

49, 50, 52, 53, 55, 56, 63, 66, 67, 72, 86, 87, 91, 92, 97, 99, 101, 102, 110, 116, 118, 119-A, 121, 123, 125, 133, 135 and 144."

*The motion was adopted.*

14:10 hrs.

### GENERAL BUDGET—GENERAL DISCUSSION

**Mr. Deputy-Speaker:** We will now go to the Budget Discussion.

**Shrimati Renu Chakravarty** (Barrackpore): Mr. Deputy Speaker, Sir, we are about to debate one of the most crucial Budgets undertaken to face a critical period in our country's history. Within thirteen years of our Independence, when our economy was struggling to overcome its economic backwardness of a century and more, when we were preparing for planned development and when we had hoped that we would be able to continue with our policy of peaceful co-existence and friendship with all countries, it was at such a time that our country was called upon to strengthen its national defence. While doing so, we know that we must also go forward with our economic development. Therefore, defence and development are the correct orientations in the Budget.

But we have to avoid falling into the trap of using the patriotism of our people while talking of defence and acting in a way to further depress the living standard of our people. Keeping always before us the millions of our people at starvation level and the need to raise their standard, we have to look at the Budget. Especially I am reminded of the speech made by the Prime Minister on February 25th in the Rajya Sabha that in the ultimate analysis it was the people's morale that would win the battle and therefore, the goal of socialist pattern of society has to be pursued with vigour.

If we accept the fact that we have to go forward with a budget for defence and development, then we, at least the communists, will not quarrel with the Finance Minister on the bigness of his budget. The National Development Council in fact wanted a bigger figure than Rs. 867 crores for defence and Rs. 1226 crores for development. The communists also have been in favour of a big plan because we are clear in our minds that there are huge and enormous resources in our country. They are hidden away in private-profit making institutions, in the wealth of the princes, industrial magnates, landlords, contractors and profiteers who though numerically small in contrast with the millions at the lowest levels, are economically big, powerful and affluent. Our big question is: will this Government touch these people and make them their wealth, or will they take to the old pattern of making the bulk of the money for development come from those who can hardly bear it.

I feel that this Budget in spite of certain departures from the past is going to bring about a big burden on the lowest rungs of the salaried classes because their income is very obvious and straightforward and cannot be hidden. The small peasantry are asked to compulsorily deposit fifty per cent of their land revenue. So also the small trader. Such people can hardly eke out an existence in the context of growing monopolistic trends in the economy. These are the people who are going to be hit worst. In addition to this there are the indirect taxes on kerosene, tobacco, and other things. Transport cost also will go up because of the tax on diesel and petroleum. Naturally these are going to weigh heavily on the poorer sections and the middle classes. But our biggest caveat is that not only will the poor people suffer but also the Government has completely failed to control prices. We see that as soon as the Budget has been placed in this House and read in this House, the prices have gone up—prices of not only those that are taxed but of

[Shrimati Renu Chakravartty]

everything; sympathetically the other prices also have gone up. Only on the 7th of March 1963 the Chief Minister of West Bengal, Shri P. C. Sen had to say in the Council that items which were not taxed by the Finance Minister were selling at higher prices. The price of kerosene has gone up by 12 to 14 nP per bottle. The prices of toilet soap, washing soap and bidies and cigarettes have gone up. These are taxed.

There are other items, not taxed: their prices too have gone up. Why is the price of sugar gone up? we are told that this will be controlled but nothing has been done. There has been a new height in the rise of price. We come from rice-eating States. During February March, the price of rice has risen. There is black marketting of kerosene in many parts surrounding cities of Calcutta and other places.

There is the question of rent also. I do not know what has happened to the rent control order. At one time we were told that they were going to give incentive to private builders so that the housing shortage could be overcome. In Delhi today we are giving cement, steel and other things, and luxurious and palatial buildings are coming up which charge a rent of Rs. 2,000 or Rs. 2,500 or Rs. 5,000. An ordinary man, a clerk or other smaller people cannot get a single room in Delhi for rents less than Rs. 80-100. It is the same thing in the cities of Bombay and Calcutta. But the stock reply of the Government is: the prices have not risen; the Planning Commission is always thinking about the prices. They are putting up a commission on prices. They will evaluate. In the meantime, the prices are rising every day.

There is the same complacent and indulgent attitude regarding the corrupt machinery of Government, as if it is an axiomatic inevitability that the machinery of the Government should remain only as it is, they say

that there could be no physical control, that there can be no question of prices being controlled physically. Overburdening the lower levels where there is already much privation is unforgivable. It is in this context that we must see the condition of our poor people. Salaried people who are in the group of Rs. 125-150 cannot evade the taxes. Even though they are asked to pay a deposit or a kind of savings, it is also something which they have to pay out of their pocket. They may get back at a later date. But today it is a question of rupees, annas and pies and so it becomes a question of hardship to them.

Morarji Bhai says in his Budget that prices have remained reasonably stable. I do not know what 'reasonably stable' means. But even a highly orthodox and conservative economic paper like the London Economist says that the wholesale prices rose in 1962 by 7 per cent and wholesale food prices rose generally by 11 per cent. It is really for this reason people are opposed to taxes because the bulk of it comes from indirect taxes.

It is true that in this Budget Morarji Bhai has taxed refrigerators, cars and other luxury goods. But that was made a handle for everything else going up sympathetically.

I now come to the question of the compulsory deposit scheme. Take a clerk or a skilled workman or an artisan who is drawing Rs. 125, including allowances, overtime, etc.

Now, actually, he will be compulsorily saving Rs. 45 per year. This man who draws Rs. 125 will have to give Rs. 3|12|- per month as his compulsory deposit plus, if he is a Government servant, he will have to pay his contribution to the provident fund which is also a saving—it is going away from his pay packet straight away and he will not be able to use it in the month—plus 7½ per cent for

house rent if he is lucky to get a house, or, if he is not a Government servant, even a very much higher amount of house rent. In a city like, Calcutta, where we have got mercantile offices, where we have got a very large number of middle-class and lower-class people earning between Rs. 100 and Rs. 125, the house rent takes away the bulk of their salary. Then, the prices of rice, vegetables, fish, oil—in fact, everything—have gone up. What remains for him to educate his children? What remains for him for transport? What remains for him if by chance he falls ill and he needs some medicines and medical care? Therefore, for most of these categories of people, after the fifteenth of the month, it is nothing but debts and debts. This amount of Rs. 3|12|-, although it looks very small numerically, in fact, means two or three days' bazars accounts for him and his children.

Then, Sir, take the people who are drawing Rs. 1000. They will be giving Rs. 125 as compulsory deposit. Naturally, an amount of Rs. 105 looks much bigger than Rs. 3|12|-. But even after that, he is left with Rs. 895. Naturally, that is not an insubstantial amount. If you go beyond Rs. 1 lakh a year, you will find that one lakh a year or Rs. 8333-walas, as you may call them, have to pay a cut of compulsory deposit plus an incometax of Rs. 4719, maybe a little more or a little less and even then he is left with Rs. 3614. It is in this context that we feel that there is a very good case and we demand that the lower categories should not be forced to be taxed in this manner, although it is called a saving.

Sir, as a matter of fact, for those taxable under the incometax, the increase has been more in the lower brackets of income than in the middle brackets. As a matter of fact, in respect of the people having an income of Rs. 5000 to Rs. 6000 a year, the tax burden has increased five to six times, whereas in respect of the

people having an income of Rs. 10,000 or Rs. 12,000, the tax burden has increased twice. Then, if you go over to Rs. 15,000 or Rs. 20,000 as income, actually the increase comes to 1½ times.

Then, about surcharge on income, it is progressively taxed upto Rs. 30,000 to Rs. 40,000. After that, it is all a flat 10 per cent rate on the high income group and, therefore, here it may be said that this is rigorous that it weighs much more on the lower brackets. Sir, already there has been a tremendous outcry from the big industrial magnates including Mr. Tata who has raised his strongest objection against the super profits tax. Now, really, this is the main point which I want to make in my speech. Where is the wealth concentration taking place? We are given the figures of national income. The Mahalanobis Committee report has clearly brought out that 1 per cent of the country's households own as much as 75 per cent of privately held stocks. Of this 1 per cent, half is owned by 14,000 houses. This is the amount of concentration that is taking place. In other words, only 1 per cent of India's privileged class which in turn is 1 per cent of the total population owns and controls the bulk of the nation's wealth. What right has Mr. Tata and others to exclaim that this is the end of business? The business people already say that their back is broken every year even with the slightest increase in direct taxation and the cry is raised that there will be no investment, that the foreign investments will be shy and that the back of the industries would be broken. And yet we find that concentration of wealth continues to take place.

Actually, the only two proposals which the Finance Minister has made on the corporate sector which can be stated to be of some use in the reduction of this concentration of wealth is the super profits tax and the lowering of exemption limit of Rs. 25,000 for jewellery under Wealth Tax. The incometax and surcharge on these

[Shrimati Renu Chakravartty]

14,000 families need to yield far more. That is what we say. This is the place from where you have got to take more. Instead of that even these groups have been permitted to save under compulsory deposit with a 2 per cent interest.

Now, the Government has always talked about incentives to this corporate sector. I remember Morarjibhai himself said that the rich have been soaked, that they are unable to bear taxes. I am glad that this year at least, he has proved that this is incorrect and at least we are going to get Rs. 25 crores by way of super-profit tax and Rs. 12.4 crores by means of withdrawal of exemption for jewellery to be held taxable under the Wealth Tax. But even then we know, when Morarjibhai went to Bombay, that he was pressurised—and he is going to be pressurised—and we want to see whether he is going to yield to that pressure.

**The Minister of Finance (Shri Morarji Desai):** Neither their pressure nor your pressure.

**Shrimati Renu Chakravartty:** We know the common man is too weak. But we do not know about the big businessmen. If we need money, the resources are there. Take it from where it is. If you want an egalitarian society, break the monopolies and the concentration of wealth. That is our point. As a matter of fact, your own committees have shown, the Mahalanobis committee report itself has shown and also the other people of the Planing Commission have shown as to how directorships are concentrating more and more. Actually, there was a paper which showed—I think it was Rallis—that 7 directors of Ralli Brothers were controlling 57 companies and one director was on 50 companies. So, this is the type of concentration that is taking place.

**Shri Morarji Desai:** How can it be?

**Shri R. S. Pande (Guna):** One director cannot be on more than 20 companies. It is for your information.

**Shrimati Renu Chakravartty:** May be so. But it is in their paper. If you like, I can show it to you. It may be under the new law. That may be just before that.

Now, what happened in UK during the War? That is the home of capitalism. We are talking about socialism, and our big businessmen who are talking so much of patriotism do not realise that even in the United Kingdom the Excess Profits Tax, during the War, went up from 60 per cent in 1941 to 95 per cent in 1943. In America also, this Excess Profits Tax again accounted for 32.7 per cent of the total tax yields. In the emergency budget, the super profits tax Rs. 25 crores forms only 9 per cent of additional taxation. As a matter of fact, why is that they forget—the big businessmen—that as yet we have not rescinded many of the things which they got out of the Finance Minister during the last two or three years. There was no ceiling on profits. There was a reduction on new bonus issues from 30 per cent to 12½ per cent in 1961-62. The wealth tax on company funds was abolished in 1960-61. Then, what about the benefits of 5 years tax holiday on newly started hotels? We have not abolished that. Oberoi is building that hotel and he will be getting the benefits of the five year tax holiday also and so on and so forth. They are making the money. Otherwise, where is it going? Every year they are making more and more profits.

Now, Sir, I have a suggestion to make regarding another class which always escapes, that is, the contractors. Even during the period when we were spending much less on defence, these contractors made enormous profits. These are the contractors who are going to make enormous profits this time too. The Tusker operations themselves have shown us

clearly what happens. How did these people get away? They are the people who employ the contract labour. This contract labour is the worst exploited labour. They are the people who exploit this contract labour and casual labour. They keep them working for five months and 29 days and give them a termination notice on the 29th day and re-employ them after that six months' period is over and it is done throughout their lives. Why is it that the Government hesitates to bring them under the provident fund scheme? That is how we should break their neck. That is how we should take away their ill-gotten gains that is evaded. As a matter of fact, the other day I was speaking to Mr. Malviya, the Deputy Labour Minister and he said that this was something that the Government was considering. But even now this is something which will bring us quite an amount of money from people who are always evading the tax. As a matter of fact, their contribution to the general provident fund also should be raised. The workers' organisations have been demanding that from 6½ per cent it should be increased to 8 per cent. That also will bring us several crores of rupees.

When such an amount of taxation has been introduced, why is it that this budget does not tell us something more as to what is going to be done about the evasion of Income-tax? Unless this evasion is plugged, what is the use of dangling before our eyes, "here is the corporate sector which is going to be taxed further, direct taxes are going to go up"? Only recently the Public Accounts Committee has shown that the effective arrears are Rs 136.74 crores at the end of 1960-61, and actually I think that by 1962 it has gone up to Rs. 150 crores. The back-log was much more; I think it is somewhere like Rs. 250 or 253 crores, which means, maybe, that we are writing off over a hundred crores of rupees.

Why is it that we cannot take more stringent measures? The Tyagi Com-

mittee has suggested that much more stringent measures have to be taken. Why is it that the Defence of India Rules cannot be used against them? Are the Defence of India Rules only for putting communists into jail, or for putting innocent and ordinary people into jail because of political vendetta? Why do we not use stringent measures against them? If there is a call to patriotism why do we not see that this is done?

We should also develop our external trade. As a matter of fact in this it is not only a question of getting the money from external trade, but much of the under-invoicing and other corrupt methods that go on have to be checked. These are some of the resources which we have to take up. As a matter of fact, in answer to a question about the jute industry, on one industry alone, we found even with this little effort about eight people who belong big business in jute, had under-involved. I do not know what was the amount of fine or what was the punishment meted out to them. Even many more might be there. A few months ago a press magnate who owns a couple of jute mills was caught red handed. His ship was held up and then after that, twenty-four hours later something happened. His ship was allowed to go. It is an enormous amount of money, we do not know. These are the things which are evaded and which escape.

The same about foreign exchange regulations also. As regards the racketeering of big business which is crying and saying that their backs are broken, we know what has happened in the Vivian Bose report about the Dalmia-Jain concerns. I again want to impress upon the Finance Minister, in spite of what the Deputy Minister of Finance has said, that the House and the country are very suspicious, and they have reasons for the suspicion that the house of Birlas is escaping. This House had initiated a debate as a result of which special

[Shrimati Renu Chakravartty]

auditors were set up to go into the question of the insurance companies, the New Asiatic Insurance Company and the Ruby General Insurance Company. Very stringent remarks have been made, names have been mentioned about particulars persons in the house of Birlas, and it has been shown that the provisions of the Indian Companies Act of 1930, of the Indian Companies Act of 1956, of the Insurance Act, and foreign exchange regulations have been violated, that the moneys of Ruby General Insurance Company have been used for the allied concerns of Birlas. It has been clearly stated. Why cannot this House, which is a repository of the good of this country, go into this question? If we do not go into this question, the only conclusion that the people will draw is that Government has a soft corner for the House of Birlas whilst, maybe, that they are prepared after pushing and cajoling to enquire into the question of Dalmias. The same is the question with the house of Thackersy. Maybe, it is so also of other houses. Mr. Tata and Mr. Mafatlal have walked out of the FICCI meeting. I do not know, maybe it is because they feel that after the wrath against the Dalmia house people will start enquiring what has happened in the houses of Tatas and Mafatlal. It is really a disgrace—what Shri Daji has said has occurred to me also, as to how it is that our Prime Minister is going to the same FICCI presided over by Shri S. P. Jain.

One more point which I want to make is regarding banks. In a period when we are hard pressed for finance and when we want to make the pivot of our advance a planned economy, in such a situation, nationalisation of banks is called for. We have asked for it earlier and we ask for it again. Specially, if Burma can nationalise banks, why can we not do so? What is it? A smaller country. Of course its rate of growth is higher than ours. But in any case they say that banking occupies a key position in the count-

ry's economy as banks handle crores worth of import and export trade every year, representing a third of the country's total production. They make huge profits and rather, above all, they say that a business which earns such high profits and can command huge sums of public money should not be left in private hands. If this is the opinion of a country which has not talked so much about planned development, actually how much more should it be for us who talk about planned development? Without nationalisation of banks it is neither possible to control the concentration nor is it possible to control the prices, and it gives us a pivotal position in planning the development of our country. As a matter of fact, in the Mahalanobis Committee's report one of the reasons which he has shown for concentration is this indiscriminate . . .

**Shri A. C. Guha (Barasat):** The hon. Member has been quoting from that report. Has it been published?

**Shrimati Renu Chakravartty:** There are many things which we can quote from. The unfortunate part is that the report is not available to Members of Parliament. As a matter of fact we have been asking that it should be laid on the Table of the House.

That committee has drawn attention to the liberal loans given by banks and other financial institutions. Therefore I say that this is one of the important things that this House has to consider, namely the demand for the nationalisation of banks. The Reserve Bank has been nationalised. It has done good work. Let us go forward and think of nationalising other banks if we really want to take the country forward to the goal of having free education, free health, social services and advanced economy.

Regarding agriculture, even today our national income, fifty per cent of it, is from agriculture. But what is the position? The national income has

remained stagnant, because there has been a certain sliding back in agricultural production. As a matter of fact, the increase during the last four years has not been spectacular. It has been going forward sometimes, and backward sometimes. When it goes forward it is said that it is due to planning. Next year when it goes backward, they say it is not due to the plan, it is an exceptional year, this year bad rains, that year good rains, flood, therefore no crop and so on. Therefore any advance is not due to any planned development. It has been stated by our Minister of Community Development, Shri S. K. Dey, that the credit that is being given is falling into the hands of the rich.

As regards the prices of fertilizers, from the PAC report on Sindri we find that the price is going up every day. In 1957-58 it was Rs. 226.50 per long ton. In 1960-61 it was Rs. 280.96. And above that, the Central fertilizer pool allows Rs. 60 over the ex-factory rate of Sindri. So, naturally, in this situation the actual price is so high.

Then again, there is the question of the utilisation of the irrigation potential. There is our eternal problem-child, the DVC where it can be found that 2,79,00 acres have remained unutilised for kharif and 24,000 for rabi. In the Tungabhadra left bank it is 1,31,000 acres lying unutilised, and so on and so forth. In a country like India, irrigation potential, even the potential which we have created is not used. Field channels are not dug, and on account of the quarrels between the Centre and the States the whole thing is held up.

The question of prices I again come to, because I feel that that is the crux of the question. Actually, the prices have been going up. Everything has gone up. The only thing which our Finance Ministry and those who have formulated the budget put forward before us is that we have to squeeze out consumption. Squeeze out con-

sumption at the top level. How can we squeeze out consumption at the lowest levels where they are living on the level of privation? We are told what the average is. Half the people have less than Rs. 17 as their monthly income. That is true. Therefore, since half the people are living at the level of Rs. therefore the man who is earning Rs. 125 we have to depress further!

The point is that there are four basic necessities: roof over one's head; food, at least two square meals a day; education for one's children; and at least the minimum cloth. These are the four basic essentials on the basis of which we have to work out a norm, and beyond that we should not further depress the standard of living and reduce it for the man whom we have brought up a little further.

The last thing is about economy in government expenditure. There is no doubt about it that non-plan development is increasing daily. But I know that if we have no social services there is no doubt about it that more civil expenditure will have to be incurred. If education, if other sectors come under the public control, it will go up. What I am trying to say is that, psychologically, when the entire people are being asked to bear such a great burden, why is it that the Government do not realise that it is also the poor people's Government? The people have been shocked the whole of Delhi at least—at the colossal waste that is caused by the Ministers. Unfortunately, I am a member of the consultative committee, but when the news came out in the papers the next morning, the people were shocked. Furniture worth Rs. 32,000 have been given to the Ministers. Every Minister is spending about Rs. 450 to Rs. 600 by a way of electric charges, and Rs. 150 for water. We do not know what the telephone charge is.

**Shri P. K. Deo (Kalahandi):** To ex-Ministers also.

**Shrimati Renu Chakravartty:** A staff-car is at their beck and call. There are air-conditioners and electric appliances. Actually, while Rs. 7 lakhs was the budgeted tour expenses for 1960-61, the actual amount had gone up to Rs. 9½ lakhs. These may be small things but when you add up it may come to a few crores. If you add to it the expenditure of the States with their big ministries and add to that also the gubernatorial paraphernalia that we have set up, it will come up to not a few pennies but quite a few crores of rupees. But then the psychological effect of it is much more.

Therefore this background I am saying that when we call upon the lower rungs of the ladder to sacrifice, the first thing to do is to see what we do in the upper rungs of the ladder. Without a radical change in the economic policies, the nation cannot face the task of development and defence. There can be no half-way house. When we talk of socialism, we have to realise what it means. It means the breaking up of the concentration of wealth. We have to break these monopolies. They have to give more. I have not taken up the question of the public sector which I believe my other comrades while speaking on the budget will bring forward; nor have I brought in such things as the privy purse, etc. But I feel if a balance is to be struck, to strike down the glaring inequalities, the budget must strike far harder at the monied classes, be ruthless to maintain prices by fighting and cleansing out corruption in the administrative machinery, fight out blackmarketing and impose controls. The Government only say that the Defence of India Rules will be used to check rise in prices, but what has been done? Also the prices have risen, and nothing has been done.

That is why there is yet time to withdraw some of the anti-people's taxes. The hon. Finance Minister said that he will not agree to the plea which I have made, namely, allowing

the lower income-groups of the salaried classes—Rs. 125, Rs. 200 or Rs. 300-walas—not to fall under the axe of the compulsory deposit scheme. We will say that this will hit the working people who have worked so well for the defence and for the development of our country. To deprive them of the basic essentials of life can never be the objective of our planning. In this national emergency, they should not be made the target of attack. Money is there. We want a big defence. Next year also, we want a big budget. We need to make a big budget for the next year also. We will have to achieve our objective of universal, free and compulsory primary and secondary education for our children, and we need to look to health, hospitals and such other things. Money is there. Let the Finance Minister take it from where it lies,—from the monied interests. The people's patriotism has been proved. Let the money-bags not whine: let them prove theirs.

**Shri U. N. Dhebar (Rajkot):** Mr. Deputy-Speaker, Sir, I would like to approach this question from three different angles. One is the inevitability of certain steps and measures which the Finance Minister—the Government of India—has been obliged to take. Secondly, the reasonableness of these measures, and thirdly, the question of other incidental measures which, in my opinion, are necessary to be taken in order to cope up with the responsibility that falls on the shoulders of the Government of India.

I would like to remind the House of the resolve made in November last. We decided upon sacrifice to the maximum of our ability in order to achieve the task we have undertaken. Somehow or other, I am noticing, since the budget proposals have been placed before the House, a kind of criticism which to an extent appears to overlook the need to remember the great tasks that face this country. Were it merely a task of making two ends of the budget meet, one can

understand the criticism that is being levelled against the budget proposals. But the task that faces us is the task of maintaining the integrity of this country.

There are three obligations cast upon the people. One is the maintenance of economic stability; the second is the internal law and order situation and the third is the integrity and the freedom of the country. Somehow or other, it appears we have forgotten in the last 16 years the cost of servitude that this country has paid in terms of money and blood. For no less a period than 250 years, we were a servile nation, and we paid every day of our life during that period of 250 years, something not only in the shape of honour, not only in the shape of money, but in the shape of our economic integrity.

What the Finance Minister has suggested is investment in freedom. There is no more profitable a transaction, no more profitable an investment for a country, for a people, than investment in freedom. All other investments, whether in agriculture or industry, must take a secondary place. I cannot, therefore, understand the hue and cry that has met the proposals of the Finance Minister in a certain section of the people in the country.

What is this investment like? The leader of the Swatantra party in his organ *Swarajya*, has said that the Finance Minister has launched an economic war against the people. Let us see what this war is. The Finance Minister is asking for approximately Rs. 400 crores to Rs. 425 crores including the uncovered deficit in the capital budget and including the provision of Rs. 40 crores he has made for compulsory saving. What is this Rs. 425 crores? Is it an economic war, as the leader of the Swatantra party styles it. In terms of daily national income, this figure works out to about 12 days' income in a year; that is, about a day's income every month. This is being termed as an economic war against the people and the people are being invited to undertake a kind of cam-

paign against this. When we passed the resolution in November last, whoever thought at that time that this country will be able to prepare for the defence by anything less than one day's effort? Sometimes it passes one's comprehension. It appears to be strange logic; that on the one hand people shouted that the Government was wrong, because it was not prepared and on the other, when Government comes forward asking for sinews for preparation, it is being charged with launching an economic war. Perhaps they did not sincerely mean one or the other; they were not sincere when they charged the Government with lack of preparations, or today perhaps they are not also sincere in their accusation of the Government that the Government is launching an economic war against them.

The major front is the front of the super profits-tax. What does super profits-tax mean? Has the Finance Minister touched upon the capital of these people? Has he touched upon the reserves of these people? Is he asking the people to part with the profits? Certainly not. What he is asking for is, if there are profits beyond 6 per cent on capital and reserves, then he will share half and half. And, all round shouting is going on that he is ruining the economy of the country. Only the other day the business houses pledged all their resources in the service of the country. The Finance Minister says that the Government will share half and half in profits not up to 6 per cent, but above 6 per cent, and not only on capital, but calculating the reserves also. What is the crime that the Finance Minister has Committed? It is argued that has not followed the pattern of the excess profits tax. Let us understand the difference between the excess profits tax and the super profits tax. Excess profit tax means a certain average and above. The business houses say, "In the course of the last six years the average of the profits that we have able to achieve was high; that, safeguard that and then we are prepared

[Shri U. N. Dhebar]

to undertake all sacrifices." What were the profits like? I have before me a publication *Corporate Sector in India* by Nigam. Here a table is given showing the amounts of profits these business houses have been making in the course of the last five or six years in a protected market, with a planned economy in which the Government was interested in financing the private sector also through the Industrial Finance Corporation, with no competition from outside. They say, "you ensure that even in the period of emergency and then we are prepared to undertake all the sacrifices."

It is said that by these measures Government will be preventing capital formation. What is this capital formation? If anyone were to look at the balance sheets of the joint-stock companies, he will realise the whole story of capital formation. I would like to ask those who sponsor the case of these people, to remember the contribution the Government is making towards finding capital through the Industrial Finance Corporation and the State Finance Corporations in building up these things? What is the contribution Government is making indirectly also permitting them depreciation reserves, taxation reserves and other reserves? If we were to examine the figures of capital formation in the last few years, we will find that actually in the shape of paid-up capital, 10.2 per cent have been contributed by the business houses. The remaining has come through borrowings and through the depreciation reserves.

As far as I have been able to study the figures, the Finance Minister has considered that capital formation is not stopped. For, nobody who has the development of the country at heart can permit any source to dry up to augment the industrialisation of the country. The sources are there. The possibility of borrowing is there. The Industrial Finance Corporation and the State Finance Corporations

are there. Nobody has issued instructions not to finance money for capital formation to these people. Moreover, the reserves are not being touched. Even in the matter of super profits tax, we are not touching the reserves. We are calculating them also in awarding interest, profits and so on. I was thinking that the business houses would be in a position to appreciate the margin left in the budget for capital formation and in token of their loyalty to the idea of sacrifice for the country, would be prepared to part with some of these reserves—some private reserves that may be there. I am not prepared to believe that they have invested every pie in their possession in the industries so far. I thought they would be prepared to part with some of their personal reserves also in building up the country's industries.

I do not know what is the amount still invested in foreign countries by the industrialists in India. It is being said that it is at least of the order of about Rs. 100 crores. That means, the Finance Minister is asking them through the super profits tax to give Rs. 25 crores, supposing there is a gap left in capital formation. Can they not in this emergency import back some of their foreign investments to fill up the gap? They will be rendering double service to the country. They will be getting some foreign exchange also and they will be filling up the gap in the capital formation.

15.00 hrs.

Then, Sir, it is argued that it will lead to inflation. When the Finance Minister is trying to capture all the surpluses through various devices including the device of super profits tax, he is being assailed for the super profits tax. On the one side it is being said that there will be inflation and, on the other side, when the Finance Minister is trying to curb the profits, he is being charged with interfering with capital formation. There is a contradiction in that. From

where does this contradiction arise? This contradiction arises from this, that those people who argue in terms of investment, who argue in terms of capital formation, who argue in terms of profits, are thinking in terms of some other people doing the job which it is the responsibility of the people of India primarily to perform. They want the Government of India to reverse its policy of non-alignment. But they do not realise that nobody in the world has defended the other person without the other person having to pay the price for the defence. Here is an option, a choice for them. Are they prepared to pay the price in the present, or are they prepared to barter away the essence of the country's freedom which consists in the right to freedom of judgment and freedom of action?

Therefore, whenever we come across this story of taxation, it is not because a smaller man is hit. Whenever the Ministry of Commerce and Industry sit with them for fixing the prices of goods and commodities manufactured in the manufacturing industries, they are always for higher prices. This cry of inflation arises from this. Here is a demand, a demand made for the first time of the order of Rs.257 crores or so, and they feel that they will not now be free to carry on their economic policies as they used to do so far. In my humble opinion, Sir, the Finance Minister deserves the fullest support of this House in maintaining this super profits tax.

I would not have stood up before this House to plead the case unless I was personally convinced about the justification of it, and I can say, with whatever little knowledge of economics that I possess and whatever little study I have made of Indian economy, that the Finance Minister has exercised his judgment correctly. On one side he has called upon the poorer sections of the society to bear the burden, and he could not have done less than what he has done in

placing this super profits tax upon any industries.

Sir, I have two or three suggestions to make, in this connection, to the Finance Minister—I am glad the Finance Minister is here. One suggestion is in relation to new and smaller industries. The case of the new entrepreneur, in my opinion, requires to be considered. In India the pattern of industrialisation is so strange that one per cent of the industries control—I do not know how much—much of the capital and the reserves in the land, and these small entrepreneurs who are just coming up in the field of new adventure reserve, at least on a par with larger industries, some kind of consideration. Secondly, there may be issues like the issue of preference shares at 9 per cent, at a rate higher than 6 per cent, which, perhaps, may have to be considered. I hope the Finance Minister will consider these two cases.

Then I come to the other aspects. There are three very important points which I would like to emphasise. One is the need to maintain an ever higher tempo in agricultural production. The second is the need to maintain the price line. The third is the case of those who come in the range of Rs. 250 and below of salaried servants from whom we expect compulsory savings. I shall take, first of all, the question of agricultural production. I know that the Food and Agriculture Minister has been trying his best, through intensive development programmes, community development agencies and other mediums, to raise the production in the country. But we are at a stage when the whole future of this country, in my opinion, depends upon how the agriculture shapes in future. There are two fronts here in India today: on the military front it is the Defence Ministry and on the economic front it is the Food and Agriculture Ministry that counts. I am not saying this by way of any criticism, but I would like to draw the attention of the Food and Agriculture Ministry to some of the hard facts

[Shri U. N. Dhebar]

which appear from the Estimates of the National Income Survey recently placed in the hand of the Members of Parliament. It appears that in the course of the last 14 years, in five years we have been able to maintain our position that we had aimed at, but in eight years we have not been able to maintain that tempo. We have to try and find out the causes for our inability to maintain that tempo. The Food and Agriculture Minister is better aware than myself as to where really the cause lies, but I may say that the whole country is looking to him to give a positive lead in this direction so that the country's resources are assured and the country's stability is assured through his efforts.

About the price line, the Planning Ministry, I know has been considering this matter. But there is an aspect of compulsory savings and indirect taxation which throws a moral responsibility upon the Government—not only an economic responsibility, but a moral responsibility—to see that the citizens, the taxpayers, those who save at the instance of the Government without grumbling, are not put in a position where their psychological disaffections are exploited by those who have nothing to do with the poor sections of the people.

May I say, in all humility, that we have not been able to maintain our commitment in regard to price line so far? And where the reasons lie, it is very difficult for me to say directly and also within the limited time at my disposal—I may speak on that once again, when the question arises—but, in my opinion, it is very very necessary that during the emergency period the price line is maintained. I am aware that the business community has been so far very alert on this question and it has been co-operating with the Government. Only a few days back, in his reply the Food and Agriculture Minister thought and hoped that they will continue their co-operation. I also wish that they con-

tinue their co-operation. But I would like to emphasise that in an emergency, especially in relation to a vital matter like this, which affects not only the planning but the defence of the country also, no compromise should be made with those who trifle with the economy of the country by resorting to blackmarketing, hoarding or profiteering India is facing two enemies—China is on one side and profiteer, hoarder and blackmarketeer on the other—and we have to tackle both, whether he is inside or outside.

The third point is the question of those people in the lower rungs of the ladder in relation to compulsory savings. It is very necessary from two points of view that this compulsory savings scheme should be effectively pursued. I hope and trust that the Finance Minister will continue to study this matter in the light of the price line, especially in relation to those people who earn less than Rs. 200 to Rs. 250 a month. They have to pay provident fund and insurance. Let them not be driven to a condition where, while trying to save under the compulsory savings scheme they may be deprived of the little social security they have, i.e., provident fund and insurance, for, if it so happens that the prices go up, the only thing they will be able to sacrifice, because they are at the lowest or last line in sustenance, the only thing they would be able to do in the end—because they cannot live without a roof, they cannot do without food—would be that they may be compelled or obliged to sacrifice these two securities, i.e., provident fund and insurance. I hope and trust that some kind of *via media* may be found, some kind of a formula may be evolved which ensures that during the period of emergency these people, those who are earning below Rs. 250 as their income, they are enabled to maintain these two items of security.

Finally, I come to kerosene. Of course, I have not got the figures

with me. I know that inferior kerosene is used by people not only for domestic consumption but also for other consumption like mixing it with diesel and that way a greater burden is cast. But, here is an item where also some kind of consideration deserves to be shown.

Lastly, I can assure the Finance Minister that in the great responsibility that he has undertaken this House gives its fullest backing. It is a bold and courageous effort that he has made. Very few people thought when we heard him speaking on the budget that he would be giving us the lead which he has given, a lead which, in my opinion, was inevitable and a lead which, in my opinion, was also reasonable. It is necessary that due check is exercised on every pie, every rupee the hard-earned money of the people collected in these stresses and the fullest economy is made everywhere, wherever it is necessary so that he may be able to give an account next year when the House meets, perhaps to undertake larger burdens that not only he did what was inevitable, he did what was reasonable, but he saw to it that everyone from the highest to the lowest, complied with the need of the time, namely, economy and austerity in expenditure, including the Government, including the Ministers.

**Shri P. K. Deo:** Mr. Deputy-Speaker, when the first Britisher came to my State and saw the chariot of Lord Jaganath in the Rathayatra festival, he most contemptuously called it Jugger-naut. According to the English dictionary, the meaning of the word is the man crushing monster. Sir, I could not find a more appropriate adjective to this budget than calling it a Juggeranut. It is a budget which only the Finance Ministry completely ignorant and criminally indifferent of the nature of the economic activity and of the standard of living of the people could dare to conceive. It has put the country's economic look back by at least three Five Year Plans. It

is a vicious attack on the standard of living of the people. In a nutshell, it is stark oppression and it is the price which the people of this country are going to pay for the mistake that they have committed in the 1962 elections. Administrative convenience in extracting more money as a means is given over-riding priority in exclusion of other considerations of social justice and equity.

The additional taxation proposals amount to Rs. 275 crores. In their magnitude and range they exceed the sum total of the taxation proposals in the last four years. Additional taxation revenue would bring Rs. 2,000 crores if the taxation goes on at the current rate for the whole of the Third Plan period, as against the target of Rs. 1,170 crores which is the financial resources of the Third Plan from this sources. So, taking into account all these things, I beg to submit that it will have far-reaching consequences on the people at large. So, let us examine the various taxation proposals.

Coming to indirect taxes, the Finance Ministry has cast the net so widely that it has covered all the necessities of life. The Finance Minister proposes to raise Rs. 116.21 crores by excise duties. It will cruelly hurt most of the people. He has imposed taxes on all conceivable commodities, mostly the necessities of life of the common man.

**Shri Morarji Desai:** It is not Rs. 160 crores; it is Rs. 106 crores.

**Shri P. K. Dao:** It includes tobacco, vegetable products, soap, paper, straw board, cotton yarn, aluminium and china ware. Lastly, it is kerosene. In the case of kerosene superior, it is a 300 per cent increase and in the case of kerosene inferior, it is a 200 per cent increase in the present taxes. After all this big programme of oil exploration and the amount sunk in the hunt for oil, at last, the poor man has to pay 200 per cent and 300 per

[Shri P. K. Deo]

cent more on his consumption of kerosene, then, I think, God alone can save this country, especially when the per capita income in this country is Rs. 330 per annum. It will pinch the pocket of the poor. It will affect the law income bracket, as has been pointed out and as has been voiced by the previous speaker in his sermon for sacrifice.

The surcharge on customs duty at a flat rate of 10 per cent will bring an additional revenue of Rs. 99·77 crores which will further boost the prices. It will have an inflationary effect on the cost and raise the cost of living by at least 10 per cent. Similarly in the case of transport. All our development programmes are being retarded by the bottle-neck of transport. If by increases on diesel and petroleum, transportation cost is going to be higher, then, it will put the clock back.

Similarly, in postal charges. The Finance Minister has not spared even the usual amenities which any civilised country gives to its people. So far as indirect taxes are concerned, I beg to submit that it is day light robbery. The Finance Minister has said that the people should be strong to fight the Chinese. But, if they are to be bled white, an anaemic nation cannot be expected to fight with the ruthless Chinese.

15·23 hrs.

[MR. SPEAKER in the Chair]

Coming to direct taxes now, the Finance Minister, contrary to his utterances, has levied these tax proposals which go against the very incentive for production. I draw your attention to page 11 of the Finance Minister's speech. In para 27, he says:

"First and foremost, there is need to increase production and accelerate the pace of development. The growing claims of defence and development cannot

be met except on the basis of an expanding volume of production. By far the greater part of the responsibility for increasing production rests with the private sector;"

In this regard, I would like to pinpoint my observations on the super-profits tax. The super profits tax on companies, which will be operative from a comparatively low level of profitability of 6 per cent, will have far-reaching impact on the corporate sector. The Finance Minister proposes to penalise efficiency. It will stop capital formation and its future development. The incidence of tax while putting a premium on inefficiency will take a way 65 to 75 per cent of profits by way of taxes. Limit of 6 per cent does not even compare favourably with bank financing which is available at 8 per cent. In this regard, I would like to quote from an article of no less a person than Shri A. K. Sen, a Minister of Government which appeared in the Economic Journal of the A.I.C.C. on November, 15, 1957.

Some Hon. Members: 1957?

An Hon. Member: Things have changed.

Shri P. K. Deo: Changed for the worse. He says:

"The yield from income-tax indicates the operation of the law of diminishing returns. The structure of income-tax is tending to reduce the incentive of the entrepreneur to work more and earn more."

He further goes on to say:

"While the incidence of tax burden increased in India, there was a fall in the number of assesseees, indicating that the law of diminishing returns has a ready set in. In other countries more taxes are paid where there are a larger number of assesseees. Such

trends indicate that in India, the sources of personal income are drying up. And the policy of progressive increased taxation has not been yielding increased revenue. Government will not be able to realise increasing yield of taxes unless the income of the people expands at the same time at least proportionately."

Since 1957, things have gone still worse and more and more taxes have been imposed as income-tax, thereby making it still harder for people to expand in the fields of production. This imposition is not justified. As I pointed out, it will take away the incentive for production and it will be a drag on the amount which could be available to be ploughed back for further expansion of industry. It will have an adverse effect on the capital issue market and capital formation. Regulated industries whose profit has been sanctioned by the Tariff Commission are going to be upset by this levy of super profits tax. If the Finance Minister's desire is to raise additional resources of Rs. 25 crores by direct taxation, he could have raised it by raising the present rate of income tax. Twenty-five crores could have been easily available. Instead of doing that, he takes recourse to this super profits tax.

The surcharge of 4 to 10 per cent on income tax will have a serious impact on the savings of specially of the small man with an annual income of Rs. 3,600. The surcharge of 20 per cent on the income tax in the corporate sector will make partnership prohibited form of association.

Restrictions are going to be imposed on remuneration and perquisites. Restrictions are going to be imposed on all remuneration above Rs. 5,000 a month. In an expanding economy, it will be difficult for companies to get highly skilled technical foreign experts required in some of the highly complicated processes of manufacture, especially more so in our defence manu-

factures. The Finance Minister should not judge the corporate sector by the poor performance of the public sector.

Regarding the public sector, I would like to draw your attention to page 172 of the Explanatory Memorandum on the Budget of the Central Government. Out of 72 undertakings with capital investment of Rs. 688 crores, the dividend which has accrued in the last year is Rs. 1.33 crores, that is, .02 per cent.; 1.45 crores is budgeted for the next year. Though in certain fields, the public sector industries enjoy a monopoly of production and freedom from competitive pressure, the return is so meagre. In the Third Plan, the financial estimate of Rs. 449 crores is being made. The Government hopes that at least Rs. 300 crores is going to be available from the public sector undertaking excluding the Railways. I do not think it will be possible if the rate of return is .2 per cent. Even though the Chagla Commission has deplored the L.I.C. to be functioning as a branch of the Ministry no action has been taken to make it free from red tape and from the usual corruption which is very common with the Ministry. They are still functioning as a branch of the Ministry and no improvement has been done. Rather, it is most surprising that the public sector has become a dumping ground for the frustrated politicians; those popular rejections, who have been defeated in the Lok Sabha elections or in the Assembly elections, are being planted there, and they are being rehabilitated in those public sector undertakings. I do not like to name any persons, but if you want names, take the case, for instance, of Shri Satish Chandra, or Shri Jogendra Singh . . .

**Mr. Speaker:** Order, order. No names need be given.

**Shri P. K. Deo** Therefore, a thorough probe should be made into that. Those posts should be filled up by competent persons and the consideration should not be that simply because they happen to belong to the Congress Party

[Shri P. K. Deo]

and they were defeated, therefore, they have to be rehabilitated there. The persons should be recruited through the Public Service Commission.

The parliamentary committee which was scheduled to be formed to look into the public sector undertakings of Government has been shelved since so long. Since the last two sessions we have been told in this House that some controversy is going on between the Rajya Sabha and the Lok Sabha regarding the formation of a parliamentary committee to look into the public sector undertakings. But I do not think so; I think that the whole purpose is to shelve the formation of the committee into cold storage.

In this regard, I would like to draw the attention of the House to various reports of corruption which have come to our notice and which has been rampant. In this regard, it would not be out of place to mention a quotation from Shri Harish Chandra Mathur which has appeared a few days back in the papers, where he says that no level of administration from the lowest to the highest is free from this charge of corruption.

So, I beg to submit that a high-powered committee should be appointed to go into this matter. It should not be done at the party level. My hon. friend wanted that some machinery should be formed at the Congress party level so that they could go into the matter. But why should it be confined to the party and why should it be made a party affair? It should be formed by this House which should go into this question.

Coming to borrowing, I welcome the concept of compulsory savings. But the whole scheme has been conspicuous by its remoteness from realities. What is saving? It is income minus inevitable expenditure. With the price of several of the commodities

rising and with the impost of indirect taxes.....

**Mr. Speaker:** Income minus expenditure might be profit, not saving.

**Shri P. K. Deo:** In the case of a poor man it is saving only. Where does the question of profit come in?

**Mr. Speaker:** It depends upon him whether he spends the whole income or even more than the income. Saving is something different.

**Shri P. K. Deo:** In this regard, I would like to draw your attention to the case of the school teacher who draws an annual income of only Rs 1,500. It would be very difficult for him to subscribe to the compulsory savings scheme, after meeting his obligatory commitments like subscription to the provident fund or payment of the life insurance premium and so on and so forth.

In this regard, I want to impress that unless he cuts his savings from the provident fund or from the life insurance premium, it will not be possible for him to subscribe to the compulsory savings scheme. The overall savings picture of the country will remain the same unless and until the standard of living of the people can go up.

So, I beg to submit that this prescription of Rs. 1,500 income as the basis for compulsory savings should be raised to Rs. 3,000. In the case of agriculturists, an agriculturist who pays land revenue to the extent of Rs. 10 has to subscribe to the compulsory savings to the tune of Rs. 5. One should take into consideration the administrative and collection charges. All these will entail more cost than the actual return under this head.

Coming to the incentive to industrial production, as has been so kindly pointed out by Shri U. N. Dhebar who spoke previous to me, the hope of the Finance Minister that there should

be more production in the field of agriculture will remain a moonshine because so long as the sword of Damocles in the name of land reform would be hanging over the head of the agriculturist, he would not invest any more money for more production. He should know where he is standing. Then only he can invest more on his land. And with this compulsory saving and the denial of rural credit by the confusion created by gold control orders, I have got grave doubts if there will be any substantial increase in production in this field.

Peasant proprietorship is only the stepping-stone for more production. The other day, in the consultative committee attached to the Ministry of Irrigation and Power, we were told that 4 million acres of irrigation potential still remained unutilised. All these things have to be looked into.

The dominant feature of the entire budget is the provision of Rs. 867 crores for defence, of which Rs. 708 crores are scheduled to be spent under revenue expenditure and Rs 159 crores under capital expenditure. In formulating his fiscal policy, the Finance Minister has rightly emphasised the emergence of this challenge to the nation's security. He has concluded his budget speech by posing three questions. He has said:

“Can we afford not to meet the challenge of the Chinese aggression? Would it be prudent to try and meet this challenge by forsaking our aspirations for development? Or indeed, would it be wise not to face it squarely and unleash instead the forces of inflation?”.

In this regard, I would be failing in my duty if I did not point out that as an answer to this question the presumption of the Finance Minister regarding the inevitability of this taxation is far from reality. The situation of danger to this country cannot be met by oppressive taxation. It ex-

ceeds all limits of endurance, and undermines the moral stamina and the vigour of the people. It incapacitates them for defence by damaging the industrial and agricultural production. Defence cannot be strengthened by breaking the economic backbone and by decreasing the incentive for production. We shall have to face this music because of the faulty foreign policy.

Shri U. N. Dhebar has said that he does not agree with those who say that we should align, because then we are going to barter away the freedom of this country. But he is absolutely wrong. The only deterrent to Chinese aggression would be our military superiority, and if the right policy could have been pursued from the beginning, then this sad state of affairs would not have been there. It is impossible to compete in the arms race with China. This is what exactly China wants us to do. Since 1949, China has been engaged in building up her arms strength by having a defensive alliance. China entered into a defensive alliance with the USSR, which was signed in Moscow on February 14, 1950. So, in our case to say that we should stick to non-alignment is bad and is absolutely meaningless. Only an alliance with the Western democracies is going to act as the true deterrent against any Chinese aggression in the future.

Rajaji has been harping on this again and again. The communists are panicky. They are in the habit of creating panic in this country and trying to demoralise the people and in saying that India would be turned into a theatre of war with all the holocaust and all the consequences. It is all calculated to create a war-phobia and thereby to undermine our military strength and make us in incapacitated in meeting any foreign aggression.

If this alignment is examined in the true perspective, it will be seen that no aligned country like Japan or Iran or Turkey, Thailand, Phillipines or

[Shri P. K. Deo]

Pakistan or even South Korea since 1951 has become a victim of aggression. China even does not dare to liberate the 29 square miles of Hong Kong from the British or to liberate 11 square miles of Macao from the Portuguese. She is only trying to 'liberate' its so-called territories in India on all sorts of pretexts because we are militarily weak.

As I have pointed out earlier, it is China which has been aligned with USSR. Mr. Khrushchev has said time and again that Russia will come to the aid of China in case of any emergency. So the protest of the communists against the Air Umbrella is deliberate and calculated. China wants to make India enter into an arms race with it in isolation of all our friends so that our economy may be shattered, fifth columnists can prosper in the misery of the people and they can nibble at our democratic institutions. Those who object to the Air Umbrella want to see us a defeated and humiliated nation. It is obvious, as I pointed out earlier in the morning, that their allegiance is more to international proletarianism than to patriotism. I am surprised that even though China has been calling them bad names—she has accused the Indian communist party of 'national chauvenism', 'class capitulationism', and of being 'an appendage of India's big bourgeoisie'—still they go on harping on their old slogan and saying that India should not be aligned, India should be weak and all that. I cannot understand it.

Now, I would like to point out aspects about under-estimation of revenue and inflation of expenditure. As regards the first, before taking the usual course of taxation, borrowing and deficit financing to narrow the gap of Rs. 454 crores, the Finance Minister should have considered the fundamental defects in the budget. Under-estimation of revenue yields and inflation of expenditure have been conspicuous in this Budget and in pre-

vious budgets also. The anticipated increase in various items in the current Budget has been clearly indicated in the Finance Minister's speech. Under the head 'Customs' Rs. 207.82 crores was the amount first budgeted, but in the revised estimates we find that it comes to Rs. 231.65 crores. So, there is an increase of Rs. 23.83 crores. So also in excise. It was first budgeted at Rs. 522.02 crores; it is now anticipated that by the close of the current year we will have Rs. 533.69 crores. Thus an additional revenue of Rs. 31.07 crores is anticipated. On the existing basis of taxation, customs revenue is estimated to be Rs. 221 crores, that is, Rs. 10 crores less than the revised. In 1963-64 due to increase in production which is supposed to vary from 11 to 15 per cent, it is anticipated, as has been pointed out by the *Economic Survey* supplied to us with the budget papers, that there will be more yields under these heads. You will find the breakdown of the figures of increased production in pages 11 and 12 of the Explanatory Memorandum.

This chronic under-estimation of revenue and inflation of expenditure has been there since so many years. In 1961-62, there was a revenue surplus of Rs 125 crores. In the current year, Rs. 120 crores more is going to be received against the budgeted figure. So there has been an increase of 8 per cent over the budget estimate.

Now I come to inflation in expenditure. This may be due to lack of spending capacity. In the current year, defence expenditure has gone up by Rs. 110 crores. We have to see if the entire amount is going to be spent by the 31st of this month. In the Plan also, under the budgetary provision of Rs. 1,465 crores expenditure, much remains unused. So also with foreign assistance. There was a shocking revelation that Rs. 873.2 crores remain to be utilised and further that there has been a carry-

over of Rs. 693.11 crores from the Second Plan. That is why we are still engaged in reaching our Second Plan targets even though we are in the third year of the Third Plan. This is the case specially in some of our vital sectors like coal, steel and power.

Coming to wasteful expenditure, it is absurd to presume that people are going to pay increased taxes if there is no check on spending by Government. The precept of austerity has no meaning unless an attempt is made to plug wasteful expenditure. Take the case of community development. We are spending Rs. 4.5 crores on this and the money is going into gutters without achieving any tangible result; except that it has provided a carrier-belt for the entire propaganda machinery of the party in power right from the top to the village level, it has achieved nothing. We know very well—there have been so many judgments in election cases—how these community development people are being utilised to further the interest of the party in power in the elections. The other day no less a person than Shri A. P. Jain spoke at the U.P. Agricultural University—on the 21st February, 1963—of the futility of this Ministry. We cannot afford the luxury of having these useless departments which are good for nothing. The entire Ministry should be scrapped. This will entail a saving of Rs. 4.5 crores.

**Shimati Lakshmikanthamma (Khammam):** Is the provision of drinking water also a luxury?

**Shri P. K. Deo:** I am not afraid of interruptions. But I would like to remind the lady Member that there is no scope for expansion of the Ministry and no chance for a Deputy Ministership.

**Mr. Speaker:** No one is afraid here inside the House except myself. Therefore, he need not say that.

**Shri P. K. Deo:** In the morning I pointed out the increase in unproduc-

tive non-plan civil expenditure. Even though it has been pointed out time and again by the Estimates Committee that intensive efforts should be made to cut down non-Plan expenditure, what has been achieved? In spite of the assurances of the Finance Minister on the floor of the House that every step would be taken, the achievement is negligible as you will find in Page 25, Appendix II of the Seventh Report of the Estimate Committee. They say that in the Company Law Administration, the economy effected was retrenchment of one Upper Division Clerk and six Lower Division Clerks. In the case of the Defence Ministry, one Lower Division Clerk and one Daftari have been reduced and the resultant saving is only Rs. 4,200. In the case of Community Development, the procedure has been simplified. They cannot go on fooling everybody all the time.

**Mr. Speaker:** Is he concluding now?

**Shri P. K. Deo:** A few minutes more. There are very few speakers from my group.

In 1961-62 and 1962-63 there has been an increase in this unproductive non-Plan civil expenditure to the tune of Rs. 58.90 crores, and an increase is going to take place in the next Budget also. Even though very valuable recommendations have been made by the Estimates Committee, they are not being implemented. In the 129th Report of the Second Lok Sabha, they have referred to multiplication of committees. The Estimates Committee has pointed out that the Agricultural Marketing Adviser has been associated with as many as 81 committees, and if these committees meet four times a year, then he entire year is finished in attending the various committees, even though the transaction of business in those committees is very short. I cannot appreciate why there should be so many committees and why one person should be associated with all of them. So, the recommendation of the Estimates Committee that there should be

[Shri P. K. Deo]

amalgamation of committees has not been implemented.

So also, why are there so many tiers in the administration, instead of having simplicity as in the case of the Lok Sabha? There are so many Secretaries, Under-Secretaries etc. in the Ministries. Every wretched paper has to pass through the various stages. Instead of solving the problem, they put new points and create hurdles and impediments in the smooth solution of the problem. This morning there was a talk regarding the Ministers' houses.

**Shrimati Yashoda Reddy (Kurnool):** He said something about the Lok Sabha Secretariat. I want to know whether he was correct in using the word "wretched".

**Shri P. K. Deo:** Shri Lal Bahadur Shastri tops the list by spending Rs. 558 per month on electricity. It is very good on his part to have come out and said that he is going to pay the bill. We all congratulate him. Shri Kanungo tops the list by spending Rs. 132 per month on water, and Hafiz Mohammad Ibrahim spends Rs 45,324 on furniture. It entails an expenditure of Rs. 13,000 per month to the Government on water and power and about Rs. 13 lakhs on furniture.

**Mr. Speaker:** He jealously defends the privy purses.

**Shri P. K. Deo:** I have stated in the morning that it has nothing to do with the Budget. It is a part of the Constitution. It is nothing taking into consideration the colossal sacrifices they have made.

**Shri Daji (Indore):** Ministers have also made sacrifices. They have gone to jail.

**Shri P. K. Deo:** I fully appreciate, but these facilities are being extended to those who are not Ministers even today. Take the case of Shri Krishna

Menon. Shri Krishna Menon is no longer a Minister. Take the case of Rajkumari Amrit Kaur.

**Mr. Speaker:** He should not go out of the way.

**Shri P. K. Deo:** These facilities are extended even to them. The thing behind it is that once a person has these privileges, he is not willing to give them up. So, there must be something wrong somewhere.

Coming to wasteful expenditure, this country cannot afford the luxury of indulging in ideological experiments. Take the case of prohibition. Time and again it has been admitted by the State Chief Ministers and even by the Prime Minister that it is all nonsense.

**Shrimati Yashoda Reddy:** Water is luxury for him, but wine is not.

**Shri P. K. Deo:** I cannot appreciate the poor lady's interruption.

**Mr. Speaker:** If he cannot appreciate it, he can continue.

**Shri P. K. Deo:** Thank you.

If prohibition can be put in reverse gear, it will yield Rs. 200 crores, which is so vital for the defence of this country. We all know it is leading to bootlegging and illicit distillation and in its wake it is bringing a train of corruption, the habit of breaking the law and so many other things. So, it would be much better to completely scrap it, so that we will be getting Rs. 200 crores.

Coming to the salt levy, it was mentioned by the Finance Minister in Rajya Sabha that we would be getting Rs. 20 to Rs. 25 crores by it. Even though we are reminded of the Dandi march of Mahatma Gandhi and things of the past, we should examine it from present realities and should seriously consider having this salt levy.

The entire budgetary gap of Rs. 454 crores can be filled if we take into

consideration the following items. Customs and excise at existing rates will yield Rs. 154 crores taking into consideration increase in production from 11 to 15 per cent. Income-tax and corporate tax at existing rates will yield Rs. 30 crores more. Emergency risks insurance will yield Rs. 20 crores. If we scrap the Community Development Ministry, it will entail a saving of Rs. 4.56 crores. We could also do away with the Ministry of Economic Co-ordination, saving Rs. 3.96 crores. Scrapping of prohibition will bring in Rs. 200 crores. Salt levy will give Rs. 25 crores. Besides these, there is Rs. 837 crores in the non-utilisation of foreign aid.

**Shri Ansar Harvani** (Bisauli): How much would we get if we abolish the privy purses?

**Shri Ravindra Varma** (Thiruvella): I would like the hon. Member to enable me to understand one point. He said some time ago that indirect taxation was day light robbery. Now he argues for a salt tax. Could he tell us how a salt tax is compatible with his views on indirect taxation?

**Shri P. K. Deo**: I am not going to yield.

The emergency power is being used as a mantle of protection by the Finance Minister to go in pursuit of socialist dogmas, thinking that this will lead to the golden road to Samarkhand. Samarkhand is in USSR.

**Mr. Speaker**: I was in Samarkhand last time, but there are only heaps of ruins now.

**Shri P. K. Deo**: It will ultimately lead us to ruin.

The Finance Minister's proposal is a bundle of contradictions and inconsistencies. In one breath he talks of indirect taxes and inflation, and at the same time he wants to check prices. He puts a premium on efficiency. Then he says that there will be more production in the corporate sector. He says that there should be austerity

but he indulges in wasteful expenditure.

16 hrs.

**Shri Morarji Desai**: May I ask the hon. Member as to what wasteful expenditure I have indulged in?... (Interruptions).

**Shri P. K. Deo**: In your Ministry. It is in the Estimates Committee Report.

**Mr. Speaker**: Order, order. This should be avoided. The hon. Member says: 'He indulges in wasteful expenditure'. It can be his opinion that the measures adopted by him might result in any expenditure, wasteful though it may be. But to say that he indulges in wasteful expenditure is not the way.

**Shri P. K. Deo**: It is never intended to be a personal reference; it is always the Government.

**Mr. Speaker**: No, no. He is talking particularly of the Finance Minister.

**Shri P. K. Deo**: The Finance Minister is the representative of the Government.

**Mr. Speaker**: Has he finished?

**Shri P. K. Deo**: Yes, Sir.

**Shrimati Renuka Ray** (Malda): **Mr. Speaker**, Sir, because of the compelling force of circumstances which have risen because the massive invasion of China on our Northern region, it has become incumbent for this country to find ways and means, the resources through which we can on the one hand build our defence apparatus and also keep up at all costs our plans of development. The last speaker, I think, gave away what he was most obsessed with—that was the elections—in the beginning of his speech and so I will not bother to refute all he said. I would, however, like to remind him of one thing for he has said that the Chinese are interested in an arms race with India. We should take heed that the com-

[Shrimati Renuka Ray]

minist China's chief objective is to destroy the experiment in building a socialist State through the ways of democracy. If we in any way curtail or give up our plans because of our defence position, then we shall indeed be playing into the hands of the enemy.

The Finance Minister has acknowledged that he has put an unprecedented burden this time. Let me assure him that so far as the country is concerned, it is prepared to find the resources that are required both for defence and for development. He has also said that he has put the burden of taxation as equitably as possible. I do hope that the Finance Minister will consider a plea in this connection though he has said that he will not listen to pressures.

I would like to first of all say one word about direct taxation. Some-time back the exemption limit extended to the income group of Rs. 3,900. Now this income group will also be subject to tax and compulsory savings. I have nothing against the saving scheme as such but they will have to pay the tax also and I feel that this is a little unrealistic. Also the argument that was then advanced was that the limit of Rs. 4,200 was too large a multiple of the *per capita* income. So far as the money income is concerned it has gone up by 15 or 16 per cent and so that the argument does not hold good now. As compulsory savings are going to be put on that income group I think that is all they can pay to help in the present emergency and get it in future. I do plead with the Finance Minister to raise the exemption limit to Rs. 4,200.

This is a bold Budget and I hope the bold Budget can also bring about a bold reform. Incidentally the surcharge on incomes falls very heavily in certain income groups. Take the Rs. 5,000 limit. They pay income tax. They have to pay surcharge and com-

pulsory savings which is much more than the income tax itself. Surely we must remember that although we are trying to build a welfare State on the socialist pattern we have not yet reached a stage where we can provide free education or health service to all children in our country. These families try to keep up a living standard and surely it is not for us—I am sure it is not the idea of the Finance Minister also—to demolish that position. Therefore, I hope that he will listen to our plea on this point.

I want to dwell for one moment on the super profits tax. No right thinking man or woman will content that super profits tax should not be there. Excessive profits should be mopped up. But when we look into its structure, I feel a little bit unhappy because there is discrimination in favour of those companies who have larger investment and larger capitals. The Finance Minister in his speech said:

“That tax will operate when the income of a company after deducting the income-tax and super-tax payable by it exceeds 6 per cent of its capital and reserves...”

The capital reserves of the big businesses is exempted upto that limit. They can easily find the money for development although it is they who make a hue and cry about it. But what about the medium scale industry and new industries—not the new industry, started by some monopoly capital—but a new industry which is genuinely a new industry? In comparison, they suffer; they will not find it plausible to plough back money for development, depreciation. They suffer the worst. The bigger companies who have been longstanding and have large capital reserves will be in a favourable position compared to them. Surely, this sort of discrimination is not what we want. I am sure the Finance Minister also does

not want that. Therefore, I would ask him even at this late hour to change the nature and the structure of the super profits tax but to bring in a tax to mop up all super and excess profits and do it directly as was done in wartime Britain. He may bring in an excess profits tax or a super profits tax—the word does not matter by which either a basic year is taken, say for instance, the last year of the Second Plan or the average of the last three years is taken; and all the profits over and above this is mopped up. This will give some respite to those who are actually new industries, which are being built up and which the Finance Minister himself wants to encourage. I would, therefore, request him very humbly to give some consideration to this matter because it is one thing which is disturbing us very genuinely. I certainly believe that all the monopoly capitalists and all the richer elements of business must pay in full to the national exchequer and take up in full the burden and responsibility during this national emergency.

I now come to indirect taxation. As I said to the Finance Minister all conceivable things and inconceivable things he has brought into this taxation. *Ipso facto* the burden of indirect taxation must fall on the consumer. We have to accept this in the national emergency to a very large extent. I do hope that the Finance Minister himself is convinced that the levy on kerosene has to be taken off or reduced drastically. Even the levy on motor spirit as it affects not only the middle classes and richer sections but also the transport facilities available to the poorer sections of our society. These are the two things which I would like to bring to his notice.

He has already told us that utmost vigilance will be kept about the rise in prices. Dhebarji has already spoken on the subject. It is stated in the *Economic Survey* of 1962-63 as follows:

"Since April, 1962, however, there were signs of renewed pressure on prices."

And then,

"Between March and August 1962 the general level of wholesale prices rose by 6.1 per cent...."

Whatever that be, today what do we find? Even when the Finance Bill has not yet been passed, the prices have gone up not only on the goods on which taxes have been imposed but even on such things like meat, milk and eggs. This is a fact. This is what is taking place in Delhi itself. What about the country outside? I would have liked to suggest to the Finance Minister to impose this time, if he likes, controls. But he has already acknowledged the failure of the administrative system to catch gold smuggling. So, I do not know what steps he can take now. But I do hope that he will exercise his mind on this and see to it that this rise in prices does not bring about the inflationary trend which he is trying to avoid by checking the gap of deficit financing. It is absolutely necessary that the price rise is checked now in some way or another and if the administrative machinery is not geared up to this need, let steps be taken so that it is geared up because we cannot fail in this hour of emergency.

As I said before, I say again that nobody for one moment wants that the resources should not be raised in full for whatever is required—Rs. 867 crores for defence and the required amount for planned expenditure. But, Sir, a certain amount of civil expenditure does still bear a scrutiny. I know how anxious the Finance Minister is about this and I am sure he will continue to exercise a great deal of vigilance on this point.

Sir, I have to say one word perforce regarding this controversy, this

[Shrimati Renuka Ray]

unseemly controversy that has arisen regarding Ministers' perquisites such as, electricity and power. The real issue is not as to who pays the bill. The real issue is that such expenditure should be brought down to the minimum because we are asking the country to see that electricity and power is not used more than what is necessary. Surely the Ministers will come forward and will be glad to set the example for we cannot preach what we do not practise.

One word more about the gold control policy although I have already spoken about it. What I wanted to say was—I do not know if I made myself quite clear—that while gold was not necessary in the jewellery for the decorative aspect for women, it was necessary to phase this thing so that the rural areas where banking habits have not yet changed and who keep their gold—jewellery maybe—for credit purposes are given some exemption....

**Mr. Speaker:** We have had a special discussion on that.

**Shrimati Renuka Ray:** I know that. But I was being misquoted.

**Mr. Speaker:** We have had that discussion. Why spend time on this?

**Shrimati Renuka Ray:** All right. I want to go to the next item.

**Shri Bade (Khargone):** She wants to improve on it now.

**Shrimati Renuka Ray:** I am just repeating what I said earlier in this House.

Now, Sir, I said something about the administrative machinery before. I will not have the time to discuss that in detail here. The failure of the administrative machinery has resulted in so many things which are not being implemented. Our plans are right; our policies are correct. But it is in the implementation of these that we face so many hurdles which take us long and, therefore, I think

that something very vital must be done about this particularly now in this hour of emergency.

Before I conclude, I want to say one word more. While we should curtail civil expenditure as much as possible, we should not curtail it on items which are absolutely necessary, such as education. But what has actually happened? Since the emergency, education has become the first casualty of it.

**Shri Morarji Desai:** It is not true:

**Shrimati Renuka Ray:** In the sense that the State Governments have brought down the expansion of education. They have said that the total amount given to them has been cut down and the same approach that inspires the Central Government in cutting down some amount on education has inspired them to cut down much more. I hope that this approach will be changed.

Before I finish, I would like to recall one thing. When the battle of freedom was fought, while large masses sympathised, and though some of them did come forward and actually participated, it was the result of the efforts of the few and not the many that freedom came. In 15 years education has spread enough that consciousness, to such an extent has come, so as to bring about a mass response which is something electric. Everyone wants to help, to participate and if we have not been able to utilise that help, it is our failure; not theirs. Their response has been wonderful, and therefore, that itself should be the argument that education should not be the first casualty but the last thing that should be given up, because it is only through the training of the people themselves that we get on with industrial expansion or enable agricultural production to be increased.

With these words, I would like to assure the Finance Minister that this

House and the country do not forget the pledge that they have taken: that we shall bear any sacrifice, any burden until the enemy is driven out of this sacred soil of India. But, nevertheless, I hope that the burden of this taxation will be as equitable as the Finance Minister himself had said, and that these few suggestions that I have made will be given some consideration. Because, as I said before, they are not pressures either from one extreme side or the other, but the plea of those who wish that the Finance Minister has all the resources that are required and that at the same time the burden falls equitably on society.

**श्री य० सिंह चौधरी (महेन्द्रगढ़) :**

माननीय अध्यक्ष महोदय, इस बार बजट के बारे में पहले से काफी आशाएं प्रकट की जा रही थीं। चीनी आक्रमण के बाद इस बात की प्रायः सारे आदमी कल्पना कर रहे थे कि इस बार बजट कुछ ज्यादा जोश के साथ आएगा। हुआ भी ऐसा ही। जब बजट को डिक्लेअर किया गया और जब वह समाचारपत्रों के द्वारा जनता के सामने गया तो साधारण आदमी से लेकर के ऊपर के आदमी तक पर गहन सीधा प्रभाव पड़ा। जिस प्रकार ज्यादा आम-दणियों पर टैक्स लगाया गया है उसी प्रकार रोजमर्रा की ज़रूरतों की चीजों पर कर लगाया गया है।

इस टैक्स के बारे में कुछ कहने से पहले मैं यह निवेदन करना चाहता हूँ कि आप इस बात का अन्दाजा लगाएँ कि क्या लोगों में इतने 'बस' को इस साल के भीतर देने की क्षमता है। क्या इतने टैक्स अगले साल तक अप्रैल तक दे सकेंगे। जहाँ तक लोगों की प्रकृति का सवाल है वह हमारे सामने प्रकट है। कांस के सदस्यों ने और हमारे माननीय वेबर साहब ने हमको कहा है कि हमने प्रतिज्ञा ली थी चीनियों को देश से बाहर निकालने

की। और स तिज्ञा की पूर्ति के लिए यह आवश्यक है कि जा भी जरूरी है हम करने को उद्यत रहें।

इस बारे में तो कोई दो रायें नहीं हो सकती कि हमका देश से चीनियों को निकालना है और इसको पूरा करने के लिए जो भी कर्तव्य हमारे सामने है उसको हम निभाएंगे। लेकिन इसके साथ ही दूसरे पहलुओं पर गौर किए बिना हम इस दिशा में कदम नहीं उठा सकते। हमको टैक्स लगाने के पहले जनता की क्षमता का भी ध्यान रखना चाहिए। मेरा मतलब यह है कि कर लगाने के पहले हमको व्यावहारिक और मानवीय पहलुओं का भी अपने सामने रखना चाहिए। इन चीजों को ध्यान में रख कर अगर आप कर लगाएंगे तो हर आदमी करने को तैयार रहेगा। लोगों के अन्दर श्रद्धा है, लोगों के अन्दर भावना है, वे तैयार हैं उस प्रतिज्ञा के वास्ते, लेकिन जो लोगों की क्षमता है वह इस बात से कहीं कम है। श्री वेबर ने आपको प्रमाण दिया कि जो एथानामिक सर्वे हुआ था उसकी रिपोर्ट से यह साफ जाहिर होता है कि अगर अधिक टैक्सों का बोझ जनता पर लाया गया तो जहाँ जनता देने से बिल्कुल मजबूर और लाचार हो जायेगी वहाँ जो फ्री इन्वेस्टमेंट की बात है अर्थात् लोग बिना शक और डर के इन्वेस्ट कर सकें और हमारी इण्डस्ट्रीज डेवेलप कर सकें, उस पर भविष्य में चेक लग जायेगा, उस पर एक रुकावट पड़ जायेगी, और इस प्रकार जो हमारे उद्योग धंधे हैं, चाहे वह काटेज इण्डस्ट्रीज हों चाहे बड़ी इण्डस्ट्रीज हों, चाहे गाँव के अन्दर किसी नये तरीके से, ट्रेक्टर आदि की खरीद से या समितियाँ बना कर और नये कार्यक्रम सामने रख कर या कम्प्युनिटी डेवेलपमेंट के अवीन सहयोग से या किसी भी अन्य प्रकार से, उपज बढ़ाने का काम हो, उसके ऊपर एक प्रकार का प्रतिबन्ध आकर लग जायेगा। कारण यह है कि लोगों की अपनी देने की क्षमता हुआ करती है।

**[श्री सु० सिंह चौधरी]**

इस मामले में मैं आपके सामने अपने पंजाब का उदाहरण रखना चाहता हूँ। जैसा आपको समाचार पत्रों से ज्ञात हुआ होगा जब नेशनल डिफेंस फण्ड में पैसा देने की बात छठी, उसमें वह सबसे आगे रहा। वहाँ के लोगों ने, विशेषकर देहात की जनता ने, कुल चन्दे का ९० या ९५ प्रतिशत दिया है। उन्होंने खुद जाकर इस मामले में सरकार की काफी सहायता की। खुद मेरे ही गांव के अन्दर जाइये। एक छोटा सा गांव है, लेकिन वहाँ से ५० या ६० हजार रु० नेशनल डिफेंस फण्ड में दिये गये। इस सारी की सारी बात को लेकर, आप ने जो आवश्यक बचत योजना बनाई है उसके साथ इस का ताल मेल बिठ-साइये, खास कर गांव के मामले में। इस का प्रभाव शहरों में भी पड़ रहा है, लेकिन पंजाब के दृष्टिकोण से अगर आप गांवों को ध्यान में रखें तो आप देखेंगे कि कुछ साल पहले वहाँ खुशहाली टैक्स के विरुद्ध आन्दोलन हुआ था। इसमें कोई शक नहीं कि वहाँ पर नहरें आ गई हैं और नहरों के आने के बाद वहाँ पर उपज भी पिछले सालों से बढ़ गई है, लेकिन इन बातों के बावजूद भी किसान की जितनी पैदावार बढ़ी है, उत्पादन से उसका जितना लाभ हो रहा है पहले की अपेक्षा, वह सारे का सारा पहले से ही अनेक टैक्सों के रूप में प्रान्तीय सरकार लेकर अपनी जेबों में डालती जा रही है, चाहे वह खुशहाली टैक्स हो, चाहे बैटरमेंट टैक्स हो या सुपर टैक्स हो। इसी प्रकार से रेवेन्यू के अन्दर अनेक टैक्स हैं जो कि सामान्य किसान को देने पड़ रहे हैं, पंजाब के सामान्य जमींदार को देने पड़ रहे हैं। उसके बाद उसके प्रोडक्शन में से, उसकी नई उपज में से कुछ ज्यादा बाकी नहीं रहता है। अभी तक वह चीज तो खत्म ही नहीं हुई लेकिन पहले दिन तहसीलदार वगैरह गांव के अन्दर दौरा करने लगे। जब मैंने उनसे बात की तो उन्होंने मुझे बतलाया कि वे गोल्ड बॉन्ड्स के वास्ते निकल रहे हैं। आप अन्दाजा लगाइये कि जिस गांव ने ५० या ६० हजार रुपया दिया

हो उससे आप ८ या १० हजार रु० गोल्ड बॉन्ड्स के लिये मांगने जा रहे हैं। दुनिया भर के टैक्स वह पहले से ही दे रहे हैं रेवेन्यू के अन्दर, उसके बाद अगर आप . . . . .

**Shri Morarji Desai:** May I say, Sir, that the time for gold bonds is gone?

**अध्यक्ष महोदय :** माननीय सदस्य सिर्फ इस बात की दलील दे रहे थे कि बहुत सी जगहों पर लोगों ने दिया है, अब अगर वह नये टैक्स लगेंगे तो उन लोगों के पास देने को कुछ नहीं होगा। सिर्फ इसलिये ही वह कह रहे थे।

**श्री सु० सिंह चौधरी :** मैंने यह कहा कि अब उन लोगों से कहा जा रहा है कि गोल्ड बॉन्ड्स खरीदो।

**श्री मोरारजी देसाई :** अब यह कहाँ है ?

**श्री सु० सिंह चौधरी :** अब मैं आ रहा हूँ कम्पलसरी सेविंग्स पर। जहाँ उन्होंने चन्दा दिया वहाँ वह दुनिया भर के रेवेन्यू टैक्सेज दे रहे हैं। उसके बाद अगर गोल्ड बॉन्ड्स की बात उनके पास जायेगी और पैसा उनकी जेब से निकलेगा, तो भले ही वह दस साल बाद उनको वापस हो जायेगा, लेकिन आज जो उनकी आमदनी के साधन हैं उनसे वह पैसा जायेगा।

**श्री मोरारजी देसाई :** मैं कहता हूँ कि वह तो पिछले समय की बात हो गई। यह पैसा उनकी नई इनकम से लिया जायेगा।

**श्री सु० सिंह चौधरी :** वह इनकम कौन सी है ? जो तहसीलदार परसों गांव के अन्दर गया वह कौनसी इनकम से मांग रहा था ?

**अध्यक्ष महोदय :** फाइनेंस मिनिस्टर साहब कहते हैं कि जो इनकम उन लोगों की आगे होगी उसमें से होगा। गोल्ड बॉन्ड्स के लिये जो दिया वह उससे दिया जो पहले से जमा था।

श्री यु० सिंह चौधरी : पंजाब के अन्दर किसानों के पास कुछ जमा नहीं था। आप पंजाब के अन्दर जाकर देख सकते हैं कि वहाँ आम तौर से यह हो रहा है कि उनसे वादा लिया जा रहा है कि जब तुम्हारी सरसों बिकेगी, जब तुम्हारा गेहूँ बिकेगा, उसमें से देना, इस वक्त खाली गेहूँ नाम लिख रहे हैं। यह जमा का नाम उन को मार रहा है। जमा किसी के पास कुछ नहीं है। लोग अलग अलग शकल में सारे का सारा पैसा दे रहे हैं। उस के बाद किसी के पास क्या जमा रह जाता है? इस के बाद कम्पल्सरी सेविंग्स की बात आती है। आप अन्दाजा लगाइये, इन में बहस की कोई चीज नहीं है, आप उन से जो उन का रेव्यू होगा उस का ५० प्रतिशत पैसा कम्पल्सरी सेविंग्स में लेंगे। पंजाब में रेव्यू बहुत हाई है। सामान्य जमींदार जिस के पास १०० बीघे जमीन है वह विभिन्न प्रकार से १००० या १५०० रु० हर फसल के बाद देता है। उस के बाद अगर आप उस से ५०० या ६०० रु० लेकर अपना खजाना भरना चाहेंगे तो आप को इस का जवाब मिलेगा। आखिर वह कहाँ से देगा। आप उस को जेलों में डालें, आप किसी प्रकार का अत्याचार करें या जितनी तरह के शासन के तरीके हैं उन को अपनायें, लेकिन वह टैक्स आयेगा कहाँ से? इसलिए मैं कह रहा हूँ कि यह बड़ा अन्याय-बहारिक पहलू है। इस में जहाँ आप ने मानवीयता नहीं दिखलाई वहाँ यह भी नहीं देखा कि उस में सामर्थ्य भी है या नहीं रेव्यू देने की। आप के पास रेव्यू कोर्ट्स की पावर्स हैं कि आप उन की जमीन की कुर्की करें, उस के बाद उन के दरवाजों पर सम्मन चपकाया जाय, उस के बाद मुनादी हो उस के बाद आप जो कुर्की की प्रोसीडर हैं उस में से अपना रेव्यू ले सकते हैं। जब यह विकट रूप में समस्या सामने आयेगी तो यह हम को महसूस करना पड़ेगा। मैं यही कहूँगा कि यह

चीज लोगों की क्षमता से परे है कि वे इस को दे सकें। आखिर हर चीज की लिमिट होती है। वे अपनी प्रतिज्ञा जानते हैं और व अपनी शक्ति भर उस को पूरी करना चाहते हैं। जब मेरे गांव वालों को इस बात का पता लगा कि फौज के लिये उन के यहाँ से ५०० आदमियों की आवश्यकता है, तो मेरी कांस्टिटुएन्सी में लोगों ने २७,००० से ले कर ३०,००० आदमी तक भरती कराये। जहाँ तक पैसे का सवाल है, जिस गांव को २०० रु० देने था उस ने २,००० रु० दिये। वहाँ डिप्टी कमिश्नर भी गये, तहसीलदार भी गये, रेजिडेंशियल मैजिस्ट्रेट भी गये, हम ने उन से कहा कि वे क्यों ताकत या शक्ति लगाते हैं, देश लोगों का है, किसी एक आदमी का या सरकारी अफसर का नहीं है, लोग उन को स्वयम् देंगे। लोगों ने दिया भी। लेकिन अब यह स्थिति आ गई है कि उन के पास पैसा रहा ही नहीं। इस के अलावा उन के व्यक्तिगत खर्च भी हैं। उस के बाद भी जो चीज बाकी रहती है वह किस शकल में सामने आ जायेगी, यह भविष्य बतलायेगा।

डिफेंस के मामले में यह दलील दी जा सकती है कि आज इस चीज की आलोचना की जा रही है लेकिन डिफेंस के ऊपर जो खर्च बढ़ रहा है आखिर वह कैसे पूरा होगा। डिफेंस के बारे में सामान्य चीज यह है कि जिस तरह से और बातों के सम्बन्ध में यह बात सामने आई है कि एक्सपेंडिचर बढ़ रहा है और हुकूमत में खर्च ज्यादा हो रहा है उसी तरह से डिफेंस के बारे में भी आई है। पब्लिक अकाउंट्स कमेटी की रिपोर्ट में कहा गया है कि सरकार एडमिनिस्ट्रेशन के अन्दर कमी करे तो हर साल ६० से ले कर १०० करोड़ रु० तक की बचत हो सकती है। यह बहुत अच्छी रिपोर्ट है और कई डिप्लोमैट की बातें उस में सामने लाई गई हैं। अगर उस प्रकार से हुकूमत के खर्च में कमी हो जाये तो क्या

[श्री यु० सिंह चौधरी]

जितने धन की हमें जरूरत है वह नहीं मिल सकता। लेकिन इन सारी बातों को आलोचना के ढंग से लिया जाता है। जो बजट आया है प्रत्येक व्यक्ति उस की अनेक प्रकार से आलोचना कर रहा है लेकिन गवर्नमेंट की तरफ से कोई डिस्लेरेशन नहीं हुआ, कोई एलान नहीं हुआ, कि हम ने फलों स्थान पर फलों की चीज में कमी की है। इस में कोई शक नहीं कि पंजाब में मिनिस्ट्री में बहुत कमी की गई है और सामान्य जनता के सामने यह तस्वीर आई है कि वहां पर २१ आदमियों को हटाने के बाद खर्च में कमी हुई है। लेकिन वहां पर स्थिति बड़ी अजीब व गरीब है। जहां मिनिस्ट्रों का हटा दिया है वहां हर एक जिले में एक एक डिप्टी कमिश्नर और एक एक एडीशनल डिप्टी कमिश्नर लगा दिया जो कि पहले एक एक जिले में एक डिप्टी कमिश्नर हुआ करता था।

**अध्यक्ष महोदय :** आप बचत की मिसालें दे दें बाकी पंजाब की चीजों पर ज्यादा न कहें।

**श्री यु० सिंह चौधरी :** मैं पंजाब की जनरल बात कह रहा हूँ कि वहां पर जो खर्च बढ़ रहा है वह अच्छा नहीं है। पंजाब के अन्दर से मिनिस्टर तां हटा दिये गये लेकिन दो दो हजार रुपये पाने वाले डिप्टी कमिश्नर विठला दिये गये, होमगार्ड में अफसर का लगा दिया ५,००० रु० दे कर जब कि मिनिस्टर को ८०० रु० दिये जाते हैं।

**अध्यक्ष महोदय :** माननीय सदस्य से मैं यही कह रहा हूँ कि जां स्टेट का खर्च हो या दूसरी बात हां उन की तकनील में न जायें। यहां के मिनिस्टर काफी हैं आप के पास नुक्ता चीनी करने के लिये।

**श्री यु० सिंह चौधरी :** मैं तफसील में नहीं जा रहा हूँ, जनरल वे में रख रहा हूँ।

**अध्यक्ष महोदय :** यहां पंजाब की मिनिस्ट्री कैसे जवाब देगी कि डिप्टी कमिश्नर की जरूरत है या नहीं ?

**श्री यु० सिंह चौधरी :** जवाब मैं नहीं मांग रहा हूँ। मैं इतनी बात कह रहा हूँ कि अगर हम टैक्स लगायेंगे तो हम इस का जवाब देंगे कि हम पर टैक्स लगाये गये हैं।

**अध्यक्ष महोदय :** माननीय सदस्य अपनी ही जिद पर चले जाते हैं और मुझ को सुनने का यत्न ही नहीं करते। पंजाब गवर्नमेंट के बखिलाफ उन्होंने कहा कि बिना वजह डिप्टी कमिश्नर लगा दिये गये। डिप्टी कमिश्नर की जरूरत है या नहीं अगर वे इस को चर्चा करेंगे तो पंजाब गवर्नमेंट यहां पर जवाब नहीं दे सकती।

**श्री यु० सिंह चौधरी :** यह तो ठीक है, लेकिन यह पार्सिंग रिफरेंस है।

**श्री कछवाय (देवास) :** यहां मिनिस्ट्रों की एक लम्बी फीज है।

**श्री यु० सिंह चौधरी :** मिनिस्ट्रों की त्रिजनी का खर्च कितना है यह यहां पर आया है। सवाल तो खर्च का है।

**अध्यक्ष महोदय :** यहां पर जितने मिनिस्टर साहब हैं उन की आप चाहे जितनी नुक्ताचीनी कीजिये।

**श्री यु० सिंह चौधरी :** यह ठीक है, पंजाब में खर्च बहुत होता है इस को ही समझाने के लिये मैं कह रहा था।

**श्री कछवाय :** पंजाब का तो केवल उदाहरण दिया है।

**अध्यक्ष महोदय :** यह उदाहरण नहीं दिया है।

**श्री यु० सिंह चौधरी :** मैं कहना चाहता हूँ कि जिम प्रकार से पब्लिक अकाउंट्स कमिटी ने कहा है ऐडमिनिस्ट्रेशन का खर्च कम किया जाय और अनुमान लगाया है कि १०० करोड़ रु० की बचत हो सकती है, अगर हम उस तरीके का अतिथार करें तो मेरे अपने खयाल के मुताबिक यह चीज ज्यादा अच्छी रहेगी। मुझ से पहले एक सज्जन ने कहा था कि जो फिजूल के मुहकमे हैं उनको ममाप्त कर दिया जाये पर एंजुकेशन पर कमी का कोई प्रभाव नहीं पड़ना चाहिए। मैं भी इस राय से सहमत हूँ। अनेकों मुहकमों में कुछ अफसर सरप्लस हैं, जैसे सी० पी० डब्ल्यू० डी० में सुपरिन्टेंडिंग इंजिनियर की पोस्ट है। यह बात मैं एक सर्वे के आधार पर कहता हूँ। इस विभाग में सब से नीचे ओवरसियर है, उस के बाद एग्जीक्यूटिव इंजिनियर है और उसके बाद सुपरिन्टेंडिंग इंजिनियर है और उसके भी बाद चीफ है। इस मुहकमे के आदमियों की भी राय है कि यह सुपरिन्टेंडिंग इंजिनियर की पोस्ट सरप्लस है। खर्च मंजूर करने का काम, बलों पर दस्तखत करने का काम, चूकों पर दस्तखत करने का काम और खजाने से रुपया निकलवाने का काम या कसी भी प्रोजेक्ट की जिम्मेदारी का काम एग्जीक्यूटिव इंजिनियर का है। और जो कागजात एग्जीक्यूटिव इंजिनियर को ऊपर भेजने होते हैं उनको सुपरिन्टेंडिंग इंजिनियर चीफ को भेज देता है। उसका काम पोस्ट आफिस की तरह है कि वह डाक को रिसीव करके ऊपर भेज देता है। सारा टेकनिकल सर्वे का काम ओवरसियर करता है या सर्वेयर करता है, उसके बाद एग्जीक्यूटिव इंजिनियर ऐक्शन लेता है और उसके बाद कागजात ऊपर भेजे जाते हैं।

हर एक सरकिल में एक सुपरिन्टेंडिंग इंजिनियर होता है। उसका खास काम आदमियों का उस सरकिल में ट्रांसफर करना होता है। केवल इस काम के वास्ते दो तीन या चार हजार देकर एक अफसर को रखा

जाता है। इस खर्च को कम कर दिया जाये तो बहुत बचत हो सकती है। इसी प्रकार दूसरे विभागों में भी कुछ पोस्टें सरप्लस हैं जिनको कम किया जा सकता है। इन लोगों को दूसरे टेकनिकल कामों पर लगा कर एडजस्ट कर दिया जाये।

अन्त में मेरा निवेदन है कि जो टैक्स हैं उन पर व्यावहारिक पहलू से विचार किया जाये। टैक्स लगाने के पहले आपको यह देखना चाहिए कि लोगों में टैक्स देने की कितनी क्षमता है, केवल प्रतिज्ञा की याद दिलाने से और त्याग की भावना का जिक्र करने से काम नहीं चल सकता। लोगों में त्याग की भावना तो है ही और इसका प्रमाण उस समय मिला था जब देश पर चीन का आक्रमण हुआ था। लेकिन देखना यह है कि लोगों में टैक्स देने की कितनी ताकत है। इसलिए मेरा निवेदन है कि टैक्स प्रोपोजल्स पर दोबारा गौर किया जाये ताकि व्यावहारिक दृष्टिकोण को सामने रखते हुए हम निर्णय करे। और काम ज्यादा अच्छी तरह से चला सके।

**Shri Ramanathan Chettiar (Karur):** Mr. Speaker, Sir, permit me to say a few words on the budget proposals presented by the hon. Finance Minister. This year the Finance Minister has framed his budget with the twin object of making preparations for the defence of our motherland and also with a view to keep pace with economic development of our country. He rightly emphasised in his speech the other day that integrity and honour of the country come first and everything else next. The defence expenditure has been increased this year by about Rs. 500 crores, and he has to find money for meeting this additional heavy expenditure due to the national emergency.

Some people think that the emergency is over, but that is not the right

[Shri Ramanathan Chettiar] attitude. The patriotic citizens of this country have to realise that the emergency is still there, and the enemy is making preparations. That should be our attitude and we should prepare ourselves to meet the enemy. If all of us do not support this heavy expenditure on defence, the safety and security of this country will be in jeopardy.

The Finance Minister has, with great foresight and imagination, placed before the House his budget proposals which have not placed an undue burden on any particular section of the community. This year, he has introduced the compulsory savings scheme. He wants one and all, that is every citizen in this country, should participate in the defence efforts of our Government. He has not spared the rural section of the population. Neither has he spared the urban section of the population. I am sure that every citizen will feel proud that he has a part to play in this national emergency by contributing whatever savings he or she has for this effort.

Let us come to the other feature of this budget, the super-profits tax. It is no doubt a welcome measure. But, at the same time, I request the Finance Minister to keep in view such joint stock companies which have been operating all these years with a reasonably limited capital and not much of reserves to speak of. Such companies, if they have to come within the scope of this proposed measure, may find it very difficult, leave alone maintaining dividends, whether they would be able to give more than 2 or 3 per cent as dividend to their shareholders, they may not be able to put back anything by way of reserves. Here, I would like the sympathetic consideration of the Finance Minister. It is such companies which also play an important role in the development of our corporate sector and also in the industrial develop-

ment of our country. Other companies with larger capital and reserves may be able to withstand this tax. Ultimately, they many, at the most, have to reduce their dividends. On account of their large capital and also reserves, they may be able to overcome this tax. The only drawback they may have to face is that they may not be able to pay such high dividends as they were doing all these years.

Let me come to the indirect taxation. The Finance Minister has introduced in this Budget....

**Shri Bade:** What is your opinion so far as super profits tax is concerned? Should it remain there or should it not remain there?

**Shri Ramanathan Chettiar:** I said it is a welcome measure and I support it. The super-profits tax, to my humble mind, is to mop up the extra resources of the corporate sector and I think the Finance Minister must be congratulated on bringing this new measure in the budget proposals this year

**Shri Bade:** But there are so many "but's".

**Shri Ramanathan Chettiar:** There is no 'but' as far as I am concerned.

With regard to indirect taxation, he has introduced some excise levies and he has also increased the customs duties. The only thing that the Finance Minister and also the Planning Commission are expected to do is to have a careful watch on the trend of prices because all these indirect taxes will go to increase the price level. The cumulative effect of these levies and duties may tend to increase the price level. This is the only point that I would like to make in regard to indirect taxation.

But I would like to say one word about kerosene. Kerosene is used by

one and all, and the Finance Minister should see that great hardship is not felt by the common man of this country. That is the only point that I would submit for consideration. If it is possible for him, let him consider the question of reducing the duty or levy on this commodity. That is the only suggestion that I have to make as far as the indirect taxation is concerned.

Industrial production has shown an increase of 7.2 per cent during the last half year whereas that is not the story as far as the agricultural sector is concerned. I feel that enough attention is not being paid to the development of agriculture. Agriculture is the base on which any industrial structure could be built. Government and the Planning Commission should pay more and more attention to agriculture, improve the methods of agriculture and also see that we get better yields both in wheat and in rice and in pulses, and also see that the farmer or the producer gets an economic price for his produce.

With regard to the aspect of procurement by the State Governments on behalf of the Central Government, I have one or two observations to make. As far as my State (Madras) is concerned, they have fixed a very low price of Rs. 15 per maund of rice. Today the cost of cultivation per acre will be round about Rs. 200 to Rs. 250. On this increased cost of cultivation, the farmer will not be able to meet his necessities, if he were to sell at Rs. 15 a maund of rice. The economic price will be round about Rs. 20. I would urge the Planning Commission and also the Food and Agriculture Minister to see that a fair price is allowed to the producer or the farmer in order that he may not suffer great hardship. After all, the farmer or the producer has to buy the necessities of life and he has also to educate his children, and the prices of certain essential articles that he needs have gone up to such an extent that with

this price of Rs. 15 per maund of rice, he will not be able to meet his needs. This one aspect should be borne in mind, and I hope Government will give sympathetic consideration, and in their talks with the State Governments, see that a reasonable, economic and workable price per maund of rice is given so that the farmer will not suffer undue hardship.

I have a few observations to make about the working of public sector undertakings in this country. The capital invested in them up to 1962 is of the order of Rs. 638 crores, and there is a provision in this year's Budget of Rs. 138 crores, which means about Rs. 806 crores for about 42 concerns. But only 26 are running concerns. The 26 running concerns have a capital including what is provided for in the 1963-64 Budget of about Rs. 200 crores. But what is the return we find? Last year, it was of the order of Rs. 1.33 crores and this year it is provided at Rs. 1.45 crores. That means, not even a crore and a half on any investment of Rs. 200 crores. There is another aspect also. Out of Rs. 800 odd crores, the biggest project, Hindustan Steel, has got a capital of about Rs. 307 crores plus Rs. 100 crores provided in this year's Budget, making about Rs. 400 and odd crores, which means half the total capital in all our public sector undertakings. As mentioned in the Budget speech, the Finance Minister while he expects the private sector to play an important role in the national emergency as well as in the economic development of our country let him also see that there is an improvement in the working of public sector undertakings, that there is stoppage of waste and that the targets are kept up. Let them also be put on a profit-earning basis so that they will not be losing concerns and will not be a drain on the economy of our country.

One word more about Hindustan Steel. The Minister of Steel and Heavy Industries and the Chairman of Hindustan Steel say that production is

[Shri Ramanathan Chettiar]

coming up in Bhilai, Durgapur and Rourkela. But what do we see? In 1961-62, the loss incurred by this corporation was of the order of Rs. 19.47 lakhs. When production is rising at least—I can understand, even if they do not make any profits—they should not show any loss. That shows that there is some wasteful expenditure in some section or the other. This should be avoided.

I know the Finance Minister is averse to any wasteful expenditure either in his Ministry or anywhere else. I know he has also effected a fair-sized economy of about Rs. 30 to 40 crores this year, and we must all congratulate him on this effort, and should also offer our co-operation in whatever respect we can to see that more economy in expenditure is effected in the coming years. At the same time, let him also bear in mind that Government owe a duty to Parliament and the public to see that there is better working of public sector undertakings. After all, it is taxpayers' money that has gone towards the capital of all these public sector undertakings and they should put up a better show than what they have done so far. I would in my humble way suggest to the Finance Minister that though the proposed Parliamentary Committee on Public Undertakings may take some time to function, he could consider the question of having a small working group consisting of Members of Parliament to go, with the aid of cost accountants, into the working of some of the undertakings which have been showing losses and which could be made to show better results. He could consider this as a suggestion from me.

Our Finance Minister is one of those who would always keep deficit financing within reasonable limits. That is why this year also he has kept deficit financing at a reasonable limit of Rs. 151 crores, in order to see that there is no spiralling of prices.

One or two words about the needs of the South. It is an acknowledged fact that we in the South are rather backward in the sphere of industrialisation.

**Some Hon. Members:** No, no.

**Shri Thirumala Rao** (Kakinada): Will you please explain what you mean by backwardness?

**Shri Ramanathan Chettiar:** Madras State has great need of fertilisers. There are one or two schemes that have got to be sanctioned. I would very much urge upon the Government to consider the needs of Madras State for fertilisers and supply them as early as possible.

There is a scheme in my own constituency, called the Noyyal Irrigation Scheme. The original estimate for it was Rs. 3.2 crores. It was included in the draft Third Five Year Plan submitted by the Madras Government to the Planning Commission. I do not know for what reason it was dropped. I would urge upon the Finance Minister and the Planning Commission even now, if it is not too late, to have it included in the Third Five Year Plan itself.

With these words, let me congratulate the Finance Minister on having presented bold Budget proposals this year. Thank you, Sir.

**Shri Ansar Harvani:** I take this opportunity to assure the hon. Finance Minister that the Indian people are prepared to sacrifice their all for the defence and development of this country. They are prepared to face forced marches, starvation and death for the defence of our country. We are prepared to go half-starved and half-naked if we are assured that the money that we are giving to the Government will be used for the development of our country and for building up a socialist society in this country, so that our children may not know what unemployment is, what starva-

tion is, what illiteracy is and what disease is.

While the Indian people are behind none in the matter of sacrifice for the development and defence of their country, they are at the same time very vigilant about the way in which their hard-earned money is going to be spent. I still remember that in the early twenties, when the Indian people voluntarily gave contributions to the Khilafat Fund, they asked of their mightiest leaders about the way in which the money was spent. I still remember that when in response to the appeal of the Father of the Nation the Tilak Suraj Fund was collected, the Indian people did not spare even the Father of the Nation and asked him how the money was spent, and in his own characteristic way he gave the explanation. At one time he even expressed apology to the Indian people that some of his associates had not spent the money in the way in which it ought to have been spent. I know it very well that the hon. Finance Minister is a great follower of the Father of the Nation. If the Saint of Sabarmati could express his regret for the way in which money was spent, I am sure that the Saint of Bulsar will also come forward and tell the people that the money of the country is not being spent in the way in which it ought to be spent.

There is hardly any country in the world in which Parkinson's Law works more safely and steadily than it does in India. There is a desire on the part of every Ministry to build up a mighty empire. There is a desire on the part of every Ministry to have as many Secretaries, Under, Joint, Additional, Special and full-fledged. I still remember that in 1952 we entered into an agreement with the USA for developing our villages and for the progress of our agriculture. As soon as that agreement was signed, a cell was created in the Planning Commission known as Community Development Administration under an officer who was honorary, but in India even

honorary officers cost quite a fortune to our taxpayers in the shape of free houses, free transport, and allowance, travelling and otherwise. But we found that this small cell in the Planning Commission which was only to advise the States how the community development work should be done, gradually developed into an empire. It became a Ministry with all the paraphernalia of a Ministry, Secretaries, Additional, Joint etc. Apart from this Ministry there are a number of other Ministries in the Centre whose only function is to advise the States and to co-ordinate their activities.

16.55 hrs

[SHRI KHADILKAR in the Chair]

Most of these Ministries can be reduced to the status of a small advisory cell under the control of the Planning Commission and the Ministries can be abolished. Huge amounts of money can be saved if these Ministries were abolished and that work is entrusted to the Planning Commission or a little cell in the Planning Commission which can advise the States, because most of the work is being done by the States. There can be a great deal of economy and if we do something about it we can save on a number of items and save lakhs and lakhs of rupees.

The hon. Finance Minister has come out with a number of direct and indirect taxes. I assure him that the country stands behind him and the country will not grudge him anything in the form of taxes, direct or indirect, in this hour of crisis when it is faced with the Chinese aggression and when the masses of our people are poor as a result of an underdeveloped economy and our country needs development; the country is not going to grudge any tax that he brings; it will be welcome to the people of this country and to the Parliament of this country. But at the same time, they would like to know whether there are not other avenues. I would like the hon. Finance Minister to take this

[Shri Ansar Harvani]

House into confidence and tell us what amount of arrears of income-tax is still left in the various corporate sectors. If all the arrears could be realised, the number of taxes that the Finance Minister has imposed on this country would have been less. We have got ample powers. I assure the hon. Finance Minister that if he feels helpless, let him come to this House with any measure however strict that may be, however drastic it may be. I can assure him that this House will give him ample power to realise those arrears. How many people have been arrested in the last few years for not paying the arrears. We know that when a peasant fails to pay land revenue for a year, the tehsildar goes to his house and confiscates his cattle and his properties and everything and he is marched to the tehsil. But how many of business tycoons and big businessmen have ever been called to the income-tax office to explain their conduct? I would like the hon. Finance Minister to be very strict with them and to see that all the arrears are realised within the course of this year. If these arrears are realised I am sure in the next Budget he will be able to come to this House and give us some reliefs.

Almost every section of this House after Swears in the name of Mahatma Gandhi. Professor Ranga swears by the name of Mahatma Gandhi; my friend Shri Surendranath Dwivedy and Shri Nath Pai and his party also swear by the name of Mahatma Gandhi. Surely Members of the Socialist party, in spite of their attitude and conduct, also swear by the name of Mahatma Gandhi. The only exceptions are the communists as they still believe in Marx. They may be backward. We also swear by the name of Mahatma Gandhi. I want to know how many of us are worthy of that great man. How many of us follow his example and follow his path?

**Shri Nath Pai (Rajapur):** Only you.

**Shri Ansar Harvani:** Just to satisfy ourselves that we are his followers we are sticking to certain fads. I would like the hon. Finance Minister to examine the possibilities of reimposing the salt tax. If that is done, a number of taxes which are very harsh on our people can be avoided. I know it very well I myself as a young boy had joined satyagraha against salt tax. It was a symbolic thing; it was necessary at that time. I remember it very well that young Morarji Bhal resigned from the post of Deputy Collector and followed the path of Mahatma Gandhi in the Dandi March. It has a great sentimental attachment for him. I can realise that. But sentiments can be sacrificed before realism and realism demands that it should be reimposed.

Sir, every country's economy depends on industry and commerce. What is the state of affairs in industry and commerce? I am not going to say anything about our public sector. It is just a child yet. I want to say something about the private sector which is in a respectable way described as the corporate sector. I am not going into the details and the Vivian Bose report is going to come before this House. I know very well that every section of this House will examine it. We will have the opportunity to examine the way in which our private sector functions. Mr. Chairman, if I use a harsh word, they are murdering the economy of this country. I could have used a worse word. But I do not want to do so; for fear of vulgarity. Therefore, it is necessary to have a full probe into the affairs of these private sector companies. About the Vivian Bose Report, it is coming up. But I would like to know what is being done about the New Asiatic Company which is owned by Ghanshyamdas Birla and the Birla Brothers. I want to know what has been done about the Thakersay empire. This is the time that the Finance Ministry and the Commerce Ministry should do

something. This is the time that the Government of India should take over all these private concerns, all these corporate concerns which are indulging in tax-evasion, which are indulging in cheating the Company Law Administration, which are indulging in cheating their share-holders and cheating the Indian people.

17 hrs.

Sir, we are pledged to socialism and I said once before that socialism needs two things: firstly, an apparatus and secondly the attitude of mind. As far as the apparatus is concerned, we are building socialism with a set of Government servants, very efficient they may be, who have hardly any faith in socialism. I know, the Prime Minister once or twice said that our senior Government servants are, by and large, very efficient and in proof he pointed out that often in their retirements they are engaged by various international organisations and huge business houses. But I can assure the Prime Minister that our senior public officers, after retirement, get jobs in various public sectors not for their efficiency but for their influence and contact in the Government of India. It should be fully realised and, therefore, to attempt to build socialism in this country with the set of these people will be very difficult.

Once the Prime Minister remarked that the basis of socialism in this country will be electricity and panchayati raj. What is the position of electricity? We know it very well that even in the capital we have often break-downs of electricity. That is the position of electricity in this country. And what is the position of panchayati raj? They want to bring panchayati raj sitting in their air-conditioned rooms of Krishi Bhavan. They have been issuing directives from there to the villages to build up panchayati raj. So, electricity and panchayati raj are going to be the basis of our socialism!

2931 (A1) LSD—8.

The time has come when the Finance Minister and the Government of India should fully examine the possibilities of nationalisation of banks. At the time when the ex-Finance Minister brought the Bill here to nationalise the Life Insurance Corporation, there were sections in this House which were very sceptic about the future of life insurance in this country. But the LIC—good, bad or indifferent, whatever it may be—has survived in spite of the misgivings of those people who thought that the nationalisation of life insurance would bring collapse to the insurance system in this country. So, the time has come that even general insurance should be nationalised. I do not see the reason, when the Life Insurance Corporation can run successfully, why general insurance cannot be taken over by the Government and thus giving an opportunity of getting better finances for our public sector organisations.

As I said, today we are facing a great crisis, international as well as national. I am afraid that in this country there is no dearth of Krups and Thasines. You must beware of Krups and Thasines. Otherwise, I shudder to think of the idea that Pandit Jawaharlal Nehru will be replaced by one Adolf Hitler.

With these words, I support the budget.

**Shri Yajnik** (Ahmedabad: Mr. Chairman, Sir, at the outset, I heartily support the increase in the expenditure on the defence services by about Rs. 257 crores. As the Chinese sword is hanging still on our heads and vast areas of our lost territory have to be recovered, military preparedness has to be increased. I may also assure the Government that this House and the people will never forget the pledge that has been taken in this House to spare no sacrifice that will be necessary for the defence of our motherland.

But the great question that faces this House is how these new ex-

[Shri Yajnik]

penses have to be met. I am afraid I must say at once that this budget is a bureaucratic, dictatorial and autocratic budget. And an autocrat and bureaucrat wants to make a show of keeping both the scales even. I am afraid, however, that with the megaton bomb that the Finance Minister has exploded, there is consternation and sorrow and suffering on all sides. The Government must seriously consider if they have really kept the proper balance between direct and indirect taxation.

I will not dilate on all the points or many of the points on the budget. I will only confine myself to the excise duty by which about Rs. 116 more are sought to be realised. I must state at once that these excise duties, whatever the Government might say and however they might use the Defence of India Rules, are bound to result in rise of prices not only of those articles and services which are taxed but also of those which are not taxed.

See the items that have been taxed. Kerosene, superior: from Rs. 79 to Rs. 210 per kilo-litre—an increase of 300 per cent. Inferior kerosene: from Rs. 64 to Rs. 160, by about 275 per cent; while the duties on motor-spirit and refined oil are to be increased only by about 25 to 30 per cent. The increases of the duty on kerosene are really fantastic and I am sure they will have to be reconsidered by the Finance Minister. Anyway, the increase in duty on kerosene and on motor-spirit and diesel oil, with the increases of surcharges in duties on tobacco and cigarettes, coarse yarn and woollens, etc., would all go to increase the expenses of the common man. When you tax kerosene, you tax not only the fuel, but you also tax the light of the village huts and the mud hovels. When you tax motor spirit and diesel oil, you tax transport, which has now become a necessity to the village people in order to carry out their several duties and responsibilities. When you tax tobacco and cigarettes you tax a daily necessity of the common man.

With all these increases, the Finance Minister seeks to get about Rs. 116 crores. I ask the Finance Minister if it is necessary to go in for these oppressive additional excise duties. Let us see what is going to be secured from direct taxation. Direct taxation, apart from Rs. 40 crores that are to be sought from the compulsory saving scheme, is really budgeted to give only Rs. 70 crores as against the Rs. 116 crores that are sought to be secured from excise revenue.

Let us see how the direct and indirect taxes have been increased during the last 10 years. According to one estimate, the total tax revenue of the Central Government increased from Rs. 357 crores in 1950-51 to Rs. 768 crores in 1961-62. The direct taxes increased from Rs. 130 crores to Rs. 206 crores and indirect taxes from Rs. 227 crores to Rs. 562 crores. Thus, there was an increase in direct taxation by only about 59 per cent while altogether indirect taxation increased by 250 per cent and excise duties increased by 647 per cent. Moreover, during the last five years, the percentage increase in indirect taxes has been much greater than in direct taxes. From 1957-58 to 1963-64 budget, where the total tax revenue would be doubled, direct taxation would increase by about 75 per cent while indirect taxation would increase by more than 100 per cent and union excise alone would increase by 200 per cent.

Has the income of the common man increased in this proportion? According to the latest figures during the years from 1956-57 to 1961-62, while the national income has increased from Rs. 11,000 to Rs. 13,000 crores and the index number of national income has increased from Rs. 127 to Rs. 150, the per capita income has increased only from Rs. 110 to Rs. 117. That is to say, the larger amount of the national income has been taken up by a comparatively higher income group. Moreover, we have also the report of the Agricultural Labour Committee which

has stated clearly how the lowest of the low income groups fare in this country. The agricultural labour households account for nearly 7 crore persons, according to the report of 1956-57, and their *per capita* income was reduced from Rs. 104 to Rs. 99 from 1950-51 to 1956-57, while, the debts increased from Rs. 105 to Rs. 138. Now, these are the people who are to be taxed by these excise duties.

The question, Sir, is, whether it is necessary to increase these excise duties in view of the comparatively small amount that is derived from direct taxes while the income of the higher income groups has increased during the last few years. Professor Gadgil, writing in the *Economic Weekly*, has stated that there is an increase of 19 per cent in the national income between 1957 and 1961 and the collection of taxes on purely personal income for the same period went down from Rs. 152 crores to Rs. 142 crores—the income increased while the income-tax decreased.

But the most crucial and devastating criticism of the income-tax organisation has come from the Public Accounts Committee. As some other hon. friend has told this House, out of a sum of Rs. 253 crores pending recovery at the end of 1960-61, Rs. 136 crores were taken as effective arrears. That means, probably, the rest of it is to be written off in a way. And, these effective arrears have increased to Rs. 150 crores by the end of 1962, and probably the effective arrears at the end of this year would be more. Anyway, this is a big chunk that awaits recovery by Government department. It will not go into the figures of income-tax evasion that have been given by Professor Kaldor to the tune of about Rs. 300 crores—I leave that aside for the time being—but the Auditor-General himself has found under-assessment involving tax amounting to Rs. 120 crores in only one-fourth of the income-tax wards in the country—probably, if you take into account all the income-tax wards in the country, the amount of under-

assessment would easily come to about Rs. 250 crores to Rs. 300 crores. I do not take into consideration any evasion figures at all, but merely taking these figures of Rs. 150 crores of effective arrears of income-tax pending at the end of 1962 and the probable amount of Rs. 250 crores to Rs. 300 crores which is the amount of under-assessment, you will easily come to a figure of more than Rs. 400 crores. Now, mind you, Sir, this is not a problematic or controversial figure. These are figures given by the Auditor-General and the Public Accounts Committee. If these figures amount to Rs. 400 crores, is it not possible for Government during the next year to collect a large part of it? The Finance Minister has preached austerity and economy to all, the poor and the rich. May I request the Finance Minister to instil some measure of austerity into the income-tax department? May I request that stern warnings be given to all the officers of the income-tax department and all the employees to see that all effective arrears are collected as soon as possible? He should also warn, not only the income-tax officers of the Government but also the income-tax assesses, that no under-hand dealing, no corruption, would be tolerated and anybody found to be guilty of any malpractices will be sternly dealt with. I am sorry to find that the income-tax defaulters and evaders are treated very lightly. I would request the hon. Finance Minister to see that stern measures are taken to collect even a good part of these Rs. 400 crores so that the entire amount that he has budgeted to secure from extra excise duties may not have to be collected.

One last word and I have done. So far as the compulsory saving scheme is concerned, I must point out to this House that it is *ultra vires* the Constitution. The Bill indicates that the permission of the President has been obtained for its introduction as a Money Bill. Article 110 of the Constitution describes the contents of Money Bills. A money Bill may levy

[Shri Yajnik]

taxation, a money Bill may provide for borrowing money, a money Bill might authorise Government to spend from the Consolidated Fund of India. But there is no provision in the Constitution that empowers Government to pass a law providing for compulsory saving.

**An Hon. Member:** This is borrowing money.

**Shri Yajnik:** When it is borrowing, it is voluntary. I have yet to find in the dictionary any equivalent to this kind of borrowing, i.e., borrowing by compulsion and, therefore, I say with all humility.....

**An Hon. Member:** This is extortion.

**Shri Yajnik:** ....that the Government should seriously consider this matter from the legal point of view and scrap entirely the compulsory saving scheme so that the whole deficit in the budget may be made by collecting income-tax arrears and other taxes in a more vigorous and in a more efficient manner.

**Shri P. R. Ramakrishnanan** (Coimbatore): Mr. Chairman, the budget proposals for 1963-64 were awaited with more than the usual interest and anxiety. There was no doubt in anybody's mind that even if India were to go to the negotiating table with China, a sharp increase in our defence expenditure cannot be avoided. It was also equally clear that this tax burden is a continuing thing. Now, the Finance Minister is faced with a twin problem. He has to find resources for strengthening our defences. He must find resources for our continuing economic development. This is a challenge to any Finance Minister and is a most difficult and delicate problem that any Finance Minister of this country has even faced. I must congratulate Shri Morarji Desai for his resourcefulness and his boldness in presenting the Budget for 1963-64.

17.26 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

He has allocated Rs. 867 crores for the defence expenditure in the coming year. In allocating this amount, he has shown not only to our people but to the world outside our sincerity in strengthening our defence and shown to the outside world that we can defend ourselves against any future aggression. He has left a deficit of Rs. 454 crores, out of which he has put Rs. 276 crores as additional taxation, leaving Rs. 151 crores for deficit financing. He has cast his net wide. It has been deliberately done. Even the poorest woman, probably in a village, who uses kerosene is taxed. The farmer who pays a very small revenue is also compulsorily made to save. The big man, rich man in the city, pays his direct and indirect taxes. I feel the Finance Minister has done this deliberately with a view to see that the country must be conscious of our security, of our democratic way of life and everybody should contribute to preserve this way of life.

In assessing the effect of these proposals, it is necessary to view these proposals in respect of our long term economic development. Therefore, it is necessary that we look at this proposal as to what effect it would have on capital formation, on the stability of internal prices, on the promotion of our external trade, and lastly, the most important thing is whether the distribution of the burden falls equally on all the people of the country, so that the morale of the country will be kept up.

First, I would like to deal with the rate of capital formation in this country. Even in a developed country, for sound economic health, the rate of capital formation is to the tune of 5 per cent of its national income. In an under developed country, in order to quicken the pace of economic growth, it is necessary to raise the rate of capital formation to 10 to 12 per cent of the national income. For accelerating our economic growth at the State level,

we have set up the State Finance Corporations and at the Central level I.F.C. and the ICICI. These Finance corporations have strengthened the economy by not only finding equity capital, but they have also been finding long term capital which commercial banks do not advance normally.

I seek your premission, Sir, and the indulgence of this House to say a few words on the pattern of individual development in the southern region of this country. Till 1950, Coimbatore, which is my electoral constituency almost remained exclusively the only industrial town in the southern region. There were certain economic reasons, and there are also some natural advantages which Coimbatore had. It is a big cotton belt and also climatically it is ideally suited for cotton spinning. So, naturally, a big cotton textile industry took its growth in the Coimbatore area. The Pykara and the Mettur Hydro-Electric Power systems provided the necessary power requirements for this development. More than all this, the early *entrepreneurs* in the industry provided the necessary climate for investment, by giving large dividends, by keeping the equity capital very low and by borrowing a very large loan capital. This is the pattern for any under-developed country, and this is the price that any under-developed country has to pay for its development. In the southern region the pattern of capital formation has been set with low equity capital and a large loan capital. I am sure I am correct when I say, that even as early as 1956, textile mills have been built say a 12,000 spindle unit in the southern region with as low an equity capital as Rs. 5 lakhs and with a large borrowing when 40 lakhs equity capital was raised in other parts for a similar unit. And I may not be very wrong if I say that if we take today the equity capital and the reserves of the southern industries for comparable industries, they may be far below, as low as one-fifth or one-sixth of the equity capital and reserves of

industries that have been built at comparable times in other parts of the country.

So, the super-profits tax, as it has been visualised or proposed by the Finance Minister, will certainly be a great burden on the southern industry. I would like to propose a modification of the super-profits tax in this way. After all, the sales volume of any company is actually reflected in the capital input of any industry. If only the Finance Minister could establish capital norms for different industries based on their sales volume, I am sure that this kind of injustice can be avoided. For the exemption of the 6 per cent which he has proposed in the Super-Profits Tax Bill, instead of taking the low equity capital and the reserves, if he only decides to establish capital norms based on sales volume, and take that instead, he would be doing a great justice to the southern industry which has been organised on a not sound economic basis. I say this because it is difficult to raise equity capital in the South. In regions like Bombay and Cutchta etc., capital was very easy to get. There were companies which were floated with a good board, and the capital was many times over-subscribed. But this was not a normal phenomenon or common phenomenon in the south, because the capital in the southern region is an investment capital whereas in the other regions it is speculative capital. So, in the interests of the development of industry in the south, I only appeal to the Finance Minister that he establishes capital norms based on sales volume for calculations of the super-profits tax.

The deposit scheme which has been very much criticised is a new innovation, and I must certainly congratulate the hon. Finance Minister for bringing this scheme. In a poor country like ours, it is very difficult to save any money. We cannot ask people to do so, because the prices have been rising, and even the people who

[Shri P. R. Ramakrishnan]

have been getting money have never seen any money in their lives before, and so, if you ask them they will never save. I am very happy that this compulsory deposit scheme has been introduced, and it has been introduced to touch every man and every woman in the country.

Nobody could draw any line as to which section of the community can be exempted from this compulsory savings scheme. So, the Finance Minister is justified in bringing under its umbrella all the people, people who have been drawing substantial pays and also people who have been drawing smaller pay in the country.

There has been a lot of criticism, and also suggestions, about keeping a stable price structure in the country. Certainly, the Finance Minister has tried in years past to keep prices stable. But I would like to know from him when he replies to the debate what steps, in concrete terms, he is likely to take so that there will be no further apprehensions in the minds of people that prices will be rising and they will not be able to make both ends meet.

I would like to say a few words about export promotion. As you know, foreign exchange has been one of the most difficult problems in this country for its development. We went as low as Rs. 100 crores, even below the minimum that has been set for the stability of our currency in our foreign reserves. Our exports have not risen considerably in the past years. But now the Finance Minister has given certain additional incentives for their promotion. I hope and trust that the 2 per cent exemption which has been proposed from income-tax and super-tax on sales made outside the country will give some impetus to export promotion. He has also provided Rs. 3 crores for conducting research for export promotion. I do hope that advantage will be taken of this to find out the pat-

tern of taste and pattern of requirements in different countries, and the results of research done are made available to industries; if industries are given the necessary knowledge of the requirements of countries outside, it will help export promotion.

I do not like to say very much more. I would only like to say that this country is determined in strengthening its defences, and all people are conscious of the present emergency, even though some may believe that it is not there. As the Prime Minister has been saying, even if the emergency is not there, there is a realisation that our defences must be strengthened.

**Shri Heda (Nizamabad):** Mr. Deputy-Speaker, Sir, Shri P. K. Deo likened this Budget in the beginning of his speech to a juggernaut and he defined juggernaut as 'man-crushing monster'. I would like to tell him that this Budget is not a juggernaut but a Jagannath and by Jagannath I mean 'monster-crushing budget', monster being the Chinese aggression.

It was expected that this Budget would be a very heavy one and everybody had expected high taxation. As the Finance Minister himself said, all his taxes this year constitute much more than the total taxation he has levied in the last five years. It was necessary. He spread his net very wide and he tried to rope in every stratum of society. If somebody is left out from the clutches of taxation, probably it was because he could not help it. The landless labourer, the daily wage earner and some such categories have been left out, but I think he could not help it. But one thing I have observed is that he has done it very ingeniously in the sense that the collection charges for this heavy taxation would not be very heavy. They would rather be nominal. The compulsory deposit, the super profits tax and the extra income-tax, whatever it is, will be col-

lected through the existing machinery. Even the land revenue from farmers would be collected through the existing machinery. Thereby we find the Finance Minister has taken a wise step in seeing that such a heavy taxation does not entail extra expenditure for its collection.

Now, I would make a few comments. My first comment is about the income group with Rs. 5,000 or less. Shri Dhebarbhai has dealt with this class in good detail, and he has told us how this class would feel the burden very heavily. Employees who are earning anything between Rs. 125 and Rs. 250 per month are already contributing to the Provident Fund. Most of them are insured and have to pay the insurance premium. In addition, they are paying tax of Rs. 42 which would now be increased to about Rs. 241, out of which Rs. 149 would be the compulsory deposit. As Shri Dhebarbhai has rightly observed, the employee cannot go without a roof or food, and so, the insurance policy that he is holding or his contribution to the Provident Fund may be the casualty. He has appealed to the Finance Minister to see that this does not happen.

In this connection, I have a suggestion to offer. In the case of all those in this income group and who pay premium on insurance policy, the amount of that premium may be deducted firstly from the compulsory deposit that they are asked to pay, and if something remains, it may be adjusted towards the extra income-tax or super-tax, whatever it is called, that they have to pay. This would help them, and I think this will fulfil the objective of the Government. After all, here the Finance Minister promises 4 per cent interest and repayment of the compulsory deposit after five years. On an insurance policy, the interest that the Life Insurance Corporation pays is about 2½ per cent, much smaller than what the Finance Minister promises, and the payment would be made generally after 20 years. Therefore, from both

the angles the Finance Minister has nothing to lose. I think he can take very easily a credit of Rs. 50 to Rs. 100 crores from the Life Insurance Corporation at 4½ per cent, and this gap can be easily offset.

What holds good for those who do not pay income-tax, or whose income is less than Rs. 5,000, holds good to a certain extent in respect of those whose income is between Rs. 5,000 and Rs. 10,000 and I think that there also something of this type can be adopted.

The second comment that I would like to make is that the Finance Minister has kept free 6 per cent income on the capital plus reserve after payment of the corporation tax, so far as the corporate sector is concerned. He has taken into account that 6 per cent is a reasonable income. But we are allowing legally moneylenders and bankers 12 per cent interest on promotes etc. If one goes through the newspapers, one will come across certain advertisements by companies duly incorporated dealing in hire purchase schemes, offering 12 per cent income on deposits by anybody. So, when the money market is so tight, this 6 per cent is not very reasonable; when we take into account the fact that at the source of the dividend about 30 or 33 per cent is deducted, this becomes about 4 per cent. So, I suggest that instead of ordinary 6 per cent income-tax free dividend may be allowed to the private sector.

So far as the super profits tax is concerned, I have come across an argument by the representatives of big business that efficiency has been taxed and those companies which are more efficient and more economical, whose performance is good, would be paying higher and higher taxes. This is not correct. It is not the efficiency that pays; it is not the economy that gives them this great margin. You will come across the same management having various companies and making different profits in

[Shri Heda]

various companies. There are cases where the same management makes hardly 10 per cent profits in one company while in others they make 10 to 20 per cent and in certain cases even 50 per cent. It is also said that the taxations would be very heavy and it will go to 80 per cent.

I have roughly calculated—I am not a financial expert—but my calculation is, I think, fairly correct: unless a company earns more than 80 per cent of its share capital plus reserves, it will not be paying 80 per cent of its total income as taxation. The companies who earn about 50 per cent of the share capital would be paying about 78 per cent and the companies whose earning is between 40 to 50 per cent would be paying about 65 per cent, and the companies whose earnings are between 30 and 40 per cent would be paying 55 per cent; and the companies with earnings of 30 per cent and less would not be paying much; the companies who earn about 10 per cent will pay something nominal. So, it is not the efficiency that is being taxed; it is a particular situation, in which that industry happens to work, when the industry happens to occupy a position where the goods that are manufactured are rare, where the profit margin is great, where, for these reasons, the margin is high. Only such companies would be taxed. I am quite certain that none of these companies will be compelled by the force of circumstances to pay less dividend than they have been paying all these years.

I have calculated the tax in regard to a few big companies and everywhere I have found that if they earn what they earned in the previous years, they would be paying in spite of the super profits tax the same dividend as they had been paying in earlier years. The result would be that they will be having, in earlier years, an amount which they could have pooled back to the reserve. Now, that quantum for reserve would not be there.

The other day, a Member of Parliament who happens to be an industrialist sat with me and we discussed these things. His company was a medium-sized company with a capital of about Rs. 75 lakhs. His company's income was about 35 per cent of the total share capital. I found out that, earlier he would have pooled back Rs. 5 lakhs out of his profit of Rs. 37 lakhs or so into the reserves. Now, he will be pooling back a quarter of that. Only, the quantum of reserve would be affected and this is quite correct and is rightly done, because, these companies earn such huge margin of profit because of the particular situation and not because of the efficiency or economy or anything. Therefore, when the country needs money, they can be taxed.

But this would be very hard upon the new companies or the companies who have not pooled any reserves; and those companies which have now come up and have got 50 per cent or more of the share capital as reserves would not be very hardly hit. But the companies which have been newly started or which would be started or the companies which have got less reserves would be hardly hit. Therefore, I would suggest that as the Finance Minister was good enough to give a five-year tax holiday for the new companies—this was done with a view to give them an incentive—he might offer the same concession to the new companies which have come up, particularly the new companies that are coming up with foreign collaboration. Since the tax-structure and other conditions in foreign countries are quite different from those obtaining in this country, there may be a slight feeling of scare and that has to be arrested and from that angle, the tax holiday in respect of income-tax that has been given to the new companies may be extended to super profits tax also.

**Dr. M. S. Aney (Nagpur):** For five years?

**Shri Heda:** Yes. The foreign collaborators feel scared because of the new structure of taxation. In their own countries, this type of taxation is not there. In one of my speeches about two years ago, I had paid great tributes to the former Finance Minister, Mr. T. T. Krishnamachari, for the perfect tax structure that he gave to us, a tax structure which was better than that in any country where free economy is playing its role. So, this structure is quite new. It is not in existence in U.K., West Germany, France or USA. So, foreign collaborators feel scared when they look at this tax structure. On the top of it, when they see the surcharge and super profits tax, they would feel more scared. So, they may be given an assurance that for the first five years of the company going into production, they will enjoy the same facilities as they enjoy so far as income-tax is concerned.

In regard to other companies which have just gone into production and which have started just now as I said earlier, since they have not got reserves they would be suffering. So, in their case, sympathetic consideration may be given. I suggest that the amount that they are setting aside for the reserves may not come under the purview of this tax. I am referring only to those amounts and you can limit that this company would not give more than 6 per cent income-tax-free dividend. You can also say that this amount which they want to put into the reserves may not be more than 10 per cent of the share capital or 15 or 20 per cent of the net profits. These conditions may be put, but some scope may be given to them to encourage them to put as much money as possible in the earlier years of their making profits into the reserves, so that the company may be on a sound footing.

The private sector companies believe in smaller capital and not greater outlay. It is not so in the case of the public sector, where the capital outlay is adequate. In private com-

panies, the share capital is low and borrowed capital is greater. Borrowed capital is to be returned year after year. So, to accommodate these new companies which have not got enough reserves at their command, some accommodation may be shown, I think if that is done, the new companies will not suffer.

The very fact that the stock exchange has reacted very well shows that the scare expressed by big business or their representatives is not true. It was said that there would be a crash in the stock exchange. But there is no crash. Prices had come down in last October and November, because at that time, there was an expectation that this year's budget would be heavy. But after the budget was proposed, I do not think the prices have come down by more than 10 per cent. The tendency from yesterday again is that prices are going up.

**Shri Bade:** The share market has collapsed since yesterday.

**Shri Heda:** That is the word used, but it has not collapsed. If you compare the quotations on 27th February and yesterday, you will not find a difference of more than 10 per cent in popular scrips. If you look at the trend from yesterday, you will find that the prices are again on the increase. Therefore, the bogey that has been created and the argument that has been advanced that there is a crash in the stock exchange are not correct. There is no crash anywhere. The precautionary measures taken by the stock exchanges only shows their foresight. To stop speculation, they said that there should be immediate delivery and as far as possible cash transactions. That has stabilised the market and it has given an indication of the real value of the scrips. From that angle also, it is very clear that the Finance Minister's budget, heavy as it is, has been received by the stock exchange very well.

[Shri Heda]

The Finance Minister said that he would like to collect about Rs. 25 crores from the super profits tax and the extra cess that he has proposed. I am quite certain that even if all the suggestions have been accepted, the Finance Minister would be able to collect more than Rs. 25 crores in a year. He generally, and it is but natural, calculates or bases his figures on the performance of last year, two years before or the average of three years. But since every year the profits of these companies are higher and higher, the average of the last three years does not hold good. He has to see what was the increase from year to year and he has to take into account what would be the estimated increase in this year. If this is taken, the difference would be about 40 per cent in the total estimate of profits and thereby I am quite certain that even if he accepts these modifications he will be able to collect more than Rs. 25 crores.

**श्री तन सिंह (बाड़मेर) :** माननीय उपाध्यक्ष महोदय, जिन विषय परिस्थितियों में आज सरकार की ओर से कराधान को दुहाई दी जा रही है, वे हैं युद्ध की परिस्थितियों और इन युद्ध की परिस्थितियों में जिन दो तीन बातों का मुख्य ध्यान रखा जाता है, मेरे विचार से वे हैं, पहला युद्ध का उद्देश्य, दूसरा स्वयं युद्ध और तीसरा युद्ध के परिणाम। जहाँ तक युद्ध के उद्देश्यों का सवाल है, जनता का नजरिया यह है कि आक्रांता को खदेड़ कर अपनी सीमा में मुख और शान्ति स्थापित की जाये। अब यह सरकार पर है कि वह इस बात को कितना सीरियसली लेती है और इसके लिए क्या कदम उठाती है। इस बारे में हमारा दृष्टिकोण यह है कि हमारी वही सीमा है जो कि हुआ करती थी, लेकिन जहाँ तक सरकार का सम्बन्ध है, वह केवल ८ सितम्बर तक की बात को ले कर ही चल रही है। जैसी भी स्थिति हो, देखा यह जाता है कि युद्ध के परिणाम जब युद्ध

हो जाता है, उस समय भुगतने पड़ते हैं, लेकिन हम को उद्देश्यों की पूर्ति से पहले ही भुगतने के लिए बाध्य किया जा रहा है। वर्तमान बजट भी उसी की प्रतिछाया है।

यदि इन सब परिस्थितियों को हम ध्यान में रखें तो हमें खेद से कहना पड़ता है कि सब से बड़ी स्वतंत्रता जो विचार व्यक्त करने की होती है वह हम ने इस देश को रक्षा के लिए दी है। इस के बाद विचारों के दृष्टिकोण से परस्पर विरोध होते हुए भी सम्पूर्ण रूप से हम ने सहयोग देने का कामना की और आज जब सब प्रकार के कर लगाने की बात है हमें इस का समर्थन करने में भी कोई हिचकचाहट नहीं है। कारण इसका यह है कि हमें सशक्त और सबल शत्रु से लोहा लेने के लिए जिस किसी प्रकार की तैयारी की आवश्यकता हो, वह हमें करनी है। उसका कुछ भी कारण हो और उसके लिए कौन जिम्मेवार है, इन बातों पर जाने की इस समय आवश्यकता नहीं है। आवश्यकता इस बात की है कि जो परिस्थितियाँ उत्पन्न हो गई हैं और जो दायित्व हम पर आ पड़े हैं, उनको किस प्रकार से वहन किया जाये। यदि चीन की तैयारियों को, उसकी शक्ति को और उसकी सबलता को देखें और उसकी तुलना अपने दृष्टिकोण से करें तो यह कोई नहीं जानता है कि हम अपने रक्षा प्रयत्नों में कितना आगे बढ़ रहे हैं, कितनी तैयारी कर रहे हैं। लेकिन जो परिणाम हमें प्रारम्भ में भोगने पड़े हैं उनके लिए चाहे शब्दों का कितना ही जाल बिछाया जाये, वस्तुस्थिति यह है कि वह कुछ ऐसी अपमानजनक स्थिति थी, जो हमें बदार्थ नहीं करनी चाहिये थी।

**Mr. Deputy-Speaker:** The hon. Member will continue tomorrow. The House now stands adjourned till Eleven o'clock tomorrow.

18 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, March 13, 1963 [Phalguna 22, 1884 (Saka)].