

SHRI YESHWANTRAO CHAVAN : If there are certain people whose antecedents are such that they are likely to prove harmful to the working of nationalised general insurance, certainly we will have to take action. The appointments we have made are provisional. There were some people who had opposed nationalisation. I must say some of them are very honourable persons. When we offered them this new responsibility, they said, "Let us think about it. We do not want to say 'yes' immediately." They thought about it and said, 'We have been committed life-long to this insurance, and we are prepared to give out best to nationalised insurance also.' When such people offer themselves, we should not refuse them. Ultimately, they are also Indians. If we can make use of the expertise and dedication of Indians for nationalised insurance, we should certainly do so. But if later experience proves otherwise, we will not hesitate to get rid of them. When we nationalise something, it becomes a pragmatic, practical proposition to implement it properly. In the transitional period, we will have to be very careful. In the atmosphere of criticism and doubt that is being created by very powerful forces in the country, when we are undertaking the responsibility of nationalisation, it is our duty to see that it succeeds. We have to see that we make a grand success of it. Therefore, we want the co-operation of all, of the employees and even of those who have opposed it. We find people are flexible. Prof. Ranga opposed any move for nationalisation when he was here. When he is outside the House, he is supporting nationalisation. People are liable to change their views. Certainly we want cooperation from every sector to see that general insurance becomes a success.

I do not want to reply to Mr. H. M. Patel's argument. He has merely put on record his general ideological attitude towards nationalisation. He quoted our Prime Minister saying, "We do not believe in nationalisation for nationalisation's sake". Certainly it is so. We are not making a dogma of nationalisation. But when nationalisation is a powerful instrument to strengthen the social forces in the country, certainly we do believe in it. I do not want to go into ideological questions. In his entire speech, his attitude was one of constructive co-operation and I welcome it. When we

construct the new Bill, if he can give suggestions, they would be welcome. In the meanwhile if he has other suggestions about running the management in a more efficient manner, certainly we will welcome those useful suggestions from him.

Sir, I do not want to say anything more. I thank the House for the very splendid support it has given to the Bill.

MR. DEPUTY-SPEAKER : The question is :

"That the Bill to provide for the taking over, in the public interest, of the management of general insurance business pending nationalisation of such business, be taken into consideration."

The motion was adopted.

MR. DEPUTY-SPEAKER : We will now take up clause by clause consideration. The question is :

"That clauses 2 to 17 stand part of the Bill"

The motion was adopted.

Clauses 2 to 17 were added to the Bill.

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

SHRI YESHWANTRAO CHAVAN : I beg to move :

"That the Bill be passed"

MR. DEPUTY-SPEAKER : The question is :

"That the Bill be passed"

The motion was adopted.

16.47 hrs.

GENERAL BUDGET, 1971-72—GENERAL DISCUSSION

MY DEPUTY-SPEAKER : The House will now take up general discussion of the General Budget.

SHRI SAMAR MUKHERJEE (Howrah) : My Deputy-Speaker, Sir, the budget placed before the House by the Finance Minister, he claims, will carry forward the mandate the ruling party has got three months ago in the mid-term elections, and the mandate, he has told us, is a mandate for socialism and economic growth matched by social justice. This budget, according to him, is an orientation towards that socialism.

But even a very superficial study of the budget placed before us makes it quite clear that it is the continuation of the same policy pursued by the Congress Government for the last 24 years. Even in the last interim budget the same policy was implemented. When the mandate was *gairhi hatao* the budget has imposed a heavy burden of taxation on the common people. By placing a heavy burden on the common people, will the *gairhi* be removed or will it be further strengthened? The objective that has been placed before us here is that the disparities in incomes should be gradually removed. But this very budget is based on a policy which further increases disparity.

As the result of this Budget is the further increase of the burden of taxation and the increase in the disparity of incomes, it cannot be called a budget oriented towards socialism. Just reverse is the position. It is a budget for developing capitalism in the same old way. It is not a pro-people Budget; it is an anti-people Budget. So, there is no socialism in this Budget; it is pure and simple capitalism.

As regards taxation, already the Railway Minister has imposed a new burden on the common people by increasing railway fares and also freight. Everybody knows that ultimately the burden will be placed on the consumers by the business community. In this Budget a heavy tax burden amounting to Rs. 220 crores has been placed on the people. But out of that Rs. 220 crores, the tax from wealth and incomes amounts to only Rs. 27 crores; the rest comes from other taxes and generally the major portion comes from indirect taxes. It is the policy of the Congress Governments gradually to turn the burden on the common people. That is why the percentage of direct taxation has gradually, year after year, been reduced and

indirect taxation has gradually been increased.

I am citing certain facts. In 1951 direct taxation was 49.9 per cent and indirect taxation 50.1 per cent; in 1955-56 direct taxation was 39.8 per cent and indirect taxation 60.2 per cent; in 1960-61 direct taxation was 33.5 per cent and indirect taxation 66.5 per cent; in 1965-66 direct taxation was 27.6 per cent and indirect taxation 72.4 per cent; in 1968-69 direct taxation was 24.6 per cent and indirect taxation 75.4 per cent; in 1970-71 direct taxation was 19.1 per cent and indirect taxation 80.9 per cent and in this Budget direct taxation is only 27 per cent and indirect taxation is 73 per cent. Where is the change in policy? This reduction of the percentage of direct taxation means that it is helping the big monopolists to concentrate more and more wealth into their hands and pass on the major burden of taxation to the common masses. That is why during the course of this Congress administration of the last 24 years this big monopoly capitalism has grown in India, there has been so much concentration of wealth in the hands of a few and economic disparity has developed to such a big extent.

About how monopolists have grown I am giving some figures. In 1963-64 the assets of Tatas were Rs. 418 crores; in 1966-67 they were Rs. 551 crores, an increase of Rs. 133 crores during this short period from 1963-64 to 1966-67. Coming to Birlas, in 1963-64, it was Rs. 290 crores and in 1966-67 it was Rs. 510 crores, that is, an increase of Rs. 220 crores. In the case of Mafatlal, in 1963-64, it was Rs. 46 crores and in 1966-67, it was Rs. 127 crores, that is, an increase of Rs. 81 crores. So, this is the policy pursued by the Congress Government. Whether it is capitalist policy or pro-monopolist policy or pro-people's policy everybody can judge from these figures.

Coming to the question of burden of taxation, each year, heavy amount of taxation has been imposed on the common man. I have got detailed figures but because of the shortage of time I will not place them here. But this heavy burden of taxation, each year, is becoming so much that it has become absolutely impossible for the common man to bear the burden of taxation. Due to the heavy

burden of taxation, the standard of living of the common people has gone down rapidly to such a low level as you can see from the figures of poverty line in the rural areas. According to the National Sample Survey, in 1963-61, the proportion of rural population under poverty line was 52 per cent; in 1967-68, it had risen to 70 per cent and since then it has further risen to nearly 80 per cent. So, the disparity in income and the standard of living is growing very rapidly.

Again, as to how the burden has been imposed on the common people, you can see it from the figure of inflationary rise in prices. In 1949, the price index was 100 and in September, 1970, it had gone up to 220. Due to this inflationary pressure, the purchasing power of rupee has declined to 44 p. by 1970. So, the common man's pocket is being robbed and the big business is accumulating huge amounts of profit due to the policy pursued by the Congress Government.

Then, our Finance Minister expressed a desire that price stability will be achieved due to the measures suggested in the Budget. But it is a fact, and it is an admitted fact, that this rise in prices is not an isolated thing. When the tax burden increases, that results in rise in prices. When there is inflation, it causes rise in prices. When there is deficit financing, it causes rise in prices. When there is black money in operation, it causes rise in prices. When the grip of monopoly over the whole economy becomes stronger then they manipulate prices so that they can squeeze the common people through price manipulations.

17.00 hrs.

In this Budget, out of a total deficit of nearly Rs. 400 crores. Rs. 220 crores are left mainly for Deficit Financing. This Deficit Financing will not be only of the order of Rs. 220 crores; but we apprehend that there will be greater Deficit Financing because of the recent developments in Bangla Desh and the huge influx of refugees.

So, the question of price stability being achieved, is impossible due to the measures suggested by the Finance Minister in this Budget. Price is bound to rise. Government cannot control the big monopolists.

From the way in which the taxation measures have been imposed, it is quite clear to us that the Corporate sector has virtually been exempted. Though there have been some taxes, they are virtually of a very marginal nature. So, these white elephants have been saved. That is why, the next day after the Budget was placed here, I saw in the newspaper report that there is buoyancy in Lyons' Range. This is the heading which we saw in the paper and the share prices have shot up.

So, the reaction of the big monopolists to this Budget is quite evident. That shows that this Budget is to defend their interests and that is why the prices have shot up.

The Government have started pursuing new policies and they call it, new licensing policy. By this licensing policy of concessions and incentives, they have contributed to a huge amount of profit being amassed by this big business. I can give some figures which I have got from their organ, *The Economic Times*. According to a study made by the Research Bureau of *The Economic Times*, the net profits of 422 companies, whose results were published during August, 1970 to April, 1971, have been increased by 27.5 per cent to Rs. 162 crores, whereas the sales have gone up by 13.6 per cent to Rs. 3111 crores. From this you can see, Mr. Deputy-Speaker, how the big business is making huge profits under the new policy pursued by this Government. And, if you call this policy to be orientation towards socialist economy, it is nothing but plain deception on the masses and done to hoodwink them.

So, by the policy of developing capitalism, socialism cannot be brought to India, and the people cannot be saved from poverty, and the employment potentialities cannot be developed.

In the new licensing policy Government piously express the hope that they have the objective of reducing disparity, but actually, there are such loopholes in it as help the big business to accumulate such huge profits. In the Economic Survey, at page 20, para 65, it is clearly stated:

"Although the delineation of sectors under the new industrial licensing policy

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imposes certain restrictions on the larger industrial houses and foreign concerns, these restrictions may be relaxed in case the interests of the economy so requires."

So, there are really no restrictions.

So much has been talked about the green revolution, and it has been stated that food production has increased. That is good. But who are being helped by the methods by which this food production has increased? In the Economic Review Survey, it has been stated :

"The question of the rich farmers becoming richer and of growing income disparities in rural areas cannot be solved in the existing background of techniques which favour those groups which have adequate land together with the complementary physical and financial resources."

So, disparities are growing by the way this green revolution has been conducted. It has also been accepted by others that the way our agriculture is being conducted, it is leading to disparities. It is sufficient if I quote from the ECAFE report. It says :

"The green revolution has primarily benefited the farmers with large holdings, good quality land, better irrigation facilities, higher educational levels and better financial standing."

The other part is that in the rural areas, there have been more landless labourers, and the poor peasantry's economic standard has gone down, and the crisis in their life has been far more accentuated.

In the case of industrial workers and employees, the slogan is raised that productivity should be increased. Actually, production has increased, and the productivity per labourer has also increased, but their wages have not increased. I would like to quote what the National Commission on Labour has stated in this regard. It says as follows :

"The production per worker has increased by about 63 per cent between

1952 and 1964, but real earnings have remained almost static during this period."

That is also the case even now, because the price rise has become so steep and phenomenal that even if there is some nominal increase in their wages, the real wages have not increased but have gone down. So, these economic facts clearly prove that under the Congress regime, due to the policy pursued by the Congress Government, of developing capitalism in India in co-operation with the feudal forces and foreign imperialism, the economic life of the common masses is going down further and further, and the concentration of wealth and money has become so huge that this Government does not have the courage to attack them. That is why many friends have raised the question of nationalisation of foreign banks and foreign concerns. We have repeatedly pointed out those things, but Government have no courage to take action along these lines. They have allowed the Indian economy to be virtually mortgaged to the foreign imperialist forces. The foreign aid India is getting is a colossal figure. Its debt servicing has been so heavy on our economy that it is difficult to come out of it unscathed. In 1950-51,—foreign aid was Rs. 32 crores ; in 1955-56, it was Rs. 113 crores, in 1960-61, it was Rs. 761 crores, in 1965-66 Rs. 2,590 crores and in 1970-71, it was Rs. 6,659 crores. Now it is more than Rs. 7,000 crores. Under Shri-mati Indira Gandhi's Prime Ministership, foreign aid has been of the order of Rs. 4069 crores and the debt servicing on that comes to nearly Rs. 450 crores per year. It is due to this drainage of money from our country that heavy taxation has been imposed on our people. It is not only due to foreign aid but also private foreign capital which has found a favourable soil in India. This amount has increased nearly 4 times under the Congress regime. In 1948, the amount was Rs. 256 crores, in 1970, it has become about Rs. 1,000 crores and more collaboration schemes are under way. The annual drainage on this account consisting of profits, interest, dividends, royalties etc. is of the order of Rs. 200 crores. Add to it the debt servicing amount of Rs. 450 crores and you have a huge amount going out of India each year into the hands of the foreign imperialists. In such

a situation, how can the Indian economy be considered to be oriented towards socialism? It is nothing but an attempt to bluff the common people. That is why I say the white elephants go scot-free.

They are proposing to increase the outlay in plan projects so that employment opportunities can be extended. I have reports to suggest that there is huge tax evasion. Arrears of tax in 1970-71 are of the order of Rs. 731 crores. All these are due from big business houses. There is an enormous racket in operation, but no stern measures are taken against them to unearth and mop up the black money. There was a committee headed by Shri Wanchoo. It came to some startling conclusions which people could not believe. The report here says :

“Surprisingly enough, the authorities have not said a word about it. The Committee's estimate of the black money would startle even the worst pessimists. The Committee estimates that the Indian economy generates Rs. 2,000 crores of black money every year”

The total of the black money is more than Rs. 10,000 crores. In 1966, in the Durgapur AICCC session, the then Home Minister, Shri Nanda, circulated a paper in which he mentioned that the total amount of black money at that time was Rs. 2,400 crores. Since then add each year Rs. 2,000 crores and we have a colossal amount of black money untapped. The Wanchoo Committee called it a parallel economy.

But this Government is not laying its hands on them. We are only told in the Budget that some machinery has been set up. So, if there is huge black money which is operating as a parallel economy, there is no chance of any price stability, and if these white elephants are left scot-free, there is no chance of any reduction of disparities in incomes among the people.

Because of concentration of economic power in the hands of a few and the vast masses getting more and more poor, the internal market is getting limited and the production coming out of our industries

and factories is having limited scope of expansion in the internal market. So, the Government is now insisting on too much of exports. For debt servicing a huge amount of export is necessary. For importing important raw materials, the shortage of which is creating a crisis, export is necessary. For developing competitiveness in the export market, the slogan is given that there should be reduction in the cost of production and for this the burden will be mainly placed on the labourers.

It has been said that the economy is picking up, that it is poised for revival, for growth. It is true that since the recession there has been some revival, but everybody knows that in a capitalistic economy there are periodical crises or recessions and there are periodical revivals. So, after the recession there is a revival but it will be followed by a bigger crash if the economy is not basically changed.

Our competitors have performed better than ourselves in the export market and our relative position as an exporting nation has worsened. India's position as an exporter was 15th in 1960-61, but by 1969 it has slid down to a low 23rd. Over the past 20 years India's share in world trade has steadily declined from about 2.1 per cent to about 0.7 per cent, one third of previous figure. There may be some temporary revival, but this general trend is there. Unless there is a basic change in the economy, we cannot improve our position in the export market.

In the matter of development and industrial production, our position is the lowest in the world not only in relation to the highly developed capitalist countries, but even in relation to the newly developing countries of Asia and Africa. This is a shameful position which India is occupying compared with other countries due to the policies pursued by the Congress Government in the last 24 years. I say that there is no way out from this mass unemployment, from this mass poverty and rise in prices unless this whole economy is basically changed.

It is not socialism. Even nationalisation of banks is not socialism. In England and

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America also banks are nationalised, but every body knows that they are imperialist countries. It is State capitalism, and not socialism because you are pursuing capitalist policy. In France, Belgium and other capitalist countries also nationalisation is there. To say that this is a step towards socialism is to deceive the masses. We have said repeatedly that real socialism means a total abolition of capitalism, the entire means of production must be owned socially; individual ownership will be taken away and the means of distribution also must be owned by the society. That cannot be done by a party which is pledged to develop capitalism. That is why in my last speech I said that India would become socialist, not under the leadership of the Congress but under the leadership of the party of the proletariat. That is the experience of the other socialist countries and that is the lesson of history. And the whole world is advancing towards that. I am not going to talk about that now because that take a long time. Due to the policies pursued by this Government, social contradictions are bound to develop both in industrial and rural sectors. There will be class struggles because people are being thrown out of employment due to closure of the factories. Only today there has been a discussion on the closure of 81 textile mills and more than 81 thousand workers have been thrown out of the jobs. What is the way for them? They will have to fight back and get their jobs back. In all the States factories are being closed and thousands of persons are being thrown out of employment. I do not want to mention the figures to show how unemployment has grown.

My point is that this Budget helps further unemployment, further poverty and further rise in prices. Though symptoms of revival are there, though the rate of production has increased to some extent a basic change in the policy is necessary to remove disparities among the people to give employment to the masses and to remove poverty. The State must have sufficient resources. In other words there must be bigger investment. That is why nationalisation of foreign concerns and monopoly concerns is very essential.

There is then the questions of land reforms. Everybody knows how land reforms have been sabotaged. The Prime Minister posed that she was very serious about implementing land reforms which have been adopted by the different State Legislatures. That is why a meeting of the Chief Ministers was convened. It is known to everybody that that meeting sabotaged the execution of the land reforms. Though the resolution or Bills on land reforms were passed by the legislatures—they were not full land reforms—even those measures were not at all implemented. Mr. Chavan stated that he had a different ideology and we had a different ideology. Yes, when there are different class ideologies will be different and no ideology is free from class interest. This is the basic thing. The ideology of the capitalist class is the ideology of the ruling Congress party. We represent the proletariat. Our party is the revolutionary party of the proletariat and it is only under the leadership of the proletariat socialism had been established in all the countries of the world. It is a historical fact and nobody can deny it. But still, India is in a stage where that form of socialism will take a long time. (*Interruption*).

AN HON. MEMBER : Is there any communis' party in the world which will accept you as a proletariat party ?

SHRI SAMAR MUKHERJEE : Yes ; ideologies are not free from class interests. It is an objective fact. Nobody can deny it. So, the ideology and outlook of the Congress, the ruling party, is an ideology to defend capitalism in compromise with feudalism and foreign imperialism, and that is the real fact which is developing in India. Unless this is basically changed, no solution of unemployment problem or removal of poverty is possible. That is why we suggest some immediate measures ; long after, socialism will be established not under your leadership but under the leadership of the Indian proletariat. But before that, even within this framework, you can take certain measures which I shall suggest here before I conclude my speech. Declare a moratorium on export of profits and repatriation of foreign private capital while negotiating for rescheduling of repayment of past loans, etc. Nationalise all foreign companies ; nationa-

lise the entire import-export trade. Impose a ceiling on profit and wealth of all big industrial and commercial undertakings. Take over profit in excess of the ceiling as a compulsory loan. Create a national development pool out of the compulsory loans formed out of excess profits and the reserves of big companies. End deficit financing. Rigorous tax enforcement and deterrent punishment to evaders and corrupt officers should be resorted to. Impose a steeply graduated personal income-tax. Impose a prohibitive tax on luxuries and come forth to discourage conspicuous consumption. Exempt basic necessities from taxation and subsidise them if necessary. Impose heavier taxes on corporate profits, personal wealth, estates and on capital gains.

There are growing disparities, and the discontent among the people is also growing. There is a growing necessity of fulfilling the basic necessities of the masses, but the ruling class feels only the necessity of suppressing the people's movement. That is why each year the expenditure on defence is increasing hugely and the expenses on the police, particularly the CRP, have increased in the budget. The military expenditure has increased by nearly Rs. 59 crores. The expenditure on CRP has increased from Rs. 89 crores to Rs. 100 crores. It shows that more and more this Government is developing the entire State machinery as a machinery of bitter repression and suppression, and in anyway, they are out to suppress the people's movement, so that the people cannot defeat the reactionary policies of the Government,

THE MINISTER OF FINANCE (SHRI YESHWANTRAO CHAVAN): Are not the socialist countries preparing for defence?

SHRI SAMAR MUKHERJEE: They are suppressing big capitalists; you are defending the capitalists by suppressing the workers. There is a big difference between these two, and that is why you must be denounced by us. This expenditure must be reduced. You can create an illusion for some time to get votes. The total average votes you have earned throughout India is

44 per cent; that is less than 50 per cent. (*Interruption*)

More people come to learn through their own experiences and in course of time they will see the real character of your Government. That is why I oppose this budget totally.

***SHRI F. R. KRISHNAN (Salem):** Hon. Deputy Speaker, Sir, the Minister of Finance has presented this year's Budget to the House and I am thankful to you for giving me an opportunity to participate in the General Discussion on the Budget. The Budget for the year 1971-72 shows a deficit of Rs. 397 crores and new taxes have been levied to the tune of Rs. 177 crores, leaving an unfilled financial gap of Rs. 220 crores.

It is a matter of great regret that all these proposed taxes will affect the poor people and the middle class people. I accept and appreciate the fact that a Government cannot run the administration without resorting to taxation. But it should be axiomatic that such taxes should be levied on those who can bear the brunt and the poor people should not be subject to heavy taxation. As all the hon. Members are aware, this year taxes have been levied on the commodities generally used by common people. There is already steep rise in prices and with the proposed additional taxes the prices of essential commodities like foodgrains, cloth and so on are bound to go up.

The people of the Indian sub-continent are fully aware that this Government is wedded to the welfare of common people. In the recent General Elections, crores of our countrymen, reposing full faith in the dynamic leadership of Shrimati Indira Gandhi and realising the need for a strong Central Government, gave their massive support to the ruling party. They exercised their franchise in favour of the ruling party with the hope that the Government under the able leadership of Shrimati Indira Gandhi would banish poverty from the soil of this country, would work untiringly for the upliftment of the poor and down-

*The original speech was delivered in Tamil.

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trodden and would endeavour earnestly to eradicate unemployment. Before casting his vote, everyone searched for the symbol of Cow and Calf in the ballot paper and put stamp on it. They gave their unqualified verdict in favour of the ruling party. The Dravida Munnetra Kazhagam unreservedly offered their felicitations and proffered their hand of cooperation willingly so that the Government at the Centre can function effectively and fruitfully.

I regret to say that this Government, which is committed to usher in an era of socialism in the country and to work for the prosperity of the poor, has in this Budget chosen to impose taxes which would directly hit hard the poor and middle class sections of our society. Maida has been taxed at the rate of 10 paise per kilo. Bread which is made of maida is consumed mostly by the common people of our country. If there is one common factor of diet throughout the length and breadth of the country, it is this bread. In South, when a rikshawpuller, a porter, a stone-cutter or for that matter any worker, earns eight annas as his wages, he rushes to a tea shop and buys a bun and a cup of tea. In fact 90 % of the working class in our country depends on bread for sustenance. In his Budget Speech, the Finance Minister stated that bread is a rich man's diet. Perhaps in Maharashtra, the home State of the Finance Minister, it may be so. But I can say that for millions of poor people in our country bread is the mainstay. I get the feeling that perhaps the Finance Minister has mocked at the suffering millions of our country. I appeal to him to withdraw at once this tax on maida.

We find that 10 % tax has been levied on ready-made garments. Being cheap and readily available, the poor people purchase them. I would have no objection to any taxation on ready-made garments of superior and fine varieties of cloth. In my view it is totally unjustified that ready-made garments should be taxed. Similarly, toilet soap has also come for taxation. Common variety of toilet soaps are used by the masses to reduce the rigorous of certain skin infections. If tax is imposed on superior quality toilet soaps, we will have

no grievance. It is not proper to have taxed all varieties of soap irrespective of quality. Therefore, I would request the Finance Minister to revoke this tax proposal on soaps commonly used by the masses. Again, kerosene, a petroleum product, has come for additional tax at the rate of 3 paise per litre. Who is using kerosene? It is used by the poor to light their huts at the time of taking their food. There is absolutely no justification for increasing the impost on kerosene. Coarse cloth has also been taxed. The consumers of coarse cloth are the poor and middle class people. We would not protest if superfine cloth is taxed heavily. But, since it is the other way, I appeal to the Finance Minister to withdraw this impost.

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There is no tax on kerosene.

SHRI E. R. KRISHNAN : In Tamil Nadu we have seen newspaper reports that the price of kerosene has gone up by 3 paise per litre because of the new tax on petroleum products. Petrol has been taxed heavily to the extent of 23 paise per litre. During the last two decades, petrol had not been taxed so heavily. Some may argue that petrol is mainly consumed by rich people owning cars. But, in India there are millions of taxis and auto-rikshaws. The main users of these vehicles are poor and middle class people of our country. The fares of taxis and auto-rikshaws will naturally go up, which in turn will effect the poor and the middle class. If you impose heavy taxes on imported cigarettes and other costly cigarettes smoked for pleasure by the richer sections of the society, it is all right. But, cheaper cigarettes like Charminar and Berkely, generally smoked by the labour and working class, have been taxed heavily. This, I feel, is rather unjust.

With a view to stopping food imports and to attaining self-sufficiency in foodgrains, even as early as 1952, Pandit Jawaharlal Nehru while formulating the First Five Year Plan gave agriculture the pride of place and started a vigorous "Grow more Food Campaign". He said that agricultural implements and machinery must be made available at low prices. Many river-valley

projects were taken up. Though the country as a whole has not attained full self-sufficiency in foodgrains, many States are in the threshold of self sufficiency in foodgrains. At this stage, 10 % tax has been levied on tractors, as a result of which the price of a tractor may go up by Rs. 6000 to Rs. 7000. The D.M.K. Government in Tamil Nadu, with the twin objective of achieving self-sufficiency and augmenting food production considerably, during the last four years have sanctioned crores of rupees as loans to agriculturists. Throughout the State, the Government have met in full the farmers' requirement of electric connections and pumpsets. In consequence, the food production in Tamil Nadu has gone up considerably. In 1967, when the D.M.K. took over the administration, the food production was about 40 lakh tonnes. Under the wise and sagacious leadership of our late-lamented Anna and later under the dynamic and illustrious guidance of our present Chief Minister, Shri Karunanidhi, the Government of Tamil Nadu have given loans and grants to the farmers for digging thousands of wells and for installing millions of pumpsets throughout the State. The Government have also ensured timely supply of fertilisers and improved variety of seeds in sufficient quantities to the farmers. Electricity has been brought to the door-step of every farmer in the State. As a result of these multiple steps, in 1971 the production of foodgrains in Tamil Nadu is estimated to be of the order of 72 lakh tonnes. When we have tried to augment food production by nearly 32 lakh tonnes in a short span of 4 years, we are afraid that the present levy on tractors is bound to hamper our efforts. I take this opportunity to stress that the Finance Minister should re-examine the proposed levy on tractor. I am of the view that the agricultural machinery and implements, whether imported or manufactured indigenously, should not be taxed so heavily.

As I had earlier pointed out, we accept and we have no hesitation in accepting that, whichever party may be in power, the Government cannot but levy some taxes. During the last four years, the D.M.K. Government in Tamil Nadu did not take recourse to rigorous taxation which would hit hard the toiling millions and in fact

revoked certain taxes of that nature. On the other hand, they did not vacillate to levy taxes on those who can bear the burden. On account of the discerning taxation policy followed by our Government, the D.M.K. has been returned to power in the recent General Elections with the massive majority of 183 seats in Tamil Nadu Assembly. Everyone acknowledges ungrudgingly that we have the best Government in Tamil Nadu, which has given primary importance to the welfare of the people.

I wish to submit that the policy of taxation should be discriminatory. Taxes should be levied on those who can bear the brunt. Many a time we have suggested to the Centre a few measures for raising additional resources without resorting to taxation which would hit the common man. I am firmly of the view that the entire import and export trade of the country should be taken over by the Government at the Centre. In the recent past, the ruling party at the Centre had indicated their inclination to do so. I am sure that by implementing this proposal, the Government would be able to raise substantial revenue. Besides, the income tax arrears run into astounding figures. If vigorous and effective measures are adopted to realise these arrears, there will be no need at all for the Government to levy heavy taxes. In the context of steep rise in prices, I would suggest that income tax exemption limit should go up to Rs. 10000 from the existing limit of Rs. 6000. I am sure that the Finance Minister with his liberal approach would show this generosity to the middle class people.

Sir, the Government is compelled to levy taxes when the expenditure is mounting up. We are all aware that the expenditure of the Central Government has gone up by leaps and bounds. There is great and immediate necessity for economising the expenditure at the Centre and I would suggest that a Committee be appointed to go into this question and suggest specific measures for this purpose.

I wish to state that the Central Government have treated Tamil Nadu in a step-motherly fashion. In the recent session of the Tamil Nadu Assembly, our Chief Minister

[Shri E. R. Krishnan]

has clearly pointed out that the Report of the Fifth Finance Commission has adversely affected the financial interests of Tamil Nadu. For the period 1969-74, the *per capita* central assistance on all India basis is 98.5 rupees. But if you take Tamil Nadu alone, the *per capita* central assistance comes only to 87.5 rupees. Because of this the Tamil Nadu has been deprived of central assistance to the tune of Rs. 44 crores. Is it proper and just? If you take the totality of central schemes for financial assistance for the States together, you find that *per capita* assistance of Tamil Nadu is 142.5 rupees, while the all India average is 185.5. Is it fair? It is the duty of the Central Government to treat all the States on par. Why then this discrimination against Tamil Nadu?

The Fourth Five Year Plan outlay for Tamil Nadu was Rs. 250 crores. But it has been cut down to Rs. 202 crores by the Central Government. Is it just to reduce the plan outlay by Rs. 48 crores? How can the Government of Tamil Nadu formulate developmental plans for the welfare of 4 crores of people of that State? How can they solve the problem of unemployment? How can they produce more food and other essential commodities? I would like to ask: why should there be this reduction in the plan outlay for Tamil Nadu?

This Budget has not made any provision for schemes to solve unemployment problem, which has assumed grave dimensions in our country. The Central Government should engage itself in formulating worthwhile schemes to solve this problem. One of the grand schemes being talked about in this country for so many years now is the linking of Ganges with Cauvery. Recently, a Central Minister referred to this scheme in some detail. If this scheme is taken up for implementation in right earnest, it will give job opportunities for thousands of Engineering Graduates, Diploma Holders and other skilled and unskilled workers throughout the country. 7 States will get continuous water supply enabling them to attain self-sufficiency in foodgrains. Many technical experts are of the view that this scheme could be completed in 15 years time. It

may be asked that this scheme would cost Rs. 1500 crores and how to find that huge amount. I would say that in India the unaccounted money alone would run into several crores of rupees. If the Government gives a guarantee to the people that after 15 years the money would be returned to them without interest, I am sure that they would come forward to lend the money to the Government. The hon. Minister may retort that the Government knows all these things. It would suffice to point out here that only three years ago a Minister here held out the olive branch to the people possessing black money that if they came out in the open, it would be shared between them at the ratio of 60 : 40.

By adopting such methods, if you implement this project of linking Ganges with Cauvery, then India would be not only self-sufficient in foodgrains but would also be exporting foodgrains to other countries. Today the United States of America is in a position to offer to the 300 crores of people all over the world any amount of foodgrains. By implementing this scheme, India will achieve the same level of prosperity.

On behalf of the D.M.K., and as a representative of lakhs of poor people, I would request the Finance Minister to withdraw the taxes on maida and coarse cloth. I would plead with him that this question should not be treated as a prestigious issue. You will recall that last year, Shri Gulzari Lal Nanda, the then Railway Minister, proposed an increase in the third class passenger fares. But, when there was persistent demand both inside and outside the House for its withdrawal, he readily conceded the demand and gave up the proposal to increase the third class fare.

The Finance Minister, Shri Chavan, has been a champion of the poor and down trodden all through his public life. He has done yeoman service to the people of Maharashtra. He has rich administrative experience, and it is fortunate that we have such a pre-eminent person as our Finance Minister at the Centre. I appeal to him in the name of millions of poor to revoke the taxes on commodities consumed by the common people. I would request him to come to the rescue of the poor.

If he does it, I am sure that the people will hum the hymn of praise and chant the slogans of long Live Chavan and Long live Indra Gandhi.

To examine the question of Centre-State relations and the long standing demand of Tamil Nadu for State autonomy and more powers to the State, the Tamil Nadu for State autonomy and more powers to the State, the Tamil Nadu Government six months ago appointed a Committee of eminent experts under the chairmanship of Justice Rajamanner. After going into the question in all details, the Committee last week presented its report to our Chief Minister, Shri Karunanidhi. I am sure that a copy of the report would have been forwarded to the Central Government and I think the hon. Members of this House also would get a copy each. If you study this report and implement the recommendations made by the Committee, then the State Governments will get the powers which should be with them. Then, the expenditure at the Centre would also go down considerably, enabling the Government at the Centre to effect the much-needed economy, which in turn would result in less taxation. The State Government also will be in a better position to run their administration smoothly and effectively because they will be in a position to raise the requisite resources, without dependence on the Centre. This will pave the way for establishing a real and meaningful cooperative federalism in the country. The country will emerge stronger and more united and integrated. India will become a prosperous country. Some may doubt the *bona fides* of this demand and say that the D. M. K. once stood for secession. It is true that we demanded secession but that was before 1963. Our Great Leader Anna, who has carved for himself a niche in the hearts of four crores of Tamil People, dropped that demand unequivocally. Instead, he gave the clarion call for a prosperous, united and strong India. That is what we stand for today. We have unassailable faith in the integrity of the nation. We do not harbour any bad intentions or ulterior motives when we raise this question. Our Chief Minister, Shri Karunanidhi, has clarified this issue in no unmistakable terms.

India is a nation of diverse cultures, languages and traditions. They should all not only co-exist but develop side by side. This will be possible only if the States are granted more powers which legitimately fall under their purview. If the Central Government accepts this legitimate demand of the States and act accordingly, then, I am sure that for centuries to come India will remain strong and united and will be a beacon light for the nations of the world.

Socialism is the bed-rock of the policy of this Government. We do not doubt for a moment their intention to help and uplift the poor of this country. We also accept and share in their desire to eliminate capitalism from the soil of this country. The people have faith in the Government which is wedded to the welfare of the people. Mr. Deputy Speaker, I appeal through you to the Prime Minister and other Ministers, who have got to their credit a long record of self-less public service and who are committed to the establishment of egalitarian society in our country, to heed to the demand of States for more powers. I also appeal to the Finance Minister to withdraw the taxes that affect the common man.

I am grateful to you for giving me this opportunity.

SHRI R. D. BHANDARE (Bombay Central) : I congratulate the Finance Minister for presenting a budget which seeks to redeem the promises given in the election manifesto.

I have heard the speech of the hon. Leader of the Communist Marxist party very carefully, and I wonder whether he has read the budget speech carefully or whether he has tried to analyse the taxation proposals with that open mind or with that attitude which he claims to possess while dealing with the interests of the proletariat. I shall presently come to the figures showing to what extent the working classes are affected or what extent the articles of mass consumption are taxed. I must advise the Members of the Opposition to start reading the budget speech from page 2 and especially from the heading 'reorientation of policies'.

[Shri R D Bhandare]

If they do so, I think they will go to the extent of praising the budget presented to this House, whether they be protagonists of capitalistic society or whether they claim to be the champions of the proletariat

Page 2 of the speech deals with reorientation of policies. What are these reorientations of policies, and with what purpose and with what effect has the speech dealt with the reorientation of policies? What are the aims and objects of these reorientations? If they would read the speech with an open mind and not with a closed mind, they will appreciate the first point that deals with the reorientation of policies namely bringing about some socialism, or in other words, implementing the principles of socialism under the present economic conditions with which our country is faced

SHRI S M BANERJEE (Kanpur)
Socio-economic conditions. I am trying to help the hon Member.

SHRI R D BHANDARE I am thankful to him for his help, but let him not help me. I require no help from him

The second point is that it deals with economic growth coupled with increasing social justice. These are the three objectives which are being aimed at by the reorientation of policies?

Now, what are the proposals? I am dealing with the proposals adopted for the achievement of these three objectives. The first is the measure adopted for creating gainful work for the urban unemployed, and the second is the measures for creating gainful work for the rural unemployed. That is precisely the first point that you will see when you scan through the speech and the budget proposals.

MR CHAIRMAN The hon Member may continue his speech tomorrow

18.00 hrs

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, June 3, 1971 (Jyaistha 13, 1893 (Saka)