

by side that whoever wants to exercise that liberty must satisfy himself also to some extent at least. I have requested for this simple procedure that some effort must be made to find out the facts. That is all that I have said.

RE: CONFERENCE OF AFRO-ASIAN NATIONS

Shri Thirumala Rao (Kakinada): May I make a submission?

Mr. Speaker: That is finished.

Shri Thirumala Rao: Not with regard to that. Shri Swaran Singh has just now returned from a conference of Afro-Asian nations that met in Jakarta. We have heard something about his activities there. If, with your permission, he can.....

Mr. Speaker: I cannot ask him in this manner, suddenly.

12.19 hrs.

APPROPRIATION* (NO. 2) BILL

Shri T. T. Krishnamachari: Sir, I beg to move for leave to introduce a Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the services of the financial year 1964-65.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to authorise payment and appropriation of certain sums from and out of the Consolidated Fund of India for the services of the financial year 1964-65."

The motion was adopted.

Shri T. T. Krishnamachari: Sir, I introduce† the Bill.

12.20 hrs.

FINANCE BILL

Shri T. T. Krishnamachari: Sir, I beg to move:‡

"That the Bill to give effect to the financial Proposals of the central Government for the financial year 1964-65 be taken into consideration."

Shrall I move the other Bill also so that decussion might be on both?

Mr. Speaker: Only this one, that is Finance Bill.

Shri T. T. Krishnamachari: All right.

Sir, it is now more than six weeks since the Finance Bill was presented to the House along with the Budget for 1964-65. Government's policies as reflected in these proposals have been very fully discussed in both Houses of Parliament. In my replies to the general debate, I had explained the broad economic and social objectives of the tax proposals. Elucidations of the detailed implications of these proposals have also been furnished to hon. Members. I would, in particular, draw attention to the document "Rationale of the tax proposals" circulated a few days ago which relates to the basic economic objectives with the specific tax measures in the Finance Bill. It is not, therefore, necessary for me now to go again into the economic basis of the budget.

The tax proposals have evoked a considerable amount of active and well-informed interest and perhaps also active resistance among certain sections not only in this House but also outside, in the press and among the public at large. Some of the interests concerned have made specific representations to Government. This wide discussion that has taken place has been very useful and has helped

*Published in the Gazette of India, 17-4-1964.

†Introduced with the recommendation

‡Moved with the recommendation of

Extraordinary, Part II, Section 2 dated

of the President.

the President.

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us to formulate certain amendments to streamline the proposals in the Finance Bill to give a measure of relief where it was deserving and to remove some unintended hardships and anomalies. The official amendments that have been tabled are as a result of this process. I place them before the House in the hope that the provisions of the Finance Bill, as modified by these amendments, will serve to implement more effectively the basic objectives of the Budget, namely, growth with social justice, and I shall confine my remarks, in the main, to explaining how the amendments proposed fit into the overall rationale of the provisions in the Finance Bill.

Sir, at the time of introducing the Budget, I gave some thought whether it was necessary for me to introduce the Finance Bill as it related to direct taxes at the same time and whether I should not follow the practice followed in the United Kingdom of introducing a Bill later on after outlining the provisions. Finally, I stuck to the convention but in the light of my experience this year, I do hope—if I am Finance Minister next year—to be able to make the departure, namely, to announce the proposals first and bring in the Bill later so that the Bill will not be subject to minor amendments such as this Bill has been subjected to.

The new structure of personal taxation in the Finance Bill is a considerably simplified one. The main changes introduced in this year's budget aim at a simplification of the rate structure of income-tax and super-tax, relieving persons in the lower and small income groups from the burden of compulsory deposits, moderating and readjusting the incidence of tax consistently with the interests of revenue and introducing the advantage of tax savings in mobilising greater private savings in

the middle and higher income groups. Over-lapping surcharges in income-tax and super-tax have been abolished and replaced by a single surcharge for purposes of the Union. This surcharge operates in respect of unearned income only when such income exceeds Rs. 10,000 and in regard to earned income when such income is over Rs. 1 lakh. In carrying out these changes in the structure of personal taxation, a somewhat higher incidence of tax might have arisen at some income levels when compared with the incidence of net tax for 1963-64 exclusive of the element of compulsory deposit. This has been criticised in the House and outside and I have been considering whether some concession could be given to lower income groups in the income range upto Rs. 20,000. In the nature of things, no large concession is possible but it is now proposed that the initial tax-free slab of income for this group should be raised from Rs. 3000 to Rs. 3200 in the case of a married individual with no child or a Hindu undivided family with no minor co-parcener; from Rs. 3300 to Rs. 3600 for an individual with one child or a Hindu undivided family with one minor coparcener and from Rs. 3600 to Rs. 4000 for a married individual with more than one child or a Hindu undivided family with more than one minor coparcener. The effect of these changes on married individuals with more than one child which is the most important category of assesses, will be to lower the tax payable on earned as well as unearned income as compared to 1963-64 rates excluding the compulsory deposit at all levels of income up to about Rs. 8500. On incomes above this level also, there will be a reduction except at a few points where the tax payable now will be slightly higher but in no case exceeding one-fifth of one per cent of the total income. These concessions will provide a measure of further relief to these income groups.

The Annuity Deposit Scheme, in the new scheme of taxation, is an important instrument for mobilising private savings and to counter inflationary trends. The provisions relating to this scheme have already been fully explained and I need not go into them again. I would, therefore, confine myself to the changes that are proposed to be made. I had already indicated in my reply to the general discussion in the Lok Sabha that the deposit is proposed to be made optional in the case of persons who are more than 70 years of age. Such persons, under the amendment proposed, may exercise the option not to make the deposit in the first year of assessment in which they are liable to make a deposit. Any such option, once exercised, will be final and will not carry with it any extra tax liability. It has been suggested that the Annuity Deposit Scheme should be made optional for others also. In the case of others, there will be an option not to make the deposit but the exercise of such an option will, naturally, have to be made unattractive if the basic objective of mobilising private savings is not to be defeated. In such cases, therefore, an additional amount of income tax of 50 per cent of the difference between the Annuity Deposit amount and the extra tax payable when the deposit amount is not deducted from the assessee's income, is proposed to be imposed.

Two other changes have also been proposed in regard to the Annuity Deposit Scheme. It is proposed that income of the nature of capital gains or of compensation received for loss of employment etc., will not be taken into account in calculating the amount of Annuity Deposit since such income cannot be classified as part of regular earnings and is already taxed at concessional rates under the Income-Tax Act. The other change proposed is to allow playwrights, authors, artists, musicians or actors to make an additional deposit of 25 per cent of

their income instead of 15 per cent provided in the Finance Bill. There has been a request from some of the associations of artists that the limit may be increased. I am glad that artists are interested in voluntarily availing themselves of the benefits of the Annuity Deposit Scheme and the raising of the limit will be an encouragement for them to do so.

As part of the same objective of encouragement to private savings, the rate of deduction of income-tax and surcharge at source from interest on securities in the case of resident assesses is proposed to be fixed at 20 per cent as in respect of dividends instead of 29 and odd per cent as it is today. This will ensure similar facilities for investment in Government securities as in shares of joint-stock companies.

One other change that is proposed in personal taxation is to exempt stipends or remunerations received by foreign students and professors from foreign Governments or institutions for carrying on research work in India under an approved programme. This exemption will be available for a period of two years for each such individual.

I now turn to the proposals relating to corporate taxation. The basic objectives in the Finance Bill in the matter of company taxation are to provide general incentives for stimulating investment, specific incentives for priority industries, and while encouraging growth to induce diversification of ownership in industry. The general incentives provided for the generation of greater savings in the corporate sector are mainly the replacement of the superprofits tax by the Companies (Profits) Surtax, which will have a generally lower and more equitable incidence, and the exemption of inter-corporate dividends from supertax.

In addition, the development rebate incentive is proposed to be extended to second-hand plant and machinery

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newly imported from abroad. In the budget speech I had referred to the need for a fuller utilisation of capacity that exists in Indian industry. And as a specific incentive for securing, this, it is proposed to revive the additional depreciation allowance for a third-shift working of plant and machinery at 50 per cent of the normal rate of depreciation. This concession was in force from 1949-50 to 1954-55, and would be given effect to by an amendment of the Income-tax Rules which will take effect from the assessment year 1964-65.

It is necessary that the savings generated in the corporate sector should be increasingly utilised for industrial investment and growth. This is the primary object of the extra amount of tax on companies on the dividend distributed by them on their equity capital. The exemption to certain categories of companies from the requirement of compulsory distribution of dividends also proceeds from a similar rationale. This exemption is now proposed to be extended to such companies as are mainly, although not wholly, engaged in manufacturing or processing of goods or in mining or in the generation and distribution of electricity. It is also proposed to extend this exemption to Indian companies the book-value of whose machinery or plant used for the purpose of their business, exclusive of office appliances and road transport vehicles, amounts to or exceeds Rs. 50 lakhs. This will benefit Indian companies which may not be engaged in manufacturing industries but in engineering and other constructional activities or in other services and are capital intensive and will enable them to build up sufficient resources for expansion. The next change I propose is to remove a specific anomaly. At present, a company in which not less than 40 per cent of the shares are held by the Government is treated as a company

in which the public are substantially interested. This condition is however not satisfied by the Industrial Finance Corporation or a few State Finance Corporations, as the Reserve Bank of India and not the Government holds a substantial block of their share. The result is that these financial corporations are, for the purpose of the Income-tax Act, as it now stands; treated as companies in which the public are not substantially interested. It is patently incongruous that such corporations should be equated with closely held private limited companies in the matter of tax treatment. In order to remove this anomaly, it is proposed to amend the relevant provisions in the Income-tax Act, 1961, so as to provide that a company in which the Government or the Reserve Bank of India or a corporation owned by the Reserve Bank singly or taken together hold at least 40 per cent of the shares, will be treated as a company in which the public are substantially interested. This will free such companies from the higher rate of taxation applicable to companies in which the public are not substantially interested as also from the requirement of compulsory distribution of dividend.

Under the proposed scheme of taxation, companies in which the public are not substantially interested bear a heavier tax burden, as they are closely held by a few controlling interests. The Finance Bill has a provision to increase the supertax on such companies from 25 per cent to 35 per cent. This measure is necessary if the present devices of preventing abuse, in closely held corporation like obligatory distribution of profits dividends are to be varied. By the same reasoning, it is necessary to encourage small companies formed by *entrepreneurs* of the small or middle income groups. In this behalf, I have given notice of an amendment providing that, in the case of companies in which the public are not substantially interested and which

are wholly or mainly engaged in manufacturing or processing of goods or in mining or in the generation and distribution of electricity and whose total income does not exceed Rs. 2 lakhs, the overall rate of tax on the first Rs. 1 lakh of the total income is proposed to be fixed at 50 per cent as against the normal overall rate of 60 per cent provided in the Finance Bill.

I have since given some further thought to this matter and am now prepared, subject to the approval of the House, to further extend this concession and to liberalise this provision so that in the case of such companies whose total income does not exceed Rs. 5 lakhs, the overall rate of tax on the first Rs. 2 lakhs of income will be 50 per cent. An amendment in this behalf will be tabled.

In the scheme of the Finance Bill, certain specific incentives have also been provided for directing corporate savings to priority investments. Basic industries which are capital intensive and have a relatively low profitability and longer periods of gestation have been chosen for these incentives. The articles of manufacture concerned have been listed in Part IV of the First Schedule to the Finance Bill. The profits derived from the manufacture or production of these articles qualify for a rebate of 10 per cent of the overall normal tax on companies. I now propose certain changes in this list. Electronic equipment and petrochemicals, in which we foresee a large expansion in the Fourth Plan, are two important additions. Manganese ore, dolomite, magnesite and mineral oil are to be added under 'mining industries'. The entry relating to 'electrical equipment' has been modified and will be applicable to equipment for the generation and transmission of electricity including transformers, cables and transmission towers. The entry of 'fertilisers' has been spelt out. Coffee and rubber are the only

deletions since the income derived by the companies engaged in these plantation industries falls under the category of agricultural income which is exempt from the purview of the Income-tax Act.

There are two other changes in Corporate taxation which are not of a major character. Under one of the provisions in the Finance Bill, the expenditure incurred by companies on providing perquisites to employees in excess of 20 per cent of the employees' salary will not be allowed as a deduction in computing the taxable income of companies. It is proposed to exclude from the purview of this, any expenditure incurred by companies in providing free or concessional passages or travel concessions to their employees for going on leave to their homes abroad or in India. The other amendment is in respect of the rate of deduction at source in the case of resident companies from dividends and interest on securities. It is proposed to reduce this rate from 25 per cent to 20 per cent as in the case of resident non-company assesseees. While involving only a deferment of tax collection for a short period, this change will facilitate transactions in securities in public debt offices and in shares in the stock exchanges.

Certain changes have been proposed in regard to the taxation of capital gains accruing to equity shareholders from the issue of bonus shares and of capital gains other than short-term capital gains accruing to non-company assesseees. In respect of bonus shares, the amendments proposed are the following:

(i) The fair market value of bonus shares as on the 31st day from the date of their allotment will be taken as the amount of the capital gains. Such capital gains will be charged to tax in the case of non-company assesseees at

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one-half of the average rate of the tax applicable to the assessee's income other than capital gains, subject to a minimum tax of 15 per cent thereof. The first Rs. 5,000 of such capital gains will be exempt from tax.

Companies will be charged only to income-tax (and not super-tax) on such capital gains at the rate of 12½ per cent thereof. This concession is in line with the other concession of exemption of companies from super-tax on intercorporate dividends.

I had promised in my closing speech on the general discussion of the Budget to treat issues of bonus shares from share premium account on a different footing and exempt them from the tax on capital gains. A fortiori the tax on companies on bonus share issues from share premium account should also be eliminated. This has been done in the proposed amendment. But the clause relating to relief from taxation of companies on the issue of bonus shares from the share premium account looks like having a retrospective effect for issues in the year 1963-64. This is not the intention, and an amendment will be moved to remedy this possible interpretation. As I am giving no retrospective relief to companies in this regard, I also propose not to give retrospective effect to the exemption of shareholders from tax on capital gains in respect of bonus share issued to them wholly out of the share premium account of companies during 1963-64. A suitable amendment for this purpose will be tabled.

In respect of capital gains other than short-term capital gains arising to non-company assessee, the following changes are proposed. This has been found necessary because the changes in this section made in 1962 are so complex that interpretation of a revised scheme of capital gains tax into them would lead to a variety of interpretations. The first Rs. 5,000 of such gains will be wholly exempted from tax. No tax will be chargeable on such capital

gains if the assessee's total income does not exceed Rs. 10,000. Tax on such capital gains will be charged at a specific percentage of the average rate of tax applicable to the assessee's ordinary income exclusive of any capital gains other than short-term capital gains or any income by way of compensation for termination of managing or selling agency etc. If the capital gains relate to lands or buildings, tax would be charged thereon at 75 per cent of this average rate, and in other cases at 50 per cent of the average rate. However, the minimum amount of tax payable on long-term capital gains will be 15 per cent of the amount of the gains.

While indicating these revisions in the scheme of capital gains taxation, I would like to highlight clause 13 of the Finance Bill which is designed to check evasion of tax on capital gains through an under-statement of the consideration received on the transfer of capital assets. It is commonly known to hon. Members that when sales are made, the value in many cases in an under-statement. According to this provision the capital gains shall be computed with reference to the fair market value on the date of transfer, if in the opinion of the income-tax officer, the fair market value exceeds the value declared by an assessee by an amount not less than 15 per cent of the declared value.

Another provision in the Finance Bill which is of importance, in our many-pronged attack on the problem of tax evasion, is the clause relating to disclosure to the members of the public information contained in tax records.

Some misgivings have been expressed in Parliament about these provisions and I agree that they should not be capable of being used for personal ends or for malicious harassment. They should also not result in an excess of administrative discretion in the tax authorities with a potential for abuse.

With these ends in view, the following changes are proposed: (i) The application asking for the information will have to be in a prescribed form, but no fee will be required to be paid, (ii) The Commissioner of Income-tax will furnish information only if he is satisfied that its disclosure would be *in the public interest*. His decision in this matter would be final and not subject to question in any court of law. (iii) The protection available under the Income-tax Act, 1922, relating to assessments made prior to 1-4-60 will be maintained. (iv) The Central Government will have the power to notify classes if assesseees in respect of whom disclosure of information would not be made, having regard to the practices and usages customary or any other relevant factors. At the moment, for instance, we have in mind banking companies, which under sec. 34A of the Banking Companies Act are protected from being compelled to disclose information in any proceedings under the industrial Disputes Act in regard to their secret reserves or secret provisions for bad and doubtful debts. In such cases, it would be agreed that it would not be desirable to have a disclosure of information. There may be similar cases in the future and this enabling provision has, therefore, been proposed. (v) It is also proposed to amend sec. 280 of the Income-tax Act, 1961, to provide for the punishment of any public servants who makes any unauthorised disclosure of information. This again, it would be agreed, is a necessary safeguard.

As part of our policy to reduce the concentration of wealth, particularly that arising from unearned prosperity passed on from generation to generation, the rates of estate duty have been sharply enhanced in the Finance Bill. It has been represented that the rate of tax of 85 per cent at the highest slab may in some cases have the effect of taking away as duty and taxes the full value of the estate. In partial mitigation, it is therefore proposed to allow the full amount of the

probate duty to be deducted from the estate duty payable instead of one half of the probate duty allowable under the present provision.

In respect of the expenditure tax, two amendments are proposed. These are merely to effectuate the intentions as explained in part B of my budget speech. It is proposed to amend cl. 51 of the Bill so as to omit the proviso to the charging section of the Expenditure Tax Act, 1957 in order that the expenditure tax is attracted on all expenditure above Rs. 36,000 per annum, no matter from what source the money for expenditure came. This will make the provision in the Bill conform to the announcement in the budget speech. The other change is in the matter of customs duties or taxes paid by a person on importing or purchasing articles for his personal use. In line with the policy to reduce to the minimum the exemptions and deductions in the computation of the expenditure tax and amendment has been proposed which will have the effect of such expenditure not being allowed as a deduction from taxable expenditure for the purposes of the expenditure tax.

In my reply to the general debate on the Budget in this House, I had also mentioned that steps were being taken to move an amendment to the Gift Tax Act for reducing from Rs. 10,000 to Rs. 5,000 the existing monetary limit upto which gifts are exempt from tax under the Gift Tax Act. An amendment in this behalf is also being moved.

I now turn to indirect taxes. In both Houses of Parliament, I have explained the reasons why it is not possible to give any concessions of a substantial nature in excise duty. Considerations of revenue and the need to conserve foreign exchange by restraining the demand on imported articles have, no doubt, weighed with us. But even more strongly, what has prevented me from making any substantial reduction in indirect taxation has been the firm conviction,

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which I have often expressed, that any such reduction is not likely to be passed on to the consumer and will only go to increase the margins of traders. I came across a very queer instance of this in one of the government companies. When a concession was given in regard to caustic soda in respect of the duty, the prices were maintained, but when the duty was altered the prices were raised—by one of our own concerns. The amendments proposed in regard to excise duties, therefore, represent only marginal reliefs.

The first part of my proposals relates to textiles. Taking into account the needs of the handloom and the smaller powerloom sectors, I am extending further the total exemption on yarn in the form of hanks, to new french counts below 29 and halving the duty on such yarn of 29 counts but below 34. Corresponding reliefs to the extent of 5 nP per kg. in each case is also to be given on these two groups of cotton yarns in forms other than in hanks, and the ceiling rate is also slightly proposed to be readjusted.

Secondly, on the analogy of a similar concession already in operation in respect of 'independent processors' and for the same reasons, a concession of 1/5th of the special excise duty payable on sized yarn is being given to 'independent' sizing units.

Thirdly, considering that the duty liability at the existing compounded rates for fine and superfine fabrics payable by small powerlooms which are hit by the anti-fragmentation clause is somewhat high, relief is also being given to them by re-fixing the compounded levy rate at one-third of the present figure. This, together with the reduction in the yarn duty mentioned earlier, should give them sufficient additional assistance.

Fourthly, the effective rate of duty on industrial rayon yarns (mainly

tyre cords) is being reduced from Rs. 4 to Rs. 2.67 per Kg.

Certain relatively minor adjustments are being made with regard to tyres and paper boards, manufactured in certain new units set up during the Third Plan period. Extruded aluminium rods are being put on a par with the rolled product. I am also making certain minor adjustments in the manner of fixing the effective rates of duty on the different categories of match factories. These changes, I feel, will have the desired effect of preventing fragmentation of larger units and at the same encouraging higher production in, and consolidation of, the smaller units.

All these reliefs would be given effect to by notifications which are being issued separately.

In conclusion, I would like to point out that while the amendments proposed by Government seem to be formidable and indicative of revised thinking, in fact they are not so. As I have mentioned before, the re-drawing of the sections relating to capital gains has been found necessary because of certain confusion that might arise unless the subject matter of the sections is specifically stated. Secondly, the import of certain concessions in regard to Section 104 or the old section 23-A companies also needs spelling out. Another set of amendments relating to Annuity Deposits, while they seem extensive, are comparatively simple amendments in order to provide the concessions I had already indicated. I am circulating to hon. Members a brochure showing the clauses of the Finance Bill as they will read if the amendments proposed to be moved by me are accepted by the House. Hon. Members will find that the amendments proposed are underlined in the brochure. It will be evident to them that the bulk of these amendments are of a drafting nature, and are intended to clarify the position better than originally stated in

the Bill. One particular amendment in regard to Expenditure Tax is the change in a provision of the Act to which I had referred in my Budget Speech, but which had not found a place in the Bill.

I hope hon. Members will appreciate that the changes proposed by the amendments will go to show that an attempt has been made to simplify the tax structure to rationalise, it and to make the burden more equitable. The criticism outside the House has been largely on two items of tax proposals. One is the dividend tax of 7½ per cent. Suggestions have been made for varying it, for providing a slab and so on. In actual fact the dividend tax will not, as it applies to the income of companies, be more than 2½ to 3 per cent of profits, and it is impossible to give any concessions for ploughing in of income into reserves without at the same time putting a check on indiscriminate distribution of profits as dividends. There may be many people who are not concerned about building up reserves of companies, and to them the dividend tax will certainly look harsh. But that is not the view of the Government, and the dividend tax base, if it is altered, will become far more onerous than it is at present.

The other complaint is about the tax on bonus issues which has been highlighted in the press, and in the criticisms by the concerned interests. The tax on bonus issues now proposed will have a low incidence, if actually the large mass of the shareholders, as is often made out, is the middle-income group. In the case of the less affluent of the middle-income group, and I do not know if they have any shares, the exemption of Rs. 5,000 will take care of them. In the case of the better off sections of the middle-income group, the incidence may not exceed more than the 15 per cent limit now imposed. In the case of people who have invested large amounts of money in shares, the House will agree with me that they should pay a progressively higher rate of tax even on

bonus issues. I hope the hon. Members will study the changes as proposed and accept the proposals in entirety and help in the creation of steady conditions in the markets which have been subject to scares and alarms every now and then.

Another fact I would like to refer to, with all apologies to the interests concerned, is the undue emphasis on the importance of the share market that seems to have crept into our concept of economic growth. I do not say that the share market is not necessary, nor do I say that it is not useful. What I would like to say is that it does not represent the views of the large majority of the people in this country who want to buy shares for investment.

Shri Nath Pal (Rajapur): Why don't you abolish the share market? I mean it seriously.

Shri T. T. Krishnamachari: I never believe in extremes.

I am sure many people make the market their profession. I have no doubt they are honourable people, but the economic policy of the country cannot be geared towards making conditions bullish for this section of the community, which is but a microscopic section of the community as a whole. On a closer examination, one would find that the quotations in the share market do not always represent the reality. For instance, in the case of the shares of a concern, which we may call "X", which, on the basis of the last issued balance sheet will make Rs. 26.4 lakhs more on the basis of the proposed taxation, the shares are hammered down, so that the price would not rise anything beyond Rs. 25. The break up value of the share is several times the current quotation. What does this figure of Rs. 25 really represent, when the company's earning capacity is greater, when its break up value is several times more than the market quotation? I think this instance should show to intelligent people in India

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that while the share market might provide one of the indicators, it is by no means a reliable indicator of the prevailing economic trends.

I recognise that many people are angry with the Budget and also perhaps with me. They have a perfect justification to be so angry. Members of Government would be greater fools than they are expected to be if they did not recognise that with the Estate Duty as proposed, along with the ancillary levies like Gifts Tax etc., they would not be resisted by persons affected. They would be. But the basic philosophy behind these duties is that they serve to promote the objectives accepted as imperative by the Congress Party. I am afraid, while I have every sympathy for the people who are angry with me and I do not at all reciprocate their feelings, I am unable to do anything to assuage or lessen their anger with these proposals. We as a Government have no doubt that we are proceeding on the right lines, and the proposals contained in the Budget and in the Finance Bill are an earnest effort in that direction.

Mr. Speaker: Motion moved:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1964-65, be taken into consideration".

The time allotted is 17½ hours for all the stages of the Bill. I would like to take the sense of the House as to how these 17½ hours should be distributed among the various stages of the Bill.

As a large number of amendments have been tabled to this Bill, I suggest that 5½ hours may be allocated for general discussion and 12 hours for the clause by clause consideration and third reading.

Shrimati Renu Chakravartty (Barrackpore): I would like to support your suggestion.

Shri M. R. Masani (Rajkot): I also endorse your proposal. The Minister himself has tabled 77 amendments, and is now tabling some more. The clauses are very complex, and adequate time should be given for the clauses.

Mr. Speaker: Members should devote more time to the clauses, because there are so many amendments. Is it agreed?

Shri T. T. Krishnamachari: We are entirely in your hands.

Shri Nath Pai: At least 7 hours for general discussion.

Mr. Speaker: Then we will have the difficulty that we will not be able to do justice to the amendments. I hope Members would agree to this allocation for the different stages.

Shri Morarka (Jhunjhunu): What is the allocation?

Mr. Speaker: Five and a half hours for general discussion.

Shri Morarka: No, Sir.

13.00 hrs.

Mr. Speaker: The House has placed a limit upon itself; it must finish this within 17½ hours. We cannot go beyond that. I cannot guillotine clauses where there are amendments. So, there must be adequate time for consideration and passing of clauses. General discussion can be shortened but so far as clauses are concerned, they must be discussed.

Shri Alvares (Panjim): 7½ hours for general discussion and ten hours for clauses.

Shrimati Renu Chakravartty: If you see the amendments, a very large number of them are from the Government and it is these that we want to attack in our general discussion. We have not ourselves tabled so many amendments . . . (Interruptions).

Shri Morarka: What is the decision Sir?

Mr. Speaker: I have announced—5½ hours and 12 hours.

Some hon. Members: No.

Shri Nath Pai: The concensus of opinion is for a longer time for the general discussion.

श्री ह० ब० सोय (सिंहभूम) : अध्यक्ष महोदय, मेरा मुझाव है कि फ्राईडेस बिल पर जनरल डिस्कशन का समय कम से कम ७ घंटे होना चाहिये ताकि जो जनरल बजट और बजट डिमांड्स के सिलसिले में बोल नहीं सके हैं उनको इस समय बोलने का मौका मिल सके। चूंकि इस के ऊपर गवर्नमेंट की तरफ से बहुत काफ़ी अमेंडमेंट्स दिये गये हैं इस लिये वह आठ घंटे का समय तय करना चाहते हैं। वाक़्तः अन्य माननीय सदस्यों के जो अमेंडमेंट्स हैं तो उन में बहुत से आदमी पहले ही बजट डिमांड्स पर बोल चुके हैं। इस लिये यह उम्हिला है कि इस पर जनरल डिस्कशन के लिये समय बढ़ाया जाय ताकि उन लोगों को जो कि अभी तक बोल नहीं पाये हैं, बोलने का मौका मिल सके।

Shri T. T. Krishnamachari: So far as Government amendments are concerned, there are only 4-5 which are really big; the others are merely of a drafting nature.

But as you know, Sir, Finance Bill is the time when people—that is the convention—raise all their grievances and therefore, maybe, there is some justification in people asking for a little more time for general discussion. Only a few of the amendments will come up for any discussion; the others are merely of a drafting nature . . . (Interruptions). Let me make this suggestion. If you can give eight hours for general discussion and 8½ hours for the second and 1½ hours for the third reading stage, perhaps they may feel happy.

323 (Ai) LSD—5.

Mr. Speaker: I have absolutely no objection; even if the clauses are not discussed in detail and there is no time for the Members to criticise these amendments. It is up to them. They must realise that I have to dispose of these amendments. We have to sit up to 6 O'clock today. Five hours are there.

Shri T. T. Krishnamachari: It is inclusive of the time that I have taken.

Mr. Speaker: Yes; it is inclusive of that. Till 6 O'clock we will have 5 hours, 40 minutes today. The Minister may reply today. We will discuss that; then it will be about 7 hours. That is all.

Shri Morarka: 8 hours.

Mr. Speaker: I have no objection to whatever the House decides. But it must be borne in mind that in no case shall I be able to extend the time. The whole time allotted is 17½ hours. It cannot be extended . . . (Interruptions.)

We have already decided to sit till 6 O'clock.

Shrimati Renu Chakravartty: Eight hours?

Mr. Speaker: I do not object.

Shrimati Renu Chakravartty: Mr. Speaker, it is true that we have received a large number of amendments and that we have not been able to go into all of them in some great detail. It is also true that three or four of them are of a basic nature. As I went through the Finance Bill and the amendments of the Finance Minister, I became more convinced of what I said on the General discussion on the Budget. That is a question which is worrying all sections of the people—concentration of wealth. How much of it has really

[Shrimati Renu Chakravartty]

been taken into account. What measures are taken to reduce it? It was this effort which was lacking as I tried to scan through the various proposals. It would have been very good if the hon. Minister had agreed, as the Government did earlier, to put on the Table of the House report of the Mahalonobis Committee. It is not enough to get experts from America to tell us exactly how to bring anti-monopoly trusts because our country is a country with very special characteristics: millions of people who are living on starvation level. We are trying to get subsistence level for them. It is a country with an under-developed economy and trying very hard to industrialise itself on a base which is essentially an agricultural. It was very essential that we should have applied our minds in a creative sort of way to these characteristics and in that back-ground find out how to curb monopolies. The Mahalonobis Committee report has very clearly done something in that direction; it has shown that the bottom twenty per cent of households did not own any land in 1954 or 1960. It is the agricultural labour which is the worst off. As far as real estate goes, we find that the top twenty per cent owns 73.1 per cent of real estates and the top per cent accounted for as much as 57.0 per cent. When we come to companies of the total estimated number of shareholders—which is itself a very small part of the entire people—1.4 per cent accounted for 31.5 per cent of the dividend income, while 50.3 per cent could claim only 10.8 per cent of that income. In spite of all the deficiencies of the statistics, all the lack of information due to the inability of Government to get information from the various companies, the concentration was very clear. If we see the ownership and control of industries which has become concentrated through the form of managing agencies, we would find the same thing. The intercorporate investments and interlocking are to such an extent

that we find that in 1958 the Tata complex had 73 subsidiaries and joint subsidiaries, Birlas had 105, Dalmia Sahu Jain 30, Bird Heilger 44, Andrew Yule 20, and so on and so forth. The occupational distribution of companies had already been brought about in this House earlier, in previous debates. It is very interesting to note how the House of Birlas have a huge number of companies; they have also all sorts of occupations—trading, publishing, investment in real estate, construction. They come in all fields of industry. They have got their tentacles in publishing industries, real estate, and so on. Some of them do not pay any dividends; some of them pay very high dividends. It was interesting to find how this interlocking of companies and the managing agency system have got more and more control of even the public sector. Government companies, a very large number of them, are being controlled also by people, who are in private companies. It was interesting to find out that of the 311 directors in 49 Central Government companies, 86 were non-officials. Forty-two of the 86 non-official directors did not hold directorships in any non-government company, whilst 44 of them actually had directorships in non-Governmental companies. So, in these various ways we are seeing actually what has happened.

Even in regard to the licensing policy, we find that out of 215 licences issued in 1960-61, about 143 have been issued to only six big businesses: Tata group, 30; Birlas 57; Surajmal Nagarmal 14 and Sri Ram Group got 15. Certain numbers have come down now, but in actual fact, what is the total amount of money which is involved in these licences? That is a point which Shri Kanungo has refused to tell us on many occasions.

13.11 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

As a matter of fact, one of the main points which has been made out by the Finance Minister has been on this question of giving tax incentives. He says that without tax incentives—that is one of his theories—or unless we give further tax incentives, we will not be able to have rapid rate of development in industry, and therefore, that is the kingpin, according to him and according to his philosophy, for the solution of all the ills which we are facing today. What is it that the Mahalanobis Committee report says? It says that the Government policy during the plan period has been responsible in other ways as well for the growth of the private sector and in the process specially of big companies. Actually, the working of the administration of the Companies Act of 1956 had clearly shown that companies have on balance decided to keep the voting power in tact in the companies in which shares were held by them. Investment in industrial holdings have been found to be of the order of half a crore of rupees matched by overdraft on the State Bank of India. This report shows very clearly that it is from the funds of the IFC, the funds of the other financial institutions, which have been set up by the Government, that a very large portion of the money which is used by the private companies comes. This report also says that “in addition to affording a protected market and the necessary overhead facilities and maintaining a budget policy with a mildly inflationary situation favourable to industry, the Government have been promoting the growth of private industry by extensive tax incentives.”

There have been various tax incentives which have been given year after year. It would have been a very good thing if we could have taken them out and shown how they

have picked up in the course of the last five to seven years. You will find that the amount of tax incentives that has been given is not insubstantial. As a matter of fact, under section 150 of the Income-tax Act, new ventures are given a tax holiday for five years, and profits up to six per cent of the capital employed are exempted from both income-tax and super-tax. Under section 10(2)(vi) of the Act, new companies set up after 31st March, 1954, are allowed to deduct 25 per cent of the actual investment towards depreciation of plant and machinery. Again, under section 56A of the Income-tax Act, dividends received from companies engaged in certain specified industries are exempted from super-tax; for intercorporate investment in these industries, this concession, together with the provision for income-tax credit which already existed, means that such dividends were totally exempted from taxes. All these have been given from year to year. Now again, there are certain important tax incentives which have been given.

We see for the first time a rebate for super-tax. By clauses 18 and 22 of the Bill, a provision for the allowance of a rebate on super-tax to individuals and families on amounts paid by them as life insurance premia, etc. is made. The hon. Finance Minister has stated that this is the way by which he will be able to get people in the higher income-groups to invest in savings because he is unable—I presume—to really make them come out with the money which should have been there for taxation. This is probably one of the means by which this has been done. Really, we should not have allowed this, rebate: our machinery for tax collection should have been geared up to the lines which have been suggested,—and which I shall suggest further on—by the Direct Taxes Inquiry Committee, that is, the Tvagi Committee, and other committees.

[Shrimati Renu Chakravartty]

Another thing which has been proposed by the new amendments which have been given to us by the hon. Finance Minister is this. There are two very important tax incentives which he has made: one is in clause 23 which amends section 104 of the Income-tax Act, 1961, which provides for an additional super-tax on undistributed profits of certain companies in which the public are not substantially interested. The object of such taxation is to check tax avoidance by private limited companies by not distributing the profits of the company among its shareholders as dividends. This has now been changed, and the official amendment seeks to provide exemption from such additional taxation of those companies whose capital assets or plant and machinery are Rs. 50 lakhs or more. This used to be much less earlier. This proposal is a big concession to the private companies.

The second big or important change which he is proposing now is in regard to clause 29, which deals with the tax on capital gains. Here, the original provision was that those who were attracted by the capital gains were to pay an income-tax of 25 per cent. They used to pay 25 per cent. Now, they have reduced the income-tax on capital gains to 12½ per cent. This certainly appears to be a very big concession to the big companies. These are instances of large concessions made to the big companies. These are some of the points which show that instead of really bringing about a further curbing of the monopolistic trends, in the name of incentives we are piling up so many incentives upon the industries and allowing them to get all such concessions. Actually, these in themselves, are among the factors for further concentration of wealth, as has been shown by the Mahalanobis report to which I have referred and these are enabling the

private sector to acquire further power in their hands.

I now come to the question of foreign investments. Here, some very important changes have been made in order to help foreign investments. As a matter of fact, it has been summed up very aptly by Mr. K. P. Goenka, President of the Federation of Indian Chambers of Commerce and Industry, when he said that the budget for 1964-65 had given several tax reliefs for foreign investments. He said that foreign investment would also benefit from the exemption of intercorporate dividends from super-tax, and that as in the case of royalties, the tax on technical services fees is now reduced to 50 per cent. None of us I think in this House are against giving certain advantages to people who bring us the knowhow which our country does not have.

Shri Ranga: Also capital.

Shrimati Renu Chakravartty: In that, of course, we have very serious differences with the Swatantra party. I would say that that capital can come only on a Government-to-Government basis. It cannot come as private investment. I would think that Prof. Ranga would agree with me, knowing him to be one of the most ardent fighters for freedom in the country, and knowing the entire history of the East India Company, he would be the first to support us in this. (*Interruption*) we know how this has been working. After all, the private capital has the power even to wield political influence; we are seeing it every day and even now in this House we are seeing it.

Shri Ramanathan Chettiar (Karur): What about foreign capital from Russia?

Shrimati Renu Chakravartty: Nobody is asking for foreign investment from Russia. This is the first time

that I am hearing about it. That capital can come only on a Government-to-Government basis. The hon. Member is jumping up unnecessarily without listening to my speech. The difference between the Swatantra party and us is that we do not mind taking foreign capital on a Government-to-Government basis. But we do object to private foreign capital coming in, because we are afraid that the old history would be repeated.

Shri M. R. Masani: Forget it.

Shrimati Renu Chakravartty: Shri Masani says we should forget our history, because something new has happened, because the Swatantra party has been born! We are not able to understand this. On this question of foreign investment, what I was saying is that as far as incentives to the people are concerned, we must be very careful about the people who bring us the knowhow. What is the knowhow that we do not know here? I must say that I have sometimes been flummoxed to find how people who come here and are known as experts in their field of knowledge, assist us. For example, take education. I often wonder what kind of experts they are who come here. I think some of us who are old teachers will be able to do greater justice in this field than those experts. I am sure they will be falling under this purview too. If you give an absolutely blank chit to all who come under the name of experts with, shall I say, the Government's blessings, that would lead to many many cases where we may think that such a concession should not be given. If it is a question where they are coming to teach us how to make ball bearings, to teach us some special kind of steel rollings or to teach us something in petro-chemical industries, I would never have objected. I would have been the first to say, give them every incentive. I would even support the hon. Minister if he gives them for a limited time even more incentives

than he has proposed today. But, I say, these experts are very very few in number, and we should not allow such a blank chit to all who come under the name of experts. I see in the Ford Foundation and many other bodies people come under the garb of experts. We do not need them at all. We have enough young men and women who can give that expert advice if only you care to use them and use their advice and knowledge to the benefit of the country.

Then, on this question of foreigners residents—children allowance, the deduction for educational expenses of Rs. 2000 per child incurred by foreigners in India—resident individuals—is wholly uncalled for. It is against the tenets of taxation, besides being discriminatory towards Indian citizens. Any explanation offered by the Finance Minister, according to me, is not very convincing. As a matter of fact, when we come to the second reading of this Bill, we would ask for the elimination of this particular item which has been introduced.

Sir, I was very much surprised to read about Shri T. T. Krishnamachari's reported discussions with the U.S. Mission which is here to discuss joint industrial ventures. It was reported in the *Hindustan Times*, and I presume that is the most correct version as far as United States commercial teams are concerned. It is reported:

"Mr. Krishnamachari is said to have discounted the fears expressed by some members of the visiting mission that the proposed monopolies commission would cut into large enterprises."

What are we trying to do? Are we trying to probe into small and medium scale industries to find out whether there are monopolies? I think the main idea with which the Monopolies Commission was constituted is to go in and find out what is happening in the large enterprises.

Shri T. T. Krishnamachari: May I, Sir, help the hon. Member by clarifying the position? I did not discuss with anybody in regard to the Monopolies Commission. As a matter of fact the Americans have an anti-monopolies law. They never asked for it. No assurance was asked for and nothing was given. I am afraid, since these meetings were held closed-door practically all the reports that the hon. Members may read are not based on facts.

Shrimati Renu Chakravartty: I am happy to hear it, that he has not discussed anything. But this report goes on to say:

"He assured them that the functions of the Commission would not be very different from the U.S. Administration's regulatory measures relating to monopolies."

The basic objective conditions of America is totally different from that which is prevailing in India.

Shri T. T. Krishnamachari: The hon. Member may be right; I am not questioning it at all.

Shrimati Renu Chakravartty: So I would take it that this is a completely wrong statement made by the *Hindustan Times*.

Shri T. T. Krishnamachari: The gentlemen who sit in the celestial regions have got a little greater freedom than the hon. Member and myself.

Shrimati Renu Chakravartty: I am happy to hear that. I would like to say something about foreign investment. Apart from what I have said earlier, I would like to quote what the Mahalanobis Committee has said on this particular aspect of foreign investments. It says:

"One of the factors accounting for an increase in economic power of the large groups in recent years

would appear to be the larger flow of foreign investment and technical knowhow through joint ventures in Indian industry in collaboration with foreign interests. Established large industrial groups in India are in a much more advantageous position to obtain foreign capital and technical services. This itself may partly explain the increased concentration of control in the top business houses in recent years."

Even during the Question Hour we have been told that the smaller companies in the private sector have not been often able to utilise many of the aid proposals that have been there. I was happy to be able to get hold of some more facts on the finances of foreign companies as they stand today. Under the heading "Calcutta City Notes" it is said:

"The margin of profits on sales of foreign controlled rupee companies has amounted to 11.1 per cent in 1961 compared with 5.1 per cent for branches of foreign companies and 9.2 per cent for Indian controlled companies."

Now, it shows that when there is a joint venture the profits are the highest. This is another aspect of it. It is not only a question of concentration of power and the advantage that big companies can take of foreign aid and investment. There is also the fact that they make the highest profits, also because they have better knowhow, better managerial talent etc. But that means more money go away, more money can be repatriated from our country. It is quite a complex thing.

Sir, it is often placed before us that unless we have more foreign capital coming in by way of investment in private companies in our country we will not be able to face this huge unemployment problem. To me, Sir, it appears that if we are to touch at least the fringe of this unemployment problem, the first thing to do would be, of

course, introduction of better land reforms to ensure more agricultural production. There should be processing industries associated with it. But this question of trying to get more and more private foreign investment is going to get us into trouble. I am sure all sections of this House, irrespective of political opinion—minus, of course, the Swatantra Party—would unite on this point. Even the small and medium scale industrialists would unite on this point. Today there are many people who say that already we have sold ourselves. I do not say that. But we are fast going on that path, and unless we check ourselves we will again be in such a position where we will be within the grasp of these big companies who come in as rupee companies but who are actually part and parcel of bigger financial influences and political power spread throughout the world.

Now I come to one other important point and that is about the evasion of income-tax. Actually there has been evasion of income-tax to the tune of Rs. 300 crores. Wealth and income tax arrears is said to be about Rs. 180 crores. One of the good things which the hon. Finance Minister has done in this year's budget is to have put the onus of proof on the assessee. It is proposed to provide where the declared income by an assessee is less than 90 per cent of the assessed income, the assessee should be deemed to have concealed his income and be liable to certain penalties. By the introduction of this clause, the onus of proof is being shifted back to the department for the ten per cent when it should rest squarely on the assessee. I would like to say that in a situation where we have such large amounts escaping assessment we should put the entire onus of proof upon the assessee and we should not allow this little loophole. We are permitting so much delay and we are allowing people to get away. Even the remaining ten per cent may sometimes run into lakhs of rupees or more in the higher income groups. This is certainly putting a premium on concealment

or deliberate furnishing of inaccurate particulars. In any case, this is a welcome provision because at least in respect of 90 per cent the onus of proof is being placed on the assessee. But we would still say that onus of proof should be on the assessee for the entire thing (*Interruption*). Shri Ranga, as Chairman of the Public Accounts Committee and as one of our very respected leaders has been saying, before he joined the Swatantra Party, that we must get the maximum of that which is to belong to the exchequer to be used for planned development. He should not forget that now. Therefore, on this particular point, I think, at least Shri Ranga, if not the Swatantra Party, should agree.

Now, on the question of information, a new proposal, a new amendment is being made. This is a point on which I would like to join issues with the hon. Minister. What he did at one stage, a week later he took it away. About the disclosure of information respecting assesses he now says:—

"the Commissioner may, if he is satisfied that it is in the public interest so to do, furnish or cause to be furnished the information asked for in respect of that assessment only and his decision in this behalf shall be final and shall not be called into question in any court of law."

Then, another sub-section says:—

"no information or document shall be furnished or produced by a public servant in respect of such matters relating to such class of assesses or except to such authorities as may be specified in the order."

Actually, this will lead to two things. Firstly, we want to bring those who are trying to evade, those who are really evading income-tax payment before the censure of the public gaze; that is why, we are permitting this disclosure of information by a third party. The second thing which we do

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feel afraid of, in spite of what the hon. Minister said, because Shri T. T. Krishnamachari may be a Minister today tomorrow it may be somebody else, is that the Commissioners are subject to various pressures. It is only a principle that we have, namely, that nobody presses anybody in Government that the officers are completely free; but we know that that is not so and that ministerial pulls and pressures are always there. Therefore it is better that it is not left to the discretion of the Commissioner.

Again, we shall ask as to what is public interest for which some disclosure respecting assessment is to be hidden from the public eye. Surely, we believe that the Government will have assessed it correctly. It will not be something that will be hidden. We know, how difficult it has been even for the Mahalanobis Committee Report to come out because they were lacking in material, information and statistical materials. Therefore this kind of disclosure of information should be there and this new amendment which has been brought forward later on by the Finance Minister should be opposed.

Now I come to some of the defects in the collection of arrears. On this particular point I would like to point out that the whole machinery has to be geared up. We have had the Direct Taxes Committee, that is, the Tyagi Committee's Report. How much of it has been given effect to? As a matter of fact, we find that the problem of collection of arrears of taxes has assumed serious proportions. More than Rs. 200 crores are in arrears and what is being done by the Department is only half-hearted. As soon as every financial year is out, the arrears mount by crores of rupees. I know, in my State of West Bengal there is an arrear of Rs. 57 crores to be collected. I think, these figures are of last year, that is, 1st April, 1963. The Central Board of Direct Taxes has contented itself by appointing some Income-tax

Officers whom they call very nicely as "write-off ITOs". Their duty is to write off as much amount as possible. The information is that the ITOs are vying with one another in trying to send up proposals for writing off income-tax demands. This indirectly will encourage many of the big assesses to wait. They think, "Let us wait; the longer we can defer payment, maybe, what is due from us will also be written off." As a matter of fact, the assesses know that at the end of the year, the most that the Income-tax Officers can do is to issue a certificate to the State Government officers for realisation of the demand. These State Government Recovery Officers owe their allegiance to their own Government, that is, the State Governments because they are recovery officers of the State Governments. We have seen far too many cases where there is a conflict between the State Government and the Central Government. In this particular matter, the recovery of income-tax which is a Central tax should be done through a machinery which is much more within the power of the Central Government. The assesses find actually a new forum for agitating the tenability of their demands. They have their links. I hope, many of my friends will not be annoyed when I say that many of these gentlemen pay very lavishly to political parties' funds, naturally, to the State funds at election time and after. These are difficulties which arise when the State Government has actually to put into implementation and recover what has been assessed by a Central machinery. We find that there is no liaison or very little liaison between the Central Government and the State Government officials.

The duty of the Income-tax Officer ends by raising a demand. The collection is left to take care of itself. There is none to look after the collections. It is an incredible state of affairs that a Revenue Department has no agency to collect the demands. The provisions of the

Income-tax Act, 1961 about Tax Recovery Officers have not been implemented up to date. We would like to know why. Collection still continues to be done by the Recovery Officers of the State Governments. It is more than time that Tax Recovery Officers should be appointed from within the Department so that the huge arrears can be tackled efficiently. It is a pity that the Board is expanding at the top only and not at the bottom. We know that for the processing of all these things and for being able to recover what is outstanding we need these officers.

There is also defect in the income-tax structure itself and I will submit how it helps evasion. The assessee makes separate sets of returns to the State Government Sales Tax Department and another set to the Income-tax Department. Even the audited accounts read differently from department to department. I do not know why we do not have a close liaison between the Income-tax Department and the Sales Tax Department. It is very necessary. If we see the powers of search and seizure, we will see immediately how we are lacking in being able really to detect and recover these huge amounts that are lying outstanding for so many years.

The nature and extent of evasion have raised themselves to incredible heights. Very often the accounts and other books are not even looked into by the Income-tax Officers. They are not able to do it. All that they do is to discuss the Balance Sheet and the Profit and Loss Account with the representatives of the assessee. As a matter of fact, the officers who do are direct recruits. They are those who are not of the highest calibre and who do not get into the IAS and other Services; they come as direct recruits to the Income-tax Department. As against them, we have these big fellows, the Tatas, Birlas, Dalmias and all these people. Their people come and appear before them.

Some of the officers are children in front of them. They have no experience of the craft and skill of these people. Only when they attain a higher age that they are able to examine these accounts. As a matter of fact, I doubt, whether during the training they are taught the art of examining the accounts in a way that a Tata man or a Birla man will be able to do. As a matter of fact, cross-examination is generally avoided. Even the information sheets that are given to the officers from one Income-tax office to another are not always cross-examined. They do not have the time. Then, you do not have enough personnel for it and enough experienced people for it. That is one of the very big reasons why you are not able really to plug the loopholes and come up to the expectation of all the income-tax demand provided for.

I would say that an Income-tax Officer does not have even a record of urban properties within his jurisdiction. All these are there and unless we are able to plug all these loopholes, we will not be able to do anything and get this income-tax.

One of the many things that we have found is that many of the retired Commissioners and Assistant Commissioners of Income-tax assist as Income-tax Advisers immediately after they retire. As a matter of fact, there was one gentleman—I think, he was in Bengal—who retired and on the next day he filed 200 appeals before the Appellate Tribunals. It is a fact.

Shri T. T. Krishnamachari: Instructions have been issued months back that no audience should be given to retired income-tax officers.

Shrimati Renu Chakravartty: That is a good thing. These things have been happening. I hope, it is being followed everywhere.

Shri K. C. Sharma (Sardhana): It must be followed.

Shri S. M. Banerjee: How do you know?

Shrimati Renu Chakravartty: Shri Sharma has great faith. I would be very happy if this is being followed.

One of the biggest groups of people who evade income-tax are the contractors. If I had the time to go through the Mahalanobis Committee Report, I would show that the people who made the biggest amount of money, that is any one group, they are the contractors and it is the contractors who are escaping income-tax assessment.

Shri Ramanathan Chettiar (Karur): On a point of order, Sir. The hon. Member referred to the report of the Mahalanobis Committee. Has she got a copy of the report?

Shrimati Renu Chakravartty: Yes, Sir; I have got a copy of the Mahalanobis Committee Report.

Shri Ramanathan Chettiar: It has not been laid on the Table of the Sabha.

Shrimati Renu Chakravartty: I would like to tell the hon. Member that they promised to lay it on the Table of the House over a month ago and they did not do so. We have been able to get a copy already and if you like we can put it on the Table.

Shri Ramanathan Chettiar: Why not place it on the Table of the House?

Shrimati Renu Chakravartty: As a matter of fact, as regards these contractors, as soon as a payment is made, can't we take caution money? In my own State of West Bengal, in Durgapur a sub-contractor of Kuljan, has just escaped. They have gone away; they have gone abroad. They have not paid the income-tax. All these things are there. So, this is really a contractors' paradise and we should be in a position to be able to check these loopholes. But we find

none of this in the speeches made by the hon. Minister.

I would like to say a word or two about the employees of the Income-Tax Department. When my hon. friend, Mr. Masani, pleaded on behalf of the L.I.C. employees—of course, he was very careful—he just pleaded a little bit that there should be better relations between the L. I. C. and its workers. But he did not really put forward what he thought was the legitimate demand of the workers. Naturally, he could not do so. I would have done it. But I will leave out the L. I. C. because the hon. Minister has said, once bitten, twice shy. I come to the Income-Tax Department. Income-tax is something with which he is directly connected . . .

Shri T. T. Krishnamachari: The hon. Member does not want me to be shy at all!

Shrimati Renu Chakravartty: I do not think he is shy. If he asks me, he is not shy at all. He just poses to be shy.

The work of the Income-Tax Department has come in for a good deal of criticism in the press and among the public. We do criticise our Income-Tax Department. This is peculiarly a department where the ratio of officers to the clerical staff is 1:3. The entire structure is income-tax officer oriented. Every thing is around that. The strength of office establishment is related not to the work involved but to the officer. This departmental structure needs to be revised in the light of the work-load. An Income-Tax Officer's duties consist almost solely of working out the total income of the assessee. Every other thing is left to the Inspectors and Clerks whose duties both in nature and extent are mounting from day to day. It is very obvious to all of us in this House. Too many reports and returns and that too in a short time by too

few men have become a bane of the department. The large mistakes discovered in the Audit are in most instances due to the heavy pressure of work. That is a case in point. As a matter of fact, I would say, even the fact that the Minister has brought so many amendments, most of which should not have been there at all except one or two basic ones, points out that the Department is not working as it should.

Then a crowd of qualified candidates are waiting indefinitely for promotion to the grade of Inspectors and officers. The outsiders are recruited direct in preference to these departmental men who deserve promotion. It is said, let us have fresh blood and that the people inside the department have become corroded. But at the same, I would say, this is such an intricate thing that the rules of the game or bypassing of the rules of the game have been learnt best by people who have gone through the mill and it is necessary that they should get the incentive of promotion. The non-recognition of tried and otherwise trusted departmental men has bred discontentment.

The Second Pay Commission recommended that there should be no direct recruitment to the Upper Division Clerk cadre. The Board of Direct Taxes are recruiting raw and inexperienced men to the Upper Division Clerk cadre when there are many others who could have been promoted. I was also very surprised to find that the steno-typists of the Department have been given a raw deal inasmuch as their special pay is not treated as pay in the matter of fixation of their pay when they are promoted as Upper Division Clerks. I also found that one of the recognised workers' body has made very concrete proposals for the reorganisation of the Income-Tax Department with a view to making it more efficient in its functioning, the thing which we have always said that

the workers' bodies should do, but they have not even got a reply from the authorities. This is really, to my mind, rather unfortunate. We are always told that the workers' bodies only plead for more pay and they do not look to the betterment of efficiency of the Department. But here they have made very concrete proposals in regard to the efficient functioning of the department. I would urge that it should be looked into.

Only one or two points more and I will have done. This is regarding the Audit and Accounts Department. We know that the great Mughal no longer exists. I must say that the Auditor General is a very great man from the point of view of the Constitution. But as far as the employees are concerned, I do not see any reason why the same laws should not apply to them as would apply to other Government servants in any other department. The hon. Minister himself knows how the great Mughal, the Auditor General, has behaved to his employees who were thrown out after the strike. Every other Department of the Government has taken them back. There are only a few left out—one from P. & T. Department, two from Defence and maybe one from Income-Tax Department. Everybody else has been taken in. But as regards this Audit and Accounts Department, 51 employees are still out of service. It is most surprising. Although many people have gone and seen the Auditor General, he behaves in a manner as if he is above everything else, above everybody else. Certainly, we do not say that we should interfere with his audit and checking and what opinions he should give. Let him be above Parliament. But employer-employee relationship has to be the same as in every other Department. It is surprising that the people have had to go to law courts. In Bombay alone, the Department lost six cases. Is it not disgraceful to the great position of the Auditor General? In one

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of the cases, this is the judgment given:

"Obviously, none of the officers attempted to take any explanations given by the Petitioner.. It is apparent to me that the Inquiry Officer was completely biased....I am shocked to find that the whole of the assumption is entirely false...."

Then, again in Nagpur two cases were decided against the authorities. Instead of reinstating its employees, the authorities have decided to conduct fresh inquiries. As a matter of fact, the Secretary himself was suspended and he went to court and after that he was to be reinstated by the court and now not only he has not been reinstated but a fresh charge-sheet has been given to him. Is it not a vindictive attitude? As far as employer-employee relations are concerned, we should have the same laws, the same attitude, applied to the Audit and Accounts Department as would apply to any other Government Department. However high may be the position of the Auditor-General, the same laws should be there. The days of the great grand Mughal are gone and with it must go this contemptuous attitude of the Comptroller and Auditor General.

Shrimati Renuka Ray (Malda): Mr. Deputy-Speaker, Sir, general discussion on the Finance Bill is the one occasion on which one can bring up and discuss overall problems. Although the time at my disposal is little, I would first like to stress some overall problems with which we are faced in this country today. These matters have been raised in this House before but having assumed such great proportions they need to be reiterated and something done about them. There is the Kashmir issue both in the U.N. and in Kashmir itself. I do not intend to dwell on that but I do want to say for a minute something about

its inevitable repercussions on the East Bengal minorities and the repercussions of that in our country, that is going on today. I am dwelling on it only from this angle that the Home Ministers' Conference was held in Delhi recently and it is very surprising that in the statement that came out of that Conference we find that there is a tendency to equate the problem of the minorities of the two countries.

Sir, I join with all those who have condemned outright what has happened in India, the retaliation that has taken place on innocent victims. I know that Government is taking every measure to put down this thing. I had been, Sir, to the borders of East Bengal. The condition of the refugees is pitiable, in Gade (Nadia district), Platrapol (Bongaon Sub-division), transit centres at Hasanabad and Howrah and Sealdah stations. They are suffering very much. I can say from past experience about this problem that the condition in which refugees are coming today are far worse than what was the case before, the injuries they are suffering are much greater than what they did before when their numbers were much greater. Why in that case, is there this tendency to tone it down? I understand the difficulties which Government are facing in this regard. What we see is that the world outside is equating the problem. I am sure the hon. Finance Minister and his colleague the hon. Home Minister would have seen what has been written in the *Time* Magazine and other periodicals also. Therefore, it is most important, and I would particularly plead with the hon. Finance Minister, that the world outside should know the facts about this problem; and in fact, we should take the help of the world in this regard. There is no reason why in this matter of rehabilitation of thousands and lakhs of people who are coming from outside, when we have already rehabilitated many, why we should not get the help of the world

organisations. I do not know why we should not take this help. If we can take food for our people under P.L. 480 from America, surely, there is no humiliation for taking help in regard to the re-absorption of these unfortunate victims who are coming from outside for haven in India.

Sir, I now turn to the economic position in the country. The Mid-Term Appraisal brought to light the startling state of affairs and I have no doubt that the proposals which the hon. Finance Minister has brought forward in this Bill are formulated with a view to getting over some of these difficulties which have arisen. The rate of growth has come down to 2.5 per cent in place of 5.6 per cent and, naturally, the Finance Minister must take account of these things when he formulates his financial proposals. Our fiscal policies must of course help towards attaining our socialist objectives on democratic lines and that is of paramount importance. As page 6 of the Economic Survey says:

"The Acceleration on economic growth must be achieved in an environment of reasonable stability of prices if the levels of living at the most vulnerable points in the society are to be protected and raised and if the economy as a whole is to be freed progressively from external assistance."

The hon. Finance Minister has summarised the position when he says:

"The rate of economic growth, the problem of prices and all balance of payments are inter-related and have to be taken as an integrated whole".

Sir, let us for one moment dwell on the proposals in the Bill itself, the reimposition of the Expenditure Tax, the higher rate of Estate Duty, the Capital Gains Tax, the Wealth Tax,

the Gifts tax and the removal of the inequitable super-profits tax. These are all welcome. These are all measures which I am sure all those who believe that we should move towards a socialistic society will support.

Then, Sir, my predecessor spoke a good deal about the loopholes in tax evasion and the need for plugging of the loopholes in tax evasion. I think the hon. Finance Minister must be congratulated here at least for having taken a forward step in the right direction. I do feel that this will bring about a great deal of change and that we shall be able to get in some of that money which we did not get, which we have not been getting in the past. At the same time, Sir, I do feel that it would have been better if he had left the Bill as it was and not made the changes which have been made in his statement today. I do realise that it might so happen that with malicious intents, things might be taken advantage of. But, things have been going on so much in the contrary direction that it has been so difficult to get to know how the evasion takes place. Any measure even if it be a little too stringent is welcome. I would therefore still plead with the Finance Minister not to move the amendment on this account, and to consider whether he could not leave the clause in the Bill as it is.

I am glad—of course everybody must be—that the Compulsory Savings Scheme has been given up and in the amendments that have been brought in now, the Finance Minister has told us that certain tax relief is being given for income upto Rs. 9,000 and marginal relief upto Rs. 15,000. But I would still plead with him even at this late stage when the Bill is coming through to exempt from taxation the lower income groups, to raise the exemption limit, so that these people who belong to the marginal groups, who find it impossible to bear taxation, will get some relief. Broad-basing of the tax would be all

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right if they had at least a minimum standard and minimum income; but, since their income is really below any minimum standards as we understand them today, I would request him once more to raise the exemption limit and leave these people out.

Now, Sir, there has been a good deal of criticism in regard to the concessions to the corporate sector given by the Finance Minister. Sir, as we have a mixed economy, we have to some extent take account of the fact that those who operate in the private sector also do operate in such a manner that economic growth does take place in a proper way and to that extent the Finance Minister has engaged his mind in this direction and has made certain concessions; but I would like to ask him why it was necessary to make any further concessions as announced by him today in regard to the tax for capital gains. I hope that he will consider this matter over again and in any case, I am sure, with his pragmatic approach to problems, he will give his considered judgment in regard to this matter and see whether these concessions really lead to that improvement in our position that is expected of them. If, however, it does not happen, I hope, he will withdraw the concessions that have been given by next year or at least those of the concessions which do not bring about any improvement in the position in the country.

In this respect, Sir, he has taken one step in the right direction which I particularly want to stress, that is, his recognition of the need for correctives for the diversion of resources from low priority channels into necessities. It is strange, Sir, but true, that we hope to be producing goods in the private sector, mostly those needed for an affluent society and yet the necessities are not being produced. It is therefore that even this one step that he has taken in the right direction is to be welcomed. Even the 10

per cent rebate which he has introduced will help to some extent. I think it would help us if he would have provided some direct disincentives to those who are producing the goods which are not necessary today. Air-conditioners and luxury fabrics come, but the necessities do not come. When they are producing luxury goods and do not produce the cloth for the poor man, it is very necessary that disincentives should be there for low priority needs. And production should be canalised into the necessities.

14.00 hrs.

Then, I come to the question of rise in prices. I have very little time to go into it in detail. But I am sorry that the hon. Finance Minister's speech did not contain a little more reference to this question of prices, because there is no doubt that the prices are sky-rocketing in such a manner that it is impossible for us to consider what the future will hold for us. That is why I have made this plea for exemption from income-tax for the low income groups. But, apart from that, why is it that even now we are not able to concentrate our energies on providing cheap food, cheap education, cheap cloth and cheap transport. These are the four priority needs. Whatever steps we may take, it is not possible in a developing economy to control prices as a whole. But surely, we can either control the prices of these things or provide them at subsidised rates in such a manner that the poorest sections of society will get some benefit out of it.

This leads me on to the question of the administrative apparatus of this country, because one of the reasons why we do not and cannot take proper cognizance of short-term measures to control prices in a proper and adequate manner even in regard to foodgrain prices, is because of the inefficiency of the administrative apparatus. We hesitate to do anything

because we know that this apparatus is so inefficient and full of corruption that we have not been able to go ahead. But instead of taking halting measures of reform in regard to this matter, we should try to do something regarding the improvement of the administrative apparatus. I am afraid that all the policies that we have and all the plans and measures through which the Finance Minister is trying to net more money into the exchequer to be spent on our plans etc. will not be of much account unless the administrative apparatus is changed to fit in with the needs of today. A transformation is required of the entire apparatus. It is no use talking of organisation and methods division to eliminate red tape and various other things about which a lot of literature has been produced by the Home Ministry, because that is not enough. We have to change our outlook completely from the top to the bottom.

There is one thing that is lacking in our country. We have talked a good deal about social welfare and so on. But while we have an industrial policy resolution, we have no social policy resolution today, although there are so many provisions embedded in the Constitution which deal with the social matters. What is needed in our country today is a social administration, as it is understood, because only then we shall be able to deal with these problems properly.

There are scores of examples in regard to our failure to deal with the problems properly. There is the whole subject of backward classes, where we have not gone forward in spite of spending crores of rupees.

Then, there is the question of public undertakings which are so vital if we are to attain our socialist objectives. Of course, we are trying to evolve, but I would emphasise in particular that we must evolve some system of administration which while keeping accountability to Parliament

will do away with all the restrictions that even now operate. It is true that in spite of all the changes that have been made on paper, there are certain restrictions that come from the ministerial levels, which make it impossible for those who operate in the public sector to do their work in a proper fashion.

Before I conclude, I would plead with the Finance Minister once again, before the Bill is passed, to bring in an amendment providing exemption to the lowest income-tax-paying group.

Shri T. T. Krishnamachari: It is Rs. 4000 now for married people with two children.

Shrimati Renuka Ray: Has the hon. Minister exempted?

Shri T. T. Krishnamachari: That is what I have announced today.

Shri K. C. Sharma: He is sympathetic only to the married people.

Shrimati Renuka Ray: I thought that it was Rs. 3400.

Shri T. T. Krishnamachari: It is Rs. 4000 for a man who has got married and has two children.

Shrimati Renuka Ray: In that case, it is a real relief, and I welcome this measure.

But, I would also like to point out that we are trying, on the other hand, to plan the families so as to bring down the population. In any case, I am glad to hear of this exemption which the hon. Minister has announced this afternoon. I thought that the exemption was only up to Rs. 3200. But if it is up to Rs. 4000, then it is of some relief. But I hope that he will give that much energetic attention to the question of prices as he has given to the fiscal policy, because if he does that I am sure we shall be able to deal with the problem in some-

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manner so that the prices on the home front will be maintained properly.

With these words, I would like to support the taxation proposals.

Mr. Deputy-Speaker: Now, Shri V. V. Thevar.

Shri V. V. Thevar (Thanjavur): Started speaking in Tamil.

Mr. Deputy-Speaker: The hon. Member has to give a translation of his speech in English. Has the hon. Member got the copy of the English translation?

Dr. P. Srinivasan (Madras North): It seems that he has already submitted the translation.

***Shri V. V. Thevar:** Mr. Deputy Speaker, Sir, it is good to see that the package programme is being extended in the present Emergency. But, at the same time, we must look into the sorry plight of the Agriculturists. The Thanjavur constituency, which I am proud to represent, consists mostly of Agriculturists and Fishermen living near the sea-shore. After the Land Ceiling Act came into being, many more people have become owners of agricultural lands than ever before. The Agriculturists are fully aware of their responsibilities to increase their production in accordance with the country's need. They also know that they are solidiers in the field.

But, unfortunately, Agriculturists are now put into a lot of difficulties. The reason for this is the reduction in the fixation of the price of paddy when purchased from the Agriculturists. Further more, the State Government has increased the land-tax and the Central Government has reduced the price of paddy.

I may add that the price of the Agricultural implements and cost of

cultivation have gone tenfold. Therefore, it is essential that either the price of other commodities must be brought down on a par with the price of the paddy or the price of the paddy must be allowed to go up. Here, I would like to point out that there is variation in the fixation of price between Madras and West Bengal States.

The State Government levy Agriculture Income-tax on the basis of said expenditure of rupees hundred per acre, whereas the package programme experts place the expenditure incurred per acre as Rs. 150. But facts speak otherwise. In fact, the agriculturists have to spend as much as Rs. 360 per acre. As honourable Members are aware, agriculture is not a dependable profession. Apart from the natural calamities, one has to save the crops from pests, diseases, rats and other insects.

The Mill-owners and traders purchase the paddy from the agriculturists at the minimum rate quoted by the Central Government. For example, in Madras after purchasing the produce, they give only 20% to the Government and sell the rest to the public at an exorbitant rate. I very much wish that the brokers, the Mill-owners and traders must be eliminated because the agriculturists themselves are prepared to sell their produce directly to the Government. Because of the existence of mill-owners neither the agriculturists nor the people are benefited in anyway. The Government is benefiting neither.

The Government is prepared to pay higher price for the import of rice from foreign countries. If the Government pays the same price for the procurement in this country, I am sure that there will be great impetus for production resulting in self-sufficiency at an early date.

The agriculturists must have a decent margin left in their hands after incurring the expenses, paying taxes etc.

*English translation of the speech delivered in Tamil.

Then only they will have sufficient enthusiasm to produce more. I request the Government to go deep into the grievances of the tillers of the soil and do the needful. The lands which are under the control of the Forest Department may be utilised for agricultural purposes provided they are fit for cultivation.

Improvement of live-stock is one of the main items in agriculture. But no provision has been made for the development of animal husbandry in the Package Programme. At present, facilities do not exist for grazing grounds and general improvement of live-stock. Any amount of chemical manure will not yield good result in the long run unless adequate quantity of farmyard manure is used along with chemical fertilizers. So, it is essential to give importance for the improvement of live-stock in package programme.

The prevailing Goshala Scheme is not satisfactorily working for want of improvement of live-stock according to the Co-operative Registration Act of 1860. It is not giving opportunities for private institutions. If private institutions are allowed to be benefited by this scheme, there is no doubt that both quantity and quality of live-stock will be improved.

At present buffalo calves six to eighteen months old are being purchased at Rs. 150 by the Government of India and distributed free of cost. They are not good breeds and free from diseases. The calves supplied to Madras area are not coming up well due to long journeys and climatic conditions and many die as they are very young. Improvement of live-stock is most essential for the development of agriculture particularly in Thanjavur District of Madras State, where the agriculture is being developed under package programme. I, therefore, suggest starting a centre where the Murrah Calves can be brought and fed for a year or so and then they may be distributed to the agriculturists. Thus,

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the opening of a Centre or Centres in the South for the distribution of calves will definitely yield better results and bring more benefits to the agriculturists.

In the non-C.M.P. and the tail-end C.M.P. areas in my constituency which are Thanjavur, Orathanad, Pattukottai and Aranthangi Taluks, the peasants are suffering due to lack of irrigation facilities and proper supply of water. To remove their difficulties, may I suggest that the Bore-well experimental tests can be started as early as possible. Further, the jungle streams which are running in the above area can be used for minor irrigation purposes by constructing dams which will not be very expensive. Despite the variation in the duration of water supply between tail-end and non-tail-end areas, three months and six months water-supply for cultivation respectively, the Government is collecting the same amount of Revenue Tax. The tail-end area peasants are unable to pay the amount of Revenue Tax due to the low yield of their lands; the Government may fix proportionately reduced rates of tax and cess for the tail-end area in accordance with their lower-yield.

The fishermen and Harijans, who are living in the coastal areas in Thanjavur District are suffering from natural calamities such as cyclone, flood etc. It is not exaggeration if I say such natural calamities had taken away the lives of some. As a remedy, the Government may come forward to provide free housing facilities for them. Moreover, the subsidy given by the Government to the families of earning persons who lose their lives is not enough to maintain the family at least for a couple of months though not a year. So, the Government may increase the amount of subsidy to the affected persons. Further, the fishermen have to face one more hardship, that is, the non-availability of pucca roads. Due to this, the fishermen find it difficult to take their fish to the market in time.

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Besides constructing roads, the Government can come forward to provide Mobile Ice Vehicles, Nylon threads and Steam-boats to the fishermen.

I may further draw the attention of the Government to the long standing need of the Madras State for developing the existing East Coastal road (Sethu Rustha) between Madras and Kanniyakumari into a national high-way. At present, there is no proper road system in the east coast region in Madras State and only *kutch*a road exists mostly. The people in this region are economically backward and one of the main factors for their economic and social backwardness is lack of transport facilities. Besides, smuggling appears to be rampant in these regions and the Government has so far not been able to completely check this evil, which is affecting the economy of this country due to lack of road facilities. The development of roads referred to above will have direct bearing for defence and further tourism. Though the development of the east coastal road is primarily the responsibility of the State Government, so far the scheme has not been taken up by it for want of adequate financial resources. Their approach to the Central Government for financial assistance has so far not been successful. I hope that either from the loan proposed to be taken from the World Bank for Road Development or through other sources financial assistance may be given to the Madras Government so as to enable them to take up the work for execution during the present plan period itself. It is understood that necessary estimates for this has already been submitted to the Ministry of Transport by the State Government.

I further wish to emphasise the importance of Kalakam to Avidayarkoil road in Pattukkottai taluk, Tanjavur District, Madras State. A few jungle streams are cutting the road and there are no bridges. More than fifty thousand people in Perumagaloor range have no transport facilities except that

road. During the rainy season, the people are being isolated because of floods. The Central Government can come forward to give assistance from the Central Road Fund to solve the difficulties of 50,000 people.

I took opportunity of paying visits to four Panchayat Unions in my constituency. I am very glad to inform you that the people are happy over the achievements of Panchayat Raj. I have to point out that the administrative staff is top heavy and some retrenchment of personnel is necessary. An enquiry into it will yield useful results.

Now, Panchayat Union Offices, which are not having their own buildings are housed in private buildings paying exorbitant rent. Further, proper and decent accommodation is not available though heavy rent is paid. The need for construction of buildings for housing the Union Offices is very urgent and has to be attended to.

I would like to place the following suggestions regarding the eradication of the evil of corruption from public life, which is eating into the vitals of our society. It has grown into a stupendous problem, seriously engaging the attention of the Government and the public alike. Unless this evil is eradicated, it would impede all the efforts of the Government in implementing the socialistic policy. In order to root out corruption, the long delay in the offices should be avoided. Both State and District level committees are very necessary. Apart from the State Committees, District Committees should be established at district levels to go into the question of corruption. These District Committees may be composed of the retired senior State officials and the representatives of the people like M.Ps, M.L.As and Chairmen of the Panchayat Unions. These Committees should be consulted in awarding punishments to the culprits concerned, subject to an appeal to the State Committee.

I welcome the present Gold Control Act but with one reservation. As per the Tamilians customs and conventions, it is necessary on the part of the bride to wear the "Thali" (Mangal Sutram) made out of pure gold. The people in Tamil Nad are in no mood to accept the "Thali" made out of 14 ct. gold. Therefore, the Government may allow the people to purchase a small prescribed quantity of 22 ct. gold for making "Thali".

Now, in addition to granting increased Dearness Allowance to their employees, the Central Government have also classified the cities according to the cost of living index and according to population figures. This has created a slight sense of heart-burning among State Government employees. In this connection, when our Finance Minister had been to Madras recently, the State Government employees had met him and handed over to him a representation pointing out their grievances and requesting him that the Central Government may give some financial help to the State Government in this regard. I would like to recall that such types of concessions had been given by the Central Government earlier also to the State Government, for instance, financial assistance in 1957.

I must point out that grant of varying rates of dearness allowance and other concessions to employees working in the same place does not fit in with the federal structure of a country like ours and also with our democratic form of Government based on equality. Therefore, I would request the honourable Finance Minister to see that the Central Government gives the necessary grants to the State Government so that the latter may grant to their employees the same Dearness Allowance as is paid to the Central Government employees.

I welcome all the steps which were taken by the Government for the national integration of India. I would like to point out that "Thirukkural", the most important Tamil literature

enforcing the code of conduct suited to societies of all countries may be translated into other languages and taught in all places of India and I am sure that it would definitely be a further step in the advancement of national integration.

Shri M. R. Masani (Rajkot): Sir, this morning, listening to the Finance Minister I thought that he resembled a Doctor who was attending on a patient. Having first taken the pulse and opined that there was no temperature, the Doctor then puts the thermometer into the mouth of the patient. When the thermometer reveals that there is high fever, the Doctor throws aside the thermometer and says, "no, no, that is not the real index; there are more occult ways of finding out whether the man has temperature or not!"

When the Finance Minister introduced his Budget six weeks ago, he believed that he was introducing a budget that would restore confidence among investors, that it would tone up the very depressed state of our economy and would give a green signal for the country to go ahead.

Unfortunately, in the last six weeks, the persons and groups concerned have failed to see the beauties of his budget. They have reacted exactly the other way. They have lost heart. The capital market has collapsed. The industrialist is demoralised and no more capital issues need be expected. The Finance Minister says now "Don't go by the Stock Exchange; don't go by the prices of shares; I have better ways of knowing that business confidence is being restored." Well, Sir, he may console himself with this thought. But I may tell him that, after listening to him this morning, whatever hopes may have been raised in the last seven or ten days that some major rectifications in the budget were forthcoming, those hopes have now been dashed by him by his announcement this morning. I say that because, although he has tabled 77 amendments

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and has promised us a few more tomorrow morning to give us more home-work—he is certainly keeping us busy these days—the fact is that, except for one or two of them they do not change the picture at all.

There are one or two amendments which he indicated this morning which we shall look forward to. Maybe they represent a little undoing of the damage done by the proposals, but by and large, the picture remains as black and bleak as it was six weeks ago. I may reassure the hon. lady Member, who spoke a little earlier, that there is no need for her to worry about the so-called concessions given and no need to worry about any improvement resulting from them. There are no concessions worth the name and there will be no improvement. She may relax and be content that she can have a little hand in ruining industry and trade in this country.

Shri T. T. Krishnamathri: The hon. Member may also reassure the lady on the other side.

Shri M. R. Masani: One lady at a time to reassure is enough!

The fact that 77 amendments had to be tabled yesterday, and a few more have to come by way of amendments to the amendments 48 hours later does, however, show something else. It shows with what great care and thought the financial proposals of our Government are presented to Parliament and the country! They are so well worked out that they stand the test of time. They go down like the rocks on which are inscribed edicts that go down through the centuries!

We shall consider these new amendments tomorrow and on Tuesday when they come before us. But I do not mind saying that as the budget, as amended now, emerges, the cumulative effect of the surtax on profits, the 7½ per cent. equity dividend tax and the imposition of capital gains tax on bonus shares in the hands of shareholders

coupled with the expenditure tax and the savage excise duties and the gift tax would combine to push even a solvent economy—and ours was not during the last twelve months—down the steep slope to insolvency.

Nothing less than the complete dropping of the dividend tax and capital gains tax on bonus shares could possibly save the situation. Not only has that not been done, but we have not even gone ten per cent in that direction. Therefore, we—those of us who can see a little ahead—must abandon hope for the next twelve months of any improvement in our parlous economic condition. We must reconcile ourselves to the continuance of inflation at a galloping pace.

Shri T. T. Krishnamachari: It is virtually Paradise Lost!

Shri M. R. Masani: When—let us say in December 1964—we look back on this budget and the Finance Bill, we shall all have to come to the conclusion that, in its own way, it is as big a disaster for the country as Shri Morarji Desai's budget was last year.

The sad thing is that this crushing burden of taxation is not even necessary. No additional taxation, direct or indirect, was necessary if the revenues had been properly estimated and outstanding taxes effectively collected. There has been, as we know a habitual under-estimation of revenues. The *Hindustan Times* gives figures, which I presume are at least roughly accurate, because the *Times of India* has fairly similar figures, which say that in 1960-61, the variation of actuals from estimates of taxes was 7 per cent. In 1961-62, the gap widened to 14 per cent and in 1962-63, it went further to 18 per cent. This shows that the Government machinery for under-estimating tax yields is, undoubtedly being perfected from year

to year and may reach very much higher levels in the years to come, if the socialist pattern remains intact?

Similarly, corporate taxes were under-estimated in 1962-63 by about Rs. 42 crores or 24 per cent. The excise duty on one item was off the mark by 341%. But the President of the Indian Drugs Manufacturers' Association deserves a prize for having traced one item of excise duty, namely, that on patent and proprietary medicines in the Finance Bill of 1963. He points out that the estimate there was Rs. 20 lakhs but the collection at the end of the year is over Rs. 440 lakhs from that one item. Rs. 440 lakhs yield, Rs. 20 lakhs estimate—a variation of 2200%. I am sure this takes the prize for mis-estimating the revenue throughout the budgets of the whole world. I do not know if any other country can be beat this mal-estimate, wrong estimate of 2200% on an excise duty. It will not be unfair to say that this under-estimation is a deliberate policy of this Congress Government for the last few years, that it is a policy of grab worthy of buccaneers and bandits and not of any modern civilised government. I say this because, but for this miscalculation, there would be no need whatsoever for inflicting any more direct or indirect taxes.

I will not spend time, because of lack of it, on the failure to collect taxes, a responsibility of Government. The pending assessments have snow-balled from Rs. 4.6 lakhs in 1958-59 to over Rs. 9 lakhs on the 1st April 1963, that is, they have doubled. The figures of collections outstanding also go on rising, from Rs. 272 crores at the end of 1962-63 to Rs. 293 crores at the end of 1963-64.

On evasion, the report of our Public Accounts Committee of the Lok Sabha is there. It points out that in spite of evasion of crores of rupees claimed to have been detected, there are no prosecutions. There was one

prosecution launched—and even that case was compounded!

Therefore, I say that this failure to collect arrears and this tolerance of evasion only burdens the honest taxpayer. The Finance Ministry takes the easy way out of raising the rates of taxation, instead of collecting what is due to it. Yesterday, the Finance Minister quite rightly told us that it was "a fundamental fact of taxation" that when you raise the rates of tax, you do not get more, you may get less; and that lowering the rate of taxation does not lose revenue. I only wish that this fundamental fact of taxation was kept in mind when framing this budget. Obviously, it has been completely overlooked.

The Finance Minister, in his reply to the budget debate, stated that he could not give reliefs on excise duties on the needs of the common man such as kerosene, coarse cloth, matches and sugar, because he believed that they would not be passed on to the consumer. Now, there is no warrant whatsoever for this assumption. Just as an increase in existing excise duties is inevitably passed on to the consumer, so normally the relief given in taxation has normally been passed on to the consumer. In any case, that is what Government are there to see to. Therefore, I am afraid I cannot accept as convincing this plea for not restricting or reducing excise duties on the needs of life.

Now, I come to another topic, the inclusion in this Bill of several clauses changing the income-tax law of the land, such as, for instance, the clause about secrecy, the power given to ITOs to decide what expenditure is necessary for a business and what is not. These clauses form no part properly of a Finance Bill. They are changes in substantive law which should be brought in by an amendment of the Income-tax Act. The inclusion of these clauses I consider

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to be of doubtful validity and in any case grossly improper. For that statement I have, Sir, the authority of your predecessor in the Chair, the former Speaker of the Lok Sabha. I shall quote from Volume IV, Part II of the Lok Sabha Debates of 1956, page 5922, a ruling of the Speaker of that time, Shri Ananthasayanam Ayyangar. He says:

"A Finance Bill is intended to raise taxes which would subsist only for that year. The main object is to provide funds for the expenditure which had been voted by the House. That is the simple object of the Bill. Therefore, it is reasonable to say that other provisions relating to statutes, which are of a more permanent character, ought not to be clubbed with it but discussed on the floor of the House in a more leisurely manner".

That, Sir, was on 21st April, 1956.

Shri Ranga: It was a ruling.

Shri M. R. Masani: The same ruling was repeated by the hon. Speaker later in the year, on 7th December, 1956. I am quoting from Volume X, Part II of the Lok Sabha Debates of 1956, pages 2104 and 2105. The Speaker said:

"Last year, it is true that I said—and I still stick to that view—that in a Finance Bill, only provisions relating to the taxation measures to meet the expenditure that has been voted upon by the House ought to be there. Otherwise, there is no meaning in a Finance Bill."

And he goes on to say on the next page;

"I would normally urge upon the Finance Minister, not only he but also all his successors..."

—I am sorry, Sir, that his present successor has ignored the advice of the hon. Speaker—

"...not only he but also all his successors, to see to it that only those provisions which relate to the raising of taxation should be included in the Bill"

Now, Sir, the attention of the hon. Speaker was drawn to this matter on the 4th March by the leaders of all Opposition parties, and a request was made that these clauses which are objectionable in the Finance Bill should be dropped from the Bill and that the Finance Minister should be advised accordingly. I, Sir, can only express my regret that the hon. Speaker appears to have failed to persuade the Finance Minister to do the right thing by the House and by the ruling of the Speaker. Even the request made that the Bill should be referred to a Select Committee has also been brushed aside, and therefore we shall have the farce tomorrow or on Tuesday of change in the law being made without proper examination or consideration as should have been done in a Select Committee.

Shri Ranga: Shame.

Shri M. R. Masani: Even now I would appeal to the Minister; he has announced today that he is bringing in an Income-tax Amendment Bill later this session; let him drop these half a dozen clauses which are in question from this Bill, let him transfer them to a new Bill, and let us discuss them a little later separately. That would be proper parliamentary procedure.

Shri T. T. Krishnamachari: From whose side would it be proper in your opinion?

Shri M. R. Masani: Now I come to an announcement made this morning, namely, about the appointment of a Monopolies Commission and its terms of reference. I have nothing much to say about the personnel except to say that the fact that it is composed entirely of officials is significant. Not

one single non-official, who can be expected to bring any independent judgment to bear on this very interesting economic phenomenon of monopoly, is there: every one of them is an employee or official of the State. I consider that to be a very bad blow struck at the report of this Commission by those who have appointed it. It will lose credibility in the eyes of the people of this country as well as of the rest of the world. And let us look at the terms of reference. It is not an honest anti-monopolies commission. It protects certain monopolies and excludes them from the purview of its inspection, while it points a finger at other monopolies one monopolist trying to turn the machine at other monopolists. Let me read the terms of reference.

The Commission's terms are: "(a) To enquire into the extent and effect of concentration of economic power in private hands". Why private hands? Why not all hands? Does monopoly become respectable because it is in the hands of Ministers? Then it says: "The Commission may also report on any other matter bearing on any aspect of national economy or functioning of the private sector..." Why private sector? Why not State sector also? We find just as much misuse of power in State enterprises as we find in others. There is just as much nepotism, just as much groupism, just as much casteism, and a lot of politicking that goes on in our State enterprises. That is why they produce the miserable results which are reported to us from time to time. Why should all this misuse of power be protected from the investigations of this Commission? I consider these terms of reference to be a fraud on the public. It is a deliberate attempt to lead the scales, to load the dice. The biggest monopolist in this country, the present Cabinet, tries to divert the attention of the watchdogs to much smaller monopolists, if there are any that exist. I must therefore record my strong protest against the way in

which what might have been a worthwhile investigation is sought to be loaded in a political manner.

On 3rd March, when I was speaking and referring to some good industrialists and some bad ones, somebody from the ruling party benches interjected a question by saying "All are not Tatas", the implication being that there is only one honest concern and that every one else is not. Well, Sir, I would like to take that remark up, because some Congress Members have said "Why could you not give any more names?" Well, I shall give some more names. I shall give only a dozen names; names that come to my mind offhand; there must be hundreds of others, big and small, honest concerns.

There are the Mafatlals of Bombay; there are the Godrejs; there are the Kirloskars of Maharashtra; there is the Mathuradas Vissenjee group; there is the Indian Iron and Steel Corporation of Bengal; there is the Alembic and Jyoti group of the Amins in Baroda; there are the Ambalal Sarabhais of Ahmedabad; there are the Coimbatore Cotton Mills; there are T. V. Sundaran and Sons, one of the finest enterprises in the South—I am sure the Finance Minister will accept that one at least. (*Interruption*). They are my friends and his, common friends,—There is the Bombay Dyeing Group; there is the Simpson group of Anantaramakrishnan; there are the Khataus; there is the Associated Cement Company; there are the Ghias; there is the Chidambaram group in the South. And I could go on; if somebody wanted he could make a catalogue of hundreds of honest-to-God industrial concerns in this country.

Sir, I was very glad to read a few days ago the press report—I have not seen the Report yet, it is being printed—regarding the Santhanam Report. Here at least comes a breath of fresh

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air. There are several findings of the Santhanam Report to which one responds. Time does not permit me to make a review of the Report, but I will mention one which gladdens my heart, and that is the recommendation made in the Santhanam Report that no public joint-stock companies, no enterprises, should be allowed to make contributions to the funds of political parties—no joint-stock companies should be allowed to make contributions to the funds of political parties.

I was delighted to find this vindication, coming from a committee led by a Congressman, of something that I said from these benches in 1961 when the Companies (Amendment) Bill was before the House. At that time I tabled an amendment to anticipate this very valuable recommendation of the Santhanam Committee. What happened to it, Sir? Every opposition party of this House including the Communist Party—and they don't love me—voted for it. There was only one party in this House that resisted this move to cut out corruption from our political life, and that was the party of that great socialist, Pandit Jawaharlal Nehru. It is with that money that they battled, it is with that money that they won the last General Election. I hope, Sir, that now that one of their own people has made this worthwhile proposal, they will look at it more kindly. I shall look forward to seeing legislation being introduced in this House very shortly by the Congress Government to carry out this recommendation of the Santhanam Committee. We shall live in hope and wait in patience.

If I understand the Budget, it is nothing but an attempt to collect all the investible resources of this country into the hands of that big monopolist, the Government of India.

The Budget is an instrument for putting all competitors of Government

out of business. It is not a Budget to bring in investment for growth at all. It is a Budget to destroy every competitor in the field of industrial enterprise who faces the Government of India on equal terms. The real choice that this Budget poses before the country is between a demand economy, which the people demand, and a command economy that is dictated to this country by those on the Treasury Benches. This is the broad choice that this Budget offers to the country: is it to be a demand economy or a command economy? Is it to be an economy of free societies or the economy of Soviet Russia and Communist China?

Rajaji, with his blood boiling at this age—one wishes that younger people's blood would boil in this House—writes in *Swarajya* of March 14, and I will quote him:

“Are people brought up in Indian tradition and culture, our flesh and blood chosen by popular vote as being the finest specimens of our total personality, ruling over us? Or is it a group of foreigners who have descended upon us from Moscow or China or Warsaw or Prague, or somewhere, and seized the Throne and palace and are making laws and regulations and governing us like conquerors, unfettered by any bonds of Indian culture or tradition or restraint?”

He would, no doubt, be called a reactionary for saying these things, in reply to which he may very well recall the words of Winston Churchill, who was also often called a great reactionary, and who, on one of those occasions, said:

“If they indulge in stupidities and crime and you react, they call you a reactionary.”

We are reacting to the stupidities and the crime that are being perpetrated on this country.

Why are they doing this? Why are they trying to monopolise all the investible resources of the country into their own hands? But first let us get this clear. Whose Budget is this? —because I do not want the hon. Finance Minister to take this personally. On 3rd March, when I was saying that it was not his personal Budget, but the Budget of the Prime Minister and the Government as a whole, he insisted that his shoulders were broad enough and he was the real "culprit". I did not accept this admission of guilt. That was on Tuesday, 3rd March. On Saturday, 7th March, the Congress Party met, and this is what the *Statesman* of the following morning said:

"Amidst cheers, the Finance Minister declared that the Budget presented by him did not represent his personal credo; but the policies of the Prime Minister and the Government as a whole."

On 10th March, which was the next Tuesday, the Finance Minister confirmed this report by saying in the House—I am quoting from Hansard:

"The criticism that my Budget does not represent the views of the party and that it is a personal Budget of mine are, to say the least, infantile, and have been put forward for lack of criticisms of substance."

So, let us get this clear. This is not the Finance Minister's Budget, but the Budget of the Prime Minister and the Government as a whole and, if I attach any motive, that motivation is not of my hon. friend, but of the Government as a whole.

The question is: why is this policy of deliberately grabbing—because, grab is the word—of investible resources indulged in when the budgetary situation does not even require it? My answer is that this is the doctrine of Karl Marx, the outmoded Marxist doctrine of squeezing surplus

value out of the peasants and workers and the common people, so that the new ruling class can built is so-called socialist, or what I call State capitalist society. It is a policy of asking people to tighten their belts for the glory of the State, a policy that was launched on this world by that monstrous Communist dictator, Stalin, whose name is execrated in his own country today. That policy lays down that agriculture and consumer goods must be kept down, the needs of the people must be denied to them, so that steel and heavy capital industries can be raised as the base of exploitation of this generation, to which we belong, in the interests of a mythical future. It is a policy of "pie in the sky when you die", but never today, that the Communist dictators preach; and we ape them.

Look at the list of fourteen industries which are to be favoured, which are called priority industries. Does a single one of them produce something to wear or eat or give more shelter? They all have nothing to do with common people; not one of them produces anything which a man can consume, except tea or coffee, which are meant for export rather than for ourselves. This list of fourteen industries could well have been lifted out of the Soviet Five Year Plan, or the Five Year Plan of Communist China. But even Russia and China have learnt that this was a wrong priority.

Let me quote from *Izvestia*, which is the Soviet Government paper, of 4th April, 1964. One L. Levin, a Russian engineer in Communist China, now returned, criticises the decision to build the biggest blast furnace at Anshan Works. I quote him:

"Everything was planned for show. Wishing to astound the world with the pace of the 'great leap', they tried to use the blast furnace before it was completed".

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The result was destruction of the blast furnace through explosion. Let us not laugh, because it has happened in our own country for the same reasons. It happened at Rourkela in the State plant. We were in such a hurry to show at what pace we were going that we blow up the blast furnace for the very same reason that we used it before it was ready to be used.

That is how we are aping the stupidity of the communist parties, which they themselves have shed. Today, in Communist China, the most reactionary of the communist countries, the new order of priorities laid down by Chou En-lai last year is: first, agriculture; then, consumer goods industries; and last, steel and heavy industries. How many years will it take our outmoded Marxist Prime Minister and his Government to learn this simple fact of economics? Would I be wrong in quoting someone who said that for a Government to run an industrial enterprise is like a monkey trying to play the violin? They simply are not made for that purpose.

I will be told: you are building up a phantasy, this is a thesis of your own imagination. No. I am going to quote one of the pillars of the present Government, to show that this is exactly what they are doing today. The person I shall quote is my friend, the Deputy Chairman of the Planning Commission, with whom I was very glad that the Finance Minister yesterday expressed his "fundamental similarity". Shri Asoka Mehta addressed U.P. legislators in March, presumably in Lucknow, and he said that the coming ten years would be "crucial" that would be a crucial period when the people would be subjected to "the grinding pressure of prices". He did not deplore it. He was just telling them what was coming their way. In case anyone should think that this was a loose remark, he moved on to Calcutta and there he spilled a few more beans. On March 21, addressing the West Bengal Business Convention,

he said, and I am quoting from the *Times of India* of 22nd March:

"Mr. Mehta warned the people that there was no escape from an annual increase of Rs. 100 crores in taxation. The severest curbs on consumption would be necessary to ensure surpluses."

And then comes this gem of out-dated Marxism:

"The present generation which was a bridge between the stagnant present and a bright future, would get 'trampled upon in the process.' But that could not be helped."

Here you have it from the horse's own mouth. Either you disown Shri Mehta or you stand with him in the dock guilty of this atrocious threat to trample the present generation for some mythical future which none of us knows about.

This Budget is only an instrument of Prime Minister Nehru and Shri Asoka Mehta in their grand design to trample on this unfortunate generation. All of us here, and the millions of men and women outside, have been created by God so that Shri Nehru and Shri Mehta may trample on them. If you ask who decided this? They will say "history", because determinism is part of Marxism. Who says so? The Great God Nehru and his Apostle Mehta.

Unfortunately, if I may say so, the Indian people are not prepared to be trampled upon. They are not. They are not dumb cattle to be driven to slaughter by my friends. They may well ask, like the Irish M.P. with a sense of humour, who said in the House of Commons many years ago, for posterity: "What has posterity done for me that I should sacrifice myself for posterity?"

In any case, the plea about posterity is a fraud. Shri Mehta promises relief in ten years. Who decided ten years? Who knows where he will be in ten years or all of us will be? Who is he to promise relief after ten years? There were bigger people before him, Lenin and Trotsky, who also promised the Russian People. They said: "just endure our communism for ten years, put up with all the hardships, tighten your belts and then, what will happen—the millennium will arise. The State will wither away; the land will flow with milk and honey". That was the dream of communism of Lenin and Trotsky. Today we are forty-five years away from the time when Lenin and Trotsky asked for a few years' sacrifice so that a beautiful future would emerge. Where are they today? The people of Russia do not find that State withering away; they do not find even the dictatorship withering away. Today in Moscow people are without homes; today they are getting on without enough clothes; the bread queues in Moscow are longer than they have been any time since the Revolution. That is the logic of false method of priorities imposed on this country. Knowing the record of this Congress Government, I do not know if anyone would accuse them of any desire to wither away at any time!

For these reasons, my party will vote against the Finance Bill as a whole. It will seek to reject this Bill for two reasons: first, because it is a bad, oppressive and immoral Budget which needs to be rejected; and secondly, because we do not believe that this Government deserves to be given any supplies; we want to get it out of office as soon as the Indian people will permit.

Shri K. N. Pande (Hata): Mr. Deputy-Speaker, Sir, before speaking on the Finance Bill, I want to say that when the Finance Minister took charge of the Indian economy it was very much disturbed and through his wisdom and sincere efforts he brought some easiness and it started moving

satisfactorily to some extent. I have full confidence in his competence. But in order to remind him of his duty, I want to say something and I think that he will not be misled by the speeches which had been made by the Members of the Swatantra Party. Sometimes on sentimental grounds one may win elections but unless you assess the real feeling of the masses you cannot remain here for long. I see fast changes in the world. There was a time when my hon. friend Mr. Masani was a very staunch supporter of socialism.

Shri M. R. Masani: I have learnt better now.

Shri K. N. Pande: Now, he is the staunch supporter of capitalism.... (*Interruptions.*) and of monopolistic tendencies and other things. There was a time when Prof. Ranga was a great and staunch supporter of small agriculturist.

Shri Ranga: Even now I am.

Shri K. N. Pande: Now he thinks that he should mix up big landlords, Rajas and.... (*Interruptions.*) These changes are taking place in our own country. Our Finance Minister should take little notice of what these people say. In India crores of people are poor; they are interested in getting their basic needs such as cloth, food shelter, etc. If you do not know these feelings of the masses, if you go on beating the same old drum saying that capitalism should remain, I think the masses will not pay heed to you. You will have to take some effective steps so that these people are satisfied. During his time, may I remind the Finance Minister, the Congress in Bhubaneswar took a very historical decision about establishing democratic socialism in this country. The basic thing in a socialist society is that society should have control over the means of production and distribution. In democratic socialism force cannot be applied as in communist countries. It has to be done here by persuasion, consultation and other democratic methods. It is a difficult task to

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perform. Government cannot have control over agricultural production because at the time of elections these people were propagating that *sahakari kheti* means *sarkari kheti*. That is how they were misleading the people. I know they are very literary people, highly educated but their education is not going to satisfy the masses. They want their needs to be fulfilled.

If we cannot have control over means of agricultural production, we have to adopt some method so that our production is at a level which may meet our requirements. Our position in regard to food production is alarming. In 1961 we imported wheat worth Rs. 129.6 crores. In 1962, it was Rs. 141.12 crores and in 1963, Rs. 183 crores. If this affairs continues lie this, only God can save us. We can depend upon the rest of the world till the conditions are favourable. We may go on importing from other countries? If the world conditions get disturbed, how can you have this wheat imported from other countries? Naturally we have to depend upon our own resources. I want to tell this to the Food Ministry and the Finance Ministry. The food Ministry may be controlled by the Food Ministry but it cannot move by itself without taking the Finance Ministry into confidence. We are importing more than Rs. 125 crores worth of foodgrains every year. We should make a plan that Rs. 25 or Rs. 30 crores of that amount are to be spent in order to help the cultivators so that they may stand on their own legs and meet the requirements of food in the country. But that is not being done. When there is shortage of food, the whole country looks on the Food Ministry in the Centre and they import it from abroad. Is this the way to solve the problem? We have to stand on our own legs. The Finance Ministry has to find funds to help cultivators to grow more. People know that lands are fragmented; they are so many small cultivators who do not have the means to do cultivation in a better manner. He has not got the

means; he cannot plough the field at the time required. He does not find seeds at the proper time. Unless he borrows money from the money-lenders he cannot proceed. Therefore, my suggestion in this regard is that you should make your planning in such a way that you provide some tractors for the villagers so that they may be helped, I mean those cultivators who have no ploughs or bullocks or other means of cultivation. Similar help is needed in other things also. You cannot build canals everywhere, because that also requires so many things. Tube-wells are required, but tube-wells cannot be sunk on rocky soils. Therefore, other means have got to be adopted. I have heard Shri Masani as saying that Shri Asoka Mehta told him that within the next ten years, the condition would become easy. I do not know how he says that. (Interruptions.)

15.00 hrs.

Shri Sham Lal Saraf: He has shown us no Alladin's lamp!

Shri K. N. Pande: These things are beyond our control. Production of food material is not so much extent under our control or we cannot say with certainty that so much can be produced in one year or two or three years. Therefore, we have to depend to a great extent on nature. And therefore, under these conditions to what extent we can help these cultivators is the question. We have to plan and help them at the time when the help is required by them.

The other thing which I want to say is about industrial production. About industrial production we can talk with some amount of certainty, but here although I welcome the measures proposed by the Finance Minister in respect of taxes. But I want to say one thing. It is true that in a socialist economy, the people cannot be allowed to go so high and at the same time the vast majority of the people be allowed to remain at the

lowest level. That cannot be. It is easy to bring those higher people down, but what are we doing to raise the lower people up? Can you prove, or can you give me any instance to show that the income of the lower people has increased? In view of the rising prices, are their emoluments in the shape of salaries or wages enough? These salaries or wages are being consumed by the rising prices and those people are not enjoying the real benefit of the wages or salaries. You have to give some thought to it. I can tell you that if those conditions are not improved, you cannot be sure of industrial production as well. The workers cannot wait for long. I tell you that the only method to deal with this problem is to give subsidy to cultivators, provide the workers with the things of their requirements at subsidised rates and subsidise food material. You cannot help the cultivators, or the cultivators cannot be enthused unless they realise that the State is really at the back of these. It is they who are to be helped.

For example, I can tell you how much encouragement is given to the cultivators. Take sugar industry. It is true that the Food Minister declared here that the price of cane is fixed on the quality basis. It is also true that due to so many reasons the quality of cane is very inferior and the recovery percentage is 9 or something below that. The formula adopted by the Food Ministry is that below or up to 9.4 per cent recovery of sugar the cultivator will be paid Rs. 1.85 per maund of cane. But if that cultivator due to his hard labour is able to increase the recovery percentage what does he get? For example, if the recovery is 9.4 per cent then the poor farmer is getting Rs. 1.85 nP, but after raising the percentage by 4 per cent, he gets only Rs. 1.91 nP, that is only an increase of 6 nP per maund. How can the cultivator be enthused and how can he be encouraged if this is the position? The Finance Ministry should take all these things into consideration. The Food Ministry was trying to achieve the target of 33 lakh

tons, but now they are going to achieve only about 24 lakh tons; there is a shortage of 9 lakh tons. Can you imagine how much excise duty have we lost simply because of our wrong policy? If we had increased the cane price at the proper time and made the cane available to the sugar factories the people would not have suffered because of shortage of sugar and also the Government would not have suffered the loss by way of excise duty.

Then, I want to say a few words about the public sector. It is true that under the socialist society, the basic industries should be brought under the control of the society, that is, under the Government. That is true. But why are the industrial relations in the public sector so bad? Well, I like a strong man, if he is strong administratively. I do not like a weak person; I like Shri C. Subramaniam because he seems to be a strong man, but does he himself handle all the factories everywhere? It is the managers, it is the officers who are there on the spot who have to handle the factories. The administration in public sector is so loose that they cannot achieve their target which is fixed. There is something wrong some where and these things have to be studied.

Many people, on sentimental grounds here, cry that such and such an industry should be nationalised and so on. I am not against it. The fact is that if need is felt they should be nationalised but we should also not forget that according to our Constitution, if an industry is to be nationalised, it has to be paid compensation, and you have to find the money for that as well. Moreover, the public sector, as it is going on nowadays, does not create any enthusiasm at least among the workers. I can tell you on behalf of the workers that the workers are not at all enthusiastic about nationalisation seeing the condition in public sector. Therefore, if you bring so many industries under nationalisation

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without bringing existing public sector, we are going to be disappointed at least from the side of workers. Can you imagine that whenever they hear that a certain industry is going to be nationalised they feel that ice-water has been poured on them?

Shri Sham Lal Saraf: Why should it be so?

Shri K. N. Pande: Because they are seeing the conditions in the public sector so bad. They are seeing the way in which the labour laws are being applied. I recently heard that even Shri Nanda is thinking that labour laws should be relaxed to some extent so far as the public sector is concerned. If the public sector is to be fitted in or built in such a fort, the public sector cannot withstand, or this country cannot achieve the desired result from public sector. I tell you that these conditions have to be improved in order to create enthusiasm among the workers. Unless we make the condition in public sector attractive we cannot get full cooperation from the workers.

Shri M. L. Jadhav (Malegaon): Sir, I rise to support the Finance Bill which is before the House. I congratulate the Finance Minister on some minor concessions that he has been pleased to indicate. The announcement of the Monopolies Commission is a welcome move at the time when we are at the fag-end of our budget programme. These are indications to minimise the vested interests and usher in socialism in the country.

With regard to the Zonal Councils, I would submit that the Zonal Councils are not working effectively. I find that there are border problems between various States. For instance, there is a border problem between Mysore and Maharashtra. I feel that certain areas which are claimed by Maharashtra—Belgaum, Napani, Supa-Karwar and other places. I find that the Zonal Council in this case is not in a position to take a decision. These

are matters pending for a number of years, for more than 10 years. The people in both the areas are agitated over this problem. I feel that there is a bitterness, and that bitterness increases because the problem is not solved, one way or the other. The problem should be handled and solved and some decision should be arrived at so that the people in that area may live there peacefully without having languages, neither Kannada or Marathi, are being forced on them by one State or the other.

With regard to the territorial claims of the border States, I feel that it is very necessary that the Government should come to a decision so that justice may be done to those people.

Even with regard to water problems I find that there are disputes between some States. There is a dispute between Maharashtra, Andhra and Mysore, it goes on without any settlement being reached. It is the duty of these zonal councils and the Government to intervene and to see that a fair solution is arrived at so that the interests of one State or the other are not neglected. It is no use keeping these problems hanging there indefinitely. It is very necessary that these problems, these water disputes are solved. The Government should intervene and enable these States to come to a fair settlement so that each State may have its fair share. But I find that the zonal councils and the Government are simply watching things and they are not taking any interest to see that one State or the other does not suffer with regard to its legitimate rights.

Then, Sir, I may refer to the Defence of India Rules. The Defence of India Rules have been amended from time to time to provide for prevention of hoarding and profiteering. Have we succeeded in doing that? Have we succeeded in checking the prices? What do we find with regard to the

prices of wheat and rice? I find that the prices have gone up and the trade has thrown a challenge to the Government. These are problems which concern the common man. It is very necessary to enforce the law in such a way that life does not become unendurable to the common citizen.

At the same time, I feel that corruption which is there at all levels should be rooted out. I find that the common man who wants clean administration and is much worried because there is corruption in the administration. The Home Minister promised that the Government would give a clean administration within two years. I think the task before the Government is gigantic. A Herculean effort will have to be made to achieve some success in the matter of removing the corruption which has its deep roots. Let the man in the street feel that all are equal before the Government and law. Let the common man feel that justice is stronger than any individual however strong he may be.

Then, I would like to deal with the problem of unlawful immigrants in Assam. I feel that lakhs of Muslims have come from East Pakistan and settled in Assam and other areas. It is a dangerous situation. Many of them are likely to be fifth columnists. Their illegal stay here may bring the whole of India into trouble. Emergency powers have been given by this august House. I would ask the Minister why they are not being used. The Government should take firm steps to see that undesirable persons do not take advantage of our lethargy.

I now come to the question of prohibition. Is it an all-India policy or is it a policy which can differ from place to place, from State to State. In some States they are going back on the policy of prohibition. They have liberalised it and issued permits. I feel that this policy, in order to be realistic, should be an all-India policy. The Government should take a realis-

tic view of the situation and see that it is made effective as a policy throughout India. Some decision at the all-India level should be taken in that regard.

Dealing with the judiciary, I feel that the High Courts and Supreme Court should be with the Law Ministry. The learned Chief Justice of the Supreme Court was also pleased to observe that the High Courts and the Supreme Court should be with the Law Department. Why should police and judiciary be with the same Ministry? When it has to deal with law and order, why should the Home Ministry deal with the judiciary also? I feel that the judiciary should be with the Law Ministry and it should be taken away from the Home Ministry.

Then, the emergency is there. But this emergency should be felt at all levels. The Minister of Education was pleased to wind up some committees. I feel that the other ministers also should do away with committees which are unnecessary. The Government should try to effect some economy in the expenditure. It is very necessary that we should curtail everything that is superfluous. We should see that our nation becomes self-sufficient with regard to food and other requirements.

On the food front, every effort should be made to see that the nation does not depend on PL. 480 but it depends on its own resources. The agriculturists are demanding tractors. We are not in a position to supply them the necessary implements, tractors and other things. We are not able to supply them the other things that they demand. I find that for want of good seeds our potato cultivation has suffered. In Maharashtra, I can say from my experience, potato cultivation has gone down because the agriculturists are not in a position to get good seeds. Potato is a vegetable which is consumed throughout India and by all. It is very necessary that

[Shri M. L. Jadhav]

potato seeds should be imported from outside India in order to enable the cultivators to have a good produce from their farms. The farmers have suffered because the seeds that are given to them, the seeds from near about Simla, are not good quality seeds. In order to improve the quality it is very necessary that potato seeds should be imported and given to the cultivators.

At the same time, I would like to draw the attention of the Government to the need for research in agriculture. In my areas, for instance, there are betel leaves gardens. These gardens suffer because the leaves are affected by a disease called "brownish tinge" disease. Many complaints have been made to the department concerned. Some steps should be taken in this direction. Some research should be done to check this disease and effective measures should be taken to deal with it. I find that nothing has been done with the result that betel leaves gardens worth crores of rupees are being damaged. The Government should carry out the necessary research in order to save these leaves from this disease which has very bad effects on them.

Sir, with these remarks, I thank you for giving me this opportunity to participate in this debate.

Shri Alvares (Panjim): Mr. Deputy-Speaker, Sir, it has become characteristic of the Finance Member of this Government to aim rather high and then meet any opposition by strategic retreat. The concessions he has made through the amendments that he has proposed this morning belie his statement that the stock market has any influence upon his policy. In an age of planning we are still ruled by the fluctuations of the futures market, and it is rather surprising that in spite of the experience that the stock market will always bring unbearable pressure upon Government for more and more relaxa-

tion, Government always makes these concessions. Therefore in examining the Finance Bill and its main provisions we must assess whether the provisions in this Bill give effect to our objectives, and to do so the fiscal policy must first come to terms with our economic policy. It is only then that we can decide whether the direction that the fiscal policies give is in consonance with our social objectives or not. Therefore on the three essentials of production, of administration and of egalitarianism I propose to examine what the Finance Bill proposes to do.

There is no doubt—it is accepted widely—that production in this country has suffered very much, particularly agricultural production. Unfortunately, in spite of the experience of many socialist countries or near-socialist countries the Government of India in its planning policies repeated the same error that they did in giving higher priority to industrial development than to basic agricultural production. We did not profit by the experience of Russia or of Yugoslavia. Even at this late stage I do not see any recognition in the policies of Government that the low production, or under production, in the agricultural sector has at all set us thinking in right terms.

Russia is experiencing after many years of planning a situation similar to ours. We know that there is a crisis in agricultural production and who has not heard Khrushchev say that there must be a crash programme of development by the utilisation of the virgin lands in eastern Russia. That, I thought, would be a lesson in experience to our Government; but, as it is, the Finance Bill does not make any special provision to make up this lag in production.

We have in the past many years imported food on an average of Rs. 285 crores per annum. This has been not merely a heavy drain on our resources but has set in motion a feel-

ing of frustration, of dependency, of lack of confidence that we cannot produce food in spite of the experience and the know-how that we are able to get. This crisis, apart from the drain on foreign resources, has also depressed the agricultural class. It has affected in turn the priorities between local consumption and the need for export. Therefore, I thought that the Finance Minister would have given his prior attention to the development of our agriculture so that the basic economy of our country could have been put on a sound basis, and all the distortions that arise therefrom would have been straightened out and set right. It is unfortunate that there is no realisation of this fact. Therefore the Finance Bill on this one account must receive our severe criticism.

It is possible to achieve growth. Growth has been achieved in many countries in spectacular fashion, in Japan, West Germany and some other countries also. But India, because of our planning and social policies, we cannot remain satisfied with mere growth, but must concentrate on a wider aspect of development. When I use the word 'development', I signify not merely economic growth by so much percentage but also the correlative of social change because unless there is a countervailing development of social change along with growth we are not going to achieve socialism by any standard whatever.

It is possible—and the private sector will argue—that the development of social change can come later on; it is necessary at this stage to concentrate on growth. I am afraid that the Government have fallen a victim to this line of argument because they have neglected the main development, the institutional developments that could foster social change almost as rapidly as a counteraction to the economic growth merely as such. Therefore, I would urge the Finance Minister to reconsider to a small extent at least any

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measure by which he could provide for this development for this social change through institutional development.

I was referring to the need to foster institutional development by the setting up of rural industries so that the village folk can come across the know-how of technical development, by the setting up of co-operative industrial enterprises whereby the larger section of our community can participate in the development of industrial production and by the setting up of co-operatives whereby both in the agricultural and in the industrial sector the village population can also be so educated.

15.25 hrs.

[SRI THIRUMALA RAO *in the Chair*]

Unless this is done, what will happen in this country is what many economists have warned us about, namely, a lopsided development by reason of which there will be severe imbalances not only between those staying in the urban and the rural sectors, but also between agriculture and industry itself.

This country, because of its history, has a tremendous backlog of social inhibitions and of social undesirable customs. We have tried our best in many ways to break through, but no break through can be sufficient, or can be achieved with sufficient success, unless correlative or countervailing economic measures are so provided for the rural sector that the village population can find economic expression.

It is well known that along with urban development, rural development also must go side by side. Unfortunately, the experience of the administration in this respect has been very unhappy. Administration is the key factor in bringing about economic change. Administration in the rural sector is as important as administration in the public

[Shri Alvares]

sector; both these sectors occupy a very important position in our social and economic life. Let us consider for one moment what the result of the administrative success in the rural sector is.

We have a rural works programme initiated whereby we are expected to spend Rs 150 crores in the Third Five Year Plan. It was meant to provide employment to the underdeveloped, to the under-employed and the unemployed to the extent of 100 days in a year per person. We will have an unemployed population by the end of the Third Five Year Plan of 12 million. To add to that is under-employed population of between 15 and 18 million persons. This under-employment and unemployment of such a large number of people is a drag on the economy and whatever progress may be made in some directions, it is bound to be negated by the consumptive standards of these 30 million people. Therefore, this rural works programme was a welcome innovation inasmuch as it provided employment by investing Rs. 150 crores. But I am sorry to say that during the first three years of the Third Plan only Rs. 6 crores out of Rs. 150 crores have been utilised. That is the performance of the administration charged with a very serious responsibility.

Now, let us take the question of the public sector. This House has witnessed for some time now the severe criticism about the performance of the public sector. The public sector not merely builds up the infra-structure of our economy but it is our pride and our life line. Therefore, as a socialist, I am very much concerned with the performance of the public sector and with its success. We want it to grow, we want it to become more and more successful inasmuch as we want it to become a model of industrial development in the country. The public

sector has neither lived up to its expectations nor to its promises. In the past few years, we have noticed that the public sector has incurred quite a few losses. Apart from the fact that these losses are sometimes natural, in these cases they are not so, they are either because of a lack of good administration or for a lack of planning or for some other reason not acceptable. In 1962-63, all the 46 companies in the public sector made an aggregate loss of Rs. 12.38 crores. If we examine the break-up of the losses, we find that though 11 of these companies made a profit of Rs. 6.4 crores, the remaining 35 companies made a loss of Rs. 23.91 crores. This is a very serious situation. When we consider that it is our policy to expand the public sector, surely one would ask a serious question as to whether in the face of this performance of the public sector any expansion would be justified. Therefore, looking at this performance and keeping in mind the strategic role of the public sector, I would venture to suggest that we may have a moratorium on the expansion of the public sector in the last year of his Plan so that we can concentrate all our energies and utilise financial resources fully in bringing all the public undertakings to a pitch of efficiency, proficiency and also profit. I am sure this suggestion, so unusual, will do a good service to the public sector; for without a corresponding measure of increasing the efficiency it will only bring the public sector to a great disrepute. It is, therefore, to protect the prestige of the public sector that I am making this suggestion that we may have a moratorium and expansion in the last year of the Plan and concentrate all our energies in bringing them up to the full production level and to a full profit-making venture so that when we embark on the Fourth Plan, we shall have the advantage of an efficient administration and a great experience.

Similarly, there is the question of the fiscal measures undertaken by the

Government. I had said earlier that the fiscal policy must come to terms with our economic policy. In the concessions that the Finance Minister made this morning, I do not see any such connection between the two. Rather, I find that the Finance Minister has succumbed to the pressures of the private sector. The concessions that are made in the private sector only help to strengthen the stranglehold of the private sector upon the capital structure of the economy.

Shri Morarka: What are the particular concessions you are referring to?

Shri Alvares: I have got very little time at my disposal.

Shri Morarka: You must tell us.

Shri Surendranath Dwivedy (Kendrapara): You give your time, 10 minutes more from the Congress side, to him and he will tell you.

Shri Alvares: I say that will strengthen the stranglehold of the private sector upon the capital base of the country. In this context I should like to refer to the invitation to the foreign private capital to this country. Nobody can take exception to foreign capital being invested in our country. But we must realise that a foreign capitalist is not coming to invest in this country as a philanthropist, as Mr. Rockefeller said a few days ago, but for his own purpose. It is essentially because there is a surplus of investable foreign private capital in their own home countries that they are seeking foreign markets to invest in. To this there can be no objection. But the concessions that are being made to foreign private capital will have their own repercussions upon the concessions made to indigenous private capital. It would be impossible that foreign capital would be treated with some special concession and indigenous capital would be discriminated against. It would obviously be that

both would be treated on a par. But the pressure that these investors are able to exercise through their home countries and through foreign relations, would inevitably result in a great concession being given to private capital in our country. Therefore, in order to get over this difficulty, I venture to suggest that the Government may freeze all dividends in over 5 per cent and for a short duration to channalise the money so accounted through Government agencies for investment. Rather than go a-begging for foreign capital to come into this country, let us first find out what is the total availability in our country. The Government have not made an assessment. Yesterday, while speaking the Finance Minister said how his Ministry had been able to recover about Rs. 80 crores more of income-tax. Whether the original estimate was an under-estimate in order to provide a cushion for operation to our Finance Minister, or it was really a hunt of unaccounted capital in the country, I am not able to say. But it is obvious that, as the American businessmen were told a few days ago, 40 per cent of the entire income-tax is evaded in this country. If that is so and if an estimate can be made of unaccounted money that Government has no contact with, I am sure we should come to a situation where we will find ourselves viable to a large extent. I agree it is difficult for all unaccountable money to be traced by the Government. It is a desperate situation. It is a situation so desperate that this money upsets all price regulates on the burden to the common man, in particular to those in the fixed income groups.

Therefore, Sir, because it is a desperate situation, we must have a desperate remedy. I would suggest to the Hon. Finance Minister that he must consider demonetisation of the currency in order to force all this unaccountable money to come back once again to the Treasury, whereby the Government can keep an account

(Shri Alvares)

of the total amount of money in circulation in this country.

I understand that the Finance Minister may say that demonetisation is a costly affair and it may cost anything upto Rs. 2 crores; but it does not matter, because, the money that the Government will be able to get will be many times and much more. What is more important is the psychological climate and the seriousness created by such Government measure. People will realise that Government is serious about socialism.

One last word before I close. The fiscal policy can correct many of the contradictions in our economy if purposeful attempts are made. There is in our fiscal policy the need to resolve the claims of domestic consumption with the need to export and also the need to maintain the standards of living, and at the same time save for investment. Both are not antagonistic and can, and should be harmonised. There should be, Sir, no conflict between private and public sectors. The structure of our economy and developing resources should be so geared that while there is increase in the national wealth and employment, there must also be laid the basis of an egalitarian society where the inequalities pointed out by the Mahalanobis report are eradicated, and the per capita national income increases at a rate that will be of some meaning, rather than the sorry story of less than one per cent as it is today

श्रीमती जमुना देवी (झाबुआ) :

सभापति महोदय, मैं फाइनेंस बिल का समर्थन करते हुए अपने कुछ विचार व्यक्त करना चाहती हूँ। मैं बहुत-बहुत आभारी हूँ कि साल भर में कम से कम आज आप ने मुझे बोलने का मौका दिया।

बजट पास होने की स्थिति में है। जब से हम को आजादी मिली है, बजट पास होते आए हैं और ये बजट हम ने हमेशा जनता

की प्रगति के लिये और इस देश के कल्याण के लिये बनाये हैं। हमारे वित्त मंत्री जी का १९६४-६५ का बजट-भाषण ऐसी कल्पनाओं से भरा हुआ है, जैसे कि मुगल गार्डन के फूल हैं। मुगल गार्डन के फूलों के समान ही सुन्दर कल्पना मैंने इस भाषण में पाई। मुगल गार्डन के फूल बहुत सुन्दर हैं। वैसे ही इस बजट में निर्माण-कार्य और देश के कल्याण के लिये जो कल्पना की गई है, वह भी बहुत सुन्दर है। लेकिन इन निर्माणकार्यों और कल्याणकारी योजनाओं में से कितनी कार्यान्वित होती हैं, हमें इस को भी देखना जरूरी है।

टैक्स बढ़ाये जाते हैं और कहा यह जाता है कि जनता के हित के लिये हमें अधिक काम करना है, इस लिये टैक्स बढ़ाना जरूरी है। बजट पास होने के बाद रुपये का वितरण किस ढंग से होता है, सब से पहले मैं उस का एक नमूना पेश करना चाहती हूँ और इस सम्बन्ध में शासन के सामने एक सुझाव रखना चाहती हूँ।

बजट पास होने के बाद जब दूसरा ३१ मार्च आ जाता है, तब यह रकम खर्च होने की नौबत आती है। मैंने मध्य प्रदेश में देखा है कि हमारे सरकारी अधिकारी यह चाहते हैं कि जल्दी से जल्दी, जैसे भी हो, ३१ मार्च से पहले किसी तरह इस रकम को खर्च किया जाय, चाहे वह काम, जिस के लिये रकम मंजूर की जाती है, पूरा हो या न हो। सिवाय इस के कि इस रकम का दुरुपयोग होता है, इस प्रकार रुपया खर्च करने का और कोई अर्थ नहीं है। इस लिये शासन से मेरा नम्र निवेदन है कि बजट में जो भी रकम निर्माण-कार्यों के लिये मंजूर की जाती है, वे कार्य पूरे करने के लिये विभाग द्वारा जल्दी से जल्दी स्वीकृति भेजी जानी चाहिये, ताकि कार्य समय पर हों और रकमों का दुरुपयोग न हो, क्योंकि यह जनता की गाड़ी कमाई का पैसा होता है।

आज हम देखते हैं कि इस बजट का असर सब से पहले गवर्नमेंट के एडमिनिस्ट्रेशन से सम्बन्धित है। अगर कोई गलती हुई, तो उस को सुधारना है, बड़े बड़े अफसरों की फिर से नियुक्ति करनी है, उन की बड़ी बड़ी तन्खवाहों को बढ़ाना है। लेकिन उस के बदले हमारे देश के लोगों को क्या मिलता है, इस और हमारा कतई ध्यान नहीं है। जैसा कि आप को मालूम है, इमर्जेंसी का टाइम चल रहा है, लेकिन बड़े बड़े अफसरों की तन्खवाहें बढ़ाई जा रही हैं। इमर्जेंसी के समय में हम ने बेकाम लोगों को पाल रखा है। यदि दर-असल देश में पैसे की कमी है और जनता पर टैक्स की कमी की जा सकती है, तो सेक्रेटरी, डायरेक्टर और मिनिस्ट्रों को जो बड़ी तन्खवाहें दी जाती हैं, इन बड़े बड़े राजाओं को जो प्रिवी पर्स दिए जा रहे हैं, उन में कमी करनी चाहिये, ताकि जनता पर कम बोझ पड़े।

राजा लोगों को हम इतने बड़े प्रिवी पर्स देते हैं। हम ने वादा किया है और वादा निभाना है। लेकिन समय के अनुसार अगर वादा बदला जाय, तो क्या हर्ज है? ये राजा लोग चुनाव लड़ कर आते हैं। वे उस में भी फायदा उठाते हैं और प्रिवी पर्स का भी फायदा उठाते हैं। यह सब क्या है? देश की इस रकम को, जनता की गाड़ी कमाई की रकम को, इस ढंग से बेकार लोगों को पालने पर खर्च करने से कोई फायदा नहीं है।

हिन्दुस्तान में—मैं खासकर मध्य प्रदेश के लिये कहना चाहती हूँ—आज ऐसे लोग हैं, जो कि इसी गवर्नमेंट के नौकर हैं, जो कि आज के मंहगाई के जमाने में झठा-रह रुपये में अपने जीवन का निर्वाह करते हैं। एक तरफ सरकार की ओर से यह आन्दोलन चलाया जाता है कि कृषि का विकास किया जाय, कृषि-उत्पादन बढ़ाया जाय, लेकिन दूसरी तरफ खेत के मजदूर को क्या मिलता है? पच्चीस रुपये प्रतिमाह जिस में प्रति-पत्नी दोनों को साल भर तक गुजारा

करना पड़ता है। जिस देश में ऐसी स्थिति हो, लोगों को इस ढंग से तन्खवाह और मजदूरी मिलती हो, उस देश के लोगों से यदि सरकार यह आशा करे कि वे लाइवा और पाकिस्तान का मुकाबला करे, जो यह आश्चर्य की बात ही है।

आज हम को दस तरह की खाने की चीजें चाहियें—डबल रोटी, टोस्ट चाहिये, मक्खन चाहिये, अंडे चाहियें, सब कुछ चाहिये। लेकिन दूसरी तरफ एक समाज है, जो सिर्फ दाल-रोटी खाना चाहता है, किन्तु आज हम उस के लिये बिल्कुल नहीं सोचते हैं। उस समाज के लोगों को जिन्दा रहने के लिए कम से कम दाल-रोटी तो नसब हो।

हमारे वित्त मंत्री ने अपने भाषण में बताया कि हम अनाज सस्ता नहीं कर सकते हैं, क्योंकि उस का असर किसानों पर पड़ेगा, उन का उत्पादक कम होगा और इस कारण उत्पादन नहीं बढ़ेगी। हम देखते हैं कि जब किसान की फसल आती है, तो अनाज इतना सस्ता हो जाता है कि किसान को सही ढंग से मुआबजा और पैसा नहीं मिल पाता है। किसान को जिन चीजों की जरूरत होती है, वे सब मंहगी मिलती हैं और उस का अनाज सस्ते भाव पर व्यापारियों के पास चला जाता है। जब किसान को जरूरत होती है, तो उस का वही अनाज उस को दुगनी कीमत पर मिलता है। इस लिये सरकार को अनाज के भाव कम करने की ओर कुछ ध्यान चाहिए, ताकि इस देश की जनता बिदा रह सके और देश की हर एक मूसीबत के समय में मजबूत और सशक्त हो कर उस का मुकाबला कर सके।

अब मैं आप का ध्यान आदिवासियों की ओर दिलाना चाहती हूँ। आज हमारे आदिवासी बिल्कुल लोचरिस लोग हैं। उन को कोई देखने वाला नहीं है। जैसे हर बिभाज के कॉन्ट्रिजेंसों में रकम रखी जाती

[श्रीमती जमुना देवी]

है, वैसे ही आदिवासियों के हित के लिये बोड़ी सी रकम मंजूर कर दी जाती है। जैसा कि मैं ने अभी बताया है, ३१ मार्च से पहले रकम को खर्च करना पड़ता है, चाहे उस का दुर्ब्ययोग हो और कार्य पूरे नहीं होते हैं। कि यदि रकम लेप्स होती है, तो उस का कोई उपयोग नहीं है। आदिवासी क्षेत्रों में हम को रिजर्वेशन दिया गया। हम चुनाव लड़ कर यहाँ आ गए। लेकिन क्या रिजर्वेशन यह है कि उस एरिया के लोगों को पीने को पानी न मिले, उस एरिया के लोगों के स्वास्थ्य-लाभ के लिये कोई व्यवस्था न की जाय, उस एरिया के लोगों के लिये कोई उद्योग-धंधे न खोले जायें? मैं आपका ध्यान अपनी कांस्टीट्यूएंसों के लोगों की ओर दिलाना चाहती हूँ। दो फाइव-यीयर प्लान खत्म हो गए और तोसरा चल रहा है। करीब पन्द्रह साल हो गए, लेकिन अब भी झाबूआ में पीने के पानी की उचित व्यवस्था नहीं है। कोई प्लान बनाते वक्त इस बात का ध्यान रखा जाना चाहिये कि क्या ग्राम्य क्षेत्र के लोगों को पानी की जरूरत है, क्या उन को चिकित्सा की सुविधाओं की जरूरत है। लेकिन ग्रजसरो के दिमाग से सारे प्लान बनते हैं। दिल्ली की बड़ी बड़ी कोठियों में बैठ कर जो प्लान बनाये जाते हैं, वे ग्रामीण जनता के हित के प्लान नहीं हो सकते हैं। ये जो बड़े बड़े सेक्रेटरी और डायरेक्टर हैं, उन को क्या अनुभव है? इन्होंने कभी भूख सही नहीं है, इन्होंने कभी पैदल कांटो पर चल कर देखा नहीं है। इन को पता नहीं है कि ग्रामीणों के दुःख-दर्द क्या होते हैं। उनकी आवश्यकता क्या है?

आप को मालुम होगा कि मेरी कांस्टीट्यूएन्सों में आज भी तालाब का सड़ा पानी पिया जा रहा है। इस के बारे में मैं ने शासन को और हेल्थ मंत्राणी जी को कई बार पत्र लिखे। उन पत्रों के जवाब में कहा जाता है कि यह तो आप के यहाँ के मिनिस्टर का

काम है। मैं निवेदन करना चाहती हूँ कि हम लोग आदिवासी क्षेत्रों का प्रतिनिधित्व करते हैं, लेकिन हम लोगों की कोई सुनवाई नहीं होती है। आज आदिवासी इतने दुखी हो गए हैं कि उस का परिणाम आज शासन के सामने आ रहा है। हमारा शासन इतना पैसा खर्च करता है और इतनी लोगों की भलाई सोचता है लेकिन हमारे जनसंघ के भाई तथा दूसरी पार्टियों के भाई हमारे शासन की गलतियाँ का फायदा उठा कर उनको गलत रास्ते पर ले जाते हैं। ये उनके तौर तरीके हैं

श्री बड़ें : तभी सोशलिस्ट पार्टी छोड़ कर आप कांग्रेस में आ गई हैं।

श्रीमती जमुना देवी : ये जन संघी लोग पवित्र दीये का निशान बता कर भोले भाले आदिवासियों को घोखे में डालते हैं। घर का पवित्र दीया, देवी देवताओं का दीया दिखा कर भोले भाले आदिवासियों से वोट अपनी पेटों में डलवा कर उनको घोखा देते हैं . . .

श्री हुकम चन्द्र कछवाय (देवास) : बँल कागज के हैं।

श्रीमती जमुना देवी : बँल कागज के नहीं हैं, वे सही बँल हैं जिनकी मेहनत खा कर आप बोलते हैं . . .

श्री हुकम चन्द्र कछवाय : झोंपड़ी छोड़ कर

श्रीमती जमुना देवी : कछवाय साहब, आपको बहुत बोलना आता है आप चुपचाप बैठिए।

सभापति महोदय : उत्प्राह को थोड़ा रोकना चाहिये।

श्रीमती जमुना देवी : वित्त मंत्री से मैं निवेदन करूंगी कि आदिवासी क्षेत्रों के लिये, जब भी योजना का पैसा खर्च किया जाय, विशेष तौर से योजना बनाई जाय।

ट्राइबल ब्लाक्स को आप लें। श्रीमती चन्द्रसेखर आदिवासी विभाग की मंत्राणी बन गई हैं। वह इन एरियाज को अभी देख कर आई हैं। उन क्षेत्रों में अभी तक कोई ठोस काम ऐसे नहीं उठाये गये हैं जिनसे वहाँ के रहने वाले लोगों को रोटी रोजी मिले, उनकी समस्याएँ हल हों। ट्राइबल ब्लाक्स खुले जरूर हैं। मैं यह भी मानती हूँ कि जो पड़े लिखे लोग हैं, उनमें से बेरोजगारी कुछ हद तक जरूर दूर हुई है। लेकिन कितने मजदूरों की, कितने लोगों की, गरीब लोगों की, भूखे लोगों की हालत खूबहाल हुई है, यह क्या अभी आपने देखा है? यह अभी देखा नहीं गया है। क्या कुछ सोचा गया है, क्या काम दिये गये हैं, इसको भी आप देखें। कहा गया है कि मुर्गी पालो। इस विज्ञान के युग में क्या काम दिया है? कहा गया है कि बर्ई का काम करो, बसूले से लकड़ी छील छील कर फर्नीचर बनाओ। फर्नीचर की चीजें जब खरीदने का बक्त आता है तो जो अफसर लोग हैं, वे इन लोगों के द्वारा बनाया गया फर्नीचर नहीं खरीदते हैं। दूसरी जगहों का बना हुआ फर्नीचर ले लेते हैं और वहाँ से लेते हैं, जहाँ से उनको क्रमोशन मिलता है। वहाँ से वे सड़ी सड़ी चीजें ले लेते हैं। इसके कई नमूने, कई उदाहरण आपको मध्य प्रदेश में देखने को मिल सकते हैं।

शिक्षा के क्षेत्र में आदिवासी लोगों की हालत को आप देखें। बीस रुपये में एक लड़का आज की स्थिति में खाकर रहता है। गवर्नमेंट ने स्कालरशिप लड़कों को दिये हैं लेकिन आज की जो स्थिति है, उसके अनुसार उनमें परिवर्तन नहीं किया है, बृद्धि नहीं की है। गांव का लड़का बीस रुपये खाता है और जो कालेज में लड़का पढ़ता है उसको भी बीस रुपये ही मिलते हैं। रिजर्वेशन सर्विसिस में आपने इनके लिए रखा है। लेकिन वह इस स्थिति में पब्लिक सर्विस कमीशन में आया कैसे, यह नहीं देखा गया है। यह नहीं देखा

गया है कि उन लड़कों की हालत क्या है, क्या खाकर वे भा सकते हैं, कैसे बलवान और तन्दुस्त बन सकते हैं। इस तरह की जो चीजें हैं, इन पर आपने अभी नहीं सोचा है। आज सरकार जो भी हमारे कल्याण के कार्य कर रही है, उसके तौर तरीकों में तबदी होनी चाहिये। शासन को चाहिये कि वह निर्णय करे कि कितने दिनों में इन आदिवासी क्षेत्रों की हालत वह सुधार कर बतायेगा, कितने दिनों में आदिवासी लोगों की हालत सुधार पर आ सकेगा। हजारों लाखों रुपये आपने खर्च किये हैं और कह रहे हैं, इसको मैं मानती हूँ। लेकिन इतना होने के बावजूद भी जो भील है, उसकी वही लंगोटी है, जो पहले हुआ करती थी, वैसी ही उसकी हालत है जैसी पहले हुआ करती है। उसमें कोई अन्तर नहीं आया है। शासन को इस ओर खास कर सतकंता से ध्यान देना चाहिये। आदिवासियों के साथ आज कोई खिलवाड़ हमें नहीं करनी है। उनके साथ बहुत खिलवाड़ हो चुकी है। बाहर से रिफ्युजी आ रहे हैं, लेकिन ये सदियों से रिफ्युजी बने लोग जो पड़े हुए हैं, इनकी ओर भी आपका ध्यान जाना चाहिये। मैं यह नहीं कहती कि हम उन रिफ्युजीज की जो आ रहे हैं, मदद न करें। हमें जरूर उनकी मदद करनी चाहिये। लेकिन इनका भी हमें ध्यान रखना है ताकि शान्ति और व्यवस्था बनी रह सके।

आदिवासी क्षेत्रों में रिजर्वेशन हुआ है। लेकिन गवर्नमेंट के जो अफसर हैं जिनकी बदौलत आज इन आदिवासियों को जंगल में जाकर रहना पड़ रहा है, उनमें कोई परिवर्तन नहीं आया है, उनके वही पुराने तौर तरीके हैं, वही पुराना रवैया है, इनके प्रति वही शोषण का साध तरीका आज भी चल रहा है। ऐसी स्थिति में आदिवासियों की हालत कैसे अच्छी हो सकती है? मैं चाहती हूँ शासन उन क्षेत्रों में अच्छे ढंग से, उचित तरीके से काम करे और अच्छे अच्छे अफसर नियुक्त करके वहाँ भेजे। अफसरों के बल पर ही यह व्यवस्था सुधारने

[श्रीमती जमुना देवी]

बाली नहीं है। अशासकीय संस्थायें जो हैं, उनकी सहायता भी आपको लेनी चाहिये, उनकी मदद भी आपको करनी चाहिये और उनको भी इन कार्यों में आपको लगाना चाहिये ताकि ये लोग उन लोगों के कहने में न आयें जो इनको गलत रास्ते पर डालते हैं। अगर आपने ऐसा किया तो सही तौर से इनका विकास होगा और सही नागरिक बन कर ये भागे आयेंगे, अच्छे बन कर आपके सामने आयेंगे।

स्वास्थ्य मंत्राणी जी यहां नहीं हैं। उनका तो स्वास्थ्य बहुत अच्छा है। मैं प्रार्थना करती हूँ कि ईश्वर उनका स्वास्थ्य अच्छा रखे। लेकिन देश की जनता के स्वास्थ्य की आज कोई चिन्ता नहीं की जाती है। मैं एक उदाहरण देना चाहती हूँ। दूसरी योजना में बेरी कंस्टिट्यूएन्सी के लिए एक एम्बलेंस मंजूर की गई थी। वह आज तक भी नहीं आई है। तीसरा प्लान चालू है, लेकिन उसका अभी तक भी कुछ पता नहीं है। हजारों महिलायें देहातों में जिन के अस्पताल आने की कोई व्यवस्था नहीं है मर गई हैं। लेकिन अभी तक इस और ध्यान नहीं दिया गया है। स्वास्थ्य मन्त्री महोदय को भी मैं पत्र लिख चुकी हूँ लेकिन कुछ भी इसके बारे में नहीं हुआ है। उनको कोई चिन्ता ही नहीं है।

प्राइमरी हेल्थ सेंटरों जितने हैं, वे कितने बंदे खाली पड़े हैं। वहां पर दवाइयां नहीं हैं। मिन्बाइन्ड वहां पर नहीं, स्टाफ नहीं है।

जब देश के लोगों को अच्छा खाना और अच्छी सारी जो दूसरी चीजें हैं नहीं मिलती हैं तो बहुत मुश्किल होता है और उनका सहयोग नहीं मिल पाता है। स्वास्थ्य मन्त्रालय देश के लोगों को अच्छा भोजन, अच्छे खाद्य पदार्थ जिनमें मिलावट न हो, उपलब्ध करे तो उसकी प्रशंसा ही होती।

अध्यवसाय जनता आज बहुत दुखी है..

सभापति महोदय : अब आप बतल करें।

श्रीमती जमुना देवी : साल भर में एक बार तो बोलने का मौका मिला है।

सभापति महोदय : आप तरह चौदह मिनट बोल चुकी हैं।

श्रीमती जमुना देवी : बहुत अच्छा।

15.55 hrs.

STATEMENT RE PREPARATORY
MEETING FOR SECOND AFRO-
ASIAN CONFERENCE

Mr. Chairman: Now, Shri Swaran Singh will make a brief statement.

The Minister of Food and Agriculture (Shri Swaran Singh): Mr. Chairman, Sir, as the House is aware, India participated in the meetings of Ministers recently held in Djakarta in preparation for the Second Afro-Asian Conference. I had the honour of being the leader of the Indian Delegation which consisted of the Indian Ambassador to the UAR, officials of the External Affairs Ministry and our Charge d' Affaires in Djakarta. The meeting was held from April 10th to 15th. 22 countries participated; of these 17 were from the first Afro-Asian Conference held in Bandung in 1955. The five other countries were new participants.

The meeting of Ministers discussed the question of the venue, the timing, the agenda and the composition of the Second Afro-Asian Conference. On all these matters, except for some difference of opinion about the composition of the Conference, agreement was reached in consonance with the views of the Indian Delegation.

With regard to the timing, for an important conference of this kind we felt that sufficient time should be allowed for necessary adequate preparations. We proposed that for this reason and because of the preoccupation with other important conferences this year, the Second Afro-Asian Conference should be held in April, 1965, on the 10th anniversary of the Bandung Conference. That would be a