minister has left an uncovered gap of Rs. 250 crores. I do not know to what extent that is justified ; whether we are in a position to increase our production to such an extent that this gap will not have any inflationary effect on our economy, or are we taking a very grave and serious risk. Because, if inflation comes, then, in effect it is hidden taxation. Inflation means not only erosion in our present income but it means erosion in our savings.

As we all know very well, last time we had to indulge in devaluation because inflation had gone too high. So, are we heading towards a further inflation ? We have to take a warning and see that we keep the deficit figure in the budget only that high that we are able to match our production to it, so that we can take care of this uncovered gap of Rs. 250 crores from having adverse effect on our economy.

There is also a question in my mind, why do we not place greater reliance on market borrowing instead of leaving such a big uncovered gap ?

There has been a general welcome in the papers and in the public of the good measures that have been taken by the Government to improve industry and trade. The lowering of excise duties on jute, tea, raw wool, mica, etc., has been generally welcomed. In fact, I was going to say that though the concession has been very sizeable in jute, jute industry is located in such an area that I am quite sure we are going to face a good deal of labour pressure for higher wages. In view of the labour trouble, the situation has to be watched to see if any further concession to the jute industry may be considered now or at a later stage.

So far as textiles are concerned, over quite a long period, we have been treating the textile industry as a sick industry. This time, the Government has tried to give a certain amount of help to the textile industry by reducing some of the excise duties on yarn, coarse and medium count cloth. I do not think that all this alone will go to set the industry right, but it will go a long way to help the industry, and other necessary steps have to be taken by the indus-

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tries and commerce departments in this regard.

There is also a tax holiday for new enterprises for five years. The exemption limit on tax dividend incomes has been raised from Rs. 500 to Rs. 1,000. The development rebate also continues. All these measures, I am sure, are going to help in the recovery of the economy and they have been generally welcomed from all sides. I do hope that this will also help in the formation of capital because the capital market has been in a bad shape during the last couple of years. The investment activity has been low. If we compare the capital raised, we find that in 1965-66, it was Rs. 102 crores, but in 1967-68, it has declined to Rs. 56 crores. And the cause is that there was smaller saving and a lower rate of dividend. That is why, as Mr. Masani also pointed out, today, we have to see whether in our economy, a climate is created for saving and whether there will be buoyancy enough for saving.

I come now to some of the taxation measures which have been criticised. One taxation measure which has been criticised and about which I am also very unhappy is the new tax on sugar. The sugar industry is already a sick industry. It is suffering from various ills, particularly the sugar industry located in the northern parts of India, Uttar Pradesh and Bihar. A very disproportionately heavy rise on the excise duty on sugar is proposed. I do not know what is going to be the effect : whether this will affect the cane prices, and the capacity of the millowners to pay their cane dues, and whether the rise in the price of sugar that is expected by the Government is going to be only that much or it is going to be more.

According to the Government spokesmen, the rise in sugar price is going to be 40 paise for free sugar and a paise or two more for the controlled sugar.

Usually in the market, the price rise is much higher than what the Government expect. Sugar is no longer a luxury article, it is a necessity even for the poorest man. We are not able to reach sugar to the rural areas. Therefore, why tax it? Why could he not have thought of some other item?

I would draw the hon. Finance

Minister's attention to one of his pet anti-pathies—alcohol—which escaped last year also. Why not tax alcohol, particularly imported alcohol, further? As this happens to be Gandhi centenary year, he might as well have tried to do that instead of taxing sugar, which is not a rich man's food, but also a poor man's food.

Another tax which has distressed many of us is the proposed rise in the income-tax of people in the Rs. 10,000 to Rs. 15,000 group. This group is already taxed in various ways, directly and indirectly. The cost of living index is so high that this group is not in a position to pay more tax. This group is the backbone of the community. This group makes the savings and also makes the purchases. If you tax it further, our demand for purchases and capacity for savings will be affected. This group should not be taxed further. From Rs. 15,000 onwards, you can increase it as you like. In fact, I was going to suggest that we should raise the limit of income-tax exemption to Rs. 6,000 if not to Rs. 7500. The cost of living index is so high that it is very difficult for the middle class and lower middle class to make both ends meet. After all we do want to create an atmosphere of savings. If we tax them so heavily, there will be no money for investment or for purchases. It is a vicious circle which will affect the industries.

Coming to the much-discussed tax on agricultural income, I beg to differ from many hon. members. I support the wealth tax on agriculture. Of late, it is a notorious fact that many industrialists, in order to conceal their black money, have purchased lands and black money has been converted into white money. This is a ruse by which they are cheating the Government. Therefore, if Government want to impose wealth tax on agriculture, there is no reason why it should not be done. There is a lot of speculation also. Many lands surrounding the urban areas are purchased by speculators in the name of agriculture. But they have no intention of doing agriculture; they only want to sell it later on at high prices. To stop such malpractices, if wealth tax is imposed on agriculture, I have no objection. I would support it.

Coming to the tax on fertiliser and

pumps, on principle I am not opposed to it. If 50 per cent of the development budget is absorbed by the agricultural sector, and if the agricultural sector makes a modest beginning of contributing towards the nation's development, there is no harm. Sometime in early February, I think Mrs. Gandhi, while addressing the public at an agricultural college in Andhra Pradesh, appealed to the rich agriculturists to contribute towards the improvement of the conditions of the poor agriculturists. But I would only ask, is this the time to do this? We are talking of a green revolution. We have had two good harvests, but immediately preceding those two good years, what time we had, everybody knows. In U.P., we had to face the problem of starvation of 8 crores of people.

I know under what conditions we worked, under what stress we had worked in order to increase our agricultural production so that we do not have to face a similar situation again. There is no doubt that we are better off than before; yet, we are not out of the woods. Agricultural production is not yet stabilised. The green revolution has started and we are on the way. The agriculturist has received some incentives, he has started working and he has adopted new ways. We have been able to give him some facilities in the matter of inputs, irrigation and power etc. But we are still very far away from what we wish to achieve. So, at this early stage, we should not go on imposing new taxes. Therefore, I would suggest, let the wealth tax remain, if it is constitutionally feasible and there are no other difficulties, but this tax may come in after some time; not now. Of course, in principle, I do not object to this tax either. My objection is only to the question of its timing.

But there is one point. We have millions of agriculturists whose holdings are less than five acres which are uneconomic. I do not think we should increase their tax burden. Therefore, if we impose this tax we should see in what way we can exempt poor agriculturists, those who are having uneconomic holdings, so that even if we are not able to help them to improve their position, we do not add to their burden. So, there should be some exemption level for this tax.

Here let me thank the government for

giving a little report on the public sector undertakings. This year we have imposed additional taxes to the extent of Rs. 127 crores and we have yet a deficit of Rs. 250 crores. The object of having a public sector is that the income goes to the public coffer and not the private coffer. In the public sector we have invested Rs. 3,500 crores in 80 projects. Fifteen years, if not twenty years, have gone by as gestation period. We cannot have an eternal gestation period. We have to see that this huge amount that we have invested must give us a return. This matter has been engaging our attention and government has been trying off and on to improve things. Though improvements in certain sectors have come about, much yet needs to be done. The report says that in 1967-68 31 enterprises gave us a profit of Rs. 48 crores, which is very good. But, then, 24 enterprises gave us a loss of Rs. 83 crores. So, the total comes to minus Rs. 35 crores. Let us make a modest calculation. If we get a return of 10 per cent on our investment of Rs. 3,500 crores we will have Rs. 350 crores as return from the public sector and there would have been no need for any new taxation or of a deficit budget. Therefore, it is absolutely necessary that just as government has given its attention to raising taxation, towards several developmental measures, it should give whole-hearted attention to see how we could re-orient the functioning of the public sector so that it will yield some revenue. If we invest some money, certainly the public has a right to expect some return and it is high time that we get some return. We cannot have a socialist society unless the productivity of capital is understood and appreciated. We are talking in terms of productivity of labour; but we are never talking of productivity of capital. If the investment is infructuous, it is not going to give anything to the country. Therefore, the investment must be fruitful and it must bear some profit.

I have to offer some criticism on the new postal rates. It is a commercial department and it should run on "no profit; no loss" basis. Formerly, it used to give returns but of late it has started running on loss. I am sure there is enough scope to plug loopholes so that it is on level and every year we do not have to raise the postal rates. It causes a lot of irritation

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and it reflects inefficiency on the part of the government in the running of the department. I am sure that if proper discipline is exercised on the postal department, with a little effort they can cover the losses which they are now incurring every year.

This brings me to the question of economy. The views of the hon. Finance Minister on this matter are very well known. He was very keen that we should exercise at least ten per cent economy in our administration. He is trying to do it. I know it is a frustrating job. I myself tried it in Uttar Pradesh and I succeeded in enforcing some economy. But, then, there was constant pressure against it and for regrant of whatever I have cut. So, I know the whole process and how difficult it is.

I can very well visualise the torture that the Finance Minister must be going through but I would like to say that he should not give up because, just as before me hon. Member. Shri Masani, pointed out, there is enough scope for economy and to stop wastage. If we go in for stopping wastage and bringing about economy, I am sure, we can bring in a good deal of saving out of this Budget. Just to point out one or two things, how many useless foreign trips are undertaken both by ministers and officers? We can cut out quite a bit of that. Then, so much money is wasted on amenities. Quite a good deal of economy can be effected there too.

Every other day departments are cut, grouped and regrouped and all kinds of things are happening. Every time some little change comes about, I am sure, new staff comes in. Now I hear that the new Foreign Minister is wanting to have a new empire; he wants to put in foreign trade and what-not under that. All these new permutations and combinations go on and they go on adding to our administrative expenditure. So, I would like the Finance Minister, who is known to be very strict, to keep a very strict eye on all these various permutations and combinations to see that with each permutation and combination further expenditure is not incurred and administration further overburdened.

That is all that I have to say. I would say in the end that on the whole it is a realistic Budget. A genuine effort has been

made to see that economic recovery comes in the wake of it. If the burden on the middle class is reduced, I am sure, there will be enthusiasm in the people and they will come forward to give their co-operation and we will be able to raise the saving rate with which alone can we revive the economy of the country.

SHRI SURENDRANATH DWIVEDI (Kendrapara): Mr. Deputy-Speaker, Sir, it is not that I often agree with Shri Masani but I entirely agree with his observations that if there was any economic sanity in the Government, the Budget proposals would have been something different and, therefore, I am unable to extend my support to the budget proposals. There is sterility and lack of courage and, I think, they have no conviction on anything at all.

Let me begin with the first sentence with which the Finance Minister started his speech, namely, that he is presenting the first year's Budget of the Fourth Plan. As a *Suyradhar*, he might be knowing it but so far as we are concerned, it is a planless Budget. There is no plan before the country, not only today but for the last several years. Therefore the Budget itself represents planlessness and policylessness. There is nothing in it. Probably, like a *bania*, he is trying to take some flesh from this and some bone from that in order to present before us some accounting to show that everything is all right. Even there he has failed because it is a deficit Budget and he has not been able to balance it.

If anything, this Budget is static and I have no doubt in my mind that this will not encourage development nor will it boost savings of the community nor will it release forces for bringing about equality about which he has mentioned in his speech. He has said somewhere that to remove growing inequality is another aspect of their policy because they want to build socialism in this country.

If anything, the Finance Minister has been very timid. It is neither a growth Budget nor a development Budget. If progress means, as has been indicated in the *Economic Review*, that we may expect an income growth of 3 per cent in the coming year, which is almost equal to the growth

of population in this country, then God save this country from such type of progress as is visualised by these people !

This Government has no concern about the situation prevailing in the country. They have not based their proposals on the realities of the situation.

If you make a study of the economy, he has almost taken a complacent attitude in the second paragraph of his Budget Speech which is called the introductory part of the Speech. He has painted a rosy picture of the country, of progress all around, as if there is no problem at all facing him. Therefore, he has tried again to go in the same way as he proceeded last year.

What has been the last year's achievement ? There has been stagnation. The stagnant conditions would continue not only in the short-term period but in the long-term period also. If I quote his last year's speech, he has taken a little praise for himself for introducing certain policies which have brought about price stability, reduction in prices and all that. Last year, in his Budget Speech, he said :

"Our aspirations and hopes for economic well-being and a higher standard of living for millions of our people lie in accelerating the tempo of development. But this has to be done without generating further inflationary pressures, and on the basis of a realistic assessment of the resources that can be mobilised in a non-inflationary manner."

What is he actually doing ? Last year, the Nasik press helped him with Rs. 300 crores ; in the current year, it is to the tune of Rs. 260 crores and, again, this year he contemplates to have Rs. 250 crores. It continues like that. Something is said here but, in actual practice, it is something else.

SHRI TENNETI VISWANATHAM (Visakhapatnam) : They are purchasing a new currency press now.

SHRI SURENDRANATH DWIVEDI : What is the actual condition ? It is not as what they say.

We have had a remarkable economic study conducted by an eminent economist,

Mr. Gunnar Myrdal, in his book—it is known as Asian drama—which gives a realistic picture, almost a pitiable picture, of the conditions prevailing in our country. They say :

"Our very broad impression supported by the above-mentioned studies and by everything else we know is that on the Indian sub-continent the masses live in worse poverty than did those in the Western European countries at any time during several centuries before the Industrial revolution"

It is 20 years achievement of socialism in this country. Then, they further say :

"It is indeed noteworthy that annual income per head for agricultural labourers in India is not only very low but lower than 1950-51."

It is after a detailed study of the economy of this country that they have come to this conclusion. But this Government is completely blind about the situation.

Sir, if there is political instability in the country, it is because we have a Government which have no relation to the realities of the situation either politically or from economic point of view also. Politically, I think, the existence of the Central Government is unrealistic. They have no support of the people. Even State Governments do not support them. If they want to function here effectively, if they want the support of State Governments, they must also adjust their policies in such a manner as would reflect the opinion of the States concerned which are run by different Governments altogether. Then only, a strong Centre can continue to exist. Otherwise not.

Now, at the present moment, what is happening is this. Let us take a few problems which I want to point out to them. Take the problem of unemployment. I do not want to burden you with the figures. I want to ask whether by these Budget proposals we are going to, in any way, mitigate the sufferings of even educated people. Thousands of engineers are there. There is no development contemplated in this Budget for the coming year. I do not think a single development project is going to be taken up. Almost every State Government Budget shows a deficit. They look to the Centre to give them some money. The Centre here has

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adopted some policy about which I will come later. But the fact remains that they have not shown any tendency whatsoever to deal with the problem of unemployment which will be a very great cause for instability in the country.

Then let me come to other matters. Let us take the question of regional imbalance. That is also another cause for instability in this country. You cannot deny that. What is happening today? If you look at the budget proposals, you will find that there are not adequate provisions to meet the needs of the States or even within the States, of the backward areas, which have really grown further backward during the course of these few years. No budgetary measures, no financial measures, have been proposed for these. The National Development Council according to me, has no statutory authority; this is another imposition like the Planning Commission on us and it has no statutory authority. If you really want to take the States with you even regarding financial matters, you should do this. There has been a demand, and rightly so, for this. The provision in the Constitution was contemplated when the situation was quite different. In a federal Government, in a federal Constitution, when a new situation has developed, it is also necessary that we should have a machinery to reallocate and re-orient the entire financial policy and the relation between the States and the Centre. I do not know, even politically speaking, why this Government even now is fighting shy to have an Inter-State Council as provided in article 263 of the Constitution which contemplates a situation when there can be differences between the States. In that case, the real authority is not the National Development Council or the Conference of Chief Ministers called by the Prime Minister or the Food Ministers' Conference or other *ad hoc* conferences which are called when they feel the necessity, when they are faced with certain difficulties, but a statutory body which will go into the entire question of relationship between the States and the Centre. So that even matters like appointment of Governor could be decided after consultation and discussion. But they are refusing to do it. The NDC in their

wisdom have decided on a policy on which I am told that the Chief Ministers have also agreed. I do not know how they agreed to it. Whatever it is, the result of that policy is that only States which have a larger population, which are are thickly populated will be benefited and the real sufferers, the other States, would suffer further and go down economically and otherwise.

In this connection, I want to point out what has happened as regards regional imbalance for the last so many years. Let us see what has happened to some of the States like Orissa, Bihar, MP, Assam. These States have remained backward and the disparity between them and the developed States is increasing. We are demanding in the Unctad that the developed countries should give a portion of their income so that the developing countries may also grow. But what is the policy we follow here? Here whenever the question of the relative position of the developed and undeveloped States is discussed, it is said that the former have the advantage of larger income and other facilities. They become richer and the poor States become poorer and deteriorate further in the economic and other conditions. We have no such policy we advocate in Unctad as far as the relations between the developed and undeveloped States are concerned. We have no policy whereby the surplus money available in better-placed States is diverted for the development of the backward regions and States.

Even so far as disbursements of central loans and other assistance are concerned, this Government succumbs only to political pressure. If you are able to put pressure, somehow or other get together and apply political pressure here, you will be able to get what you want. Government here may deny this and say 'We are not succumbing to any pressure; we only decide on the merits of a case'. But that is all humbug. If one goes into the location of industries in this country, one would find that industries have been located in places where if there was no political pressure, they would probably not have been located. So let us not say that this is not happening. This is happening all through,

As I have pointed out, not only the rural population, not only has the poverty of the less developed regions increased and their income gone down, but even some States as a whole have had less of development and consequently suffered. As an instance, I will take my own State, Orissa. As regards per capita income at current prices in 1964-65, except Jammu and Kashmir and Bihar, Orissa was the lowest with 347. Punjab was the highest. Take road mileage, which gives an indication of pockets of backwardness even after 20 years of our economic policy. Per 100 kilometers in 1964, the highest road mileage was in Madras with 27.30; Kerala comes next. In Jammu and Kashmir it is 1.20; Rajasthan 4.7, Assam 3.17 and Orissa 5.27.

Even as regards factory workers per lakh of population, how are they employed? The 1963 figures show that except Jammu and Kashmir, Orissa was the lowest with 220 whereas Gujarat, the Finance Minister's State, had 1336. So also Maharashtra.

15.53 hrs.

[Shrimati Tarkeshwari Sinha *In the Chair*]

Take facilities for irrigation which is the backbone of this country. We want to develop agriculture. We are saying we will give more towards developing agriculture. But what has been done during these 20 years? Take my State which even in famine and drought conditions has been surplus and has exported rice. There irrigation is lowest, 13 per cent of the cultivated area, whereas the all-India average is 22 per cent. Take rural electrification. It is 1.03 as against the all-India average of 10.

From all this, it will be clear that the gap between the per capita income in Orissa and that in the country as a whole is widening. In 1966-67, the national per capita income was 481.30 as against Orissa's 278.50. This is a difference of more than Rs. 200. This is the position in the mid-1960s, not the early 1950s. This has been the progress of regional imbalance.

If movements like the Shiv Sena—it is a wrong movement; it should be condemned; I think we should all condemn it—are not to make any headway in this country,

we should call a halt to this trend and reverse it. Is this policy which is giving room for such senas which are threatening the very fabric of our nation. This is a direct result of the policy of neglecting the backward regions.

The Finance Minister does not want to break new ground. He says he is a bold man. If he is a bold man, as he appears to be—he says 'I am strong man if he is actually a strong man, with the good of the entire nation in view, not of any region as such, he should take note of this state of affairs and frame policies accordingly. Of course, it is a good budget to keep the Government going somehow or other. From that point of view, it is all right. But there should have been some policy to break this hegemony of some richer States. But to this end, nothing is being done.

Even in Orissa, when there was a proposal for the Talcher industrial complex, it was turned down mainly by the Finance Ministry, although the feasibility, techno-economic and project reports were favourable. Therefore, I think that by overlooking problems like these we are only adding more difficulties to our national development.

The Finance Minister has come out with the plea that there has to be an increase in non-plan expenditure. The lady member who spoke was very kind to him and said that he really, sincerely wants a ten per cent cut in the non-plan expenditure, but she understands his tortures. I want to know what attempt in any direction has been made. If the Finance Minister is able to convince us that really some serious efforts were made but he did not succeed because of some obstruction somewhere, then we can easily support his proposal for the increase of non-plan expenditure to the tune of Rs. 141 crores.

The Finance Minister has said in his speech that Rs. 59 crores more are needed for defence purposes. Nobody would have any objection to it, but what is happening? This time he has given us a document on public sector performance, that is a good thing, I would come to it later, but we would have liked also a paper on defence preparedness, as to what actually has been done. This country cannot remain in darkness about what is happening really in our defence mechanism, what they are

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doing. Nobody wants that strategic, confidential or secret things should be divulged in Parliament, but at the same time, the country should also know what has been done by the defence organisation, how far we are preparing ourselves, what is the plan before us for which we need more money, but nothing is given in the papers supplied to us.

16.00 hrs.

Today a great debate is going on in the country, and even those who support the public sector have begun to doubt whether any further investment in this sector is wise in the circumstances, whether we are not wasting money. For this I accuse this Government. If this situation has been created, if a handle has been given to the private sector to raise their voice against any investment in the public sector, if almost every day we hear in this House that Bokaro should be scrapped and that no money should be given to it, if this voice has grown, it is because of the deliberate policy of this Government; though they are mouthing socialist slogans, they have deliberately sabotaged this in a manner that such a movement has gained ground. Otherwise, how can we invest so many crores with such an apparatus or machinery before us? It is admitted on all hands that we have the necessary managerial talent, that we have the technical personnel. It is said that for the steel plants, even for designing and other things, we do not want any foreign help at all. All this is admitted, but what have we done consciously to remove the difficulties that have come in the way of the development of the public sector as visualised by us. As if they have really awakened from a great slumber after many years, they saying this paper that they have decided that the Chairman of a public sector undertaking should no longer be the Secretary of the Department and so on. But these are not the only ills or evils from which the public sector is suffering, as the Finance Minister has tried to impress upon us. Is it for the first time, that because the Administrative Reforms Commission came out with a report, that he became conscious of this?

We have lost crores of rupees in this country. The Committee on Public Undertakings had pointed out several times in its reports how these undertakings are working at a loss due to mismanagement and lack of policy. If those suggestions were implemented, matters would have improved to some extent. But they do not want to go to the root of the problem. I want to tell the Government: you may have managers who are independent; you may delegate more powers to the public corporations. But why do you not fix responsibility on them? It had been demanded several times. Secondly, if the objectives are determined, we should make the management responsible for what happens. Once that is done, they will certainly give a good account of themselves. Nothing is mentioned about these suggestions. Whenever a decision about the establishment of a public undertaking is to be taken, the Cabinet does not give its approval in time. The cost increases. Even if we have competent consultants in our own country, there is a great dependency on foreign consultants, even for turn-key projects. Projects are launched without a detailed project report or examination at the highest level. There is consequently delay in completion, not to speak of corruption that is prevalent. I do not want to elaborate these points further. They have in this document told us about the inventories. In this document the total value that is given is Rs. 873 crores. During the course of examination in committees, it was found that the stores of spares and parts could be reduced very much. The inventory of stores and spares for any undertaking should not constitute so much of money: we found that in some cases they could last for two or three years. They are all junk lying there, unutilised. My friend Mr. Tiwari tells me that in some cases they could last even for five years. If the Government wants the public sector undertakings to succeed, it is time that the haphazard approach is abandoned; we must have a total, integrated approach so that they may succeed and measures are to be thought of and implemented from that point of view.

I do not want to repeat what has been said by hon. Members on taxation. It is

clear that the Finance Minister has failed or has not got the courage to tap resources and take them from the sources where they exist; instead he takes more money hitting in the process the lower middle-class and fixed salary groups and the agriculturists who are the backbone of society. What is the meaning of his taxation proposals? He has taxed sugar. Is the inflationary trend going to be reduced after these proposals? It is bound to be affected by them. The Government have become devotees of agriculture but the Finance Minister has taxed fertilisers and pump sets. Those who have thought of these taxation proposals have no idea or knowledge of the conditions in the villages. Otherwise, they would not touch this. When you want to give a little momentum and incentive, if you want to give them, you give the incentive to the industry. You give the development rebate, bonus, this and that. But what have you given to the agriculturists in this country for the last 20 years? I want to know. Land reforms are not there. Land is still concentrated in a few hands. Nothing is being done. There has been some opposition because this question has come up, because agriculture wealth-tax has been introduced. About this, I have no opposition. I want to say categorically that this proposal that agricultural wealth should be included in "other than agricultural income for purposes of wealth-tax" is welcome to me. I welcome this feature. I welcome it because I feel that if we are really against concentration of wealth in a few hands, if we are really against it in the urban area and in the industrial sector, we are also against it in the agriculture sector. Those who have black money have converted it and they have purchased big agricultural plots and are having a good income, and so I do not know why they should be exempted and why there should be opposition if people who are having wealth of more than Rs. 2 lakhs or so are taxed a little. But I would say this approach is also haphazard.

Let us consider it. We read statements by the present Chairman of the Finance Commission going round this country and saying against abolition of land revenue. There is a suggestion often made by the Planning Commission and often

made by the Centre to the States that the States should also tax irrigation, if new irrigation schemes are to come in. There must be some thinking in this matter. Is it a welfare State, I want to ask. If it is a welfare State, actually what is it that they are doing? If it is really a welfare State, the peasants who constitute 70 or 80 per cent of our population should really feel that it is a welfare State. But what do they feel? They pay taxes just as any other citizen in this country. Through indirect taxes, the Government is taking as much from them as they are probably not capable of giving. But if land revenue is abolished, today, why are you so much exercised? We have found out from State where land revenue is abolished, that the States were not getting a single copper for general welfare from land revenue but that what was being earned as land revenue was being spent on administrative work that was done for collecting or realising that revenue! That has been the state of affairs in many of the States.

So, what I suggest is this. It is not a question of re-imposition of land revenue. Let us consider seriously this thing; that is, instead of this wealth-tax on agriculture, let us have an integrated income-tax system. That is, those who are having non-agriculture incomes which are taxable, if they have agricultural land, that also would come under the purview of the income-tax law. Let the income-tax law be amended likewise. Let us abolish land revenue so that the real small peasants whose lands are not even sufficient to maintain themselves—one acre, two acres or five acres each—may be benefited. Where does he find money to pay for the land tax or irrigation tax? I can even go so far as to say that we should give free irrigation to such peasants and give them development bonus or whatever you may like to call it. If we are really serious about it, I would prefer a plan which cries a halt to other types of development. Let us take a firm resolve, and I think the country would support it and the whole Parliament will come to support it. Let us take a firm resolve that within three years 50 per cent of all agricultural land would be irrigated and whatever money is needed for it, should be found out. I can welcome any such thing, but then, what the Government

[Shri Surendranath Dwivedy]

is doing is, they are only tinkering with the proposals. That is my grouse against the Government. Now, there is second thought over it. All pressures are being put to the effect that 'you withdraw this little thing that you have introduced.'

Without taxing peasants like this, let them take a decision on other important things. Even this budget provides money for privy purses. We were told, they have taken a decision on principle to abolish privy purses. This is just like the AICC decision that in seven years, they will have prohibition, just to satisfy the Finance Minister. What will happen after seven years, one does not know. Probably Mr. Morarji Desai will not be there and there will be no question of having prohibition!

It is no good shelving issues just because they create difficulties for the present moment. Let us decide these things. If you want more income, what are they doing about the proposal to abolish privy purses? I know what is preventing it. If they were sincere, they would have done something. Probably for presenting the next budget, there may be no Congress Government, because they are threatened from within their own party by the renegades who have penetrated into the party. They have not penetrated; actually they have welcomed them. Whatever it may be, the fact remains that you do not want to create a crisis within your party, which will threaten the very stability of the Government here. Just to satisfy the people, you go on saying, "We are going to do all these things", but in actual practice, you do nothing.

This budget will only lead to further stagnation, further deterioration and further miseries of the people. Somebody was saying this morning that there has been some appeal to rise in revolt. Seeing the way you are going, I have no doubt that you are paving the way for a violent revolution which will overthrow you and the entire system. That is the danger I see before me. Even after having learnt the lessons and having known that your policies have failed, if you want to carry on in this way, somehow or other trying to wriggle out of difficulties without facing them it will not help. You must reorient your policy. Then only this budget will have

some purpose. I am thoroughly opposed to the way this budget has been presented and I am not going to extend my support to it.

SHRI NARENDRA KUMAR SALVE (Betul): Madam, barring a mixed reaction to some of the proposals contained in the budget, by and large, this budget has been well received and happily greeted by different sections of the people. The effervescent and buoyant trends in the investors' market have received a sustained strength. This is manifest from the fact that in the Ahmedabad and Bombay stock exchange markets, the equities have gone up by 1 to 1½ per cent.

It has to be considered that there is nothing revolutionary or dynamic in the budget as such because the Finance Minister has once again followed his favourite strategy of fiscal restraint and moderation in drawing the financial programme for the ensuing year. But a student of economics, who has kept himself well-informed of the rather calamitous and perilous course which the economy of the country has charted in the last three to four years would undoubtedly sympathise with the plight of the Finance Minister in coming out with a budget which is on the cautious side, which conforms to the principle of play-safe.

The Finance Minister has balanced the budget and converted what might have been a deficit of Rs 60 crores at the existing rate of taxation into a surplus of Rs. 40 crores on the revenue account by touching a very wide range of items and by traversing over a very wide stretch of budgetary canvas. In doing this he has at least avoided regional imbalances in the budget. This is in conformity with his strategy of touching a wide range of items. Like a wise bachelor, who always keeps several women at the same time to save himself from the catastrophic calamity of getting entangled with one woman, the Finance Minister has cast his net wide to cover many items.

The Finance Minister has extended the tax holiday to new industrial undertakings. The development rebate will be continued. The depreciation rates are sought to be rationalised and increased. He has also left untampered corporate taxation; thank

God for it. He has also reduced the export duty on tea, jute, decreased raw wool and mica. He has also raised the exemption limit for income-tax on dividends from Rs. 500 to 1,000 to give fillip to the share market, which is already in the throes of a mini-boom.

He has, however, chosen to increase the rate of personal taxation on the slabs above Rs. 10,000. When I heard the budget speech I was inclined to consider that this would cause very great hardship to the lower middle class people, but on analysing the budget proposals I found that he was out to his usual trick. While he has raised the tax level, he has shown some concessions in income-tax to those who own motor cars and who come in this slab. Under section 16 of the Motor Vehicles Act such employees who have a motor car are entitled to a deduction. So, if the two proposals are collated and juxtaposed with each other, higher levies on one side and higher deduction on the other. For an employee with an income of Rs. 10,000 the relief works up to Rs. 66, for an income of Rs. 12,000 the relief works up to Rs. 68, for an income of Rs. 14,000 it works up to Rs. 25 and on an income of Rs. 15,000 it works up to Rs. 4. Above Rs. 15,000 the tax burden starts increasing and above Rs. 20,000 each assessee will be required to pay an extra amount of Rs. 275 as a result of this enhanced levy. Therefore, those who are critical of these budget proposals especially this levy on lower middle class, would do well to bear this concession in mind before making any criticism.

SHRI N. SREEKANTAN NAIR (Quilon) : Give them a car before raising the rate.

SHRI NARENDRA KUMAR SALVE : Then I come to the agricultural wealth tax contemplated in the Finance Bill for assessment year 1970-71, which has come in for severe criticism.

16 19 hrs.

[Mr. Deputy-Speaker in the Chair]

The criticism of this measure is basically on two grounds. It is said that this type of levy, contemplated by the new legislation is likely to hit the agriculturists

and it is likely to disturb the rural economy. I am convinced that the inclusion of agricultural land and buildings within the purview of the wealth tax is one of the wisest and expedient steps as a starting point for several measures on the same lines to follow. To describe those people who will be within the purview of the new legislation as farmers or agriculturists is not merely a terminological inexactitude; I submit it is the grossest misnomer and it is, in fact, a deceitful misdescription, because 99 out of 100 assesses who will be hit by the mischief of the proposed legislation are not farmers or agriculturists; they are invest in agricultural property. It would be unfair to spare the investors in agriculture from the levy.....(Interruptions).

16.20 hrs.

RE : WEST BENGAL GOVERNOR'S ADDRESS TO BOTH HOUSES OF THE STATE LEGISLATURE

SOME HON. MEMBERS *rose*—

SHRI JYOTIRMOY BASU (Diamond Harbour) : Sir, under rule 340.....

MR. DEPUTY-SPEAKER : I know, you must have got some news, but I will permit only one from among you to raise it.

श्री जॉर्ज करमण्डीज (बम्बई दक्षिण) : उपाध्यक्ष महोदय, अग्नी सदन के सामने जी काम है उसको प्राप स्वगित करे। पिछले तीन दिनों से लगातार हम इस सदन में इस मामले को छेड़ते आ रहे हैं।

MR. DEPUTY-SPEAKER : There is no question of adjourning the debate. I will allow Shri Banerjee to make his plea. He wants to raise a certain matter and plead under rule 340 that the debate be adjourned. After listening to him I will give my decision about the adjournment of the debate.

श्री स० लॉ० बनर्जी (कानपुर) : उपाध्यक्ष महोदय, प्रापको क्यास होगा कि कल जब प्रापने कुर्सी सम्भाली थी तब हम लोगों ने उसी