

Some Hon. Members: Yes.

The cut motion was, by leave,  
withdrawn.

Mr. Speaker: The question is:

"That a sum not exceeding Rs. 2,90,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of Demand No. 108 relating to the Department of Parliamentary Affairs."

The motion was adopted.

17.18 hrs.

#### MINISTRY OF FINANCE

Mr. Speaker: The House will now take up discussion and voting on Demands Nos. 24 to 40 and 119 to 126 relating to the Ministry of Finance.

Hon. Members desirous of moving their cut motions may send slips to the Table within 15 minutes indicating which of the cut motions they would like to move.

#### DEMAND NO. 24—MINISTRY OF FINANCE

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 1,71,76,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Ministry of Finance'."

#### DEMAND NO. 25—CUSTOMS

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 3,82,83,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of pay-

ment during the year ending the 31st day of March, 1964, in respect of 'Customs'."

#### DEMAND NO. 26—UNION EXCISE DUTIES

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 9,65,56,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Union Excise Duties'."

#### DEMAND NO. 27—TAXES ON INCOME INCLUDING CORPORATION TAX ETC.

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 6,30,95,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Taxes on Income including Corporation Tax, etc.'"

#### DEMAND NO. 28—STAMPS

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 2,79,16,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Stamps'."

#### DEMAND NO. 29—AUDIT

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 12,01,83,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Audit'."

**DEMAND NO. 30—CURRENCY AND COINAGE****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 8,53,56,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Currency and Coinage'."

**DEMAND NO. 31—MINT****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 2,31,48,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Mint'."

**DEMAND NO. 32—KOLAR GOLD MINES****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 5,11,63,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Kolar Gold Mines'."

**DEMAND NO. 33—PENSIONS AND OTHER RETIREMENT BENEFITS****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 4,43,73,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Pensions and other Retirement benefits'."

**DEMAND NO. 34—TERRITORIAL AND POLITICAL PENSIONS****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 21,01,000 be granted to the

President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Territorial and Political Pensions'."

**DEMAND NO. 35—OPIUM****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 55,30,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Opium'."

**DEMAND NO. 36—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF FINANCE****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 80,88,37,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Other Revenue Expenditure of the Ministry of Finance'."

**DEMAND NO. 37—PLANNING COMMISSION****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 87,29,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Planning Commission'."

**DEMAND NO. 38—GRANTS-IN-AID TO STATES****Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 1,40,59,04,000 be granted to the President to complete the sum

[Mr. Speaker]

necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Grants-in-aid to States'."

**DEMAND No. 39—MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND STATE GOVERNMENTS**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 22,99,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Miscellaneous Adjustments between the Central and State Governments'."

**DEMAND No. 40—PRE-PARTITION PAYMENTS**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 8,74,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Pre-partition Payments'."

**DEMAND No. 119—CAPITAL OUTLAY ON THE INDIA SECURITY PRESS**

**Mr. Speaker:** Motion moved.

"That a sum not exceeding Rs. 17,03,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Capital Outlay on the India Security Press'."

**DEMAND No. 120—CAPITAL OUTLAY ON CURRENCY AND COINAGE**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 13,15,23,000 be granted to the

President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Capital Outlay on Currency and Coinage'."

**DEMAND No. 121—CAPITAL OUTLAY ON MINTS**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 16,98,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Capital Outlay on Mints'."

**DEMAND No. 122—CAPITAL OUTLAY ON KOLAR GOLD MINES**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 3,29,38,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Capital Outlay on Kolar Gold Mines'."

**DEMAND No. 123—COMMUTED VALUE OF PENSIONS**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 97,07,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1964, in respect of 'Commutated Value of Pensions'."

**DEMAND No. 124—OTHER CAPITAL OUTLAY OF THE MINISTRY OF FINANCE**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 59,00,21,000 be granted to the

President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Other Capital Outlay of the Ministry of Finance'."

**DEMAND No. 125—CAPITAL OUTLAY ON GRANTS TO STATES FOR DEVELOPMENT**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 22,53,01,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Capital Outlay on Grants to States for Development'."

**DEMAND No. 126—LOANS AND ADVANCES BY THE CENTRAL GOVERNMENT**

**Mr. Speaker:** Motion moved:

"That a sum not exceeding Rs. 1,54,99,49,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1934, in respect of 'Loans and Advances by the Central Government'."

Would the hon. Minister like to introduce the subject?

**The Minister of Finance (Shri Morarji Desai):** I should like to make an announcement of the decisions taken on the various suggestions made by hon. Members on the budget.

Sir, when replying to the general debate on the Budget, I had said that the many useful and constructive suggestions which had been made by Hon'ble Members will be most carefully considered by Government. Our study is now complete and I am anxious not to lose any time in placing our conclusions before this House.

My financial proposals for 1963-64 are before this House in the shape of three Bills. I shall deal first with the Finance Bill. Concern has been expressed by all sections of the House—a concern which I might say Government fully share—over the fact that the increase in duties on kerosene is going to impose a burden on the poorest sections of the community. I have already explained why both on considerations of revenue and foreign exchange, an increase in the levies on kerosene is absolutely necessary. However, I am anxious to do the utmost to give relief in this sector and I propose to reduce the increase in duty on inferior kerosene by about 50 per cent and that on superior kerosene by about 20 per cent. This would mean a sacrifice of revenue of the order of Rs. 11 crores—beyond which, I am afraid, I cannot go—and mean a reduction of Rs. 54 per kilo litre of inferior kerosene and Rs. 27 per kilo-litre of superior kerosene. In terms of bottles of kerosene, this will amount to a reduction of 4 Naye Paise and 2 Naye Paise respectively.

Turning to direct taxation, I propose that the limit which the Finance Bill seeks to impose on salaries to be admitted as expenses for the purposes of the Income-tax Act should not apply to non-Indians. Foreigners who are employed in this country, whether in the public sector or in the private sector, are, as a rule, engaged in jobs for which our own nationals are not available in requisite numbers. Some foreigners have also to be necessarily engaged in companies in which foreign capital is invested, though the Commerce and Industry Ministry keeps a watch over such employment to see that all such companies follow a progressive policy of Indianisation. In recognition of the importance of the services rendered by foreigners serving in India, foreign technicians have even been exempted from the payment of income-tax for certain periods under certain conditions. The limitation of Rs. 5,000 per month proposed in the Finance Bill is intended to res-



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train a tendency towards what in a poor country like India must be called extravagance in the matter of salaries for the corporate sector. We must, however, recognise that a foreigner can only come to serve here on salaries and emoluments comparable to what he would expect to earn elsewhere and he has also to bear some extra expenditure in living away from home. It is for these reasons that, as I have said, I would propose to exempt payments to foreigners from the Rs. 5,000 a month limit. The only other change I would propose in direct taxation is to reduce the surcharge on income-tax leviable on registered firms from 20 per cent to 10 per cent in the case of professional firms.

I now turn to the Compulsory Deposit Bill and Super-Profits Tax Bill.

Shri Hari Vishnu Kamath (Hoshangabad): Sir, I am sorry to interrupt the hon. Finance Minister. But when you asked him whether he would like to make a statement I thought we would have something about the Finance Ministry, about the Demands relating to the Finance Ministry and not the Finance Bill and the Compulsory Deposit Bill. That would come day after tomorrow.

Mr. Speaker: That would facilitate us because hon. Members can send in their amendments. The Finance Minister also has to send in his amendments.

Shri Morarji Desai: I have also to send in my amendments. Instead of exposing these things through amendments I thought I would better come to the House and give a report. I have, therefore, preceded this with a remark that this is what I am trying to do. I did not say I was introducing the Demands relating to the Ministry of Finance.

Both these Bills interject ideas which are admittedly unorthodox. In dealing with the challenge posed by

the Emergency at a time when our resources were already heavily committed to development, I felt the need to depart from conventional methods of increasing savings and taxing the corporate sector. I have deliberately embodied my ideas in separate Bills, which are distinct from the Finance Bill, so that they can be considered by the House, now and in future, as measures which are identifiably different from our general policies and laws governing savings and profits. How long these proposals will remain as a part of the law of the land and in what shape, are clearly not matters on which I, or the Government, or this House need form any judgment at this stage. All that I would say is, that if, as some critics have suggested, the effect of the Compulsory Deposit Scheme is to dry up the flow of voluntary savings, so that total savings in the community go down rather than go up, or if the effect of the Super-Profits Tax is to retard development and the growth of the corporate sector, which is a surer source of revenue than an increase in the rate of taxation on it, then neither of the measures would be justified and I would be the first person to ask the House to repeal these new provisions.

At the same time, I fully share the view that before these Bills are passed into law, we should ensure their improvement to the maximum possible extent, so as to make their administration simpler and to avoid any undesirable consequences. I have been in close consultation with the State Governments regarding the Compulsory Deposit Scheme. As a result of the analysis made, I propose to introduce a few amendments. For the land revenue saving class, having regard to their general poverty, as well as the problems of administration, it would be advisable to give an exemption to all those whose land revenue liability is less than Rs 5 per annum. Similarly, for the category of persons liable to taxes on professions whose income is not yet

large enough to bring them within income-tax range, on further consultation with the State Governments, I feel it would be best to omit this particular category from the Compulsory Deposit Scheme. Turning to the salaried classes who are not in the income-tax paying category, we must make a distinction between those who are already saving a good proportion of their earnings and those who are not. Accordingly, I feel that where an employee whose income from salary is Rs. 1500 or more per annum, but below the income-tax level, is a ready saver 11 per cent or more of his income by contributions to provident fund, life insurance premia, or to 10 and 15-year Cumulative Time Deposits, no further liability to Compulsory Deposit should arise. Finally, so far as urban property-owners are concerned, if they are already paying tax on income, in which their income from the urban property would anyhow be included, they need not make a separate deposit under the Compulsory Deposit Scheme. I am unable, however, to make any change in the Compulsory Deposit Scheme insofar as it relates to people who are subject to income-tax. As the House will have noticed, what is really intended in the case of income-tax payers is a general increase in personal taxation, and the option to pay a part of this increase in the shape of a deposit which will be returned. Is itself meant to be a measure of relief from which no further relief is possible. In order to avoid unnecessary hardship, I also propose to take necessary powers to allow premature repayments in suitable cases, such as to foreigners in the event of their leaving India finally.

During the Budget Debate, many Hon'ble Members have made valuable suggestions regarding the Super-Profits Tax Bill. One of the points a large number of Members had emphasized was the importance of ensuring that the corporate sector is not deprived of resources necessary for new development, as well as for meeting committed obligations, such as debt repayments.

To take care of this need, I propose to allow as a deduction from profits chargeable to Super-Profits Tax a sum equal to 10 per cent of the total income before payment of any tax. While for the assessment year 1963-64 which relates to income to companies in the preceding year for which, in many instances, the accounts may already have been closed, no conditions will be imposed, for the future, this deduction will only be permitted if the amount is utilised for the repayment of debts, creation of additional fixed assets, paying preference dividends in excess of 6 per cent, or credited to a reserve which cannot be used for any purpose, except those to which I have just referred, for a period of 5 years. In the case of Electric Supply Companies which are subject to restrictions regarding building up of reserves, the requirement that a reserve account should be created will not be applied. In the case of Banks where the process of reserve building is regulated and directed by the Reserve Bank, I propose to allow deduction from the chargeable profits the whole of the amounts credited to reserves, statutory or otherwise, provided the Reserve Bank certifies the amounts to be reasonable and further, the amounts do not exceed the maximum of the amounts credited to such reserves in any of the preceding three years. I also propose to exempt from the Super-Profits Tax such items of income as now enjoy an exemption from income-tax and/or super-tax, for example, the amount of income of new industrial undertakings and hotels which qualifies for rebate under Sections 84 and 101 of the Income-tax Act, donations to charities and the National Defence Fund to the extent they are eligible for income-tax relief under Section 88 of the Income-tax Act. The amount of tax saved on account of the reliefs provided in respect of export profits and manufacturers' sales for export will also be allowed to be deducted before chargeable profits are determined. I have also come to the conclusion that it would be desirable to exclude dividends, royalties,

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interest on foreign loans and fees paid to non-residents for technical services from the scope of Super-Profits Tax. I also intend to provide relief for comparatively smaller companies which do not have a large capital or reserves by allowing a minimum deduction of Rs. 50,000 even in cases where this amount is higher than 6 per cent of capital plus reserves. Finally, I should make it clear that the development rebate will be a part of the reserves to be added to the capital base.

The various changes, which I have outlined briefly and in general terms in my statement, will come before this House in the shape of formal amendments to the particular Bills when they are taken up for detailed consideration. Some minor and procedural points, over which I do not propose to take the time of the House at this juncture, will also be included. Meanwhile, so far as the concession relating to kerosene is concerned, since it can be given effect to by a notification immediately, the necessary notification is being issued in a Gazette of India Extraordinary today so as not to delay the relief for a day longer than is necessary.

The changes I have proposed will mean, as I said earlier, a loss in revenue of Rs. 11 crores on account of kerosene of which Rs. 7 crores will be in Customs revenue and Rs. 4 crores in Central Excises. I had earlier taken credit for Rs. 25 crores on account of Super-Profits Tax. Many different estimates of the likely yield from this tax have been put forward. Some of these estimates do not vary widely from the figure I had indicated in my Budget Speech. The House will appreciate that it is not easy to estimate the yield from a new tax of this type with any degree of precision and I myself had said last month that the amount could well be Rs. 30 or Rs. 35 crores. I have tried to make a

further review of the calculations on the basis of the best available data and after taking into account the effect of the changes I have just indicated, I would place the revised figure for the net yield from the Super-Profits Tax at Rs. 20 crores. This means a reduction of Rs. 5 crores in the original estimate. The net effect of these changes, after excluding the reduction of Rs. 80 lakhs in the States' share of excise revenue, will be to increase the budgeted revenue deficit of Rs. 77 lakhs to Rs. 15.97 crores.

It is difficult to make an estimate of the collections from the Compulsory Savings Scheme. I had earlier indicated that the total collections, on an approximate basis, would be of the order of Rs. 65 to 70 crores. Of these Rs. 40 crores were assumed to accrue to the Centre, on the presumption that the deposits from persons liable for payment of land revenue and property taxes would be shared equally between the Centre and the States and that the rest of the deposits will accrue exclusively to the Centre. With a view to simplify the sharing arrangements, it has been decided to let the States retain in full the collections made by them from land revenue payers, while the deposits made by all other categories will accrue to the Centre. As a result of the changes proposed in the Compulsory Savings Scheme, the total collections are not now likely to exceed Rs. 60 crores of which the States are expected to get Rs. 35 crores and the Centre Rs. 25 crores. Taking into account the increase in the revenue deficit of Rs. 15.20 crores and the drop of Rs. 15 crores in the Centre's share of compulsory savings, the budgeted overall gap of Rs. 151 crores will now increase to Rs. 181 crores I have, however, every hope that through further efforts to improve the gathering of our resources and with all round economies in expenditure, the ultimate gap would be lower than this figure.

Shri Tungi (Dehra Dun): What about hooka tobacco?

**Shri Morarji Desai:** That stands as it is.

**Mr. Speaker:** Now we take up the Finance Ministry's Demands. We thought, we would devote six hours to it out of which we will have five hours tomorrow. Can we sit half an hour more today, that is, upto half past six o'clock? If we do not sit for half an hour more today, hon. Members will have to be content with 5½ hours.

**Shri Hari Vishnu Kamath:** I might again request, Sir, that the guillotine may be applied at 5.30 tomorrow instead of at 5 o'clock. That can be done.

**Mr. Speaker:** That should not be repeated over and over again. A sovereign should not be whimsical.

**Shri Hari Vishnu Kamath:** I submit with all due respect that if a sovereign is not able to modify or change its own decision then it detracts from sovereignty. A sovereign body must be able to revise its own decisions.

**Mr. Speaker:** It should not be. Once it takes decisions after careful consideration, it should stick to them also. It would be advisable to sit half an hour late and complete 6 hours. **Shri Prabhat Kar.**

**Shri Prabhat Kar (Hooghly):** Sir, I might speak tomorrow.

**Shri Morarji Desai:** Sir, may I inform the hon. Members that the copies of this will be available for distribution to them. I have seen to that.

**Mr. Speaker:** The hon. Member wants to speak tomorrow?

**Shri Prabhat Kar:** Sir, I thought after the announcement made by the Finance Minister, the House would adjourn....

**Mr. Speaker:** Is there any hon. Member who wants to speak today? Those who want to speak today, I would give them the chance. Nobody

wants to speak at this moment? Then, there would be only five hours left tomorrow, if we want to conclude it by 17.00 hrs tomorrow.

If there are hon. Members from the Congress side who are prepared to speak now, I am prepared to give them the chance now.

**Shri Achal Singh rose—**

**Shrimati Lakshminikanthamma rose—**

**Mr. Speaker:** Shri Achal Singh.

**Shrimati Lakshminikanthamma (Khammam):** Mr. Speaker, Sir. . .

**Mr. Speaker:** I wonder how both could be confused, one for the other. I had called Shri Achal Singh. Next I will call her also.

श्री अचल सिंह (आचल): अध्यक्ष महोदय, फाइनेंस मिनिस्ट्री की डिमांड्स वह चीज है जिससे कि तत्काल केन्द्रीय सरकार का कारोबार व शासन चलता है। जितनी सरकार को इतकनी होती है, वह फाइनेंस मिनिस्ट्री के द्वारा होती है और जो खर्चा होता है, वह फाइनेंस मिनिस्ट्री के द्वारा ही दिया जाता है।

17-33 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

किसी भी बैलकेनर स्टेट को चलाने के लिए फाइनेंस की आवश्यकता निश्चित है। फाइनेंस उसके लिए बहुत आवश्यक है। फाइनेंस की बगुली जिन तरीकों से होती है, वे हैं कस्टम, एक्साइज, टैक्स आदि।

इस फाइनेंस के विभाग को चलाने के वास्ते खर्च की आवश्यकता होती है। सफल स्टेट वही समझी जाती है जो अतानी से जनता से रुपया दबूल करे और उसको ठीक तरह से खर्च करे।

हम यह देखते हैं कि करीब १७०० या १८०० करोड़ रुपया १९६२-६४ में खर्च किए जाने को है और करीब २६० करोड़

## [ श्री भवन सिंह ]

कार की कमी है उनको वित्त मंत्री जी टैक्सों के जरिए पूरी कर रहे हैं। तो यह देखना है कि जो कारा हम वसूल करें उनको इस तरीके से खर्च करें जिससे उठी जायदाद से जायदादा हो सके। अगर यह शिफायत होती है कि जायदा के कार का ठीक उद्योग नहीं होता। हम गरीब और अमीर सब से टैक्स लेते हैं और यह उद्योग गाँवों कमाई का पैसा होता है। अगर इन कार का ठीक उद्योग हो, इकाईमाल उद्योग हो तो उद्योग जायदा को संतोष होता है। लेकिन हम देखते हैं कि कुछ विभागों में जायदा के कार का वित्त प्रचार दुर्भाग्य होता है, और इस कारण जनता को यह शिफायत होती है कि हमारी गाँवों कमाई का रुपया ठीक तरह से खर्च नहीं किया जाता है। इसलिए यह आवश्यक है कि हम जो रुपया जनता से कराएँ के रूप में वसूल करते हैं उसको इस तरीके से इस्तेमाल करें जिससे कि जनता को सन्तोष और तसल्ली हो।

वित्त मंत्री महोदय ने जो २६० करोड़ रुपये के नये कर लगाये हैं वे इसलिए आवश्यक हो गये क्योंकि चाने ने भारतवर्ष के साथ विश्वासघात करके एक बढ़ा हमला किया और इस संकट का मुकाबला करने और देश की सुरक्षा करने के लिए हमारे डिफेंस का खर्चा पहले की अपेक्षा अब बरतते तीन गुना अधिक बढ़ गया। पहले जहाँ डिफेंस पर ३०० करोड़ रुपये के लगभग खर्च होता था वहाँ अब डिफेंस पर क्रॉसब ८७५ करोड़ रुपया खर्च होगा। यही कारण है कि सरकार को जनता पर अधिक टैक्स लगाने पड़े। जनता को इस बात की शिफायत नहीं है कि क्यों टैक्स लगाये गये क्योंकि वह यह जानती है कि यह जो नये आर्तारक्षक टैक्स लगाये जा रहे हैं यह देश की सुरक्षा की खातिर और मातृभूमि की रक्षा के खयाल से लगाये गये हैं लेकिन सरकार से हमनी अपेक्षा अपेक्षा रखती है कि जो पैसा

हम से वसूल किया जाय उसको एकोनामिकली और बहुत ही मृतासिब तरीके से खर्च किया जाय अर्थात् पैसा का अपव्यय न होने पाये। इसलिए मैं इस और वित्त मंत्री महोदय का विशेष रूप से ध्यान आकृष्ट करना चाहता हूँ। वैसे उन्होंने स्वयं भी कहा है कि वे इस बात को कोशिश कर रहे हैं कि हर एक डिपार्टमेंट में खर्चा कम किया जाय और एकोनामी बर्ती जाय। अगर ऐसा किया जायगा तो मेरा विश्वास है कि जो हमारा डिफेंस बजट है वह सरल रह सकेगा।

यह तो सारा रुपया इनकम टैक्स का व उत्पादन शुल्क का बकाया है जिसको वसूल होना परम आवश्यक है। इस प्रकार का करीब १५० करोड़ रुपया बकाया है और इसके अलावा और भी कई मदों में है जो कि मिल सकता है। इस बकाया रुपये को वसूल करने के लिए सचिव और कारगर क्रम उठाये जाने चाहिये। इसके अलावा मैं यह भी कहूँगा कि जो हमारे सेंट्रल गवर्नमेंट के डिपार्टमेंट्स हैं जैसे कि रेलवेज, पोस्ट आफिस, या जो और पब्लिक सेक्टर में बड़े-बड़ी इण्डस्ट्रीज हैं, उनसे जितनी आमदनी होनी चाहिए उतनी आमदनी हमारी सेंट्रल गवर्नमेंट को नहीं मिलती है। मिसाल के तौर पर मैं बतलाऊँ कि हमारे यहाँ रेलवेज में कोई १६०० करोड़ रुपया लगा हुआ है लेकिन उस कर्मशायल एम्प्लॉयड से हमें डिविडेंड के रूप में इस वर्ष केवल ८ करोड़ का मिलता है। मैं आपका ध्यान उस जमाने की ओर दिलाना चाहता हूँ जबकि यहाँ पर अंग्रेजों का राज्य था और उन्होंने तमाम रेलवेज का ठेका कम्पनियों को दिया हुआ था। वह २५ वर्ष का ठेका होता था। उसमें कम्पनी जमीन मालिक थी, लाइन लगाती थी, स्टेशन्स बनाती थी, इंजन डिब्बे और मालगाड़ी सब की व्यवस्था करती थी और वह रेलवेज का सारा काम इस तरह एकोनामिकता करती थी, और इतना फायदा

करती थी कि २५ वर्ष के बाद वह सारा रेलवे का काम गवर्नमेंट को दे देती थी और काफ़ी मुनाफ़ा भी कमा लेती थी। लेकिन उसके विपरीत आजकल हम देखते हैं कि १६०० करोड़ रुपया हमारा रेलवेज में लगा हुआ है जिसमें ने सरकार को केवल २ करोड़ रुपया मिला है जबकि हमें कम से कम १०० करोड़ रुपया मिलना चाहिए था। इसके अलावा ४१ इण्डस्ट्रिज में करिव १२०० करोड़ रुपया लगा हुआ है, रिटर्न उसका हम को ना के बराबर मिलता है। इसलिए मैं वित्त मन्त्री महोदय से यहाँ निवेदन करूँगा कि हमको बिजनेस लाइक वे में काम करना चाहिए क्योंकि आजकल पब्लिक सेक्टर में बहुत खर्चा होता है उससे जनता को काफ़ी दुःख होता है। एक प्राइवेट कंटेनर इकठम टैंक्स देता है, गुपर टैंक्स देता है और डिवाइंट देती है, उस पर भी उसको फ़ायदा होता है लेकिन इसके विपरीत हमारी गवर्नमेंट कंटेनर ज्यादा डिवाइंट नहीं दे पाती है। पब्लिक सेक्टर में बहुत से हमारे जो कारखाने चल रहे हैं उनमें हॉर्न, अर्भो, तरु नुत्तान जाता है। इसलिए मैं मन्त्री महोदय से यहाँ कहूँगा कि हमको अपनी इन्डस्ट्रीज़ और बड़े-बड़े प्रोजेक्ट्स को इस तरीक़े से आर्गनाइज़ करना चाहिए जिससे कि हमको ज्यादा बचत हो। हमने बड़े इस्पात के कारखाने व बहुत से डैम्स और बहुत से हाइड्रो इलेक्ट्रिक पावर हाउस बनाये हैं, उदाहरण के लिए हम ने डॉ० वी० सी० प्रोजेक्ट, हायकुंड और भाखड़ा डैम बनाये हैं और उनमें हमने कफ़ी रुपया लगाया है लेकिन उनसे उतना रिटर्न नहीं मिलता है जितना कि व्यापारिक ढंग से मिलना चाहिए। अगर हमारे यहाँ ठीक इन्फ़्रास्ट्रक्चर हो, ठीक देखभाल हो, तो कोई बख़्त नहीं है कि उनसे हमें ज्यादा फ़ायदा न हो सके। जैसा कि मैंने आपको बताया जो प्राइवेट प्रोजेक्ट्स व कंटेनर होता है वे काफ़ी फ़ायदा करती हैं जबकि पब्लिक प्रोजेक्ट्स में उतना फ़ायदा नहीं होता। हमारे ओरिइड चायेंज कार्पोरेशन हो जाते हैं और चूँकि ठीक से निगरानी नहीं होती है

इसलिए उसमें काफ़ी लूपहोल्स रह जाते हैं। जनता के मुख व समृद्धि के लिए हमको एको-नार्म, वर्तनो चाहिए ताकि हम काफ़ी बचत कर के यह साबित कर सकें कि हमारे पब्लिक प्रोजेक्ट्स प्राइवेट प्रोजेक्ट्स की अपेक्षा ज्यादा लाभदायक व कारगर होते हैं। मैं आशा करता हूँ कि मन्त्री जो इस ओर ध्यान देंगे ताकि यह देश उन्नति कर सके और जनता सुख व समृद्ध हो सके।

**Shrimati Lakshmi Kanthamma:** It was an unprecedented burden, no doubt, on the people, but the circumstances were also unprecedented, and the expenditure was also unprecedented. But after several days' discussions in this House and also in the Party, the Minister was kind enough—even though if he had not brought forth the note that he read out just now, I think the people would not have said anything because they were prepared to bear the burden—the Minister was kind enough to make some changes and reduce the tax on kerosene and other commodities.

I would like to bring to the notice of the House one thing, that nothing short of a sacrifice is going to win a war. If people have something excess to give, it is charity. Are we going to win a war with charity? I do not think we can ever do so. Unless it pinches the people, it is not a sacrifice, and only when there is a supreme sacrifice on the part of everybody, we are confident of winning a war.

We know there were several criticisms from all sides about this increased tax burden on the people, here in this House and in the other place. When the Gold Control Rules were brought into force, the leader of the Swatantra party in the country said that so many goldsmiths have gone out of employment. They created a row on that. I would like to ask him the same question: when he was Chief Minister of Madras and was the first to bring into effect prohibition, did he consider how many toddy tappers

**Shri Yashpal Singh (Kairana):** would go out of employment? Did he ever think of these people and did he plan out methods or measures of employment for them? But I am sure our Government is making efforts to relieve the goldsmiths of the torture of unemployment. The Gold Board members have been going about the whole country finding out menus of reducing the sufferings of the goldsmiths.

There was also criticism in this House from the Deputy Leader of the Swatantra Group about the CD programmes in the country. I can only say one thing to him. If at all he had gone to the villages and seen what is happening there, he would not have said such a thing. I do not know what was in his mind when he condemned the community development programme. When we go to the villages we find that they are changing. Now we find in the village a drinking water well, a school, a community hall, a youth club, a mahila mandal etc. If community development was not able to do much because of its own limitations, at least it could create consciousness in men and women, self-reliance that they could depend on themselves, work for themselves and bring about a lot of change in the country.

Not only the hon. Member but even Shri Ranga, was saying that all this money was being wasted. I can understand that from a Member like a Maharaja who may grudge this programme, because the money goes to the people straight instead of going into his own treasury as happened previously.

**Shri Yash Pal Singh (Kairana):** There are more Rajas in the Congress Party.

**Shrimati Lakshmikanamma:** But our Rajas are trustees of the people. Shri Ranga has been known to be a friend of the peasants from the beginning. I cannot find any excuse for his making such a speech.

Even after eleven years of the implementation of the community development programme, if I understand aright, only the preliminary work is over, and if State Ministers and Governments consider that extension officers should be dispensed with because it is top-heavy administration, it only shows that they could not understand the programme properly.

I would like to congratulate the Government on settling the river waters dispute in a calm manner. I know every State, even Andhra Pradesh, has its own grudges. The only satisfaction is that now we are allowed to go ahead with the projects, though slightly modified of course. We could not achieve some points, but we have to feel satisfied, and even the Government of Andhra Pradesh expressed its satisfaction keeping in view the interests of the country as a whole. I hope the other States will also agree to this and co-operate with the Central Government.

Regarding agricultural production, some Members some time back referred to the quarrel at the AICC session. It was only introspection, not a quarrel. It is not a question whether the Planning Minister should blame the Agriculture Minister or the Agriculture Minister should blame the Planning Minister. We are not going to achieve the agricultural targets by discussions either in this House or elsewhere at the national level. Of course, discussions are good, but by mere discussions we are not going to achieve the results. It has to be done in the farm at the State, district and village levels. After the inception of the Plans, sufficient results have been achieved. Irrigation potential has gone up, better seeds have been made available to the farmers. Fertiliser production has increased; people have also become fertiliser minded. Better agricultural practices were followed and pest-control measures were implemented. The agriculturist of this country, when all this were introduced, proved that he is

not orthodox. He is prepared to take to all these measures. In spite of all these the general *per capita* yield has not gone up because the quantities that are available are very limited. How best they could make use of the limited fertilisers available should be looked into. The concentrated application of all the same factors in the same part of the land will yield better results. Either to, there was a defect, whether that be that of the Planning department or the Agriculture Department, in that one set of ten farmers, let us say, were given fertiliser, while another set of ten got better seeds, a third set got better implements and a fourth set of ten were provided with credit. How can you expect the yield to increase as expected? Hitherto, one did not even enquire how one applied the fertilisers. A farmer may put all his fertiliser in a piece of land which was not banded and they would be washed away with the soil when the rain comes. They should see whether the farmer has first banded the land. If these defects are removed, results would be better and there will be no need for one Minister to blame another.

About Defence, I feel that people are growing more and more rifle-minded. Children's education should be so oriented that they should be made to grow in that atmosphere from the beginning. Text books should be of such type as to infuse patriotism in the minds of the people.

I shall finish in a few minutes, Sir. Women's education should get top priority. It has been said that when a woman is educated, the whole family is educated. Even the Karve committee and the University Grants Commission were of opinion that priority has to be given for the education of women over that of men. When a man is educated, he alone is educated. When a woman is educated, the whole family is educated. We should give more and more facilities for women's education.

238(Ai) LSD—9.

**Mr. Deputy-Speaker:** According to intimation since received from Members, the following cut motions are desired to be moved to Demands for Grants relating to the Ministry of Finance. Hon. Members may move them subject to their being otherwise admissible.

Cut Motion Nos. 3 to 6.

**Shri Hari Vishnu Kamath:** I beg to move:

(i) "That the Demand under the head Ministry of Finance be reduced by Rs. 100"

[(i) Closure of the Bank of China and subsequent proceedings, and (ii) need for rigorous measures to effect economy in civil non-Plan expenditure(3)].

(ii) "That the Demand under the head Taxes on Income including Corporation Tax, etc. be reduced by Rs. 100."

[Failure to take effective steps for the recovery of huge arrears of income-tax.(4)]

(iii) "That the Demand under the head Audit be reduced by Rs. 100."

[Failure to introduce legislation for the purpose of defining and delineating the duties, functions and powers of the Comptroller and Auditor General(5)]

(iv) "That the Demand under the head Grants-in-Aid to States be reduced by Rs. 100."

[Manner in which grants-in-aid are being utilised by States. (6)]

18 hrs.

**Shri Prabhat Kar:** Mr. Deputy-Speaker, Sir so far as the Finance Ministry is concerned, in a planned economy, it has got the overall responsibility for development and also defence. For the budget, for the money required, for the resources tapped,—everything will depend upon the effi-



[Shri Prabhat Kar]

ciency of the Finance Ministry. Therefore, at this time of emergency, when we are today being given a budget which is extraordinary, we must scrutinise the proposals. The hon. Finance Minister himself agreed and he felt that it would certainly not be easy for the people to accept these proposals without a measure of privation on their part; there was hesitancy even in the mind of the Finance Minister as to how the people will react to the heavy burden that is being imposed by his budget proposals. Naturally, when these proposals are made, when the people have been given an idea as to what amount of sacrifice they will have to make, it is essential to scrutinise whether the Finance Ministry itself has been performing or has geared up or has moved its own affairs in the manner which the Finance Minister wants, when he wants the people to make sacrifices.

In his budget papers, the Finance Minister has made it clear that every time the budgeted revenue expectations and the actual amounts received vary and the Public Accounts Committee also referred to this matter and commented upon it. It is not a thing which can be so easily explained away. The hon. Finance Minister while replying to the budget, if I remember aright, said that after all, his error is not on the wrong side; that is, when he gives some estimate, he collects more.

**Shri Bade (Khargone):** It is past 6 O'clock now. Are we sitting up to 6.30? We are not sitting up to 6.30.

**Mr. Deputy-Speaker:** Otherwise tomorrow there will be only 5½ hours.

**Shri Prabhat Kar:** It was agreed that we will sit up to 6 O'clock, and tomorrow up to 5 O'clock.

**Mr. Deputy-Speaker:** Up to 6.30 today. Otherwise, tomorrow we will have only 5½ hours.

**Shri Bade:** We agreed that tomorrow there will be five hours.

**Mr. Deputy-Speaker:** It was agreed that we shall sit till 6.30.

**Shri Bade:** It was not agreed.

**Mr. Deputy-Speaker:** That is what the Speaker told me. He may take it from me.

**Shri Prabhat Kar:** At least when this thing was put to the House, we agreed that we would sit up to 6 O'clock; not up to 6.30. In fact, we also agreed that we would sit up to 5 O'clock only. Even then, the point was raised.

**Mr. Deputy-Speaker:** If the hon. Members want more time, we should sit up to 6.30. Otherwise, the Members' time will be cut short.

**Shri Prabhat Kar:** When I started speaking, I was under the impression that the House will go up to 6 O'clock and so I wanted to speak. Because it was agreed upon.

**Shri Bade:** It was put to the House and we all agreed that we will sit up to 6 O'clock only.

**Shri Morarji Desai:** May I say that the Speaker had said that we will sit up to 6.30? If a few Members now say the other way, the others will say that we have lost the time. That is the difficulty.

**Shri Bade:** We opposed it and the Speaker said that it will then be five and a half hours.

**Mr. Deputy-Speaker:** Today the House will sit till 6.30. Otherwise Members will not have sufficient time. The few Members who are here will be deprived of the time. I think we should go on.

**Shri Prabhat Kar:** In that case, I would not have stood up at all.

**Mr. Deputy-Speaker:** There are others ready to speak.

**Shri Prabhat Kar:** I know that; I was under the impression that we are sitting only till 6 O'clock.

If I remember aright, the Finance Minister said that so far as the error is concerned, it is on the safer side. In a planned economy, at the time of the emergency when we are putting so many taxes on the common man like compulsory deposit scheme and so on, this type of error, i.e. the estimates and the actuals varying to such an extent cannot be taken in so light a manner. I shall quote what the PAC have said in their ninth report:

"The Committee recognise that to deal with stresses, strains and disparities arising in a process of planned economic growth fiscal measures have to be taken in the course of the year which may not be foreseen at the time of framing the budget. Consequently there may be variations. That gathered the impression, however, that by and large, the variations were due to other factors, mainly, lack of firm statistical basis and conservatism in assessment of revenue."

This is a failure on the part of the Finance Ministry. When you come before the House with a deficit and when you place before the House the tax proposals in order to cover up the deficit, if the revenue itself is more than what is placed in the budget, in that case relief to a certain extent in the taxation can be given to the poorer sections. The amount of deficit financing which is being proposed is not the real amount of deficit financing, because it is being found that from 1956 onwards, every year the revenue collection was much more than what was the expectation in the budget. Even in 1962-63, if you look into the budget papers of that year, you find that the revenue was supposed to be Rs. 1380 crores, but the revised estimates became Rs. 1500 crores. The actuals may be even

more; when the actuals come, we will know the exact position.

**Shri Morarji Desai:** The deficit has increased.

**Shri Prabhat Kar:** In that case, the expenditure must have increased. This is so far as the revenue side is concerned. On the side of expenditure also, it is being found that the expenditure has been less than the expenditure that was put forward in the budget.

**Shri Morarji Desai:** That was not so last time.

**Shri Prabhat Kar:** That was not so last time, but I, do not know what will happen this time. My point is, in this emergency, when such a huge amount of taxation is being imposed, it is the duty of the Finance Ministry to place before the House and the public the revenue that the Government expects. There may be some little variation here and there, but the variation should not be to such an extent. Also, the expenditure that is foreseen should be nearer to the actuals. This is not done.

Therefore, Sir, as I was saying, when the hon. Finance Minister wants every month to gear up the organisation, so far as the Finance Ministry is concerned, their part is not played as it should be either in a planned economy or in the time of emergency.

The same thing about the question of recovery of arrears. Here again the Public Accounts Committee has made a comment. They have said:

"The Committee are not satisfied with this explanation. The Ministry's representatives admitted that in some cases due to delay in issuing recovery certificates, the assets might have been transferred or concealed to a certain extent. They trust that Central Board of Revenue will exercise due vigilance to see that all the necessary step for recovery of Tax-demand

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are taken with sufficient promptitude to avoid the arrears of Tax being eventually declared as irrecoverable."

Now, you know that there is arrears of tax and from their the term "effective arrears" has come. Some of the parties from whom taxes are due do not exist. If it is in the corporate sector they have gone into liquidation and the assets could not be recovered. The net result is that it is a loss of revenue. I hold the Finance Department responsible for this. That is why I say that they are not properly gearing up their administration in tune with the emergency period.

I may also point out that the collection of revenue is not being properly done. The pace of liquidation of incometax arrears is admittedly slow. Time has proved that the present system of collecting taxes through the agency of the State Government is largely responsible for such huge accumulation. We have been saying that there should be a central agency for the collection of taxes. Now, so far as the responsibility is concerned, it is largely given to the State Governments and the collection is not properly made. We feel that it should be done. At least a beginning should have been made. It was recommended by the Tyagi Committee that there should be a tax-recovery wing within the income tax department. Further, I would suggest that so far as arrears and other things are concerned there must be internal audit and so far as collection is concerned the machinery should be geared up. I may draw the attention of the House again to a remark made by the Public Accounts Committee on page 6 of their Ninth Report where they have said that the arrears are almost constant in the sense that it was Rs. 267 crores in 1956-57 and Rs. 253 crores in 1960-61. They have said that they examined and dealt with the above position of arrears in the collection of taxes in

their Sixth Report, and in view of the importance of the subject matter they held further discussions with the representatives of the Ministry of Finance and they failed to satisfy the Committee.

Now, when we are talking of imposition of these taxes I do not know why the Finance Ministry's tax collecting machinery cannot be geared up to that extent. I would say that here again the Finance Ministry is not living up to the expectation and fulfilling its obligation which it should at this time of emergency, when every opportunity should be taken to mobilise all the resources that we have got.

There have been cases of under-assessment. Even on this under-assessment huge amounts have been lost. Who is responsible for it. Again, it is this department. There have been two circulars in which no reference has been made. But a reference has been made about it in the report of the Public Accounts Committee. I would like the hon. Minister to explain this matter. When you ask the common people to make sacrifices I want the Minister to explain the steps that have been taken to mop up all possible resources and to gear up the tax collecting machinery. Then they will enthrust the people with confidence and will enable them to make sacrifices, which you have been talking so much. We have all agreed to increased expenditure. Unless these points are clarified, there will be hesitancy on the part of common men to agree to such proposals and to bear the burden smilingly, as the hon. Minister wants.

I will give one instance as to how these things are being done. Take, for instance, the gold control policy. So far as we are concerned, we agree to this policy but so far as the implementation of the Gold Control Order is concerned, it has been done in such a way that it has created a lot of difficulties for a large section of the people. I am extremely sorry to say that the

Finance Ministry has not sympathetically considered their problem. Only the other day, there was a question about the suicide by some goldsmith. I was surprised to hear the answer. The surprise was all the more because the answer was by the hon. Deputy Minister who was a lady. On this question, I expected at least some expression of sympathy for the persons from the Government. The question was whether the Minister will be pleased to give the number of suicides by goldsmiths. And what was the answer? In the same old British way, it was stated that no precise information regarding the number of suicides by goldsmiths is available, and although reports of suicides have appeared in the press, it has not been possible to ascertain whether the suicides have been caused solely or mainly as a result of implementation of the Gold Control Order policy.

As I said, so far as the policy as such is concerned, we support it, but the way in which it has been implemented has caused untold suffering to a large section of the people. I am surprised at the callous way in which they have been treated by Government. I have some newspapers before me which show their pitiable condition. Here is a paper, *Jugantar*, which belongs to a member of the Congress Party. The proprietor is a Minister. There is another newspaper, *Basumati*, of which the hon. Law Minister is proprietor. There are pictures in both these papers about the condition of goldsmiths. There are deaths of goldsmiths by suicide. The Chief Minister of the State also had to interfere in the matter. But, at the same time, I am surprised at the callous way in which the Finance Ministry is looking into it.

I quite agree with the Government when they say that people must bear more burdens. We agree to the Gold Control Order because we want to put a stop to smuggling. But is this the

treatment that should be meted out to a section of the people who become unemployed as a result of this policy? The people are quite willing to bear even additional burdens, but not if this is the attitude adopted by Government.

Here I have got another point to mention. On the 5th December, 1960 one gentleman, Shri Purnandranath Tagore, wrote a letter to the Prime Minister, suggesting some control on gold, and his suggestion was referred to the Finance Ministry. He made some suggestions which, I find, have been accepted by the Finance Ministry. Of course, there are one or two suggestions of his which have not been accepted by them. He has, for example, suggested one uniform marking system all over India based on one standard. Another suggestion made by him about 14 carat has been accepted. Then he suggested a ceiling on the gold content of all articles of jewellery to be prescribed by legislation. I have seen his letter. In spite of his making such suggestions in his letter, which were commented by the Prime Minister's Secretariat and referred to the Finance Minister, which have in fact been accepted partly by the Finance Ministry, in spite of his writing letters personally to the Finance Minister, not even an acknowledgement of his letter has been made.

**Shri Morarji Desai:** What suggestion? Whose suggestion?

**Shri Prabhat Kar:** It is the suggestion of Shri P. N. Tagore. He belongs to the Tagore family. My only point is that the suggestion which has been made about hall-marking which, according to him—and which I find—is one of the good ways of finding out smuggled gold is a suggestion which the hon. Finance Minister should also consider.

**Shri Morarji Desai:** There is nothing new in it. I have been considering it from the very beginning.

**Shri Prabhat Kar:** This is a suggestion which had been made in 1960. I do not think he will lose any of his intelligence or ingenuity if he just considered this matter which has been pressed upon since 1960. There is nothing wrong in it.

**Shri Morarji Desai:** It had been under consideration.

**Shri Prabhat Kar:** This gentleman does not know that you have considered it at all.

**Shri Morarji Desai:** He need not know it.

**Shri Prabhat Kar:** I think, that is where the hon. Finance Minister should at least change somewhat.

**Shri Morarji Desai:** Not because you wish it.

**Shri Prabhat Kar:** He knows that the proposal was made in 1960 when the hon. Finance Minister did not think of gold control. At that time it was suggested by him.

**Shri Morarji Desai:** I did.

**Shri Prabhat Kar:** There is nowhere in the proceedings of the Parliament to show that the hon. Finance Minister has made a suggestion like that. When a suggestion is made which may not have been accepted fully, I do not know what is wrong in saying, "I thank you". There is nothing wrong in saying that. It was suggested in 1960. It was given to the hon. Prime Minister and it was sent to the hon. Finance Minister. Now he says that he was thinking about it but there is nothing on record here to say that he had been thinking about this matter.

**Shri Morarji Desai:** That is what he thinks.

**Shri Prabhat Kar:** Really I never expected this from him. At least I know that he is a very straightforward person and I expected that in

this matter he will be quite straightforward and acknowledge it.

**Shri Morarji Desai:** I receive a thousand letters like that. What am I to do?

**Shri Prabhat Kar:** It is not a question of thousand letters. I think, I have not been able to make my position clear. A suggestion had been made in 1960 for the first time for the imposition of gold control.

**Shri Morarji Desai:** May I tell the hon. Member that I have said in the House also that from 1958 I have been considering this matter? He is talking about 1960?

**Shri Prabhat Kar:** I do not know where it is in the proceedings of the House that he was considering it since 1958. Anyway, I leave it at that.

**Shri Morarji Desai:** In the Consultative Committee of which he was a member.

**An Hon. Member:** He should know it.

**Shri Prabhat Kar:** So far as he is concerned, he has nothing to do with me or my party or anything. He is a raja. What I wanted to say is that when a gentleman puts forward a suggestion and if it is accepted, he should at least be thanked.

**An Hon. Member:** Who is a raja?

**Shri Prabhat Kar:** Shri P. N. Tagore.

This Gold Control Order according to our information has not been successful in bringing out the smuggled gold. The purpose for which the Gold Control Order was made and the reason why we had all agreed to it was that it will bring out the smuggled gold. So far as the Gold Bonds are concerned, I do not know what the figure will be now but as I can understand from the figures given upto the 28th February, some Rs. 8 crores worth of Gold Bonds were sold. We do not

know what the present position is. But I am quite sure that the hon. Finance Minister will agree that he also is not satisfied and that the purpose for which gold control was imposed and Gold Bonds were introduced, namely, that smuggled gold would come out, has not as yet come about. Naturally, he will again have to think exactly how this smuggled gold can be brought out. I am quite sure that it is not his intention pure and simple to create complications for goldsmiths but that his purpose is to bring out smuggled gold so that foreign exchange can be saved and we may not have any difficulty. It was for that that the Gold Control Order was issued. That particular purpose has not been served so far as the Gold Control Order is concerned.

Again, this brings me to the question of foreign exchange difficulties. As you know, there have been more cases of violation of foreign exchange control rules in the year 1962 than in 1961. As I can understand from the figures supplied by the Finance Ministry itself, the cases registered in 1961 were 1,941 and the number of cases rose to 3,034 in 1962.

**The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha):** That shows an improvement of the department that they are more vigilant.

**Shri Prabhat Kar:** I am saying that so far as the violation is concerned. In 1962, 3,034 cases have been registered and uptill now 720 cases have been adjudicated upon. Still the position is that there are so many cases which have not yet been able to be detected by the Ministry. You know exactly what the procedures are. How do they do? In that case again—the hon. Minister may not get annoyed—if you could kindly check these banks, because these are the means through which these foreign exchange manipulations take place, and if you kindly look into this matter, you will find it. The hon. Minister is nodding his head meaning that it is not so.

**Shri Morarji Desai:** When did I not?

**Shri Prabhat Kar:** You were just saying, "No, no".

Now, I would like that he will kindly be more vigilant so far as the functioning of the banking institutions is concerned, although, I know, he will say that we are incorrigible, that we will go on saying, nationalise the banking institutions. It may be. But I am quite sure that some day or other the hon. Minister himself who has promulgated this Gold Control Order now—no doubt it is a revolutionary step—will some day also agree to the nationalisation of the banking institutions.

**Shri Morarji Desai:** Wait for the day.

**Shri Prabhat Kar:** We shall be waiting for days. There is no doubt about it. But I would say, the sooner you do the better it is because you will be able to simply undo many of the things—violations of rules and other things.

Here I have got the record of a Supreme Court cases wherein a General Manager and a Chairman of a Bank have given evidence. It is an open document. You could see what type of things take place in the banking institutions, How the manipulations take place including the foreign exchange violations. Here is an evidence. It is not a confidential paper. It is an open document of the Supreme Court. In spite of all these things the hon. Finance Minister will not move and proper steps will not be taken. It is surprising. So far as the foreign exchange position is concerned—I do not know—he will say that now, at present, some restrictions have been imposed.

So far as the foreign travels are concerned, I would like to bring to his notice that even now there have been quite a large number of amounts involved here. It was in reply to a

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question that the amount was given as Rs. 1 crore. I simply want to know whether it is for the business travels alone that has been granted. What is the amount of business that they have been able to bring in? I can understand it is worth spending Rs. 1 crore if we get from outside quite a large amount of business which will help our foreign exchange position and our difficult position. I would like to say that so far as foreign exchange regulations are concerned, there should be an attempt to further improve the position.

Now, today, there have been roughly about 760 crores of rupees of foreign loans that are outstanding. Just today when the Ministry of Economic and Defence Coordination was being debated upon, it was pointed out that many of our grants and loans are not being properly utilised. Now, it is necessary, I think, that so far as the loans and grants are concerned, the Finance Ministry should have a discussion in the House as to how these

things are not being utilised and what portion of these loans and grants remain unutilised. These various loan amounts have to be repaid, and, therefore, it is necessary that they should be utilised fully. The loans and grants which we have got from the foreign countries should not lie idle but should be properly utilised and benefit reaped out of them for the development of our country's economy. Since this has already been discussed, I do not want to go into it any further.

**Mr. Deputy-Speaker:** Will the hon. Member take some more time? He has already taken about half an hour.

**Shri Prabhat Kar:** I shall take two more minutes.

**Mr. Deputy-Speaker:** The hon. Member can continue tomorrow.

18.31 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, April 17, 1963/Chaitra 27, 1885 (Saka).*