

[Mr. Speaker]

a direction or make a request—whatever it may be—and then if it is not observed, he might take exception to it. Every time if he asks me to give a direction, it loses its weight.

Shri Hari Vishnu Kamath: But if they do not implement it, what am I to do? Whom shall we go to?

Mr. Speaker: I hope that would be done.

Shri Daji (Indore): Sir, I have a submission to make. I would request you and through you the Minister of Parliamentary Affairs to take note of this. He has put a bunch of papers regarding action taken on the assurances. You will recall, Sir, that even during the last session you had directed the Ministry of Commerce and Industry—there was a half-hour discussion also on this—to give the break-up of the licences issued to the different groups of industrialists. Twice we were assured on the floor of the House that it will be given. It is more than 1½ years and still . . .

Mr. Speaker: He may kindly write to me, so that I may look into it.

Shri Daji: Yes.

श्री यशपाल सिंह (कैराना): अध्यक्ष महोदय, मुझे एक मिनट में यह निवेदन करना है कि २३ मार्च को सरदार भगत सिंह बलिदान दिवस है। शुरू मैं आपने उस दिन छुट्टी की हुई थी। उसी के मुताबिक हमने देश भर में अपना प्रोग्राम बनाया हुआ था। अब २३ मार्च को दुबारा बकिंग डे कर लिया गया है। ऐसी दशा में हम लोगों का क्या होता क्योंकि वहां हम लोगों की पॉलीटिकल ड्यूटी है और यहां पर पार्लियामेंटरी ड्यूटी है।

अध्यक्ष महोदय: माननीय सदस्य को चाहिये कि पहले इन बात का ध्यान रखवा करें। जिस वक्त बिजिनेस ऐडवाइजरों कमेटी का फैसला होता है और हाउस के सामने

घाता है उस वक्त यह चीज उनको लानी चाहिये। जब हाउस ने फैसला कर लिया और सारा काम हो गया उस वक्त उनको खयाल आया है। मैंने तो पहले से ही कहा हुआ है कि जब हाउस के सामने कोई चीज आये उस वक्त ऐतराज होना चाहिये। अब अगर माननीय सदस्य को कोई ऐतराज इस बात पर है तो वह मेरे पास आये। मैं देखूंगा कि क्या हो सकता है, लेकिन जरा मुश्किल बात है।

श्री प्रकाश वीर शात्री (विजौर): एक निवेदन मैं भी करना चाहता था। आपने अभी पार्लियामेंटरी अफेयर्स के मिनिस्टर से कहा है कि जिन विभागों को यहां पर बहस हो उनकी रिपोर्टें काफी समय पहले मिलनी चाहियें। पिछले वर्षों में प्रायः यह देखा गया है कि इंग्लिश की रिपोर्टें तो ठीक समय पर मिल जाती हैं, लेकिन हिन्दी की रिपोर्टें जब वाद-विवाद समाप्त हो जाता है तब मिलती हैं। जब उस पर भी इतना व्यय किया जाता है तो अगर वे समय पर मिल जाया करें तो ज्यादा अच्छा रहेगा। मेरा निवेदन है कि दोनों ही प्रकार की रिपोर्टें यथा समय मिल जाया करें।

12.07 hrs.

GENERAL BUDGET—GENERAL
DISCUSSION—contd.

Mr. Speaker: The House will now take up further discussion of the General Budget. Shri U. M. Trivedi may continue his speech. He has already taken 16 minutes.

Shri U. M. Trivedi (Mandsaur): I do not remember having taken 16 minutes.

Mr. Speaker: I am giving it from the record.

Shri U. M. Trivedi: I have spoken for 14 minutes, according to my cal-

culation, but I will not dispute what you say. I will take just one minute more. I had practically finished my observations on this matter.

Yesterday I was on this point that the leakage that is taking place in our revenue must be plugged at all levels. Although it is not meet and proper to suggest very small items, yet these small items generally go to make up big things. In our present day position, it may be very meet and proper for the Government to apply its mind to this. Whenever it finds that economy is necessary there is avoidable waste, it should take some action.

It is a noticeable fact that a large amount of dues is to be recovered by us from Pakistan. Pakistan always has something against us one way or other and unfortunately this very large amount has remained outstanding against Pakistan. We have not raised our voice and all the money that we are entitled to get from Pakistan is not recovered by us, with the net result that we are being taxed on account of a country which is not on friendly terms with us.

I will again say that there is a lot of wasteful expenditure. Wherever I go, in the block development and community projects, in the name of social welfare, jeeps are being provided to all and sundry and misuse of these jeeps is going on to a very great extent. In my small State of Madhya Pradesh alone, you can locate 200 jeeps which are misused. You can multiply that number by the number of States, in which the same thing is happening. This wasteful expenditure must be stopped.

The annual reports printed by the various Ministries are merely matter of fact reports, printed on ordinary paper, whereas the reports from these companies to whom moneys have been advanced by us or which have been floated by Government money or which are small corporate bodies run by the Government have a nice get-

up. They are printed on beautiful paper with good photographs of the manager saheb and others. Why should there be this wastage of money by those people who are not able to show a return of more than 0.93 per cent on the total investment that is made by them? This also must be looked into. Wherever we are able to block these expenses, we must do it. I was giving some examples yesterday and I do not want to repeat them.

Sir, I will mention one small point and with that I will close my speech. I was speaking about the super profits tax. I have found that the proposed measure of super profits tax suffers from a two-fold fallacy. The first is that the measure assumes any profits beyond 6 per cent as super profits. The recent experience is that preference capital has been going a-begging even at 9 per cent or more than 9 per cent. How can we put a ceiling at 6 per cent. A risk equity capital requires much higher yield to be attractive. For the first four or five years there is total denial of dividend and the dividends on equity capital are never cumulative. There is the risk factor in addition. These two considerations must add to the interest basis of the equity capital. Therefore, I suggest that unless some measure is propounded by which for another five or ten years to come those new companies which will be floated are exempted from the levy of super profits tax, it will hit heavily all those small people who invest and capital will become shy.

Mr. Speaker: Shri Tantia.

Shri P. K. Deo (Kalahandi): Sir, may we know when the Finance Minister will reply?

Mr. Speaker: By about two o'clock.

Shri Rameshwar Tantia (Sikar): Mr. Speaker, Sir, I join most of my hon. friends to congratulate the hon. Finance Minister for presenting a bold budget which is necessary at the

[Shri Rameshwar Tantia]

present moment to raise the potentialities of our defence.

Sir, the new taxes are to the tune of Rs. 275 crores which are divided among various things like rise in excise duties, rise in customs duties, compulsory deposits, surcharge on income-tax and super profits tax.

As regards the rise in excise duties, I would request him—as others also have done—to consider the question of effecting some reduction in the proposed duty on kerosene oil. At the most it will make a difference of Rs. 3 crores or Rs. 4 crores in the revenue receipts, which you can get by imposing a duty on some luxury goods or by imposing some more tax on the rich or the princes. They can pay that amount, and I am sure in that way you can get 3 or 4 crores of rupees and a general appreciation from the masses.

Coming to the question of compulsory deposits, I again request that the lower income group, people getting below Rs. 3000 and peasants who pay Rs. 50 and below as land revenue, should be exempted. That will save Government a big amount of clerical job and the staff necessary for that, and that will also give relief to the poor section of our people.

I have nothing to say against the surcharge on income-tax, because when all the people, whether poor or rich, have to pay something, why should not those people who pay income-tax be asked to pay something more.

I also want to say something about the super profits tax which has been a controversial subject during this debate.

An Hon. Member: It has never been.

Shri Rameshwar Tantia: It has been opposed by some and it has also been supported by some others. First of all I want to say that this super profits tax is not a tax on the rich people

alone, it is a tax on the poor as well. The companies do not belong to the Birlas, the Tatas or the Khataus. They belong to lakhs and lakhs of shareholders many of whom are retired people, charitable trusts, widows and others.

Shri D. S. Patil (Yeotmal): Are shareholders small people?

Shri Rameshwar Tantia: There are also small people who own shares worth Rs. 100 or Rs. 500. I do not know why those people should be penalised to such an extent that they have to pay 50 per cent or 75 per cent prior to receipt of their dividends. Sir, there are only two ways of getting tax from the corporate sector: either increase the corporation tax or get super profits tax. I am also not in favour of increasing the corporation tax because it will affect those industries which are struggling, and are making very small profits.

I support the Super Profits Tax but not in the way in which you have put it. You want Rs. 25 crores but I am sure that it will bring much more than Rs. 25 crores. Yesterday, the hon. Deputy Minister of Finance said that they estimate the Budget with a margin between 4 and 5 per cent here and there. But I can say that this estimate is 200 or 300 per cent under-estimate. Day before yesterday Shri Indrajit Gupta at least said one reasonable thing when he said that this Super Profits Tax will bring Rs. 100 crores. Other estimates are that it will bring between Rs. 65 crores and Rs. 75 crores.

On page 39 of the *Statistical Pocket Book* produced by the Government of India, it is said that the capital of private companies is to the tune of Rs. 1201 crores. If we take their reserves as Rs. 500 crores, it comes to Rs. 1700 crores. If we reduce Rs. 400 crores for those companies which are not making profits or are making so small profits that they do not come

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within the purview of the Super Profits Tax, then we are left with Rs. 1300 crores with profits of about Rs. 380 crores on which at present the tax is Rs. 190 crores. Your realisation of Super Profits Tax on the balance of Rs. 190 crores will be Rs. 65 crores. I have not taken into account all those trading and managing agency firms whose paid-up capital is Rs. 1 lakh and who make Rs. 3 lakhs to Rs. 5 lakhs or more. I do not argue for them. You may tax them as much as you like. But I argue for those people who have invested their small savings in company shares. Why should they suffer?

The present rate for preference shares is 9·3 or 9·5 per cent. Who is going to buy equity shares, when on preference shares one gets a fixed dividend of 9·5 per cent. when in ordinary shares at 6 per cent there is a risk of losses also? Some hon. Member said yesterday that it will not retard the growth of production. I do not think that it will not retard the growth. I want to ask whether there is the same enthusiasm for buying new shares today in the market it was six months before.

Some quotations were given regarding high profits after paying super profits tax. Regarding that I will say that if we take the present price of those shares, it gives only 5 per cent to the shareholders. The 26 per cent profit is all right, but the reserves were not counted. A shareholder who had got those shares did not buy them when the Century Mills started about 60 years ago. He might have bought them two or three years back. We have to take their income which will be 5 or 6 per cent.

In these circumstances I plead that he will again give thought to it and see as to what can be done reasonably. He may take Rs. 25 crores or Rs. 30 crores. A company will not collapse because of that. But I think he would not do such things due to which the industry will suffer very much. There is no load on account of these Rs. 25 crores or Rs. 30 crores. But when it

is Rs. 75 crores or Rs. 90 crores, they cannot bear it. When he took charge of the Finance Ministry five years ago, there was general relief among the people, among the poor, the rich and the industry. They thought that as he was a very reasonable person, he will not do such things that will put such a burden on anybody which is unbearable. But every year you are increasing the taxes; you do not reduce them. Still, they bear them and bear them happily. They pay them. But this time there is something wrong in the calculation of the Super Profits Tax. If you think again as to what is wrong with it and if you calculate, I think, you will see that the percentage which is allowed for preference shares, namely, 9·5, should be allowed for the ordinary shareholders also.

Shri Tyagi (Dehra Dun): When does the hon. Minister reply to the debate?

Mr. Speaker: At about 2 o'clock.

Shri Seshiyar (Perambalur): Mr. Speaker, Sir, the Budget has been prepared with special reference to the defence of the country. Probably for the first time we have come to know what it means to be in war and what it costs to defend our independence and democracy from a ruthless aggressor. There can be no two opinions on this score that the country should be defended effectively and at the same time should be developed economically and industrially. We have to prepare ourselves. We have to make ourselves strong against the aggressor and also against any possible future aggression from whatever quarter it might come.

In preparing the Budget which is to prepare the country for defence and development the hon. Finance Minister has succeeded admirably as far as the arithmetic of the Budget goes. So much is the additional requirement and so much is the additional resources that are to be raised. We have to see whether the additional burden of taxation has been assessed correctly and distributed

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wisely and whether the taxable capacity and the saving capacity of different sections of the people have been ascertained in a correct way.

Coming to the super profits tax, first I support the basis and the form in which it has come. It has to apply to income where, after deductions, it is above 6 per cent of the total capital. It is estimated to yield about Rs. 25 crores in the Budget estimate. This seems to be a gross under-estimate. The hon. Member who spoke before me today also told us that it will yield Rs. 65 crores. I do not know why this deliberate under-estimate has been made in the budget. Now, there is a big pressure from big business against this super profits tax. I do not know whether this under-estimate has been deliberately made to give scope for a probable change in the level from 6 per cent to 8 per cent. Otherwise, they may have estimated it at Rs. 55 or 60 crores. Whatever it is, we would insist that the super profits tax as it is in this form should be applied and the assessment should be made on a correct basis, and the loopholes that are now found in income-tax assessment should not be allowed to invade this field also. Some time ago, the Public Accounts Committee also reported of many cases of under-assessment of income-tax. The same thing should not happen here. Of the heavy burden of taxation, a major portion has been allowed to fall on the middle classes and the poorer sections, especially the additional levies on kerosene, soap, printing and writing paper, tea, coffee, tobacco, and revised rates for post cards and postal articles. These additional levies are sure to hurt the common people. It is idle to talk that these increases will affect only to a small percentage of the prices of articles. For example, it is stated that the prices will increase only by about 1½ nP. in the case of soap per bar and it will be 1½ nP. in the case of cloth per square metre. Though the tax may be 1½ nP., so the merchant, if he is

honest, will make it 2 nP. If you go to a village, the increase may be 5 nP. or 10 nP., rounded up to the nearest amount. Also, the increased cost of living, increased cost of materials and the cost of other articles are bound to push the prices of various articles up in the market.

Yesterday, the hon. Deputy Minister gave an assurance that prices will not be allowed to rise. While we welcome these assurances, we would like to know what concrete steps are being taken, whether the Government propose to take over control of production, whether they will take over distribution of the essential commodities, whether they will open fair price shops and all these things. Pious wishes and brave assurances will not do miracle in this case. Unless we have got concrete steps and concrete machinery to deal with these, in no time prices will go up spiralling and at a later stage it may be very difficult to control these inflationary tendencies in prices.

Coming to the compulsory savings scheme, the other day, an hon. Member mentioned it as a scheme of compulsory starvation. I am afraid, this scheme has been drawn up without assessing the saving capacity of the different sections of the people. In a study undertaken by the National Council of Applied Economic Research in 1960 of urban income and savings, they have found that there is a vast difference in the savings in income between the lower groups and the upper groups. Suppose we take the disposable annual income of households under Rs. 1000 the average net saving per household has been found to be minus 125. That is, they are not saving. They either take loans or deplete their past savings to maintain themselves. In households with Rs. 1000 to 1999, the average saving has been minus 83. Again, they have to take loans and they are in indebtedness. In the group Rs. 2000 to 2999, the saving has been minus 24. Only in the groups 3000 and above,

we find some saving. In 3000 to 3999, there is a saving of Rs. 15 per annum. If we go to the group 10,000 to 14,999, the saving has been put at Rs. 3019 per annum; 15000 to 24,999, Rs. 6227 and Rs. 25,000 and over, a substantial saving of Rs. 18,017. This table would clearly show that the lower income groups are unable to save. If you take the ratio of savings to income, you will find that the group 'Under Rs. 1000' is unable to save; and they incur debts, and the ratio of the dissaving or debts to income is 20.6. The group having an income between Rs. 1000 and Rs. 1999 also incurs debts, and the ratio of debt to saving is 6. The group of people having an income between Rs. 2000 and Rs. 2999 also incur debts, and the ratio is only 1 per cent in their case. From the group having incomes of the order of Rs. 3000 and above, there is a gradual increase in the ratio, and the increase is by leaps and bounds. If you take the group having income between Rs. 10,000 and Rs. 14,999, the ratio of saving to income is about 24.6. In the case of the group having income between Rs. 15000 and Rs. 24,999, the ratio is about 33, and for the group having income Rs. 25000 and over the ratio is 44.5.

This clearly shows that the saving is more heavily concentrated in the higher income groups. Therefore, instead of asking the low income groups to save compulsorily, the Finance Minister should have asked the higher income groups having an income above Rs. 10,000 or Rs. 15,000 and above only per annum to save compulsorily. There would have been some meaning in asking them to save. So far as the lower income groups are concerned, they have nothing but their indebtedness to offer, and they are not able to save under the present conditions. These figures were compiled in 1960, but I think that the condition now would be much worse, and these people would have been plunged into greater indebtedness.

It is also pertinent to note here that the Compulsory Deposit Scheme

Bill is applicable only to the classes having income between Rs. 1500 and Rs. 3600. Though it is called a compulsory savings scheme, it does not apply to the groups who are liable for income-tax. That means that only the groups having income between Rs. 1500 and Rs. 3600 are compulsorily asked to save, while the other groups are not touched, and we are leaving them to their own pleasure.

Also, it is found from the report of the National Council of Applied Economic Research survey that the top one and a half per cent of the households with an income of Rs. 10000 or more accounted for 166 per cent of the net urban savings, while the top 4 per cent of the households accounted for as much as 200 per cent of the net aggregate urban savings. If the total net aggregate urban savings had been Rs. 500 crores per annum, it means that the top 4 per cent alone saves about Rs. 1000 crores, which is offset by the Rs. 500 crores dissaving of the other groups. Therefore, there is a heavier concentration of saving among the higher income groups which we should take into account while imposing the scheme of compulsory savings. Therefore, I would suggest that the compulsory savings scheme should be applicable only to the higher income brackets than for the lower ones as has been contemplated in the present Bill.

Further, I would suggest that just as we have got a capital control scheme, likewise we should have a salary control scheme also. For all appointments over Rs. 5000 per mensem the establishment, whether in the private or the public sector, should take the permission of Government before making such appointments. In some cases, it may be necessary to pay more than Rs. 5000, but in all those cases, they have to make a relevant case to Government and take their permission before making such appointments. Also, salary increments for salaries over Rs. 2000 p.m. may better be put in the compulsory

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savings; at least 50 per cent of the increments should be put in the compulsory savings which are to be paid five years later.

We are asking the poor people to pay the taxes willingly, we are asking the clerks, the teachers and the agriculturists to make compulsory savings. While Government and the Ministers are preaching the virtues of saving, is it not better that they presuppose this preaching by their own practice? Are Government prepared to save something? Have the Ministers and the Ministries made any honest attempt to curtail their expenses?

The sense of urgency which is so important in times of emergency is lost sight of now. Though the leaders speak and the newspapers put in small boxes the "Do's and Don't's" in times of emergency, what happens is that the farmer in the field, and the worker in the factory and the clerk in the office has not been made to feel that there is an emergency and that they have got a task to fulfil. They do not feel that if they do an extra bit of hard work they will be doing something to drive the Chinese out of India because they do not see the same sense of urgency in the Government administration itself which continues to be in the old rut of pompousness and lethargy. The administrations, the officials and the Ministers, the executives of big projects and the authorities in the various public undertakings should now seek to improve the efficiency, curtail the expenses and also to make the necessary economy within their spheres. Nobody can say that there is no scope for improvement in the economy of the governmental administration. No less a person than Mr. V. T. Krishnamachari, the father of planning in India, speaking in a seminar on Planning in August, 1959 said: ,

"If there is a close supervision, the saving in costs would be 15 per cent . . . Take our big irrigation projects. Administrative

efficiency alone can make a difference of 15 per cent in costs, that is, in the total costs of the projects".

If we take the Third Plan outlay—the original estimate—of Rs. 6500 crores, then 15 per cent saving would mean a saving of Rs. 1125 crores which is not a small amount. For 1963-64, the Plan outlay is Rs. 1226 crores and if we make some honest efforts to save something, at least at the rate of 10 per cent, we will be able to save about Rs. 120 crores which will go a long way not to tax the poor people, not to tax the kerosene, not to make the homes and huts of the villagers dark, not to put a premium on the education of young children, not to make the books and paper costlier than what it is. We can bring more light to the homes and minds of the poorer sections of the population. We can give more comforts to soldiers. We can bring more happiness in the country if we are able to make more economy in the governmental expenditure.

One word more about defence. The preparation of defence is not going to be a temporary affair. As long as the threat of war is there, as long as the aggression is there, we have to take a heavy burden of defence. Unless we take a long range view, assess the taxable capacity and saving capacity of the people and distribute the burden so that it becomes bearable for all sections of the population, unless we do this now, we may entangle the country and the people in a serious economic crisis and inevitable catastrophe of a big nature. To solve a problem before it becomes a crisis, to avert a crisis before it becomes a catastrophe should be the wise policy of a welfare State.

Shri Liladhar Kotoki (Nowgong): Mr. Speaker, Sir, we find that the Finance Minister has presented a very bold budget. He has only done the duty that has been cast on him by this House and the nation as a whole. On 14th November, 1962, we in this

House and on 26th January, the entire session took a solemn pledge and the essence of this solemn pledge was to harmonise all our resources towards the organisation of an all-out effort to meet this grave national emergency. Therefore, if we have to augment our defence effort, we must go in for increased resources. This is what the Finance Minister has tried to do in his budget. There is an increase of about Rs. 610 crores over the current year's budget and if we look into these figures, we find that of this increased amount, Rs. 491 crores go to the defence head. It has been more than once announced in this House and outside that defence and development must go together—they are inter-linked and inseparable. Now, taking both defence and development, the overall budgetary gap comes to Rs. 455 crores and this entire gap is covered by the increase of Rs. 491 crores in our defence budget. So, to complain that this is an unrealistic budget does not seem to hold water. It is true that the budget proposals which the Finance Minister has brought forward cast a very heavy burden on all sections of the population—and this is as it has to be. Therefore, I would congratulate the Finance Minister for showing his boldness in discharging the heavy duty that we in the country as a whole have cast upon him.

However, keeping on to this broad approach, there are certain points in the budget proposals which, I feel, deserve some consideration by the Finance Minister. If he considers those points, I am quite sure that his expectation of the overall result will not be anyway grately affected. Firstly, I would submit to him whether he should not withdraw the duty that he has proposed to impose on inferior kerosene and also to reduce the duty on superior kerosene. I submit this because we will find, out of the total taxation that is proposed, of about Rs. 275 crores, Rs. 205 crores come under the indirect taxes of which about Rs. 175 crores fall on the consumer goods and hence the incidence of this heavy taxation, as a whole, falls

on the poorer sections of the population. The kerosene is a commodity which is mostly used by the poorer sections and more particularly in the rural areas.

Secondly, I would also appeal to him to exempt uneconomic holdings from the operation of the compulsory savings scheme and that applies in the case of below subsistence low income group. We have other small savings schemes also towards which the people contribute. If we accelerate our drive for those voluntary savings schemes, then we can expect the amount which the Finance Minister thinks he will be getting by the imposition of the compulsory savings scheme. If he does so, then he will take away the pinch that this compulsion is likely to give on the poorer sections of the population and the poor farmers. In this connection, I would suggest to him that if he cannot take away the compulsion part of it, he should better take to compulsory insurance rather than compulsory saving. That will give an additional incentive to the poor people; that would cover, in addition to savings the risk element. I think that will be a better proposition than the one that he has proposed so far as the poorer sections and poor farmers are concerned.

Then, I plead with him that the small and medium industries, with small capital and meagre reserves, should be exempted from the operation of the super profits tax. So, also the nascent industries. They should be given a tax holiday as has been suggested by various Members in this House.

Yesterday, the Deputy Finance Minister, Shri Bhagat, spoke about the price line. I would still plead with the Finance Minister to keep a close watch over the cumulative effect of all these multiple taxes. The prices are sure to rise on consumer goods. But let it not be a price beyond a reasonable limit. The fear is, and our past experience shows, that the prices might go much beyond what is reason-

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able. I would request him to keep a very strict vigilance on it.

About development, I am constrained to point out the performance of our agricultural production is not quite satisfactory. The targets that we set in the Plan are not reached. If things are allowed to pass as they are now, we will not be able to achieve the targets and that will be a great calamity. There are various causes why this has happened. The causes are known. But the sorry part of it is that actions are not taken as required. One thing has got to be remembered. It is the farmers who produce. But all the efforts we have made so far have not simply reached them. This, in a nutshell, is the problem. I would draw the pointed attention of the Finance Minister to this and ask him to look into it.

Then let us see how this twin policy of defence and development applies in the case of the north-east frontier which comprises NEFA, Naga Hills, Tuensang, Manipur, Tripura and Assam. I will not say anything about defence because it is not within my competence and I do not think it is wise and prudent to deal with the matter here. I only hope that steps are being taken in the light of the experience we had during the first assault on this sector.

Regarding development, I have got a lot to say, but I know you will not give me time for all that. Therefore, I will simply say that so far as development in this zone is concerned, it is most disappointing. This House knows how this zone was affected by the partition. The entire economy was crippled, and all that has been done during the First, Second and even up to now under the Third, Five Year Plans has fallen far short of the developmental needs of this zone. This entire zone is full of resources, natural and otherwise. But somehow they have not been tapped. Overheads of power and transport have not yet been

provided. The per capita consumption of electricity in Assam is 2.54 k.w.h. against 31.62 kwh for India as a whole. Take any criterion you like. You will find that the economy of this entire zone is at a very low ebb. If a strong economy is necessary to have a strong defence, here is a case which is not only local but national. So I urge on the Finance Minister to give his special attention to the sorry plight of development in this zone. With these words, I again congratulate the Finance Minister on the Budget as a whole.

श्री बिशनचन्द्र सेठ (एटा) : आदरणीय अध्यक्ष महोदय, जहाँ तक टैक्सों का सम्बन्ध है, मैं निवेदन करना चाहता हूँ कि संसार में अगर किसी देश में सबसे ज्यादा टैक्स है, तो उस देश का नाम भारत है। आज हमारे सामने बड़ा प्रश्न यह है कि जो व्यवसायी वर्ग हमारे देश का है, जिसको मैं सामाजिक रीढ़ की हड्डी मानता हूँ, और जो देश की उन्नति का मूल साधन है, उस व्यवसायी वर्ग के अन्दर अगर इस प्रकार की भावनाएँ अंकित हो गई कि उसे नए व्यवसाय की ओर नहीं जाना है तो यह इतनी बड़ी हानि होगी कि जिसकी कल्पना नहीं की जा सकती है।

12-25 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

इस बारे में समाचार पत्रों में जो छद्म, उसकी तरफ भी मैं आपका ध्यान आकर्षित करना चाहता हूँ। अनेक समाचारपत्रों में इस प्रकार की भावनाएँ अंकित हुई कि हमारे देश और दूसरे देशों में टैक्स की व्यवस्था में कितना अन्तर है और इन टैक्सों की वजह से कितना उत्साह व्यवसायी वर्ग में नए व्यवसाय शुरू करने का हो सकता है। यहाँ पर एक और महत्वपूर्ण प्रश्न मैं आदरणीय वित्त मंत्री जी के सामने रखना चाहता हूँ। अमरीका में इन्हीं दिनों जो बजट लाया गया है, टैक्सों में भारी कमी इस कारण की गई कि व्यवसायी

वर्ग में उत्साह की भावना फैले तथा यह कहा गया है कि अगर हमने टैक्सों की मात्रा में कमी न की तो व्यवसायी वर्ग में निरुत्साह की भावना फैल जाएगी। परन्तु इसके विपरीत कितने दुःख की बात है कि पिछले बजट में ही जो टैक्स लगाये गये थे जिनके कारण लोगों में उत्साह-शून्यता आ गई थी अब और ज्यादा लगाये जा रहे हैं। मैं बतलाना चाहता हूँ कि आज हमारे देश के व्यवसायी वर्ग के अन्दर ऐसी भावना अंकित हो गई कि वह नया व्यवसाय शुरू करने में रुचि ही नहीं ले सकता। नए व्यवसाय में जाने की भावना समाप्त सी होती जा रही। इससे कितनी बड़ी हानि हमारे देश को होगी, इसका अनुमान आप आसानी से लगा सकते हैं। टैक्स बढ़ा कर जितना लाभ हो सकता है, उससे कहीं ज्यादा हानि इससे हो सकती है। ठीक यही बात अमरीका के प्रेजिडेंट श्री कैनेडी ने कही थी। उन्होंने कहा था कि सामान्यतया यह प्रतीत होता है कि हम आर्थिक दृष्टिकोण से कमी की ओर जा रहे हैं परन्तु हमें निश्चित विश्वास है कि अगर हमने देश के अन्दर टैक्सों की मात्रा कम कर दी तो लोगों में इनिशियेटिव आएगा, लोगों में उत्साह पैदा होगा, इस प्रकार की भावनाएँ अंकित होने से बाद में हम अधिक से अधिक टैक्सों की मात्रा को बढ़ा सकेंगे।

आज यह कहा जाता है कि चूंकि चीन के साथ हमारी लड़ाई है इस वास्ते हमें टैक्सों की मात्रा को बढ़ाना पड़ रहा है। मैं पूछना चाहता कि क्या हमारे वित्त मंत्री जी यह कहने का साहस करेंगे कि अगर लड़ाई न हुई या होने के बाद जब शान्ति स्थापित हो तो वह इन टैक्सों की मात्रा को घटा देंगे। आज तक का इतिहास तो यह बताता है कि जो भी टैक्स एक बार लग गया कभी वह कम नहीं हुआ और न ही हटा। सेल्युल टैक्स को ले लीजिये या दूसरी किसी किस्म की लैवी को ले लीजिए। जो टैक्स एक बार लग गया वह कभी नहीं हटा, उसको कम करने का कोई

प्रश्न भी उपस्थित नहीं हुआ। ऐसी स्थिति में स्पष्ट मैं निवेदन करने का साहस करता हूँ कि बिना टैक्सों को बढ़ाये क्या हम कोई ऐसा कार्यक्रम देश में नहीं अपना सकते जिससे तात्कालिक आवश्यकताओं की पूर्ति भी हो और टैक्स भी न बढ़ाने पाये। अगर ऐसा कोई उपाय सोचा होता तो ज्यादा अच्छा होता और सरकार के प्रति जनता की सहानुभूति भी होती। ऐसा नहीं किया गया है। आपका तो दृष्टिकोण तो यही प्रतीत होता है कि टैक्सों को बढ़ा दिया जाए।

मैं एक छोटा सा प्रश्न आपके सामने रखना चाहता हूँ। जिसे अनेक वक्ताओं ने कहा मैं दोहराना चाहता हूँ कि कितने प्रकार के डिपार्टमेंट हैं और कितने प्रकार के सरकारी ऐसे खर्च हैं, जो घटाये जा सकते हैं और अगर उनकी तरफ हमारे मिनिस्टर साहिबान का ध्यान देते तो आपको टैक्स बढ़ाने की आवश्यकता महसूस नहीं होती। अगर इस ओर ध्यान दिया जाता और गम्भीरतापूर्वक चेष्टा की जाती तो मेरा यह निश्चित मत है कि इस प्रकार की व्यवस्था हो सकती थी कि हमें टैक्स बढ़ाने की जरूरत महसूस न होती। हमारे कहने की बात को तो आप छोड़ दें। कांग्रेस बेंचिज की तरफ से भी यही बात अनेकों प्रकार से अनेकों सज्जनों द्वारा कही गई, परन्तु दुःख है कि इसकी तरफ थोड़ा भी ध्यान नहीं दिया गया। ऐसा प्रतीत होता है कि जो भी पालिसी बन कर आ गई, उसे अनिवार्य रूप से देश पर लाद दिया जाए। इसका कारण यह है कि अपोजीशन की संख्या नगण्य है उसके द्वारा कही बात का कोई मूल्य ही नहीं होता है।

मैं यह भी बतलाना चाहता हूँ कि आज देश में अनेक बैंकों में करोड़ों नहीं बल्कि अरबों रुपया डेब एकाउण्ट में पड़ा है, क्या कभी किसी बजट में उसको दिखाया गया या यह सोचा गया है कि उसका एडवांटेज उठाया जाए? क्यों नहीं सरकार उस रुपये

[श्री बिशनचन्द सेठ]

का इस्तेमाल करता है ? लाखों नहीं करोड़ों और अरबों रुपयों के नोट जल जाते हैं, पानी में बह जाते हैं, मैंने कभी भी बजट में यह नहीं देखा है कि इन नोटों का भी एकाउण्ट सरकार ने कभी रखा हो। जब टैक्स बढ़ाना ही मेन आर्गुमेंट सरकार के सामने है, तब तो कोई बात कहो का ही आवश्यकता नहीं होती चाहिये। करोड़ों रुपया पाकिस्तान से हमें लेना है। अगर पाकिस्तान से हमारी सरकार रुपया वसूल करने में समर्थ नहीं है तो पाकिस्तान को कोयला बगैरह देने की क्या जरूरत है। सामान हमने पाकिस्तान को दिया और देते बाद वापिस नहीं हुआ, तब क्या कारण है कि आज भी हमारा लाखों रुपये का सामान मित्य पाकिस्तान को जाता है ? एक तरह पाकिस्तान के साथ हमारा यह व्यवहार दूसरी तरफ हमारा अरबों रुपया पाकिस्तान की तरफ बकाया है, उसको वसूल करने का साहस नहीं, देश में जो आपकी जनता है, वह अपना जीवन कैसे निर्वाह कर रही है, इसका आपको ज्ञान नहीं फिर भी उस पर टैक्स बढ़ाना ही आपकी सहूल और ईज्जी मालूम होता है।

पाकिस्तान से समझौते के सम्बन्ध में वार्ता चल रही है। चूंकि अभी वार्ता कंतिनूएशन में है, मैं इस पर ज्यादा नहीं बोलना चाहता, परन्तु एक पक्ष उसका यहां पर जरूर रखना चाहता हूं। पाकिस्तान से वार्ता आखिर किस आधार पर की जा रही है। एक ओर तो हमारे मन्त्री महोदय वार्ता के लिये पधारने वाले हैं लेकिन उनके पधारने से पहले ही चीन से ऐग्रीमेंट हो जाता है। उसके बाद भट्टो साहब कलकत्ता आने से पहले पीकिंग जाकर मिनेचर कर आये। अब किस बात की आशा है ? रुपया वह हमें देंगे नहीं। मेरे पास ऐसे अनेक केसेज हैं उनको दोहराने की आवश्यकता नहीं समझता अनेकों बात अ की पड़ी है जिसका कोई मुलभाव नहीं उनमें कोई सुधार नहीं हो रहा है परन्तु हमें पता नहीं

किस भावना से रोज पाकिस्तान में रुपये मंत्रियों को भेजते हैं। मैं निश्चित रूप से इसे मानने को तैयार हूं कि इस तरह की चीजों से हमारे राष्ट्र का सम्मान दिनों दिन घट रहा है। बजाय इसके कि हम पाकिस्तान से कोई बातचीत कर, हमें पाकिस्तान के सामने सीधी शर्तें रखनी चाहिये कि यह हमारी टर्म्स एण्ड कंडिशनस हैं कि पहले हमारा रुपया दो। हम चीन के खिलाफ लड़ाई लड़ रहे हैं, हमको रुपया चाहिये। कोई संसार का अन्तर्राष्ट्रीय न्यायालय यह कहने के लिये तैयार नहीं होगा कि जो हमारा रुपया नहीं देता, उसको हथ कोयला दे। आखिर जो हमारा रुपया नहीं देता उसको हम अनेक प्रकार की सुविधायें किस आधार पर दें। मैं निवेदन करना चाहता हूं कि जो चीजें हम इस तरह से ले सकते थे, उसकी तरफ हमने ध्यान नहीं दिया।

पर हमारी सरकार को सब से सीधी और सच्ची बात यह मालूम होती है कि देश में टैक्स बढ़ा दिया जाय। मैं इस बात का सबसे बड़ा दुष्परिणाम निवेदन करना चाहता हूं। जहां तक मेरी जानकारी है, आज स्थिति यह है कि देश में वैसे ही ईमानदारी का अभाव था, नये नये टैक्सों के लगने के बाद आज यह परिस्थिति बन गई है कि ईमानदार आदमी दूढ़ने से भी नहीं मिल रहे हैं। कारण यह है कि अगर टैक्स की पूरी मात्रा सरकार के सामने रख दी जाय तो उस के बाद जीवन निर्वाह का प्रश्न जटिल हो जाता है। और अगर टैक्स न दिया जाय तो किसी भी सम्माननीय आदमी के हृदय में चोट लगती है कि हमारी सरकार ने ऐसा विधान ही क्यों बनाया जिसके कारण चोरी करने में जनता को कोई शर्म नहीं रही।

मैं यहां पर थोड़ी कोलम्बो प्रयोजन की चर्चा भी करना चाहता हूं। कोलम्बो प्रस्तावों के सम्बन्ध में चीन का जो खयाल अब तक रहा उसको देखने के बाद मैं समझ

नहीं पाता हूँ कि कोलम्बो प्रस्तावों का जो मृतक शरीर है उसे हमारे देश की सरकार क्यों अपने कन्धे लादे फिर रही है। उसमें से कुछ भी निकलने वाला नहीं, आपकी सफलता उसमें होने वाली नहीं साथ ही देश के कितने आदमियों के अन्दर उसके प्रति सद्भावनाय निहित है, यह समझने में मैं आज तक सक्षम नहीं हो सका।

मध्यम वर्ग के सम्बन्ध में और सज्जनों ने बहुत सी बातें कही हैं, परन्तु मैं एक बात बड़े साहस के साथ आपके सामने रखना चाहता हूँ। अगर आप बड़े आदमियों को और सबसे छोटे आदमियों को छोड़ दीजिये तो आज मध्यम वर्ग के लोगों की स्थिति यह है कि किसी भी आदमी के ऊपर, जो कि २०० या ३०० ६० माहवार पाने वाला है, उस पर आप कम्पलसरी सेविंग्स

उपाध्यक्ष महोदय : आपका सभ्य काफ़ी हो चुका है, अब आप समाप्त कीजिये।

श्री बिशनचन्द्र सेठ : मुझे मालूम है कि आपने मुझे दस मिनट दिये हैं लेकिन मैंने अभी पूरा समय नहीं लिया।

उपाध्यक्ष महोदय : आप के दस मिनट पूरे हो गये।

श्री बिशनचन्द्र सेठ : मैं बहुत जल्दी समाप्त कर रहा हूँ। तो मैं आपसे यह निवेदन कर रहा था कि आज मध्यम वर्ग की स्थिति बहुत खराब है। जो मध्यम वर्ग हमारे देश की अभिवृद्धि की रीढ़ की हड्डी है उसकी तरफ सरकार को देखना चाहिये। आज उसकी स्थिति यह है कि अगर वह अपना जीवन निर्वाह करना चाहता है तो बीमारी के इलाज के लिये उसके पास पैसे नहीं हैं, अगर वह इलाज करवा लेता है तो कपड़े के लिये पैसे नहीं बचते। आज इस मध्यम वर्ग के ऊपर जितना टैक्सेशन लगाया गया है उसका इनडाइरेक्ट असर पड़ रहा है और इसका फल यह है, मध्यम वर्ग के पचासों लोगों ने

वार्ता के समय मुझे बतलाया, कि उनके सामने जीवन निर्वाह का प्रश्न आ गया है। अब तक अगर उन पर ४० ६० वार्षिक टैक्स लगता था तो अब उनके ऊपर २४० ६० टैक्स लगेगा। वे लोग २० ६० मासिक कहां से अपने बजट में प्रोवाइड करेंगे? जिस सरकार का लोकप्रिय सरकार बनने का दावा है, अगर वह सचमुच ऐसी है तो उसको इन बातों पर ईमानदारी से विचार करना चाहिये। उसके बाद अगर कोई ऐसा आफत आ गई है जिसके कारण वह कंसेशन नहीं दे सकती तो मैं सदन को विश्वास दिलाना चाहता हूँ कि हमारा देश पूरी तरह से सरकार के साथ रहेगा। परन्तु अगर दूसरे तरीकों से रुपया इकट्ठा कर सकती है तो कोई कारण नहीं कि वह देश को खिंचा कर रख दे और इस तरह की ग़लत टैक्सेशन पालिसी को मान्य करे।

अन्त में मैं केवल एक चीज कह कर बैठ जाऊंगा, जो कि बड़ा जरूरी है। और वह है मिट्टी के तेल के सम्बन्ध में। बहुत से माननीय सदस्यों ने इससे सम्बन्ध में कहा है, लेकिन मैं बिल्कुल इसके खिलाफ कहना चाहता हूँ। मैं ऐसा समझता हूँ कि मिट्टी के तेल पर इतना टैक्स केवल इसलिये लगाया गया कि लोग इस सम्बन्ध में बहुत कुछ बोलें और उसके बाद हमारे वित्त मंत्री महोदय उसको छोड़ दें। मैं इस तरह की बात सोच कर आश्चर्य चकित रह जाता हूँ। मैं समझता हूँ कि पहले से यह तय कर लिया गया था कि अगर मिट्टी के तेल के बारे में जोग बोलेंगे तो आप उसको छोड़ देंगे। इस प्रकार की मनोवृत्ति राष्ट्रीय सरकार की नहीं होनी चाहिये। राष्ट्रीय सरकार को बहुत सौम्य और बड़ा सच्चा होना चाहिये ताकि उसका अनुसरण जनता कर सके।

इन शब्दों को कहते हुए मैं अपना भाषण समाप्त करता हूँ और आप को धन्यवाद देता हूँ।

Shri Nataraja Pillai (Trivandrum):
With your leave, I shall make a few

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observations on the Budget proposals presented to this House.

During the Fall of last year we were subjected to a massive aggression on our border, and the nation as a whole reacted to that by taking a pledge in this House to vacate the aggression and to protect and preserve the international boundaries of our State. As such, it is the duty of the Government to implement the decision taken in this House unanimously. I think the Budget as presented is the first step in that direction. The Budget can thus be characterised as a defence Budget.

Necessarily then we are slowly drifting into a war economy. The pivotal task in the management and control of a war economy is to mobilise all the resources and to direct, initiate and maintain the resources of the State for productive capacity. This calls for the transfer of all resources from the less important ends to those that are related to defence.

The hon. Finance Minister has, with commendable courage, adopted measures to mobilise all resources to the best advantage and to maintain the productive apparatus for the defence of the country.

Out of the total budgeted expenditure of Rs. 1,852.40 crores for the year 1963-64, Rs. 708.51 crores is marked for defence, in addition to Rs. 106 crores for capital outlay. This amount is Rs. 418.9 crores more than the actuals for 1961-62 and Rs. 365.14 crores more than the 1962-63 Budget amount. It is Rs. 256.70 crores more than the revised Budget estimates for 1962-63.

After having made a provision of Rs. 800 crores and more, it is incumbent on the Government to see that the amount is utilised in full to the best advantage. But the record of the Defence Ministry in this matter as revealed by the Audit Report is not encouraging.

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During the year 1960-61, there was a saving of about Rs. 28.08 crores out of the sanctioned grant of Rs. 338.25 crores. The savings are accounted for by the non-implementation or delay in the implementation of the schemes by the Defence Ministry or non-materialisation of supply. This chronic ailment will not, I hope, persist hereafter. I hope that in this year of emergency the department will try to utilise in full the amount budgeted. The comparatively large provision made in this year's Budget should enable the Defence Services to equip themselves effectively and make them more mobile and give them air support which is indispensable, with the help of our friends. With our painful experience of the last year or the immediate past, I trust that the provision on Defence Services will be fully utilised to the best advantage.

It is very difficult to distinguish between military and civil expenditure during war or even during peace. Military expenditure for the defence of the realm ultimately depends upon the productive capacity of the nation. It is more true in a country where economic and industrial developments are only beginning to grow. The hon. Prime Minister in one of his recent speeches said that "the more we considered this matter the more we would see that our development schemes were by and large an essential part of defence. 85 per cent of the development plans are an essential part of our defence and even the remaining 15 per cent are indirectly concerned with it. May be, a few things might be slowed down or otherwise adjusted but by far the greater part of our Plan is essential for defence so that it is neither correct nor justified to draw a line and say that this is defence expenditure and this is development expenditure as if there were two separate things." In a war economy there cannot be a division like that. The whole nation's productive capacity

must be diverted and harnessed for defence. Therefore, at this time of emergency, the defence budget has necessarily to include adequate provision for the development of the Plan. Not only that. The economy of the country must be so adjusted to help the defence capacity, to the present situation. For instance, we know how U.K. mobilised its resources during the Second War. We find that restraining the consumption of non-essential goods, tapping all resources, voluntary and forced savings, mopping up the increased purchasing power, rigorous checking of inflation and rise in the cost of living—these were the economic policies adopted by the United Kingdom to win the war. That nation which adopted these principles was not prepared to accept defeat at any cost and ultimately succeeded in establishing its superiority and its integrity. Sir, I am glad in a way that the hon. Finance Minister is adopting the same road to victory in his Budget too.

I will conclude in two minutes. I have to say only one or two things. That is about the compulsory savings scheme. Fifty per cent of the land revenue assessment is to be realised and credited as compulsory savings. In a country like India where fragmentation is at the highest, I think this proposal will be very near impractical to be worked out. For instance, in Kerala 66.6 per cent of the holdings are below one acre; the majority even in this group owns a few cents and the land revenue assessed on these bits will be too small. Perhaps in realising this amount there will not be much of an expenditure as was expressed here by some friends; the land revenue staff may be able to collect it from the land-holders; but the thing is it will not be a savings to the land-holder. It would be an infinitely small amount and a poor land-owner will not know where it is credited and how he can get it back. It will be an unnecessary kind of penalisation for the landholder with-

out bringing in any appreciable amount to the coffers of the State.

About the income-group of Rs. 125-250, I may say a personal experience which I had. In our State in urban and semi-urban areas there are some co-operative distributive societies. They put an officer and there was an effort to organise them. I had also a hand in it. When we were trying to organise it, the difficulty we felt was that this low fixed income group, who were in the Central State Service, the other employees, etc. were perpetually in debt. They cannot come out of the debt. In spite of the advantages which they knew that co-operative societies will give them, they were not prepared to come in. If you examine the co-operative credit societies in urban areas, you will find the largest number of defaulters are from this group—fixed low income group. They are living a life of perpetual indebtedness and it will not be possible to realise any amount. When I spoke about my State, Kerala....

Mr. Deputy-Speaker: He must conclude now.

Shri Nataraja Pillai: I will conclude with this sentence. Or shall I stop?

Mr. Deputy-Speaker: Shri Ranga.

Shri Ranga (Chittoor): Mr. Deputy-Speaker, I am sorry, on this first opportunity to speak on the Budget introduced by my hon. friend Shri Morarji Desai—and the other Budgets introduced by him—that I cannot agree with him in the claim that he has made in these words:

"I have endeavoured in doing so to be fair and constructive to the best of my ability."

I am not quite sure whether he would agree with me when I say that it is not entirely his own achievement.

The Minister of Finance (Shri Morarji Desai): Entirely my own.

Shri Ranga: If so, he would have hesitated in using these words:

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"The proposals that I am called upon to make for my fifth Budget...."

Shri Morarji Desai: That is my duty.

Shri Ranga: He is obliged to be Finance Minister and necessarily he thinks that he is called upon to make proposals..... (Interruptions.) Please have some patience. Otherwise, you can as well ask me to sit down and we can well close this House. Otherwise, he would have hesitated in using those words. Why do I say that these proposals are not fair and that they are not constructive? Are they fair to the kisans, the great majority of our masses? The prices of agricultural commodities are being kept down. Only yesterday, one of the Deputy Ministers made the claim and earlier, the Minister of Planning in particular was making that claim—what steps they would like to take and they asked the House to give them more and more powers to keep down the prices. In addition to that, this Economic Survey itself bears witness to the fact that they have issued instructions to the Reserve Bank, and through the Reserve Bank they have tried to keep down the prices of rice. They have made a specific reference to that. I know it for a fact that the peasants are suffering very bitterly because the prices that they are able to get, if at all they are able to get, are very low. In many cases they do not find buyers and those buyers who have sympathy for them and want to take their supplies are not in a position to pay, because they are not able to sell at the consuming centres, and they are all going through all these troubles. So, how can we say that my hon. friend has been fair to them? Not being satisfied with that, they have been harassing and hustling the State Governments with the so-called land reforms. They have introduced these ceilings. The ceilings are put at a level which are expected to leave not more than, I suppose, Rs. 400 a month for an agriculturist family

That is the highest. Most of them earn only less. After having put that ceiling, they have also clamped upon them additional tax burdens and additional land revenue burdens.

In my own State, our Finance Minister has had to admit that in some cases the additional burden would be 200 or even 300 per cent and that in a few cases it may be more. Certainly nowhere is it less than 100 per cent more. This is being imposed upon these people, and in other States similar things are happening. My hon. friend now comes and says he has got this great gift to us, namely, the imposition of compulsory savings. How is it to be collected? Through the village karnam and the village munisif. Therefore, there will be the usual trouble there. In that way, it will be collected with all the rigours of land revenue collection. Are there any exemptions there? Nothing whatsoever. In the case of other classes of people, there is some minimum of exemption. But here, in the case of the agriculturists, there is nothing whatsoever. Evidently, my hon. friend either did not give much thought to it, to the suggestion by his experts or whoever has given it, or, he must have thought that he would make concessions later on. Whatever it is, he has not been fair to them.

Take next the ordinary working classes in this country. My hon. friend seems to think that just because he has tried to beat everybody, whip up everyone, he has been quite fair to everyone. I do not see any reason why the Finance Minister should be squeamish about making concessions to the agricultural workers, the industrial workers and the under-privileged people, all those who are obliged to live under sub-human conditions, and save them if not from the whole of the tax burden but at least from a part of the tax burden. My hon. friend does not wish to make that effort. On the other hand, the total tax burden would

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with the Prime Minister. I do not know whom he has consulted. So far as the Cabinet is concerned, he is not expected to do that. But the principal proposals that he has had would not have needed any secrecy at all. He could have certainly called into consultation the representatives of the peasants, the agricultural interests, in regard to his proposals for compulsory savings, so far as those people are concerned, and also the representatives of the workers. There would have been no need at all for any kind of secrecy about it. After such consultations, he might have made up his mind. A similar procedure could have been adopted in regard to the Gold Control Order. There would have been no need for any kind of secrecy there. My hon. friend said he had already given one month's notice or two months' notice. He need not have disclosed all those details but he could have discussed them. It would have been possible for him to have come to the House and to the country with a scheme which would be much more satisfactory than the scheme that he has got. Similarly, regarding the super profits tax also, he could have consulted the interests concerned, because they could not have concealed their profits anywhere. But he did not do so.

Therefore, I say that there was not a national approach to this budget. This is a period in which it is necessary for the Government to have looked at everything from a national point of view, and obtained the national reaction to these proposals before it came to its own final conclusions and placed them before the House. It has not done that. On the other hand, it is only a party budget, because the Congress Party believes in socialism and in development first of all. Just because this nuisance of the Chinese invasion has come, they would like to make a provision for that also. I strongly dissent from that approach, if that is the approach of the Government.

Government themselves have said that we are going through a crisis. The Prime Minister has stated not once, but repeatedly all over the country that any moment the Chinese might come upon us and there is imminent danger. Surely, he must be in possession of information which is not available to us. Otherwise, he would not be making this statement. If, however, he is not really serious about it, then, of course, it would be disastrous for the country, because what befell the boy in Aesop's Fables who called "Wolf, Wolf" much too often would befall this country also. God save us from that plight. I take the Prime Minister at his word. Government have got information and they have themselves stated in the pamphlet *China disregards the Colombo Proposals*, which they have distributed as follows:

"Finally, on March, 1963, the Chinese Government announced that 26 checkposts were being set-up at various places along the Sino-Indian boundary, including six posts in area to be demilitarised in the Western Sector."

Then, it is said:

"By acting in disregard and in violation of the Colombo Conference Proposals, China has exposed its cynical design of retaining and consolidating the gains of its latest aggression against India."

This is their latest statement, as given in this pamphlet. I take it seriously. I am anxious and I am sure this House and the country are anxious that we should have this budget as a defence budget, as the nation's security budget, passed by this House in order to protect our territorial integrity, to drive away the Chinese aggressors, to vacate the Chinese aggression and to ensure the enjoyment of freedom and fundamental rights for our people, including my friends on my right. But I find that this budget is not conceived in that manner.

I wish my hon. friend, the Finance Minister, could have achieved a larger measure of success in his consultations and in his final confabulations with the National Planning Commission and the National Development Council. Some of the newspapers have congratulated him because he has pitched the so-called social development expenditure at a lower key to the tune of about Rs. 90 crores. But he should have been able to succeed very much more. There are many directions in which there is scope for economy. I need mention only three or four.

There is the administration itself. Even as it has come up dissected by my hon. friend four or five years ago in order to make it look a little more satisfactory to the people than it would otherwise be, they spend now about Rs. 88 crores which is the total expenditure on administration, whereas they used to spend only Rs. 23 crores in 1952-53, and Rs. 59 crores only in 1961-62. On social development, they spend about Rs. 155 crores now whereas in 1952-53 they spent only Rs. 23 crores. On general administration, the expenditure used to be only Rs. 7 crores in 1952-53. But now the amount provided in the budget for 1963-64 comes to as much as Rs. 19 crores.

Coming to external affairs, all our friends are so eloquent about the failure of the External Affairs Ministry to win the goodwill of the various nations for our stand in regard to China. This damsel comes in for Rs. 15 crores whereas, they needed only Rs. 11 crores, two years ago. Then, there is cooperation. They are not satisfied with the money that is being spent by the State Governments and they want to spend here Rs. 4 crores. On labour, railways, posts and telegraphs, various Government institutions and corporations are spending money, but on top of it, Government here wants to spend Rs. 6.71 crores on labour. It is very strange that all the ex-Ministers are very eloquent or should I say fascinated by the failure of the Government

in achieving economy, and ensuring efficient administration I have got the synopsis published by the Lok Sabha Secretariat. Three of them who had spoken were very eloquent about this and the fourth, I am told, is going to follow me. I do not know what testimony he would give to this Government. That is the failure of the administration.

After having done that, they say, "It is constructive". How is it constructive and how is it fair? They say, "Have we not imposed all these taxes on the rich people?" I am glad to find this time the rich people are willing to bear it. In the past, they used to be very unhappy, but this time they are prepared to bear their quota of burden. But they complain about this super profits tax. Everybody has complained about it, except, of course, two or three. Anyhow, it is for the Minister to reconsider it. Nevertheless, they are prepared to bear their share of it. In spite of that, what is happening is, the burdens borne by our people are rising and are becoming much too much.

It is said that our people should be willing to bear this additional burden now and when compared to other countries, what we are bearing is so much less. But I want the Government to remember that since the second World War, more and more burdens have come to be imposed upon our people not only through direct taxation, but also through excise duties and inflation. During the second World War, there was a huge burden of inflation imposed upon our people. After that, there is the new burden of taxation which has come to be built into the first, second and third Five Year Plans, and now in this latest budget also. In addition to that, all these 15 years, for the sake of these development projects and developmental activities, our people had been made to pay more and more and they have willingly paid till now. After the people have gone through all

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the processes of additional burdens during this prolonged period, they are now called upon to bear this additional burden also. It is not a small thing.

Now, it speaks volumes of the patriotism of the people that they have welcomed this proposed additional expenditure on defence. It comes to more than Rs. 20 per head, which is nearly two-thirds of a month's income of these people. Long before these budget proposals were prepared, it should have been the duty of the Government to try to find out which countries are willing to help us. Now they are going to send the Defence Minister, the super-Minister, the President and their super-Secretaries—later on I suppose another host of Ministers would be sent—to various countries of the world in order to ask them to give us support, which we need so very badly. All this should have been done earlier. We should have been able to take whatever countries there are in the world which are ready to help us into our confidence. We should have taken them into confidence not only in regard to our needs but also in regard to the crisis that is facing us, in regard to the sacrifice that our people have been making all these years and in regard to the sacrifice, in relation to this additional factor, that the people are willing to make even now, and then asked them to what extent they would be able to supplement our efforts. After doing all that they should have come to this House and assured us in the same manner as Mr. Churchill used to assure the British Parliament during the Second War whenever he had to impose any additional burden on those people in order to achieve victory. Then, surely, there would have been a different response.

Sir, all credit to Mr. Kennedy, who on two occasions has come out spontaneously to offer help and assistance to India and, what is more, to say to the whole world that they would consider it to be one of their own inter-

national responsibilities to see that India was not overrun by the Chinese, that the Chinese Communist invasion would not again take place on the large scale on which it has taken place, and that if it were to happen then the security of the democratic people and countries in the world would be affected. When all this offer had already come, would it not have been wise on our part to have welcomed it?

An Hon. Member: Why?

Shri Ranga: We should have welcomed it in the budget sense and asked them to what extent they were going to assist us.

An Hon. Member: We are doing.

Shri Ranga: We are going to do it now after imposing all these things. We should have welcomed them and asked them how far and in what manner they were going to help or assist us. Then we should have pooled their resources along with ours into a common comradeship for the protection of our freedom.

Sir, on the other hand, my hon. friends do not seem to be keen to discharge their duties in that direction. They seem to be keen in another direction, and that is to utilise this opportunity given to our country by the patriotic feelings of our people to impose all these additional tax burdens. It does not take much of a genius to do that, and I am sure my hon. friend would not claim to be a genius, nor anyone here in this House, for simply putting a uniform 10 per cent *ad valorem* additional duty on all the excise commodities. He has done it. Having done it, what is the consequence? What is happening in Soviet Russia is going to happen here. In that country also they depend for most of their tax revenues on what is known as the purchase tax. Our Government has also come to depend upon that. A qualitative difference has come over during the last five or six

years. More than Rs. 80 crores additional tax burden is going to be imposed by way of this purchase tax—I mean the central excise duties.

An Hon. Member: Rs. 106 crores.

Shri Ranga: They do not call it a purchase tax. At the same, time, the other day they have published their own scales of prices, which they consider to be reasonable, after taking into consideration the incidence of the indirect taxes. What else could it possibly mean in actual practice but a purchase tax? Therefore, it is on the purchase tax that we have come to depend more and more now.

You will find that income from all these direct taxes is not rising as fast as it should or as satisfactorily as it should because the affluent persons in our country are only 1 in 10,000, whereas in America almost all people are affluent people and that is why the economist who happens to be the Ambassador here has written the book: *Affluent Society*. Here you will find that from direct taxes only Rs. 257 crores are raised whereas from indirect taxes we get Rs. 630 crores or even more. This is ten times more than what they yielded ten years ago. Therefore, more and more reliance is going to be placed on indirect taxes. So it would be a Soviet-oriented budget and it is in that direction that they want to proceed, because; as I told you, they take their lessons from Soviet Russia.

Shri Surendranath Dwivedy (Kendrapara): And Morarji is the Communist?

Shri Ranga: Well, Morarjibhai is only called upon to deliver this baby.

Shri Daji (Indore): You mean it is not his?

Shri Ranga: It is as much his as that of not only the whole Ministry but also the whole of Planning Commission

Then, I can tell you, the capacity of the Government to create new employment opportunities and giving jobs to those seeking employment is very limited. Yet, my hon. friend is courageous enough to say that he is constructive. That is why he has put all goldsmiths out of employment. Then he makes a great offer of telling the State Governments—we know how they respect even the fiat coming from the Prime Minister—to do what they possibly can to provide them with employment to give scholarships and so on. I have got here figures to show the performance of the employment exchanges. 38,45,000 people asked for employment. They received notifications of jobs only for 7,90,000 and they found employment only for 4,58,000 people. So, 23,87,000 people are still left without any employment being provided. I am told that even in the employment exchanges there is corruption. Unless some money is paid, a candidate is not registered. In spite of all these things, this is the record of the employment exchanges, and he and his Government want the country to believe that these goldsmiths will be provided with employment.

Therefore, to conclude, I wish to say that this is not a national budget; it is a party budget. It may be a socialistic budget, but it is not even a developmental budget. Let the Estimates Committee bear witness to what I say. They have not even come forward, as the British Government came forward during the last war to ask for a special committee to study their own defence estimates. They do not want any check at all. In today's papers you get extracts published from the report submitted by my hon. friend, Shri Tyagi, showing how the Ministers are behaving with public funds, public facilities. Unfortunately, my hon. friend is obliged to present the budget on behalf of that Government, and all that I can wish is that he would be wise enough, generous enough, to appreciate the response that the people are giving so very readily, and

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see that he does not burden the country with all these taxes by trying to give as many exemptions as possible so far as the working classes and peasants are concerned, and thereby certainly free the country, free the peasants from the necessity of having to go to the Supreme Court in order to question the so-called compulsory saving levy upon land revenue.

Shri Krishnan Menon (Bombay City North): Mr. Speaker, Sir, the statement of revenue and expenditure submitted by the Government to this House and the firm fortitude with which it has been received by the Houses of Parliament as well as the country is the proclamation not only to our people but to both our friends abroad as well as those who would not wish us so well, that we are determined in this country to defend our territory as well as to go on with our developmental projects.

The Finance Minister would be the last person to expect that there will be no criticism on details of any proposals that are made, but before I refer to any of those, not by way of criticism, I hope it would not be out of place for me to say that the statement placed before the House by the Finance Minister has been extremely well drafted but in some places a little bit too clever.

The Government is fortunate in having expert advice which has played a greater part in this year's statement of revenue and expenditure than is before us than hitherto. The purpose of observations on occasion like this is not, in the way that Acharya Ranga has suggested, that Parliament should abdicate its functions and consult industrialists, journalists, peasants, workers, trade unions, a large number of astrologers and others before they submit their proposals. It is the duty and function of Government to govern and of Parliament to exercise the restraints or to give the encouragement that is necessary.

Generally speaking, taxation must be related to social objectives. So far as we are concerned in this country at least in theory we have no doubt about our social objectives because when the Constitution was enacted in 1950 and even as early as the declaration of our independence we laid down two points, namely, that we do not want to tolerate external interference and that the products of toil shall go back to the toiler. This is what is meant by a socialistic democratic society.

Secondly, it is usual with governments, as far as possible to present their Demands as simply as possible, unless sometimes it is thought better not to present them in a simple way because it confuses people and avoids criticism. But that is not the case over here.

Thirdly, very often government presents Taxation proposals in such a way as to avoid evasion. Avoidance of proposed levies of evasion is partly the task of government but not less of public opinion. No legislation can ever import character into a community. My hon. friend, Shri Manubhai Shah, or whoever is responsible these days, can give import licences for many things but not for national character.

It is also necessary that the burdens in their distribution aspect must be equitable in character because our Constitution lays down unlike the 19th century constitutions, liberty, fraternity and equality alone but justice, social political and economic.

Finally, by way of collecting of taxes, it is usual for administrators to try and get what money they can or what proceeds they can with as little harassment as possible. But harassment by little officials, whether they be of the customs or at the railway booking offices, I fear, has become part of the mechanism of administration.

I submit that the aggregate that is submitted to this House compared with pre-independence Budgets of Rs. 150 crores may appear phenomenal, but in view of the development plans that are to be undertaken and if, unfortunately, this country should be faced with military action from one side or another—I want to repeat the words 'from one side or another'—this would become far greater than the hon. Finance Minister has now been obliged to provide. I have no doubt that, as on the last occasion, he will come to this House with supplementary estimates and they will be granted.

Shri Tyagi: God forbid!

Shri Krishna Menon: We cannot separate the problems of defence so-called from the problems of development. No country can be defended either by soldiers, sailor and airmen alone, but by the determination of the people who regard not only their independence but their profits and progress that have to be made by society as their own. Therefore it is with some regret that one finds, whatever may be in the private understanding between the hon. Finance Minister and the Planning Commission, and freemasonry that goes on in this respect. There has been a cut in the provision for planned expenditure. I have never been able to understand even when I was a member of the Planning Commission how there could be a fiscal plan of Rs. 7,500 crores and a physical plan of Rs. 8,500 crores. It is almost impossible to grasp this. At any rate, the National Development Council, on the last occasion, asked for, or rather provided—I do not know what the word is—or denoted that Rs. 944 crores are required and the present budget provision is far less i.e., short by Rs. 88 crores. But even then that is not the whole of the story.

If you look at the analysis of expenditure during the first three years of the Plan and the momentum of

developmental expenditure, it is unlikely that it can be held down even at Rs. 8,500 crores without either abandoning planned projects—there is a great deal about of priorities, this and that; others have spoken about it—or depressing wages, on the one hand, or resorting to a greater degree of borrowing or begging elsewhere or something of that kind, on the other. The momentum is so great. We have already spent probably more than three-fifths, or whatever be the proportion. Therefore, whatever may be the arrangement made between the hon. Finance Minister and the Planning Commission, we hope that there will be no withholding of these developmental plans.

Looking at this Budget as a whole, it will be found that there is Rs. 275 crores of taxation asked for. The greater part of the criticism, particularly, in this House, where one has heard not only now but in years past that whatever is required will be given, and yet objecting to taxation is the philosophy of wanting to have the cake and eat it at the same time. This is a performance that is possible only in the context of a debating society.

Out of the Rs. 275 crores, Rs. 70 crores alone are provided by direct taxation. It is time that we understood in this country that the function of direct taxation is not merely to find money. I hope, it will not be laughed at, Mr. Speaker, that money is the easiest thing to find. It comes out of printing machines. The function of taxation is to keep the value of money at particular levels. The hon. Finance Minister or the Reserve Bank, I think—it comes to the same thing—I suppose, can print any amount of money! The quantum of direct taxation in relation to indirect taxation appears to be smaller at the present moment. I do not regard these particular Budget proposals as the finality because there are another twelve months to go and so many things will or may happen in the meanwhile.

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Indirect taxation is nearly Rs. 170 crores or Rs. 180 crores. You will forgive me if I do not remember it—but these figures are all in the books. This may be broadly classified as on consumption goods or on capital goods. It is difficult to make a sharp division between the two. Speaking for myself I have not been able to understand either the financial or the social justification for increasing the import duty on capital goods. The import duty on capital goods provided, which is about Rs. 30 crores Rs. 20 crores of this are on goods which will be used by the public sector, and merely puts up Governmental expenditure. What is more, there is our propaganda—whatever may be the effect of it all of promoting exports. If capital goods are taxed in this way and on top of it the importer justifies a rise in prices by the fact that there is this higher import duty, whether it is justified or not, the product that is yielded would not be able to compete in foreign markets where we will be priced out. We will be priced out even by countries like Ghana in modern times. Therefore it is worthwhile considering it at the appropriate time. No Finance Minister can be expected, because someone makes a speech or all of us make speeches, to revise the Budget the next morning. But it is our duty to say these things. This considerable duty that is being levied on capital goods, in my submission, is uneconomic and would perhaps bear re-consideration. The money cost of this investment programme would then go up by Rs. 20 crores but it is not something that yields us good results in the end.

Taxation of consumer goods is somewhere about Rs. 175 crores and it may broadly be divided as that which affects the poorer sections and the richer sections of the community. In other countries, the so-called capitalist countries, it is comparatively easy to draw a line between what is poor section of the community and the rich section of the community. In

our country apart from the great monopolists it is very doubtful if there are any rich people. A part of these taxes, namely, Rs. 45 crores goes on kerosene and Rs. 28 crores on tobacco. So much has been said in this House and elsewhere about it that it is unnecessary for me to repeat it. I have not been able to understand it; perhaps the hon. Finance Minister will explain it at some time as to why Rs. 10 crores of income from vegetable oil products was forsaken and added on in this way. There may be some very good reasons for it because people like ourselves have not got at hand the expert advice and the statistical data that is available to him. But on the surface that would have been perhaps avoided. A sizable part of other indirect taxation also on various commodities which I am not going to repeat is on the poor. I would say, on the whole more than half of this indirect taxation will bear on the poor. When Gladstone introduced his first budgets containing income-tax which was 1½ d. in the pound, and he said that it was a temporary measure! Since then, all Finance Ministers have understood temporary as meaning something that exists in the context of time! Nobody has taken it off. Similarly when Rejmald McKenna introduced indirect taxes for the first time, that here a tax on everything from chillies and what not, it was considered inequitable at that time and it was considered to be a temporary measure! But, now the bulk of revenue is by indirect taxation though not evenly is distributed over the whole population.

I make no reservation in saying that no socialist society can function unless all levels of people including the poorer sections are taxed. We must not be squeamish about this. It is quite true that there should be gradation of taxation. I submit that a socialist society is not a philanthropic institution and therefore, there would be taxation at the lower levels and the nearer we move towards socialism

possible if still we are living in a taxing system—there are other systems—if we are still living in a taxing system, it will certainly go down to lower levels. But, in this particular budget, more than half seems to have to be borne by them.

The role of direct taxes in our country has been regressive in character. The Government has to be congratulated on the boldness with which certain steps have been taken. We are not particularly to be frightened by the criticisms, not only what appears in this House, but in some newspapers, because newspapers are also owned by the very people who will be affected by such levies. That is one of the sins we have to bear in our country. The regressive character of direct taxes is perhaps one that can be characterised as not contributing towards equity. The increases in income-tax does not seem to me for all purposes satisfactory.

The main proposal regarding income-tax is to levy an additional surcharge rising progressively from 4 per cent to 10 per cent on successive slabs of residual income. I am not an expert on this matter. But, I believe this the first time that it is not a tax on revenues. An income tax is what it says, a tax on income. But, this is a tax on the residue. When the Government have been approached by various parties to pay salaries after deducting income-tax, we have said, we cannot do it, you have to pay, we will not give you salary free of income-tax. This tax on residue, in my humble opinion, is something on which the Finance Minister,—shall I say—has not been so wisely advised. If this additional surtax would be somewhere about 4 per cent on Rs. 5000 of gross income. But, gradually, it gets reduced to 2.5 per cent when the income is Rs. 200,000. Surely, the argument cannot be theological, that is to say, to those who have, more shall be given! My submission is that any kind of levy should be on the gross income and not after deduction of income-tax, which

gives an entirely different picture from social realities. I believe myself, that if it were so calculated, it would be found that on the gross income the wealthy people will probably be paying $1\frac{1}{2}$ or 2 per cent.

Acharya Ranga—that is what he is called these days—said a while ago, why do you do all this, why don't you step up the Corporation tax. It may be that my mind is not as direct as it should be. I believe, the objection of the propertied classes to present proposals is, because they do not want a ceiling on income to come about. They are even prepared to pay more now, but they do not want to create a situation where they will come on the same level as the peasantry on the one hand and the salaried classes on the other. They have no objection to agree to pay a little more now provided you are able to collect it.

The impact of this tax is further reduced by the provisions of the compulsory deposit scheme. Again, I am not going into the legal arguments about this. I have no interest in it and it is improper to give him legal advice and he has very good legal advisers. I do not think it is a very serious matter in any case because, if there is a legal flaw it can be easily corrected, because Parliament is sovereign and it can find a way of doing it. If you have got good lawyers, you can find a way out of such difficulties. Apart from the legal difficulties that there may be, this idea of compulsory savings, it must be understood, is not taxation. It is borrowing. These people who can afford to pay compulsory levies, whose patriotism is blazoned out in the newspapers everyday, why should they not pay without compulsion, I have not been able to understand. That is to say, why should it be a loan. If it is a loan, there should be no compulsion attached to it. If compulsion is required, it must be a tax unreturnable. Therefore, this compulsory savings scheme is not a variety of taxation. As a result of this provision, the ad-

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ditional tax works out only to 1 or 2 per cent of the income as the higher levels. I do not vouch for the strict accuracy of this figure, but that is what it is broadly.

What we should seek to do is to establish a degree of equity between the rich and the poor. The present budget proposals go very far in this way. The Finance Minister is to be congratulated in the right definition of the functions of Government which is not necessarily to equate policy with popularity, but to make policies and make them popular afterwards. That is to say, you do not make policies from what is merely popular, but you make a policy and try to make it popular. Government have very rightly aimed at raising additional revenue and making every one bear a part of the burden. I am not one of those who object to lowering the levels to which income-tax is executed, that is bringing income-tax to lower levels of the population. That may not be popular; it may not help us in elections sometimes. But, the people are not so foolish as we think they are. If we explain the issues to them, it is possible to make them accepted. After all democracy cannot function in any other way. If there is equality of power, there has also got to be equality of burden and equality of burden must work both ways. During the last war in England, horse flesh was sold for eating purposes. But, there were some regulations about the quantum of horse flesh that should be served. A taxi driver drove to a sandwich bar and asked, how much horse and he was told 50.50, that is one horse to one chicken. The burden is and has been very considerable and disproportionate upon the middle and lower income classes and our effort should be to make the extra burden on them as small as possible by finding other methods of raising revenue.

I have said repeatedly that no Finance Minister, no Government can be

expected to make basic revisions in their budget proposals because there is a debate on it either inside or outside Parliament. It is quite true, in the normal circumstances, the Cabinet perhaps sees the details of proposals a couple of hours before it is introduced. The budget however is something that is built over months. It comes up from the demands, requirements, possibilities, and the advice the Minister gets in the conflicting circumstances of various kinds and sources. Therefore I would say these things in order not in any way to take away from the boldness of the proposals made or in order not to be constructive. The deficiencies in these proposals lie in the way some of this tax structure is constructed. I believe myself that this idea of taxing on residues is a wrong pattern of construction. I may be wrong. But, that is the submission I have to make. The tax structure also tends to be very complicated in this way. The more complex it is, the more there will be of evasion, more work for chartered accountants, more methods of finding out how the evader can ride a coach and four through the law! Therefore, the simpler the form of taxation, the better it would be. I myself am not impressed by the legal objections raised to the compulsory savings scheme though it would be in the interests of everybody concerned if the Government have a further look at it and close all the holes. There cannot be any objection to finding ways and methods that conform to the law in this matter.

There are certain other matters to which I would like to draw the attention of the Finance Minister. One is, it is impossible to separate either our budget i.e. statement of revenue and expenditure, taxation or defence policy or anything else from our international policy. It has therefore, to be considered whether the removal of export duty on tea has had an adverse effect upon the Government and the people of Ceylon. They are our good friends.

They are people who are extremely friendly—I do not think it is necessary to say this—who are extremely friendly at the present time and performing a very important role. I refer to this more especially because it is removing a tax without looking to their interest—it is not as if this country has to do something unusual; Japan for example, does it in relation to Thailand—in order to keep good relations in South East Asia. There is a very considerable amount of feeling in this matter.

14 hrs.

Since my time is very brief, now I come to the question of land revenue. It is not to be said that I am not a farmer, I believe my family pays land revenue, though I know nothing about it. But the position is that it is possible without much difficulty to remove the burdens from the poorest classes of the people in this matter.

I propose to leave out a great many of the other things. Land revenue is regressive in character. The rate of taxation does not rise with the size of the holdings. If you look at the break-down supplied by the Statistical Organisation—and I am sure that all of you will bear with me that in our country we make an allowance of 33 per cent for statistical error—you will find that 70 per cent of the rural households have holdings under five acres, and the total of the operated area in the rural sector of this class is somewhere about 17 per cent. This present budget proposes to levy this class a tax which would yield Government Rs. 18 crores. I beg of the Finance Minister to consider whether this very poor class of people who are not landlords—it is the tenant that pays the tax—cannot be totally exempted from this Rs. 18 crores of taxation which he can conveniently pick up from the next sector.

The next sector is that class which is holding from 5 to 10 acres, which

constitutes 15 per cent of the rural households, and in respect of which the total operated area is about 20 per cent, and perhaps, if the land tax could be increased to 5 per cent, and thereby Government can get Rs. 16 crores that way.

Then, there is the next sector holding between 20 and 30 acres, and the rural households which hold this much of land is only 3 per cent. It is only a small number. They operate 13 per cent of the whole area. If the taxation on this group could be increased to Rs. 8, then you get Rs. 23 crores that way.

Those holding above 30 acres, such as are any left, constitute only 3 per cent of the rural households, but operating 27 per cent of the land, and they could be taxed to the extent of Rs. 12. This will give the Finance Minister a total of Rs. 102 crores. At the present moment, the land return from the land is about Rs. 100 crores, making about Rs. 3 per acre.

Therefore, without imposing any great hardship on those who can pay, it will be possible to relieve 70 per cent of the households from a burden which they must regard as inequitable.

I have no desire to go into this question whether the majority of the rural houses will be without light or otherwise as has been alleged in some quarters. That is a matter, I am quite sure, which oppresses the Finance Minister's mind and the Government's mind as anybody else's mind. But, after all, as I said, you cannot make omelettes without breaking the eggs or have the cake and eat it. Somebody of not every body has got to pay according to ability.

It is also to be considered whether this compulsory savings scheme in effect is likely to yield the results that are expected. Taking, shall we say, the class of defence workers, if they are today voluntarily contributing one month's salary as saving, even

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if we introduce compulsory saving, we are really taking from one pocket and putting it into the other, and the aggregate is not increased thereby.

It is also necessary to see that the capital that is available is not, in view of what has been said—it has been said in many of the newspapers in various forms; I saw one yesterday where the Finance Minister was advised not to levy any new taxes at all; which presumably would be a very idealistic state of affairs, because with free enterprise no such taxation would be necessary—allowed to be frittered away. It is important that we do not permit it, and we see that those who are engaged in industry, in view of the higher taxation and the system of saving and so on, do not go into other enterprises such as building houses for profit; that is to say, at the expense of developmental projects; I am not saying that there should be no housing expenditure of capital for it; but building houses for profit, and luxury houses and so if it appears to be a better investment which this year is not covered would divert capital from development to profiteering. Next year, of course, people may find it out and perhaps do something about it.

Secondly, if my hon. friend Dr. Ram Subhag Singh does not mind, it is time that we exempt horse-breeding from the exemption from agricultural revenue. Horses do not grow on the ground. They are not grown; they are bred. I am not against horse-racing; I am not against horse-breeding or anything of that kind. I have no prejudices in this matter, but I do not think that a luxury industry of this kind is not entitled to take advantage of a concession which is intended for the poor man. In the past cattle have been part of agriculture, and people probably did not want to confine the use of the word to its legitimate purpose or whatever it was.

Then, there is the question of evasion on a large scale. I can neither provide the answers nor would it be proper for me to do so. But it is well known that there is a vast degree of evasion. I do not myself take the responsibility for this statement but I have heard it said in this House that the Public Accounts Committee has said that X crores of rupees of taxation is in arrears and has not been paid. I think that it is time for the Law Ministry to consider to revise the law of limitation in regard to taxation, because, after all, taxation is not a money debt. If one uses money that belongs to Government, it is wrong. Once you earn it, even before you get it,—under our law, even if you do not get the amount, once it has accrued, it becomes part of Government's money. Therefore, it is not a money in debt, it is really defalcation, and is an offence and otherwise irregular, it is necessary to consider whether the law of limitation should apply to these people and whether corporations can escape on the ground—which they have been out trying to do,—that they are fundamental rights or something of that kind. So, on the question of evasion of taxation, considering that only less than a million people now in our country pay income-tax—it will be more this time—this is something to be considered.

Just as I have said a little while ago in regard to land-holders, that 70 per cent of the households, should be exempt. The Government will lose only Rs. 18 crores which it can pick up from elsewhere, if it is graduated upwards, so that it will not only make those people more comfortable but be able to bear perhaps the burden of more expensive kerosene or anything else. I would also, speaking for myself, like to see that a subsidy is made available for those objects that fertilise the land; because, we have only 350 acres of land that is cultivable, and if scientific methods were applied,

and we need not depend upon the other people to feed us. It will then be possible to perhaps bring a larger area of land under cultivation and also not use the expensive water that comes to our irrigation canals which instead of fertilising our land, as in great parts of the Punjab, acts as an anti-fertiliser by the higher water tables.

It is also necessary in my submission that some consideration should be given to the fact that these new taxes should not apply to military officers of and below the rank of lieutenant colonel and corresponding ranks of the services. This is not a form of bribery to them, because I have had occasion to see this at great length, and these are officers normally at a stage in life when they either are about to retire or have heavy burdens, or if they are good officers as have earned this rank by promotion and not by efflux of years have children to educate. I do not say that we should create a proclaimed military caste. I shall be the last person to subscribe to that. But these people—that is a controversial point—in my submission, are not receiving . . . (Interruptions) I do not want to raise that point because it is contested.

Similarly so far as the soldiers are concerned, these imposts or these levies in regard to land should not apply to the men in the fighting forces. In British times, that is, pre-Independence times, each one of these men who were serving in the forces, was given 25 squares of land, but we have no land now, and what land we have now we would not give in those large quantities. So, at any rate, these exemptions will not make for very much loss to Government. I would also submit, before I sit down, that whatever be our difficulties and however much the impositions that this country will be asked to bear will be heavier, we must expect—and we are happy to think—that according to the presentation made by the Minister concerned and his deputy, no one

has said anything against it. A Finance Minister or a government in its position is very much like a surgeon or a physician. On the one hand, the physician has to cut out parts which are diseased even if the operation is harmful. In the case of an individual you can do it with anaesthesia. But we are a parliamentary country. We cannot do it under anaesthesia. Everything has to be said! Similarly, like a physician—the Finance Minister—as a physician sugarcoats some of his pills has to go the same—some of his new drugs may produce allergies in a very small minority of people.

Before I sit down, I would say, I hope that nothing will be done in any way to, unless of course if we were in a much worse condition than we are today, cut down the measures which are broadly called social security measures. Finally, Sir, begging your pardon I thank you for the indulgence that you have shown to me—I may say, if the observations have been of an abrupt character, it is because the clock does not obey me, not even you, and, therefore, I sit down by saying that the statement of expenditure and revenue that has been submitted to us has been received by this country with a firmness and fortitude in the same way when the Chinese, without any warning and betraying all canons of justice and of international behaviour law and the faith that had been placed in them, invaded this country. Our people would bear the burdens if those burdens are not only equitably distributed but shown to be equitably distributed. This, I submit, is the answer to the methods of criterion of finding some of the levies imposed here.

Shri Morarji Desai: Mr. Speaker, Sir, I am very grateful to all the hon. Members who took part in the debate on the budget. Especially, I am very much gratified to find that there is an agreement that the amount of money that has to be spent for defence and development is not found to be excessive. It is found to be proper

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and it has a general support. No Finance Minister would ever expect that the budget will have no criticism, especially when a budget of this magnitude is placed before the hon. Members. It is bound to evoke criticism in its details, if not, in its general structure. Except my hon. friend Prof. Ranga and his lieutenant, nobody found a total fault with the budget. But I understand him and his party to have made up their mind that this Government has got to be put out and, therefore, it must be discredited in everything that it does and, therefore, nothing that it does should ever get an approval or a certificate that there is something right in it.

Shri Ranga: It should be criticised.

Shri Morarji Desai: I do not in any way grudge him his desire to remove this Government. It is his right to do so. But, at any rate, there should be some wisdom in exercising a right because if that is not exercised properly, then the desire will not be fulfilled.

Shri Hem Barua (Gauhati): Do you want it to be fulfilled?

Shri Morarji Desai: Every legitimate desire should be fulfilled. Whether it is legitimate or not, it is a debatable point. It would be legitimate if we fail in our duty. I have no doubt in my mind. But I do not think that by any standards of judgement—if it is objective—any objective opinion can say that we have failed in our duty or that Prof. Ranga and his party are capable of doing it better than us.

Shri Ranga: Question.

Shri Morarji Desai: It is a question. That is what I say. I agree with you entirely. Therefore, my task becomes quite easier.

As I said myself, the magnitude of the budget is such that it does put a heavy burden on the people of this country. I only say that it is inevi-

table and the circumstances which we are facing make it imperative for us to have this expenditure for defence and development and so we have got to find the money. I was surprised to find that even when several items were criticised as not being proper or as being excessive or harsh, none suggested from what the sources this revenue has got to be found. When all agree that this budget of expenditure is proper or his right or is inescapable, I believe, it is the duty of the whole House to provide money for it. If what I have suggested is not right, then let it be suggested what is right. But if they fail in doing that, then, I believe, I would be perfectly justified in expecting that I being the instrument of this Parliament to provide this money must be supported by the whole House once it accepts this budget. Any criticism that is made here is certainly respected, will be taken into account and ultimately the budget has got to pass when the Finance Bill comes up.

Shri Tyagi: Agreed.

Shri Morarji Desai: But that does not mean that there can be any large scale changes. But whatever may be the changes that may come, they cannot be substantial in any case because one has to find means to fill the gap if it is created, and surely, none in this House wants that here should be more deficit financing. If this is so, then the problem becomes limited. I do not propose today to give any definite decision on any particular point of criticism because it is not possible for me to do so. Everything has got to be fully examined. But I do want to say one thing that everything that has been said has confirmed me about the correctness of the policy behind the budget and about the justification of various items of taxation that I have proposed.

Shri Harish Chandra Mathur: By and large.

Shri Hem Barua: It should be by and large.

Shri Morarji Desai: By and large—whatever he wanted to say, I am prepared to accept from my hon. friend. And, unlike him, I have no allergies and antipathy.

But we must not forget that we have taken a solemn oath or pledge in this House that we will defend ourselves successfully against the invader and that we will not shirk....

Shri Hari Vishnu Kamath (Hoshangabad): Best wishes.

Shri Morarji Desai:...making any sacrifice that is demanded of us. And this is what the whole country has said. There is unanimity on this even from Prof. Ranga. He does not dissent in this matter, at any rate.

Shri Ranga: My quarrel is only that you do not go fast enough.

Shri Morarji Desai: If the quarrel is that I do not go fast enough, he should give me more resources and not less. I do not see what he means thereby. He wants to exclude the agriculturist, he wants to exclude the labourer, he wants to exclude the industrialist, he wants to exclude the businessman. Then whom does he want to include? Himself? Can the Members of Parliament only make up the whole taxation? I do not understand the logic of it.

Shri Tyagi: Elections.

Shri Morarji Desai: It is only a political argument that he is making. A political argument is strong enough if it is based on realities and not on allergies or on a desire which is wrong or illegitimate. He said that there is no national approach in this Budget. I do not know how my hon. friend, Prof. Ranga, considers that his approach is national.

An Hon. Member: Which nation you mean?

Shri Morarji Desai: After all, if the approach of this Budget is not national,

what else is it? If, according to him, I have been criticised for this Budget by everybody universally, how could it be said that I am having this Budget for any particular section or party? His very argument shows that this is a national budget and nothing else. Otherwise it would not evoke criticism as he says. But as it was said, and very rightly, that it is the function of government not merely to take approval of the people for its policies, it is also its function to guide the people in framing the policies, not merely to be guided; because after all, that is why a government is provided for by the people. If the people could guide themselves, then we will have what is called the admirable state of anarchy! But as people are not able to do so, they set up a government, and especially when the government is a democratic one, it represents the people and it has to guide the people where they do not understand the problems; or where they are not able to combine together, it has to combine them together and provide the cementing force. This is exactly what we have attempted to do in this Budget. My hon. friend tried to say that I was helpless in this matter. I do not think I ever felt helpless as he is feeling helpless for several years. I have never felt helpless in my life even when I was on the streets.

Shri Ranga: That is because you have been always worshipping power.

Shri Morarji Desai: I have never been all the while in power.

Shri Ranga: Yes.

Shri Morarji Desai: But my hon. friend is very unhappy that I am in power and he is not.

Shri Ranga: I am not unhappy. I am not allergic to you.

Shri Morarji Desai: There is no question of being allergic to me.

Shri Ranga: I do not envy you either.

Shri Morarji Desai: But in this matter after all he knows very well how the budget is prepared. He is

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not ignorant about it. He himself mentioned it.

Therefore I must take, and I do take, full responsibility for the Budget. All that is good in it belongs to the Government; all that is wrong in it belongs to me. If that is taken, I shall be grateful. But it is no use saying that I should not have done something because it is found wrong because I am a good man but the Government to which I belong forces me to do so.

Shri Hari Vishnu Kamath: We make no distinction between you and the Government.

Shri Morarji Desai: We are one, there is no doubt about it.

Shri Hari Vishnu Kamath: Both good and bad.

Shri Morarji Desai: But sometimes my hon. friends want to divide us.

Shri Hari Vishnu Kamath: We do not want to divide.

Shri Morarji Desai: They cannot divide, but they go on making an attempt to do it, in which they always fail.

Shri Hari Vishnu Kamath: You are under an illusion.

Shri Morarji Desai: This is also a legitimate demand—I have no quarrel with it.

Shri Hari Vishnu Kamath: You are one and indivisible—Government and you.

Shri Morarji Desai: Singularly enough, this time there was very little argument about the proportion of direct and indirect taxation. I am happy to find that.

Shri Hem Barua: Why? Shri Krishna Menon made an argument.

Shri Hari Vishnu Kamath: Your former colleague.

Shri Morarji Desai: Still some may say it. After all, if there is no

difference of opinion, it means the whole House is sleeping.

Shri Hari Vishnu Kamath: Dull.

Shri Morarji Desai: There is bound to be difference of opinion when there are intelligent people. All are equally intelligent in the House. Nobody can say that another is less intelligent. If he does, he will be hauled up for 'privilege'. Nobody can say that, even if it is otherwise.

The purpose and the objective that we have—and I believe in that we have all the same purpose and objective—is to make every person in this country happy. Then we have got to see that government is run in that manner. We have also to see that we do not become utopian in our talks or in our ideas. We have got to see that time has its own toll and its own requirements. Human imperfection has its own deficiency and we can at the most go faster every time but not as fast as wishes would have it. This is what is borne in mind even in this Budget.

When I said that I should like to have a fair and equitable distribution, it did not mean that I had achieved it. I am only in the process of it, and I am trying to achieve it. I believe that I have brought in some features in this Budget which will certainly lead to more and more equitable distribution as time goes on. The expectation that any budget can be completely fair and equitable to all sections of people is like the argument that this is a welfare state. This is not a welfare state; it is struggling to be a welfare state. And when it is struggling to be a welfare state, one cannot attribute to it all the requirements of a welfare state and then say that it has failed in carrying out its duty. One should judge it only in its attempts, whether the attempts are sincere and honest. That is how this Budget also ought to be judged.

If it has been argued that it has put a larger burden on the poor and that the rich have escaped lightly, I am afraid the argument would not be correct. If it is expected that no burden should be put on the poor and all the burden should be put on the rich, then certainly I shall not be able to satisfy that expectation. And no government in the world has ever done it. And I do not think any government in the world will ever be able to do it. But I have tried to see in this budget that the burden on the poor is the least that I can impose under the circumstances available to me and that I recover the largest amount of revenue, the additional revenue, from the sections which can pay with less discomfort than the poor.

In this connection the Income-tax surcharge has been criticised, especially by the last hon. speaker. I have not quite understood what he wanted to say. He said that at the upper strata it will become, though it is 10 per cent, only 2.2 per cent or 1.5 per cent or something. It is true that down the highest slope it will become 2.2 or 2.5 per cent nothing more than that. But is it forgotten that the highest is already 85 per cent? And is it expected that I should add ten per cent to it and make it 95 per cent or 100 per cent? Anybody who would say it, I would say, is not considering any practical wisdom or the requirements of human nature.

Shri Harish Chandra Mathur: But human nature would not respond at all.

Shri Morarji Desai: It is easy to say, "Take away hundred per cent Income-tax above a certain income". It can be done; not that it cannot be done by law; it can be done by law. But, after all, if it is done by law, why should that man earn above that income at all? And will that not be wasting that man's capacity and industry, and will we not be reducing production and also reducing the income of other people? This should be considered, not from jealousies, not from

hatreds, but from a general welfare point of view of the whole society.

After all, all Members in this House are equal. But the Ministers do have some more privilege.

Shri Hari Vishnu Kamath: They are more equal than others.

Shri Morarji Desai: Than the other Members, and that has been given by the hon. Members themselves.

Shri Hari Vishnu Kamath: We agree.

Shri Morarji Desai: It is not a thing which they have arrogated to themselves, but it has been done because they must function.

Shri Tyagi: What about the sumptuary allowance? No tea is given to Members.

Shri Morarji Desai: Hon. Members are given a daily allowance which includes that sumptuary allowance. It is much more than they can spend on themselves every day. And if they are mindful of economy, I wish they would consider whether it is not too high.

Shri Hari Vishnu Kamath: Ministers should set an example.

Shri Morarji Desai: Ministers have already cut their salaries, two or three years ago. They did not wait for this.

Shri Nath Pai (Rajapur): Mr. Khanna is there.

Mr. Speaker: This is not the time to discuss either electricity or water.

Shri Hari Vishnu Kamath: Let him discuss generally.

Shri Morarji Desai: I am not going to evade any issue, and I will certainly speak about that too, because there is nothing I have to hide. Anybody who hides anything himself admits that something that he has done is shameful. We have done nothing shameful.

Shri Nath Pai: Wasteful.

Shri Morarji Desai: We have erred. If we have erred, it would be shameful not to own it. But if we err we certainly rectify the mistake, and there is nothing shameful in that. Therefore, I do not want to hide anything.

In this particular matter, what my hon. friend Shri Nath Pai wanted to suggest was the criticism about the bills of Ministers on electricity and water charges. I believe that is what he referred to when he referred to my hon. colleague Shri Khanna.

Shri Nath Pai: I never said shameful, I said wasteful.

Shri Morarji Desai: I never said that you did; I have not attributed that to you. I said that.

Even taking that into account, it has received a very wide publicity, as it should. I do not say it should not. It is good that it is published. But, after all, it has to be considered in its proper perspective. This very House passed a law giving a free house, with furniture, with electricity and water charges paid...

Shri Hem Barua: That is a lame excuse.

Shri Morarji Desai: I am not trying to have any excuses. I am only trying to give facts, and also the truth, about it. Now, that does not mean that it gives a licence to us that we can spend anything and everything. I do agree. (*Interruption*). It should be a reasonable thing. But it must be considered in its proper perspective. When I examined one of these bills—I have seen them only now, because they do not come to us; if they had come to us we would have seen them long ago—well, some people have been chasing their lights also. I have been chasing my light always, ever since I have come here. But that is perhaps because I am used to it from my childhood.

Shri Hari Vishnu Kamath: Force of habit.

Shri Morarji Desai: Yes, it is force of habit.

Srri Hari Vishnu Kamath: Good habit.

Shri Morarji Desai: But what do I find in this honourable House when I go outside, to the toilet room? I find the taps are flowing all the while with water, several taps. And who is doing it? None but the hon. Members. And I go and close them. That is what I am doing. And I have not seen another Member doing it.

Shri Tyagi: Because you are the Finance Minister!

Shri Morarji Desai: Because I feel it must be seen to. And I had to say to the custodian the other day, "Please look into this and see that this is prevented, so that this does not happen". And it has been done.

Shri Harish Chandra Mathur: You are arrogating too much to yourself.

Shri Morarji Desai: I am not.

Shri Ranga: Some others also do it.

Shri Morarji Desai: I am only giving my experience. This is the result. When it comes on ourselves we get angry about it. I am only trying to put forward the analysis how human nature works. I am not trying to allocate blame on anybody.

Shri Harish Chandra Mathur: Sir, it is not also factually very correct.

Shri Morarji Desai: I have said I have not seen. That is all.

Shri Ranga: He is not there all the time to see as to who has not done it.

Shri Tyagi: Some of your colleagues might have opened it.

Shri Morarji Desai: But I have excluded my colleagues when I said hon. Members of the House? I have not excluded anybody.

Shri Harish Chandra Mathur: There are many who do the same thing as you do.

Shri Morarji Desai: I am prepared to grant that there are several who do the other thing. But if several of

them were doing it, it will not be flowing.

Shri Hanumanthaiya (Bangalore City): Sir, I rise to a point of order. As you know, Sir, under the Rules, the speeches should not contain personal insinuations and innuendoes or things like that. Better the Finance Minister avoids this personal approach. He gives too much of a personal touch to his speech.

Shri Morarji Desai: I did not want to claim any merit for myself.

Shri Ranga: All the time you are doing that.

Shri Morarji Desai: Well, I am sorry if that is so.

Shri Ranga: That is the trouble.

Shri Morarji Desai: I am not trying to do that. But I am saying, it is difficult to do so, for anybody. And the Ministers did not have these bills themselves. The moment it was brought to their notice they have curtailed their expenditure, and they are curtailing it further.

I should also like to point out,—the case of the Home Minister was pointed out—it should be considered why the light expenses are so much. He sees more people than any other Minister probably. And he has to see them in several places, because he cannot see them in the house. So many people come and therefore they are all seated in the compound. And in a compound there are tents; there is winter, and there is cold; heaters have to be provided for the comfort of the visitors; lights have to be provided. All these things have got to be done. And this goes on till twelve in the night. And if more money is spent on these charges, then surely it is not done for personal benefit, but it is done for public service. I myself find that it is not possible to do as one likes. Even if one does not like to live in a big house, one has to, if one has to perform one's service properly.

Shri Tyagi: Keep a separate meter.

Shri Morarji Desai: Then there are also servants quarters attached to the same meter.

Shri Hari Vishnu Kamath: Too many.

Shri Morarji Desai: And there are several. There are many, from perhaps 15 to 20 or 25.

Shri Hari Vishnu Kamath: Reduce the number.

Shri Morarji Desai: All that is included in these bills.

Shri Hem Barua: Why don't you have separate meters?

Shri Morarji Desai: I am now taking this up, when it came to my notice. I am suggesting to my colleague that he should separate them, so that this can be easily located. Therefore, this is a matter where certainly, if fault has been found with us, we have made ourselves liable to it by not being as careful as we should have been, for which I certainly feel guilty, not that I do not; and I take that guilt on myself because it was my function to have seen to this, and I did not do it. Therefore, I shall be more careful in future. That is all the promise I can make to the hon. House. I hope the House will allow me at any rate to blame myself.

Shri Harish Chandra Mathur: No unnecessary blame.

Shri Morarji Desai: It is not unnecessary blame. I think it is correct blame. The praise was unnecessary, the blame is correct.

Coming to income-tax, I think the method has been made simpler. My hon. friend who made the criticism does not know perhaps how income-tax is calculated. Therefore, he made the criticism.

Shri Nath Pai: He is like Einstein, another Einstein. Otherwise, he would not have done it.

Shri Morarji Desai: I think we should not make these similes or comparisons.

Shri Nath Pat: Shri Morarka said yesterday that Einstein who had the highest brain in our time did not know how to calculate his tax. So, I think we should be charitable to Shri Menon if he did not understand. I have nothing else in mind.

Shri Morarji Desai: It is not his fault if he does not know it. Even I cannot claim that I know the Act so thoroughly that I will not make a mistake.

Mr. Speaker: At least I do not know.

Shri Morarji Desai: I would not have that justification because I am functioning in that Ministry, but it is so devised.

Supposing I had made these slabs differently and I say we will have four to ten per cent from the gross income, what would have been the position? A person who receives an income of Rs. 2 lakhs is left with Rs. 60,000 after the income-tax has gone. Supposing I take away ten per cent from him, what will be left to him? It would become an absurd proposition. Therefore, it has got to be worked in such a manner that it does not put that hardship, but he does give a contribution even though he has been giving a large contribution from his income on account of the high slabs, and it has been agreed that our slabs are the highest. Our income-tax rates are not low compared to any country in the world.

A person who receives an income of Rs. 20 lakhs is left with about Rs. 3,50,000 or Rs. 3,60,000.

An Hon. Member: Only if he pays.

Shri Morarji Desai: He does pay. What he does not pay is a different thing.

Shri D. C. Sharma: (Gurdaspur): What about concealed income?

Shri Morarji Desai: When it comes to concealed income, it can be of two

kinds. One is not concealed income, but taking advantage of the law itself by way of exemption and other provisions. It is no crime, it is no wrong, there is no injustice in it. But where it is deliberately concealed, if it is found out, we put a penalty on it, but beyond that, what can we do. But why from that presume and say that everybody conceals it? Is it a good thing to generalise anywhere?

And this evasion of income-tax is not confined to any one section, and it is not deliberate also in every case. In some cases, the person does not even know. I have found one or two cases where the man did not know, afterwards he told me that he had found it out himself, he himself told me. Therefore, I did not levy any penalty.

But there are evaders, deliberate evaders, I have no doubt about it. But the amount of evasion is not as great in terms of money as Rs. 300 or Rs. 400 crores as people say. I cannot make an estimate, but I would say it is not even half of it. At least, that is my estimate. Anybody can say that my estimate is wrong, just as I can say his estimate is wrong. The only remedy is that we must try constantly to see that evasions are not allowed, that is they are plugged, and we constantly make that attempt.

But there are clever advisers, people who have made a profession of it and who find out various methods of opening loopholes.

I had a very curious experience. On the aeroplane a gentleman was going. This was about five or six years ago, not now.

Shri Hari Vishnu Kamath: Aeroplane going abroad?

Shri Morarji Desai: I am talking of India, from Delhi to Bombay. The gentleman who was advising here about covering up some of the loopholes was going there. He had devised several remedies. Then he was asked on the plane: you have done this,

what will you do now, what about your practice? He said he would find some more loopholes. This is how it goes on. This is an exercise which you have constantly to perform, and I can only say that we are trying to do that, and we are finding that there is better response in this matter, that is, more and more money is being recovered. And the arrears, about which there is perennial criticism from year to year in spite of the explanations that I have given, are also lessening.

Let us remember that the arrears consist of two parts. One is what is called effective arrears, about which some of my hon. friends feel that it is some strategem; and the other is the part which is not recoverable. You may call them recoverable and irrecoverable in stead of effective and non-effective.

Shri Hari Vishnu Kamath: Write-off the irrecoverable?

Shri Morarji Desai: The irrecoverable part consists of several items. One is of people who have become insolvent. The second is of people who have left the country, who have left no property here. The third is of cases where they have gone in appeals, and where there is a likelihood of the demand being lessened; that part also will not be recovered. The fourth is where some people have been assessed to a much higher figure by the income-tax officer, because he believed, and rightly believed perhaps, that the man had concealed income, and he put a high figure on it. When we go to recover it, we do not find any assets, and therefore it remains.

These are not written off very soon, because there is always a hope that if you keep it hanging, you will some time recover it. We are trying to remove those figures slowly by examining it very thoroughly. But on account of the criticism that goes on—and once it was asked in this very House; so many lakhs of rupees are written off, what has been done?—

the officers feel very shy about it, but they put up the cases and I have said: let those cases come up to me, I am prepared to take the blame if they are to be written off, but let it come and we should do so. But it takes time, but the effective or recoverable arrears are less than half of the annual demand. Even including the recoverable arrears, the whole amount this year is less than the annual demand. If the recovery every year is equal to the annual demand and a little more, it must be admitted that the arrears are going off. . . .

Shri Hari Vishnu Kamath: Accumulating.

Shri Morarji Desai: They are decreasing, not accumulating.

Shri Hari Vishnu Kamath: For the last five years?

Shri Morarji Desai: They will accumulate if the annual demand is not collected fully, if less than the annual demand is collected. But we are collecting more than the annual demand every year and therefore, they are disappearing. We are trying to be at it all the while. Government and the Central Board of Revenue are very much alive to it and we are grateful for telling us all the while that we should be more alive to it. I do not object to this being raised every time but I would certainly request my hon. friend not to repeat the same arguments when they are refuted.

I would then come to the super profits tax which has evoked approval and criticism, both: criticism from persons who will have to pay the tax and people who believe with them about it and approval from all the rest who have not to pay it. That is only natural. Those who have criticised it have not at any rate had the courage to say, except a very few, that this tax should go. That has what has been the influence of public opinion in this country; it is very healthy. But some of them have said that it should be changed by increasing the percen-

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tage of the corporation tax by 5, 6, 7 per cent—some have gone up to 10 per cent. Some of them have told me privately, not publicly, because they would be criticised by their own companies if they say it publicly. It is not possible to do so. Because when I removed grossing and made it 45 per cent corporation tax, several hon. Members here and others outside said that I was making a very heavy levy on them. When they were reconciled to it, I raised it to 5 per cent. (An Hon. Member: very clever) Then they said that it is very heavy. Now, they suggest to me that I should make it 56 or 57 per cent. Does that not become very heavy? But the snag is this. If I levy more like that, flatly, it will affect the very companies which have less profits than the companies which have high profits. That would be inequitable in my view. This super profits tax, as it is finalised after considering the various means of doing this, is the best system in my view and I propose to stick to it.

There have been talks that it will be dropped. That was only a wish of some people who perhaps wanted it to be dropped.

Shri Tyagi: Are you at least prepared to examine the suggestions given to you?

Shri Morarji Desai: But there have been some suggestions given here by people who are not likely to be partial to them, who have said about the new companies and who have referred to the preference shares bearing an interest of nine per cent or so. These things are being studied and considered. If I find that there is going to be harm caused to production or industrialisation, certainly it will be the duty of the Government to see that full consideration is given to it and remedies applied.

After all, what is the purpose of Government in levying the tax? It is not to remove people from this sec-

tor, not to put down industries and take away all that they have at once; that is not the purpose. The purpose is to see that we share in the profits; and the higher the profits, the more the share. Because they earn profits not merely on account of their own skill but because also of the advantage they get from Government's policies and the people's consumption of the articles. The people are therefore entitled to share it. When we share it in the form of Government taxation, we do it in such a manner that the tax does not choke up the source, especially when this country can become prosperous only if industries and business prosper. Then we have to see that they prosper and that they are not choked off but they must prosper in conformity with the objectives of Government and the people. That is all that we seek to do. But the source must supply a raising revenue every year. That is the criterion.

I have been told that during the last four years every time the taxation is heavy and is crushing the people. But what is my experience or the experience of the hon. Members? They are charging me that I am receiving more revenue than I have estimated every year. It means that I have been wise in my taxation. I am receiving more revenues than even I have planned and it means also that the economy stands it.

Shri Harish Chandra Mathur: It is under-estimation of revenues.

Shri Morarji Desai: Even if it is under-estimation, the economy stands it. If every year the revenue is more, it means it stands it; it develops; it earns more. That is the criterion of proving that the industries will not suffer. That is the consideration which I have before me. The consideration cannot be that some people can function only if they want unrestricted profits. Those times are gone. There cannot be unrestricted profits for anybody because that would not be correct for any Govern-

ment to do. That is nowhere done by any Government anywhere.

It is said that it is a premium put on efficiency—or inefficiency? They say efficiency is being penalised. It is not completely correct to say so. It may be true to some extent. But that is not true, completely. By the very nature of the industries concerned, there are less profits in some and there are more in some. Even among themselves, some people earn more and some less. It is where efficiency comes in. But what is efficiency? What are the efficient people? What is their duty to the country? It is also their duty to come and help the country. If efficient people want to have all the fruits of their efficiency, they will be completely selfish and not good citizens of the country. Therefore, efficient people ought to contribute more to the country. After all, what is income-tax. Income-tax also is the same thing. As income goes higher, people pay more. That is how every citizen ought to function. If every citizen functions like that, this argument of penalising efficiency will not stand examination at all.

It is also said that this will discourage foreign participation. I am very sorry that this argument is brought forward. I wish this had not been said by our people. If those who wanted to participate say this, there is something in it and I would consider it. But I do not see what service these people have performed by putting these ideas in other people's minds. I do not think that even foreigners who participate with us expect that they must have excessive participation in profits. They should have legitimate profits no doubt. All those things are being considered and will constantly be considered. We do want foreign participation as long as we have not attained the requisite efficiency and proficiency in making all the things that we have got to make. We must profit by others' experience, their help and their talents,

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and this is what we want to do. There also, I am certainly examining what comes in the way and what is likely to come in the way, because, after all, it is the purpose of all of us, including my hon. friends opposite, the Communists, that this country must prosper. I am not saying that they want that some people should prosper. But they do want that the country should prosper and there is a mixed economy in this country. There is no question of everything being done by Government.

15 hrs.

In this connection, it was suggested to me that if banks were nationalised, then, I will find a lot of money. This question of nationalisation comes every time, from my hon. friends, the communists, and every year. In this matter, I think I would do nothing better than quote the Prime Minister, where he has laid down the policies:

"The question of nationalisation of private enterprises comes up for discussion every now and then. Is there some virtue in what is called a complete nationalisation? It is the complete control that is important. We should never, as far as possible, waste State money when we have full control. The State wants full control, and there is no harm, there is no injury in parts of the shares being held by private people. Situated as we are today, or in the foreseeable future, this whole proposition of complete nationalisation is wrong. This word nationalisation has become a kind of magic word with strange meanings, and people seem to think that socialism inevitably comes by the State nationalising with compensation or without compensation."

Then he says:

"My point is, let us not get lost in words. If India is going to have a socialistic pattern of society, you may have it—it is con-

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ceivable in theory—have it at such a low level of poverty that it is socialistic at a very low level of poverty. That surely is not my aim. We want it at high level. In fact, you can only have it at a high level when production is great, both from land and industry, and more so from industry. That is quite essential, otherwise you cannot have really the wealth to distribute. You may cut off the top-heads, but it does not make much difference to the structure of the country.

In my scheme under which the State takes over a concern on payment of compensation, the test should be that this is just and equitable, not the test only with the market value, but there is another consideration which should always be applied, that is, 'does it help your main objective or not'."

Then he goes on to say:

"I think there is really no choice before us between having a private sector and allowing it and encouraging it to function and not having it at all. It is foolish to have a private sector, and then undermine it and prevent it from functioning. There is no point in it. You simply undermine your own policy that way. Whether you should have a private sector or not is another matter. One can discuss it. I think personally, there is no way out for us except to have a private sector and even to encourage it. That does not mean I am going to encourage it at the cost of the public sector. The public sector will always be number one and, I have no doubt, grow at a much faster pace than the other sector, and shall gradually really determine the economy of the country. The rest will have to fit in."

Then he said also about banking:

"Take banking. We want banking to expand tremendously in India. In India the credit structure has to expand. We do not expect private banks to take much initiative in this. Nevertheless, they can. Mostly Government will do it. But, if the Government wanted to do the whole thing by itself, it will be a mighty long time before it will be able to do it because of various obvious considerations. You take banking in England or in European countries. Practically speaking, every village has a bank there. We are hundreds of miles away from those conditions. Now, if you merely prevent others from doing it and take everything, in theory it may be all right, but in actual result instead of expansion of banking, there would be destruction of banking. So you must see that in order to reach the goal you are aiming at what is the best method of doing it, and not get tied up with some theoretical considerations which you have read in books. You may imagine that we are going towards that goal when you may actually be going against the spirit of dynamism, so essential today for our economy."

I do not think I could have expressed it better.

Therefore, this perennial talk of nationalisation of banking has no meaning. But I have no doubt that in spite of my saying this, my hon. friends will repeat it on every occasion.

Some Hon. Members: Oh, yes. Be sure of that.

Shri Morarji Desai: I know because they are completely incorrigible.

Shri Prabhat Kar (Hooghly): As you are.

Shri Morarji Desai: In the matter of super profits tax there was an objection that it will retard private capital formation or new industries from coming up or new investments from coming in. On the general issue of promotion of investment, we have a proposal under consideration for extending the facilities of investment in the equity capital of corporate enterprises by the large and growing number of small investors in the middle income groups through the device of an investment trust. The basic idea of the proposal is to afford the common man a means to acquire a share in the widening prosperity based on steady industrial growth of the country which combines the advantages of a minimum security and a reasonable return. The proposal involves consideration of some tax and other questions and these are now under study in the Reserve Bank of India. I hope that this study will be completed in the very near future, and it will be possible to set up such an investment trust soon. It is not, therefore, that we are not considering all these various avenues which can be opened out for further development. This is with reference to what my hon. friend Shri Morarka said. He said that we must see that there are facilities for investment, and this is the concrete proposal that we are studying for sometime now.

Shri Tyagi: But super profits tax will also apply to this.

Shri Morarji Desai: No. That is what we will have to consider. These are all under study. Then, as against this criticism, there has been a criticism about the levy on kerosene, tobacco...

Shri Kashi Ram Gupta (Alwar): What about the estimated figure of Rs. 25 crores or Rs. 75 crores as revenue from this?

Shri Morarji Desai: It is said that the revenue is Rs. 75 crores or Rs. 100 crores. That is not quite correct from the figures that I have seen, but they are still under study.

But one of my hon. friends behind calculated something and said that it is Rs. 75 crores.

Shri Tyagi: He was trying to stab in the back!

Shri Morarji Desai: That was Shri Himatsingka. He arrived at an estimate of Rs. 75 crores; he arrived at it by a simple, but, in my view, a very incorrect calculation. In his calculation, he assessed the tax on a capital base of Rs. 1,300 crores and an amount of Rs. 312 crores as being liable to super profits tax. First he says that the tax will come to Rs. 26 crores on the first slab of Rs. 52 crores. Then, in the second slab, he said that it will be Rs. 30 crores. If Rs. 26 crores and Rs. 30 crores are combined, it becomes Rs. 56 crores and not Rs. 75 crores. Even according to that calculation, it does not come to Rs. 75 crores.

Shri A. P. Jain (Tumkur): What about your Rs. 25 crores?

Shri Morarji Desai: I believe that Rs. 25 crores may go to Rs. 30 crores or Rs. 35 crores. It will never go beyond that. That is my calculation. But it is still being examined further. But that is no argument: either that the tax is wrong or the tax is right.

Shri Tyagi: Perhaps you had kept the margin of amendment in view, when you calculated.

Shri Morarji Desai: I have nothing in view.

Shri Hari Vishnu Kamath: Marginal benefits.

Shri Morarji Desai: If the tax is oppressive, then it must be considered and facilities must be given whatever may be the amount received from it. If a receipt of Rs. 75 crores comes from it and it becomes an instrument of retarding the whole thing, it has got to be changed. But I do not think that this calculation is right. Even when the Federation people met me first, they told me it would be Rs. 60 crores. They did not go beyond that. Of course, some people had gone up

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to Rs. 100 or Rs. 125 crores. It will not happen. I am considering this. I am calculating and I am quite sure that we will come to a proper figure very soon, at any rate within a month or so.

Shri A. P. Jain: After the budget is over?

Shri Morarji Desai: The budget is not over before the Finance Bill is over.

About kerosene, tobacco and some other items like paper which were mentioned and soap....

Shri M. L. Dwivedi (Hamirpur): Postcard and telegrams.

Shri Morarji Desai: Telegrams are not used by poor people.

Shri M. L. Dwivedi: They send ordinary telegrams.

Shri Morarji Desai: Let me take tobacco first. Tobacco certainly is not a necessity for anybody. I cannot call it a necessity. It is a luxury.

Shri Hem Barua: Cigarette is the companion of the lonely man.

Shri Morarji Desai: My hon. friend forgets that everything becomes a necessity when you are addicted to it, but that is not an argument. The question is whether it is a necessity for life and whether those who indulge in this derive more pleasure than those who do not do it. I think those who do not indulge in it are happier than those who do.

Shri Hem Barua: No, Sir.

Shri Morarji Desai: The simple criterion is, when my friends do not get it, they become very unhappy. But those who do not use tobacco do not become unhappy at all.

Shri Hari Vishnu Kamath: Ask the Prime Minister.

Shri Morarji Desai: When it is a matter of habits, nobody is an exception. There is no question about it. But the Prime Minister does not

complain about the tax on tobacco. (Shri Hari Vishnu Kamath: Because he can afford to pay.) On the contrary, he agrees with it entirely. Therefore, if the Prime Minister is quoted, let him be followed by the hon. Member in other respects also. That is all I would say.

Shri Hari Vishnu Kamath: I do not smoke.

Shri Morarji Desai: Therefore, there is no question of the tobacco tax being oppressive on anybody. They can certainly lessen the consumption of tobacco and it will be doing good to them if they do so. Therefore, it will be benefiting their health. I know two of my friends who were suffering from heart trouble. When they gave it up, they tell me now that during the last six years, they have no trouble at all and are in very good health. I know it would hit hard on my revenue. But that does not matter. I shall be very happy if people's health becomes better; I do not mind forgoing my revenue. But as long as they do it, I want to get revenue from it more and more.

The question of paper, again, is a matter where one has to be very careful. It is a commodity which is in short supply and it becomes very difficult. It leads to black-market and intermediaries take more profits from it because of that. We are trying to see that that does not happen.

As regards kerosene, I have myself stated why it has been levied. I cannot say that it will not hurt the poor people. It would be wrong on my part to say that. But, after all, the amount that it will cost him extra is only 20 nP per month, because they do not use more than two or three bottles.

Shri M. L. Dwivedi: 4 bottles at least.

Shri Morarji Desai: My hon. friend does not use it.

Shri M. L. Dwivedi: I use it in my village.

Discussion

Shri Morarji Desai: A check-up has been made and this is the information. Even if they use 4 bottles, it will cost 30 nP and it would not be beyond that. But even if they have to pay 2 nP more, I am not prepared to say that it will not be a hardship. It is a hardship, but it is a hardship which I have got to inflict because I cannot have more and more liability of foreign exchange in this matter. Whereas we were importing Rs. 22 crores worth of kerosene two years ago, this year I had to import Rs. 30 crores worth of kerosene. I have been asked to give more foreign exchange for this. I do not know how long one can go on doing it. Should we not import machinery and raw materials for them? Are we going to do it at the cost of the industry? That is the consideration before me. People go on using it for fuel because it is cheaper. I must, therefore, make it more costly than coal. If I do not do it, it will be used universally as fuel, because they say, "What else can we do?" We cannot import fuel from outside and pay foreign exchange for it. Therefore, we are increasing our public sector refineries.

Shri Nath Pai: May I ask how much of it is used as fuel and how much for lighting? You know it very well that in the majority of villages, this is the only source of light and they never use a kerosene stove. They use only lanterns. Have you calculated what percentage of it goes into fuel and what percentage into lighting? Please give the figures.

Shri Morarji Desai: I have no figures and would not hazard it. How can I hazard a figure which I do not have? My hon. friend has no figure. *(Interruption)*. I have lived in villages.

Shri Nath Pai: That was long back.

Shri Hari Vishnu Kamath: That was 50 years ago.

Shri Morarji Desai: My hon. friends do not live in villages themselves. What is the use of their telling me?

I go to the villages even now. I have done so even when I was campaigning against my hon. friend four years ago, I went to several villages and stopped there.

Shri Hari Vishnu Kamath: For half an hour and that too in day time, but not at night time.

Shri Morarji Desai: No; it was in night time. That is how he does not know and therefore, he got defeated.

Shri Hari Vishnu Kamath: I won in spite of you afterwards. *(Interruptions)*. Sir, it is not necessary to bring in elections here. I can say that in spite of him and all the machinery of the Congress Party, I have fought; my way back here.

Shri Ranga: Why does he make such undignified remarks?

Shri Hari Vishnu Kamath: It is fatuous.

Shri Ranga: It is very undignified. *(Interruptions)*.

Shri Hari Vishnu Kamath: He was defeated and after his defeat, he became Chief Minister by the back door.

Mr. Speaker: Order, order.

Shri Morarji Desai: I have not denied I was defeated.

Mr. Speaker: Everyone who elects to stand has both the chances of getting defeated as well as getting elected.

Shri Ranga: He does not seem to have any self-control; he goes on referring to such undignified things.

Shri Morarji Desai: Is this dignified—what my hon. friends are doing?

Shri Hari Vishnu Kamath: He asked for trouble and he got it. He should not ask for trouble.

Shri Morarji Desai: I always face trouble with cheerfulness.

Shri Hari Vishnu Kamath: So do I; more than you.

Shri Morarji Desai: But my friend gets angry and I do not. That is the difference. (*Interruptions*).

Shri Hari Vishnu Kamath: It is most irrelevant, futile and fatuous.

Shri Morarji Desai: I do not mind that. Let my hon. friend get worried about it.

Shri Hari Vishnu Kamath: I am not worried at all; I am happy, happier than you are.

Mr. Speaker: Let him proceed now.

Shri Hari Vishnu Kamath: Sir we seek your protection....

Mr. Speaker: There ought to be some limit and some sense of proportion.

Shri Hari Vishnu Kamath: For him also.

Shri Morarji Desai: If my saying this has hurt my hon. friend, I am sorry; I do not want to hurt him.

Shri Hari Vishnu Kamath: It never hurt me at all. I am glad. (*Interruptions*). I enjoy these repartees.

Shri Ranga: He was Chief Minister and he got defeated. We have not referred to his defeat.

Shri Hari Vishnu Kamath: We never referred to his defeats in the past.

Shri Ranga: Sometime at least he should own his defeat and go to another subject.

Shri Morarji Desai: May I say, it has been repeated several times by hon. Members that I was defeated. I never objected to it. (*Interruptions*). I thought my hon. friend will take repartees well and with good humour.

Shri Hari Vishnu Kamath: It is mutual (*Interruption*).

Mr. Speaker: There ought to be some limit to this....

Shri Ranga: I agree, Sir, there must be some limit.

Mr. Speaker: Order, order. When I am standing he would not allow me to speak. In fact, I allowed him to say as much as he liked and I remained sitting.

Shri Ranga: Therefore, I accept your ruling.

An Hon. Member: He is Swatantra.

Shri Surendranath Dwivedy: Let him remove the levy on kerosene.

Shri Daji: Sir, all this is because of the levy on kerosene.

Shri Morarji Desai: Sir, there was no intention on my part at all, to offend anybody, and I certainly would make any amends that he wants in this matter, because I have absolutely nothing but respect for him.

Shri Surendranath Dwivedy: Remove the levy on kerosene and it would be settled.

Shri Morarji Desai: As I said, Sir, kerosene is a matter which requires to be discouraged. Its further use must be discouraged. It must not increase in its use. There is no other method of doing it. If I ration it, it will bring in far more evils, far greater difficulties and people will have to pay more.

Shri Nath Pai: But how will the people light their houses in the villages?

Shri Morarji Desai: Therefore, it is a matter where it is difficult for me to give up this revenue. But it is suggested, strangely enough, that salt may be taken instead of kerosene. That is what some people said. I do not see how this will not hurt the poor people more. It is said, that is a matter of sentiment. Where is it a matter of sentiment. It is not merely a matter of sentiment, though I do grant and I do believe that sentiment also has a place in life especially if it is not a sentiment relating to oneself. This is a sentiment, if at all it is called a sentiment, in relation to the father

of the nation, and if the father of the nation is not to be respected even in one sentiment what right have we to call him the father of the nation. More than that, I would like to say, we are many times sought to be twitted in the name of the father of the nation saying that he wanted to do a particular thing in a particular way and we are not doing it. But when we do something which he asked us to do then it is said that we are trying to be sentimental on that. I do not understand what they mean by it. It means that it is only an argument for contradiction and nothing else. But, as I said, it is not merely a sentiment. Is it realised by my hon. friends that salt is one item in food which is very important more for the poor people than for others, because the very poor in this country, of which there is a large mass, takes only bread and salt in a little chutney. This is all that they get. Therefore, they use far more salt than what we use. That being so how are these people going to be taxed less by this method; they will be taxed much more. That is why Mahatma Gandhi said that this is a wrong tax and it ought not to be levied.

But it was not only he who said this. Shri Gokhale also said it. He fought a battle in the Assembly for long years. Even Europeans said this. In France also there was a great opposition to the salt tax and it was said that the salt tax was an inequitable and unpopular tax like the notorious *gabelle*, or Government monopoly in salt in France, condemned as one of the most serious financial evils in the famous *Cashiers*, which heralded the French revolution. It had been denounced by Sir James Westland (1888), Lord Cross, Secretary of State for India, Sir John Gorst, Under Secretary of State for India (in the House of Commons, 1890), Sir Evelyn Baring (Earl of Cromer), and lately by Mr. Ramsay MacDonald, who characterised it as "an exaction and oppression... a survival of the general exploitation of India's poverty by a profit-making company." Its

abolition had been an integral part of the Congress demand for over half a century. Patriots like Dadabhai Naoroji, Wacha, Pherozeshah Mehta and Gokhale had waged an unceasing battle for it. Therefore, it is not a matter of sentiment at all. Those who say it is a sentiment, I am afraid, do not care at all for the poor people. What is the use of saying that this is not done out of sentiment?

Then they said that we would get Rs. 30 crores. From where have they got this figure? After all, if you look at the production of salt in the country, it was 35 lakh tons in the years before 1962. In the year 1962 it was 39 lakh tons. The consumption is about 33 lakh tons per annum made up of 25 lakh tons for personal consumption, 8 lakh tons for industrial use. Four lakh tons are exported. Surely, if any excise is levied, 4 lakh tons would not yield anything. The 8 lakh tons for industrial use are used mostly for soda ash and caustic soda. They pay a large excise duty, and therefore there is no question of charging any additional excise on that. That leaves for us the 25 lakh tons for personal use. If this entire quantity is taxed at the rate which was in force in 1947 of Rs. 1.5 per maund, then the whole revenue will come to Rs. 10.5 crores, and if the rate is doubled and made into Rs. 3 per maund, then it will come to Rs. 20 crores, which figure I had given. I had not given any underestimate in this matter. Therefore, it is not a tax which will, even if it is levied, benefit us in any way, and it will be an oppression on the poor, I have no doubt about it. So it is a tax which cannot be levied, I am sure about that. In my view, if there is any tax which is inequitable I would say that the salt tax is inequitable.

Then, Sir, I was told about prohibition, and that too by my hon. friend opposite, Shri Kamath.

Shri Hari Vishnu Kamath: Your own party men also.

Shri Morarji Desai: My own party men are all right, but I think my hon.

[Shri Morarji Desai]

friend opposite is spiritually minded and, therefore....

Shri Hari Vishnu Kamath: So what?

He does not know real spirituality. That is the difficulty. I do not drink, I can tell him. I do not smoke nor do I use pan. But I do not want to come in the way of other people's personal habits.

Shri Morarji Desai: Sir, even when I give him a compliment he gets excited. What am I to do?

Shri Hari Vishnu Kamath: He said about spirituality and all that.

Shri Morarji Desai: "Spirituality" I meant as a compliment not at a disparagement. I believe it is the highest and best function of a man to be spiritual; if he is not, he ceases to be a man.

Shri Hari Vishnu Kamath: What is the link here?

Shri Morarji Desai: The link is this, that the man who thinks in spiritual terms must not think of coarsening the people by giving them drinks. That is what I am saying. I am not saying anything else.

Shri Hari Vishnu Kamath: I do not agree with that "coarsening"; it is self-deception.

Mr. Speaker: He expects that he would at least exercise moderation.

Shri Hari Vishnu Kamath: I am for temperance; not prohibition.

Shri Morarji Desai: When it is said that Mahatma Gandhi talked of reforms, this is what Mahatma Gandhi has written:

"If I was appointed dictator for one hour for all India, the first thing...."

Shri Nath Pai: It has been answered already.

Shri Morarji Desai: No, it has been answered wrongly. The whole thing

must be read and then you will realise what he meant. He has written:

"If I was appointed dictator for one hour for all India, the first thing I would do would be to close without compensation all the liquor shops, destroy all the toddy palms such as I know them in Gujarat, compel factory owners to produce humane conditions for their workmen and open refreshment and recreation rooms where these workmen would get innocent drinks and equally innocent amusements. I would close down the factories if the owners pleaded want of funds."

Shri Hem Barua: Is it for Gujarat alone or for the whole of India?

Shri Hari Vishnu Kamath: And after one hour?

Shri Morarji Desai: He refers to Gujarat only about the palm trees which he knows. He does not refer to anything else. Let my hon. friends not cloud their intellect in this manner in their enthusiasm for drinking (*Interruption*). Then he says:

"Being a teetotalter I would retain my sobriety in spite of the possession of one hour's dictatorship and therefore arrange for the examination of my European friends and diseased persons who may be in medical need of brandy and the like at State expense by medical experts and where necessary, they would receive certificates which would entitle them to obtain the prescribed quantity of the fiery waters from certified chemists."

"The rule will apply *mutatis mutandis* to intoxicating drugs."

That is what he wrote. I do not understand why Mahatma Gandhi is quoted against us.

Shri Hari Vishnu Kamath: Because he wrote so often on so many things.

Shri Morarji Desai: I know that some of my own hon. friends on my side are getting lukewarm in this matter, but that is in bad company.... (Interruption).

Shri Tyagi: I wish you good luck!

Shri Hari Vishnu Kamath: They are in the company of Chief Ministers of States. They are not in his company.

Shri Morarji Desai: Then, my hon. friends want economies to be performed. I have described the economies being performed before and I need not repeat them. But may I say, even in this Budget, we have not allowed the civil expenditure to go up as it goes up annually? Annually it goes up by about Rs. 60 crores or Rs. 70 crores; sometimes by Rs. 80 crores. But even if you take Rs. 60 crores, this time it is only Rs. 18 crores by which it goes up.

Shri Hari Vishnu Kamath: Only!

Shri Morarji Desai: Out of Rs. 18 crores, Rs. 14 crores are for the police in the border areas. I do not think, my hon. friend will grudge it now. Then there are Rs. 2 crores for being given to Sikkim and Bhutan. What is left there, that is, Rs. 2 crores are also for some such exigency; it is not for any administrative services. We have seen to it that no new people are taken up and that the existing staff works for all. Then, there is a committee of three secretaries which is sitting from day to day and is locating the extra personnel in the various offices and is seeing that for new things required that personnel is being utilised. Surely, my hon. friends do not want these people to be immediately unemployed. Therefore we are trying to see that they are employed for other work and that no vacancies are filled in.

Then, we have also seen that some of the periodicals which are published by Government can be suspended during this emergency and they should not be published. That is also

one of the methods by which we are saving paper and money.

We are also seeing to it that travelling expenses are also cut down. Therefore the grants are cut down by 10 per cent and we have told all people that it should be resorted to only when it is absolutely necessary.

We have cut down seminars, conferences etc. except where they are absolutely necessary. Even as regards delegations going outside we have stopped all delegations except those which are required for negotiations for those purposes where we would lose if we do not send. But otherwise we have cut this down.

Even with several of my hon. friends in Parliament who want to go out I have got to be hard and I have got to say, "I am very sorry, I cannot give you" because they have got to set an example for other people. That is why I have got to say, "No" to them too. These are all matters where one acts very consistently and continuously.

Shri Tyagi Will it apply to Communist friends also?

Shri Morarji Desai: It applies to everybody. But my Communist friends do not spend any money from me; they spend money of those countries where they go. Even there unless they go for a legitimate purpose, they are also not allowed to go..... (Interruption).

Then, I come to the last question of compulsory savings. It is a matter which has exercised several of my hon. friends also. But before I say anything I would like to refer to the criticism in the PAC Report about some underestimates of revenue made. My hon. friend, Shri Indulal Yajnik, said that it was Rs. 120 crores underestimate. He only forgot one decimal point near the figure '1'. Instead of Rs. 120 lakhs he said Rs. 120 crores. Now, what am I to do with that?

[Shri Morarji Desai]

There are 1,500 or so cases which are less than Rs. 10,000 and 55 or 65 cases which are above Rs. 10,000. All have been properly looked into. We have changed in several cases and in several cases we have said that the criticism is not correct. But these are matters where the Ministry itself goes on examining constantly and rectifying the mistakes. The mistakes are mostly arithmetical mistakes. But when it is considered that the assessments are 1.3 million, if in 1,500 or 2,000 assessment there are some arithmetical mistakes, I do not think it can be said that the Board of Revenue or the officers who have been working have been very lax. I think, it is a very creditable thing that the mistake is of such a small percentage. Of course, that does not mean that we should be complacent about it. I should like to see that there is no mistake even in one case. Therefore we take a lesson from this and see to it that these mistakes are not committed and become less and less.

Even when the Comptroller and Auditor-General who happened to be the Secretary and Chairman of the Board of Revenue was there similar mistakes were there. Therefore he also knows what happens and there ought to be more sympathy in this matter than a denunciation. That is all that I would like to say.

Shri Nath Pai: Is it not correct that during the past four years on the revenue side the under-estimate was, on an average, Rs. 50 crores? The same applies to the expenditure side. This is from your own figures. Please look at the Explanatory Memorandum. On an average it is Rs. 50 crores. Do you call it marginal or insignificant? Is it economics or astrology?

Shri Morarji Desai: Astrology is not known to me and economics it certainly is. It is prudent economics and not extravagant economics. That is all that I would say. If the receipts are more and the expenditure is less,

I save this country from bankruptcy. If it is the reverse, I do not know what would happen to this country. But let us understand why this happens. I have explained and said so often that when we make the Budget, the preparation is made with figures which are figures of a period 12 or 14 months earlier because the Budget begins to be prepared from June or July last and the figures that are taken are the figures of the previous 12 months. Therefore we work on figures which are not up-to-date.

The expenditure is also estimated according to the planned development which we are making and according to the plans which we have. Therefore when we have got to have that expenditure, we have got to provide for it. But during the course of the year there are several shortfalls perhaps on account of the imports failing or of some machinery failing. It is something like that happening which reduces the expenditure. When we make the estimate of income, we are certainly conservative and I am going to be conservative. I think, every successor of mine, if he is prudent, will be conservative, whatever may be the criticism about it. It is better to be surplus than to be minus at any time. But in spite of all this I am not able to be surplus except in one year. In spite of Rs. 119 crores of more revenue last year, the deficit has gone to Rs. 240 crores from Rs. 90 crores. Therefore it must be seen how shortfalls occur on both sides and one has got to provide for this. I do not think that it can be considered a matter where we have defaulted. If at all, we have served the country better than what my people think.

Shri Ranga: No, Sir.

Shri Harish Chandra Mathur: You have defaulted on the right side.

Shri Morarji Desai: I should now come to the end. I think, I have taken

much longer time than I would have taken.

Dr. M. S. Aney (Nagpur): Would he say something about edible oil?

Shri Morarji Desai: The duty on edible oil has been reduced. That was not understood by an hon. friend of mine. Duty on edible oil has deliberately been removed because when I put an additional burden on the poor people I thought that from edible oil which is also one of the means of sustenance for them—it is the only means of fat for them—it was better that I took away the revenue from that. That is why I removed the duty from it. It will thus be seen that it was not merely the idea of taking revenue from kerosene that made me put the duty on kerosene. When it is said that I have put 300 per cent duty on kerosene, it is wrong. A bottle of kerosene which used to cost 24 nP. will cost 34 nP. now. Therefore it is a 40 per cent increase on a bottle and not 300 per cent increase as is said. Of course, it would become 300 per cent if we take the original price or the original duty and that is how it is compared. But, if it is taken from last year, it increases only by 40 per cent.

An Hon. Member: That too needs revision.

Shri Morarji Desai: I do not say it is little. I won't say that. It becomes imperative for me to do it. There is no other reason for it.

Some Hon. Members: Give second thought.

Shri Morarji Desai: One goes on giving second thoughts to everything all the time, throughout the year and even next year.

An Hon. Member: What about post-cards?

Shri Morarji Desai: On postcards, we have been losing Rs. 3 crores every year. I do not think that that would be the correct kind of service to be given. If we increase from 5 nP.

by 1 nP. to 6 nP., we cut out a loss of Rs. 1 crore. Even then, there will be a loss of Rs. 2 crores. We will now be trying to see if the post card can be produced cheaply. If a person uses his own post card, he applies the ticket. But, he will have also to give 6 nP. in addition. We save by giving him a full post card. Therefore, I suggest it is better to take 6 nP. and not 5 nP.

An Hon. Member: What logic?

Shri Morarji Desai: Life is not logic. Life is not always logic. Money certainly is not logic.

An Hon. Member: Jugglery.

Shri Morarji Desai: It is jugglery only for people who do not have sense enough to understand it.

In the matter of compulsory savings, we have brought in this new feature. It is a new feature in the budget, but it is not new thought. This is being considered for the last 10 or 12 years. But, it was not looked on with favour so long. But, in the circumstances in which we are functioning, we have got to raise the savings of the people for investment higher and higher. If you do not take to some such thing which will make everybody save, I am afraid, we will not cultivate the saving habit as we should. It is true that those at the lower levels do not receive incomes which can be called superfluous or which could be called even adequate. I am prepared to grant that. And yet, if these people have got to improve their conditions, they will have to supply some sinews if they have to maintain their self-respect and their strength. After all, this is a nation of poor people and if the poor people do not subscribe to it, who else is going to subscribe to it? This is not a tax. This is compulsory saving which the people do. Take the case of our country. We are borrowing from all countries foreign exchange. We have got to pay them high interest. And yet we go on giving help to our neighbouring coun-

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tries because we must do so. Otherwise, we won't deserve the other thing. On the same analogy, it is also necessary in my view, if the poor people are going to be made stronger, it is better that they save. That is why this is being done. But, this is a new thing and all the arrangements also will be new. Therefore, we are studying the whole problem and we are going to do it very thoroughly. We will go on making improvements in it, but not give it up, because this is a very vital scheme.

Some Hon. Members: Improve it.

Shri Morarji Desai: Improvements do not mean that it will be given up.

In the end, I would like to appeal to my hon. friends to support the collection of the resources, because these resources are very vital for the safety of the country both on the frontier front and also on the development front. Whatever may be the differences, I do not think it is only the duty of the Finance Minister and his colleagues to recover these revenues. It is also the function of all people and all citizens if they want to have a welfare State sooner established to see that the revenues are collected after the budget is passed. There is time enough to get it changed. Till it is changed, if it is not changed, it means it has the sanction of this hon. House. Once it is sanctioned, I would certainly expect that it is the duty of every hon. Member to see that the resources are collected and no impediments are put in its way.

15.45 hrs.

DEMANDS* FOR GRANTS ON ACCOUNT, 1963-64

Mr. Speaker: The question is:

"That the respective sums not exceeding the amounts shown in

the third column of the Order Paper, be granted to the President, on account, for or towards defraying the charges during the year ending on the 31st day of March, 1964, in respect of the heads of demands entered in the second column thereof against Demand Nos. 1 to 147."

Shri Hari Vishnu Kamath (Hosangabad): Mr. Speaker, on a point of clarification, may I know whether this is a motion for Vote on Account under Rule 214? What is it exactly? Is it covered by Rule 214?

Mr. Speaker: Yes; 214.

Shri Hari Vishnu Kamath: I do not know what procedure has been evolved during the last Parliament. I was not here. But the entire procedure with regard to this item and the next two items seems to be contrary to the Rules of Procedure of the House, unless there is some sort of a convention. Even then I do not think a convention can override the rules....

Rule 214(2) provides for amendments that may be moved for the reduction of the whole grant. No time has been given to us to give notice of amendments. When the motion comes today, how can we have time? So, I request, under the Rules that this may be postponed to Monday or some other day so as to enable us to give notice of amendments.

Mr. Speaker: I will only just tell him for his information that for the last about 10 years or so,

Shri Hari Vishnu Kamath: Ten years?

Mr. Speaker:a Vote on Account has always been considered as a routine affair. It is taken only for a limited period. Members certainly have an opportunity to discuss

*Moved with the recommendation of the President.