

stated that he applied for leave from the 16th April to the 22nd June, 1962, and he has applied for this for visit abroad for medical treatment. I hope he will speedily recover and come back to the House quite soon, but so far as I remember—I do not absolutely vouch for it, because I am speaking from memory—he was present here on the 16th April and was sworn on that day. If that is a fact, he should be granted leave only from the 17th April, and a marginal note to that effect should be made accordingly.

Mr. Speaker: I might inform the Member that perhaps, in the copy of the report which the hon. Member has, it has not been found possible to make the correction, but in the copy which I have got, that correction has been made. That correction could not be circulated, but it has been made subsequently, and it is to the effect that the leave is to be granted from the 17th and not from the 16th April.

I take it that the House agrees with the recommendations of the committee.

Several Hon. Members: Yes.

Mr. Speaker: The Members will be informed accordingly.

12.19 hrs

CUSTOMS BILL*

The Minister of Finance (Shri Morarji Desai): I beg to move for leave to introduce a Bill to consolidate and amend the law relating to customs.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to consolidate and amend the law relating to customs."

The motion was adopted.

Shri Morarji Desai: I introduce the Bill.

12.19½ hrs.

SPECIFIC RELIEF BILL*

The Deputy Minister in the Ministry of Law (Shri Bibudhendar Mishra): On behalf of Shri A. K. Sen, I beg move for leave to introduce a Bill to define and amend the law relating to certain kinds of specific relief.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill to define and amend the law relating to certain kinds of specific relief."

The motion was adopted.

Shri Bibudhendra Mishra: I introduce the Bill.

12.20 hrs.

FINANCE (NO. 2) BILL, 1962—contd.

Mr. Speaker: The House will now take up further consideration of the following motion moved by Shri Morarji Desai on the 12th June, 1962, namely:—

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1962-63, be taken into consideration".

Shri Hari Vishnu Kamath (Hoshangabad): May I by your leave make a suggestion and request to the Business Advisory Committee? You will recollect that when several of us on this side of the House suggested that the time allotted might be increased from 12 to 18 hours, you were kind enough to tell us that it would be upto 15 hours, because you had always in reserve one hour to add to the present allotment of 14 hours. So far, the time allocation, I suppose, has been 10 hours for general discussion,

*Published in Gazette of India Extraordinary Part II, Section 2, dated 15-6-1962.

[Shri Hari Vishnu Kamath]

three hours for clause by clause consideration and one hour for the third reading.

May I invite your attention and the attention of the House to last year's proceedings on the Finance Bill where 12 hours were allotted for general discussion and three hours for clause by clause and third reading together? It was also suggested by the Speaker, and accepted by the House, that the House might sit continuously on Friday—that also happened to be a Friday when private Members' business was also there—and discuss the Bill and the private Members' business could be taken up the next day, that is, Saturday. We are sitting tomorrow. Unfortunately, the deadline of 4 P.M. tomorrow has been put down. I do not know why that should be sacrosanct—O'clock tomorrow.

Mr. Speaker: He might make his proposal.

Shri Hari Vishnu Kamath: The proposal is that the time may be 15 hours, 12 hours for general discussion, 2½ hours for clause by clause consideration and half an hour for the third reading—for the third reading we do not require much time. Also we may sit continuously today upto 6 p.m. and if it is agreed, the private Members' business could be taken up tomorrow at 4 and continued upto 6.30. Otherwise, we might sit today upto 4 or 4.30, take up private Members' Business at 4.30 and continue upto 7, and tomorrow we take up the Finance Bill again.

The Minister of Finance (Shri Morarji Desai): May I say that I have got an important conference, which I cannot postpone, at 4.30 p.m.?

Mr. Speaker: When last time that was done, it was with the unanimous concurrence of the House. If the House agrees, even this time it is free to take any decision. But I find that there are objections. Therefore, that cannot be adopted this time.

Shri Hari Vishnu Kamath: Not many objections.

Mr. Speaker: It must be with the unanimous consent of the House.

Shrimati Renu Chakravartty (Barrackpore): May I request Shri Kamath to consider one thing? If we allow Private Members' Business to be shifted—today it may be to our convenience—it will happen again. This should not be allowed to be made a convention.

Mr. Speaker: Shri Bakar Ali Mirza may continue his speech. He has taken 9 minutes; he may continue for the rest of the time due to him.

Shri Bakar Ali Mirza (Warrangal): I was saying the other day that no group of planners interested in increasing national wealth could possibly afford to neglect agriculture because a slight increase in agricultural output contributes more to national wealth than a steep rise in the output in the other sectors. But the reason why progress in agriculture is not apparent is that the processes of agriculture and animal husbandry are by themselves time-consuming.

Today you may scrap a mill, put up a more efficient mill and run it for three shifts, and add to your production. But if you want to improve the breed of your cattle, there is surely a time-lag, so much time for the calf to appear, so much time for it to become a cow and so on. The whole cycle takes nearly seven years. Naturally, therefore, there is this difficulty. Further, industry itself has a part in this. For example, we have a fertiliser factory; it contributes to agriculture. We have steel mills which make ploughs; we have factories which make tractors and lorries. They are all advantageous to agriculture. So, Sir, I do not agree with Shri Dhebar that agriculture is neglected in this country or is not given a proper place in the plan. Just like fallow lands, after sometime, become green, these

villages, after a period of hibernation will blossom and a ugly pupa will be transformed into butterfly.

The other day the hon. Food Minister said that even after reducing the land from the agricultural sector and giving it to the forest sector, he could produce enough foodgrains not only to feed 400 million but 800 million people. That is a breath taking statement. If that is the view of the Government of India, I do not know why our Ministry of Health should be so concerned about family planning or birth control. I know these are other reasons of health and so on but the main reason for birth control is the problem of food and if this view is correct we have also to consider whether this population control is itself in national interest. If you control your population and your neighbour does not, a certain amount of population pressure is created a kind of osmotic pressure, and if percolates through the barriers. If the barriers are high, it overflows. This problem is created for the world today by China. If China's population goes on expanding at the present rate, then, whatever the form of Government and whether it is this side of the frontier or that, its population will overflow the Himalayas into Burma, India, Afghanistan and more particularly in Siberia which has the size of China itself with only 20 million people and a climate also which is almost the same as that of northern China. There will then be a real test of the Sino-Soviet Entente and it will then be seen whether communism will really meet that question.

That being so, we have to consider whether it is in our national interest to control population at this stage. Because you reduce population and at the same time Shri S. K. Patil increases the size of the rice bowl, the problem does not remain the problem for the Food Minister; it gets transferred to the Minister of Defence. The other day I suggested a Bandung Conference for the purpose of Peace in this area. I feel again that internationally we should solve the problem of population

because it can be solved only on the international scale. Unilateral action is not in the national interest. It is not that I am against birth control and I do think it is a good thing. But if you take unilateral action it is not in the national interest and it does not also solve the whole problem.

We have got hard times ahead. We have had so many question answered about export and foreign exchange. The position that has been created is not of today. It has been accumulating for sometime. The position of foreign exchange being what it is, I do not know how so many maharajas and maharanis and some hon. Members of this House can go year in and year out to countries abroad, and spend so much foreign exchange. Where do they get foreign exchange? Does the Finance Minister know what is their accumulated wealth? Are they being examined? Have they declared their world income? There seems to be no check of any kind on them and the waste of foreign exchange is regrettable.

Export also is a very serious matter, especially in view of the present development of the European Economic Community. I do not believe that England will be able to do much in this matter; it might have very good intentions but England is not in a position to dictate terms; England herself is there pleading for admission. How are we going to face this situation? Should we not see that we develop new markets and seek new avenues? Should we not try to bring down our cost of production? And thus, why should you not compete in a straight manner always? For that, you must accept rationalisation and automation. Just as you have labour intensive industries which are for domestic consumption, to industries which are meant for export there should be the latest equipment that you can get in the world and you must be able to compete in the world market.

[Shri Akbar Ali Mirza]

If this thing continues further, I am afraid a serious situation may develop. We might in fact be forced to devalue our currency; I hope I am wrong and I hope that situation will not arise. But I say, before we reach that stage—I hope we will not—why not nationalise the gold. There is a lot of gold in this country which is lying scattered as ornaments such as ear-rings and nose-drops, etc. Cannot all these be collected together and used for productive purposes? I do not see why there should be any difficulty in that.

Mr. Speaker: The hon. Member conclude now.

Shri Bakar Ali Mirza: I will conclude. If you want to build our country we have to make a supreme effort as a nation. For that we have to create a climate of purity, efficiency and austerity. Unless we do that, and have a mission to go ahead and build up this nation,—does not matter what sacrifices we have to make—and until we do that, we cannot say that we have a bright future.

For that, I think all sections of the House, all parties, should see that corruption is stamped out from this country. By that one act alone you will bring down your cost of production and your contractors will quote low because they will not have to pay, *mamools*; and thus the cycle will develop. You can save foreign exchange and you can build up exports. So, corruption should be rooted out from this country and purity and austerity should be our watchword.

Shri A. K. Gopalan (Kasergod): Mr. Speaker, Sir, the other day the Finance Minister, while introducing the Finance Bill, made certain concessions. It was the pressure of the people outside and also the sentiments expressed by hon. Members here that made the Finance Minister make at least certain concessions. What one

expected was that at least after 10 years a tax holiday would be given to the common man but that was not given.

What are the functions of the Finance Ministry? As the Finance Minister has said in 1960, the functions are two-fold. He said so while speaking on the budget in that year. One is to get as much money as possible in a proper way. The second is to see that all the finances available are used in such a way that the production increases, the wealth increases and also the prosperity of the people increases. As far as these two functions are concerned, nobody doubts and nobody questions about the increase in production and increase in wealth, but where the difference lies is here: whether there is full prosperity. Is it the prosperity of the majority of the sections of the people in this country or is it the prosperity of a few, and has the inequality increased or decreased?

In this House, the Finance Minister, speaking on the budget, as well as on the Bill the other day, emphasised that inequality has decreased. I do not know, if, after my pointing out some facts, he will agree. Anyhow, inequality has increased and not decreased. The other day, he mentioned about the people who are paying income-tax. It is true that one million people pay income-tax and that their income has increased by about Rs. 260 crores during the last ten years. That means, each one of them gets an increase of Rs. 2,600. But the average increase in the *per capita* income in the country as a whole is only Rs. 60. Not only that. As far as the labourers and employees in the agricultural sector are concerned, the income has decreased.

I want to point out certain things arising from the report of the second Pay Commission. The report of the second Pay Commission has very clearly shown the disparity between the salaried employees and the top officers.

A study of the incomes of the salaries in private sector industries made by the Second Pay Commission showed that in the highest income bracket of Rs. 2 lakhs and above, the average pre-tax income rose by 336 per cent between 1948-49 and 1956-57 and the average post-tax income rose by 371 per cent. On the other hand, the average pre-tax income of the entire salaried staff in private sector has only risen by 10 per cent during the same period and the average post-tax income has not only not risen, but it declined by 3 per cent. What does it show? It shows what an amount of disparity is there in the ratio between the two classes of people.

Again, a study of the comparative movement of the highest salaries and the lowest wages in private sector showed that the disparity ratio between the highest salaries and the lowest wages in the private sector is more than in the Central Government sector. It has also shown that it has increased since 1948-49. They have given a table showing the total emoluments of an unskilled worker in (a) cotton textiles, Bombay and (b) jute textiles, West Bengal and the average post-tax salary income of highest salary-earners. In the case of cotton textiles, Bombay, the disparity ratio is 77 in 1948-49 and 242 in 1956-57. In the case of jute textiles, West Bengal, the disparity ratio is 110 in 1948-49 and 356 in 1956-57. The second Pay Commission draws the following conclusion:

"The valid comparison is with wages in jute and not cotton textiles, and in fact even the jute textiles wages are not the lowest in organised industries. We have, however, made a comparison also with the wages of an unskilled worker in cotton textiles in Bombay, because they are about the highest wages which an unskilled worker gets in the private sector. And we should invite attention to the fact that we are all through this chapter referring to incomes of purely salary earners in the

private sector; earnings in other forms at the top levels of that sector are higher."

I do not want to say any other facts, because I have no time. From this, it is very clear that the ratio of disparity is higher and it is increasing.

It is true that as a result of the two Five Year Plans production has increased. What is our necessity today? As far as the increase concerned, we not only do not question it, but we are glad about it. But there is one factor that has to be remembered, namely, that we are lagging far behind the pre-war level. Take the two most essential items of living—food and cloth. Regarding food, the *per capita* availability of cereals was 16.3 ounces per adult per day during the pre-war years. But in 1957, it was 13 ounces, in 1958, 12 ounces, in 1959 13.7 ounces and 13.1 ounces in 1960. All these are below the pre-war level.

Regarding cloth, the pre-war availability of cotton cloth was 16 years *per capita per annum*. But it was 15.9 yards in 1959-60 and 15.5 yards in 1960-61. Here also we are far below the pre-war level.

The Finance Minister has said that the taxation which has been levied and the amount of it are appropriate and justified, in the circumstances obtaining in the country. First we have to see what are the circumstances obtaining in the country, what is the capacity of the people to pay these taxes and which sections of the people have increased their income. If you pay more taxes, that means your income also increases. The question to be decided whether the incomes of certain section the people have not increased and whether their capacity to pay is less than before. When we talk of failures, do not think that we minimise the achievements. We recognise the achievements and we welcome it. But failures are to be pointed out because only if we point out the failures, we can correct the failures and then only we will be able to improve production and develop the economy of the country.

[Shri A. K. Gopalan]

According to us, the first failure is that we have not been able to raise adequate internal resources which we could have done. Secondly, we have not been able to obtain adequate foreign resources. Thirdly, we have not been able to develop the country at a faster rate which we possibly could have done.

Now, take the question of getting internal resources. Internal resources could be got not only by taxation but there are other non-taxation avenues also from which we can get internal resources. There are certain sound principles on which taxation is based. First is the capacity of the people to pay. Then comes the condition of the people, that their economic position is not affected and they are not submitted to undue miseries. It is true that taxation is the vital part of our public finance. It is also true that no government can get on unless it levies reasonable taxes on the people. But there is a limit to taxation, and it must be done only on the basis of certain principles, as I have already said.

What is the situation in the country today? That is what we have to examine. We have to examine the capacity of the people to pay taxes. We have to examine the position of each section of the people. About agricultural labour, there is the report of the Second Agricultural Enquiry Committee. After that we have not got any report. In that report it is definitely said that between 1950-51 and 1956-57 the wages have come down, unemployment has increased, credit has gone up and expenditure has gone up. After that, according to the present situation, their condition should be worse than what it was in 1956-57. As far as the workers are concerned, I need only quote what the Labour Minister said on April 29, 1962, while inaugurating the 29th annual session of the All-India Organisation of Industrial Employers. This is what was said in one of the papers:

"Inaugurating the 29th annual session of the All-India Organisation of Industrial Employers, Mr Nanda said that while there had been some increase in money earnings between 1951 and 1959, the average earnings of workers in the country has registered a slight fall."

So, as far as the middle-class employees are concerned we know the position. We know by how much prices have gone up. We know how much they spend for medical facilities and other things. We know what their life is today.

Then there is also the serious question of underemployment in the country. According to Professor Mahalanobis, out of the total labour force in the country, 20 million people have hardly one hour's work a day, 27 million people have less than two hours a day, 45 million people have less than four hours a day, 30 million people have gainful employment for five days a month, 40 million people have gainful employment for less than 10 days a month and 53 million people have gainful employment for less than 15 days a month. It is not a question of one or two millions, several millions of people have got only work from one hour a day to 15 days a month. Then, one million new job-seekers are there every year in urban areas and 2½ millions in rural areas.

The other point is, according to the *Economic Review* 1961, in the findings of the national sample survey, 60 million of our people live on as low as five annas or less per day, 40 million on four annas or less per day and 20 million on two annas or less per day. Therefore, 12 crores of our people according to the national sample survey live on five to two annas a day. Our Finance Minister has already said that he is not concerned with statistics, he is not concerned with reports of committees and that he is concerned only with common sense and reality. Str. I

will deal with that afterwards. But we know the condition of the people. We have seen the position about under-employment. We know what the Agricultural Enquiry Committee has said.

Now, what about the capacity of the people to pay these additional taxes? From 1951-52, every year, as far as excise duties and other duties are concerned, the taxes on consumer goods and other necessities have been increasing. The accumulated effect of taxation is being felt by the poor masses in this country. Taking that into account, the policy should have been not to impose more and more burdens on the masses and to give tax holidays and concessions to the masses. The policy should have to impose more and more burdens on those who can carry the burden. But the policy followed is that more and more burdens are imposed on the masses and more tax holidays and concessions are given to the rich. I want to point out how many concessions have been given from 1950-51 to 1962-63 to those sections of the people who are able to pay. In 1950-51, business profits tax was abolished, reduction in rate of income-tax on companies was given and reduction in rate of income-tax on individuals (Rs. 10,000 and over) was given raising the exemption limit for undivided Hindu families. In 1953-54, the exemption limit on personal income tax was raised. In 1955-56 development rebate of 25 per cent on new machinery was given and business losses were allowed to be carried forward indefinitely. In 1957-58, excess dividends tax was reduced to ten per cent from 12½ per cent on the distribution of dividends between six per cent and ten per cent of paid up capital; to 20 per cent from 25 per cent on dividends between ten and 18 per cent and to 30 per cent from 37½ per cent on dividends over 18 per cent. In the same year, super tax rates on inter-corporate dividends was reduced to ten per cent from 17 per cent for Indian companies and 20 per cent for foreign companies. For foreign com-

panies operating through branches and earning other incomes, the rate of corporation tax was reduced from 36 per cent to 30 per cent. In 1958-59, there was an increase in the rate of development rebate from 25 per cent to 40 per cent in the case of new ships launched after December 31, 1957. In respect of gift tax exemptions were given on gifts for carrying on a business, profession or vocation gifts made from ex-rulers' privy purses. In 1960-61, wealth tax on companies and excess-dividend tax were abolished. In 1961-62, tax on new bonus issues was reduced from 30 per cent to 12½ per cent. Tax on dividends received by foreign companies from non-subsidiary Indian companies was also reduced from 53 per cent to 40 per cent. Tax on royalties received from Indian enterprises by foreign companies was reduced from 63 per cent to 50 per cent. Period of tax exemption for foreign technicians was extended. Benefits of the five years' tax holiday was extended to newly started hotels. Financial institutions like the Industrial Finance Corporation, Industrial Credit and Investment Corporation etc., which were jointly sponsored by the Government and big business were allowed to claim as deduction appropriations made to special reserve account of sums not exceeding ten per cent of the total income of each year. Lastly, in 1962-63, expenditure tax was abolished.

These are the tax concessions that have been given from 1951 to 1962-63. As far as income from excise duties and duties on certain consumer goods and services are concerned—this is what falls on the common man—I want to give figures to show how they have increased. On kerosene it has increased from Rs. 28 lakhs in 1950-51 to Rs. 1134 lakhs in 1961-62—an increase of Rs. 1106 lakhs. In respect of sugar it has increased from Rs. 646 lakhs to Rs. 5610 lakhs—an increase of Rs. 5364 lakhs. On matches it has increased by Rs. 996 lakh, on tobacco by Rs. 2778 lakhs, on tea by Rs. 627

[Shri A. K. Gopalan]

lakhs, on paper by Rs. 849 lakhs, on vegetable and non-essential oils by Rs. 1221 lakhs. Railway passenger fare tax in 1950-51 was Rs. 368 lakhs and in 1961-62 it was Rs. 1250 lakhs— an increase of Rs. 882 lakhs. This increase is apart from the increase that is there for 1962-63. Now it will be many more lakhs. So, from year to year, there has been a steady increase in the excise duties on all those articles which the common man in this country wants. It is this policy that we are opposing and it is this policy that we want to be changed, the policy of tax concessions and holidays to the rich and more and more burdens on those poor section of the people whose earnings have not increased at all. Even if their earning has increased by two or three per cent, since the prices have gone up so high, it is more than off-set.

An argument is being put forward that we have reached the limit in taxing the rich and we cannot tax them more. Even according to the figures that are available with us, that argument is not valid. It is a pure myth; it is not borne out by facts or supported by facts. If we see the income left with the assessee after tax deduction, the figures are: 1950-51 Rs. 420 crores; 1956-57 Rs. 719 crores and 1957-58 Rs. 789 crores. Taking the level of income in 1950-51 as the base, i.e., Rs. 428 crores, additional income which has accumulated with this class during the last eight years is Rs. 1,441 crores. Yet, it is being stated that, as far as direct taxes are concerned, we cannot have more taxes, as the limit has been reached. It is all wrong.

Shri Morarji Desai: I have never said about any taxation that the limit has come.

Shri A. K. Gopalan: If he has not stated that, why not we use that source for getting more money? ..

Then, regarding the concentration of wealth, it is again stated that there is no concentration.

Shri Morarji Desai: I have never said that.

An Hon. Member: You have said it.

Shri Morarji Desai: I never said that there is no concentration of wealth.

Shri A. K. Gopalan: If the Finance Minister has not said that, I am not going to base my argument on his statement. Dr. R. K. Hazari has published a series of articles in *Economic Weekly* of November and December in which he has proved that 35 per cent of the asset in the private sector are controlled by seven families. There are other documents also which prove that there is concentration of wealth. In a capitalist society, when the law operators, there must certainly be concentration of wealth, because there is competition between the big and the small in which the small goes out of existence. So, concentration of wealth is bound to be there. I am referring to this because I have heard many speeches that he made and also the proceedings. Also, several other Ministers have also stated that there is no concentration of wealth.

Shri Morarji Desai: I only refuted the argument that concentration is increasing more and more.

Shri A. K. Gopalan: That is good.

Now, what are the ways of finding resources? We say that already the taxation is very heavy and we cannot put any additional burden on the masses. At the same time, money must be found for nation-building activity. In reply to the point that un-are ways in which we can get more money I said the other day that there are ways in which we can get more and more money. Why not tap those sources and get more money? My first suggestion is to ask the hoarders of illegal gold and bullion to declare their hoards on pain of penal action. Huge wealth remains undetected and untapped. The tapping of the gold

hoards would considerably lessen our foreign exchange difficulty also. In this connection, there is a note of the Finance Ministry dated August 1958 which says:

"The total value of gold hoardings in India is estimated at Rs. 1,750 crores at international prices—about Rs. 3,000 crores at the present Indian price. This is a large amount. Perhaps, considerable quantities are held as bullion by those who have illegal money. There is no assurance that this gold will be offered to Government however attractive the terms."

To the suggestion by a Communist MP that the hoarders of illegal gold bullion should be called upon to declare their hoards on pain of penal action, the answer of the Finance Minister was:

"We are not totalitarians. We are democrats. We cannot do this sort of thing."

But my question is: what are we doing? Are we trying to change the heart of these people? When there is so much of difficulty in this country, when we are in the process of developing the country fast, what is wrong in asking them to give this idle capital, idle money, to the country? For the last ten years we have asked them not to keep this money but to give it to us. If they have failed to do so, what is wrong in taking some penal action against them?

So far as land is concerned, we have put a ceiling and those in possession of land above that ceiling have been asked to surrender it. I do not know whether our Finance Minister is opposed to any ceiling on land also. Anyway, we have passed legislation, fixing the ceiling on land, acquiring land from those who are holding above the ceiling limit. That was not done according to the will of the land-owners but by introducing legislation and fixing a ceiling and a date. In

the same way, why not we say that all the hidden gold and bullion must be declared within a particular day on pain of penal action? After all, it is not a small amount. According to the Finance Minister himself, it amounts to Rs. 3,000 crores. Even if we get half of it, Rs. 1,500 crores, it will solve our financial difficulty to a great extent. After all, it is in the interests of the country and it is idle money which is now not put to any use. If we do it with their consent, well and good. But if they are not willing to co-operate, we have to do it by resorting to force.

Then, we have to nationalise banking and credit institutions, mines, export-import trade, plantations and heavy industries. We have already suggested that even before. We nationalised life insurance. What is the result? The result is that we are very much benefited and we get plenty of money for the nation-building activities. Then, why leave general insurance alone? Why not we nationalise it? We know the malpractices indulged in by insurance companies in the private sector. We know what happened in the case of Ruby Insurance Company about which so many questions are being asked even now. Why not we do it now?

Coming to export-import trade by foreign controlled firms, the total trade of foreign controlled firms amounted to Rs. 410.86 crores during 1956. In 1957 it was Rs. 397.03 crores and in 1958 Rs. 352.91 crores. Coming to the share in exports of certain key products, in the case of tea, it was Rs. 72.9 crores in 1956, 70.1 crores in 1957 and Rs. 64.7 crores in 1958. The position is more or less the same so far as tobacco and jute are concerned. So, why not we have the export-import trade in the hands of the Government, especially when we have offices in all the countries of the world? Why should we leave it in the hands of foreign traders? Why not we reap the benefit instead of allowing it to be enjoyed by the foreigners?

[Shri A. K. Gopalan]

We have suggested the nationalisation of foreign-controlled firms. Why? Because, for the years 1954—1959 when they earned a profit of Rs. 239.6 crores, they distributed Rs. 161.8 crores, retaining in business only Rs. 77.8 crores. If we nationalise them, we can retain the whole amount? Instead of allowing that money to go outside India, why not we plough it back in industry? Now, out of Rs. 239 crores only Rs. 77 crores are ploughed back.

Then there are other ways of earning more money. Why should we give privy purses to those princes who have got private property worth lakhs and lakhs of rupees. There are certain Maharajas and Maharani; as hon. Members of this House. They are criticising the additional tax burden imposed on the common man. So, they want some relief to be given to the common man. What I suggest is, in order to give relief to those suffering common men, why not we stop the privy purse of the rich Maharajas. Certainly, they will help us in doing that, I believe, because they are talking of the tax burden of the people. Especially when they are owning property worth lakhs and lakhs, why not we stop the privy purse? We will get at least a few crores of rupees. From 1952 to 1959 Rs. 75 crores have been paid as privy purse. If there are Maharajas and Maharani who live only upon privy purses and who will die without them, give them something. But I find from an article in a paper that in Jaipur the Maharaja has got an estate called Chaugan where there are 500 buildings and from each building he is getting Rs. 250 to Rs. 300 as rent. There are other private properties also. We have seen the other day that their hearts will not change. I am not accusing any hon. Member but the other day Shrimati Gayatri Devi, the hon. lady Member said, we are not going to leave it like that. You are giving pension; to other officers; so

give us pension like them." We should tell them that at some time we have to stop the pension also. So, why not take away the privy purse? These are the measures by which we can get some money. We can get more money. Why is it that this attempt is not made by the Government so that the common man who today is suffering and who unfortunately has not increased his income, that vast majority of people might have some? Why not take these measures and use these methods in order to find the resources. That is what I have to say about this.

My next point is about the foreign loans and aids. We want foreign loans and aids. We are opposed to foreign private investment and allowing them to exploit the people thus taking away more and more money. It has been said that we must depend upon internal resources. We have understood what will happen if we depend upon foreign aid or loans. The actions and speeches of the Aid India Club have made it very clear. Even in today's papers, some reports have come about that. They are bringing pressure, blackmail and intrusion.

The other day the hon. Finance Minister said that there are no political strings attached and no pressure is brought. But from what we read from papers and from what is happening in this country, certainly they are bringing pressure. The Aid India Club has stopped the granting of aid. I also want to point out that the *New York Post* of the 16th May says like this:

"The vote was motivated by discontent with India's policies, its seizure of Goa, its intransigence towards Pakistan, MIG purchase and its hostility towards U.S. alliance policies in South East Asia."

There is another paper, *Mitag*, published in West Germany.

It has very openly come out and said:

"There are conditions which are not mentioned but go without saying for reasons of decency. Does Gandhiji's apostle think

that there are no such things as decency in politics?"

The paper says whether there is no decency. It says, "we have not made any condition when we give aid, but there is decency in politics". What is that decency? It is that if they give us money we will certainly follow their policy. They think that that is decency. But India's politics is not like that. But they have not understood what it means. It is true that the hon. Prime Minister, the hon. Finance Minister and others have definitely said that whatever may happen, if we do not get foreign aid, India will not give up her whole tradition and self-respect. That is correct.

What is happening for the last one month? Certainly there is pressure, blackmail and intrusion so as to make the Government of India see that when they are helping us and we take money from them, they dictate our policies. They say: "Take money from us and accept our trade. Take money from us and do not take aid or anything from others". That is what has been said. So, we must be firm on the policy that we have followed.

As far as trade is concerned, we must also have some re-organisation of our policy. Britain's participation in the ECM will certainly turn the adverse balance further against the country. We have to change our policy and direction of trade in such a way that it helps us and we do not have to depend upon the foreign loans and aid.

The other day the hon. Finance Minister said that the Communists are in favour of a total strangulation of the private sector and ultimately of all private enterprise and initiative. I do not say that this is a suppression and distortion of facts as he has said. I do not say that. But I want to make it very clear that we say that the private sector has got a role to play today and we do not want to strangle it. It has got a role to play in the present condition of our country. But the point is in whose interest they have

to do it. Is it to be in the national interest or in the profit interest? If it is to be in the profit interest, certainly it has to be strangled; but if it is to be in the national interest, that is, to produce more, to see that the living condition of the labourers is improved, to get more money and for more industrialisation of the country certainly everybody will welcome it. But it is not that.

In this connection I want to point out what the ex-Finance Minister, Shri T. T. Krishnamachari, said about the private sector in this House while replying to the Budget debate on the 23rd March, 1957. He said:

"We have served this country well and in doing so, we have served the poor man ill because we served the vested interests extraordinarily well, because we wanted the wealth of this country to grow.

I know that money was going into the black market. I know that taxes were not being paid. I knew huge profits were being made because we gave quantitative protection of a blanket nature.

I knew that we bled the consumer of this country white because we were making those enterprises charge whatever the market will bear. . . . We did not do it in the interests of private enterprise. Maybe, all this helped to further the interests of private enterprise."

That is what the ex-Finance Minister said.

Then one point more about the prices. The other day the hon. Deputy Minister of Finance showed something and said that prices had not gone up. I am not going to answer that; the people in the country will answer that, because when we say that the prices have gone up it is denied here. But the Third Five Year Plan on page 121 has definitely said certain things which, I am sure,

[Shri A. K. Gopalan]

the hon. Finance Minister will accept. It has said:

"The Second Plan has been characterised by a persistent upward trend in prices... Over the five-year period, the rise in general index of wholesale prices has been about 30 per cent; food articles; as a group have gone up by some 27 per cent; industrial raw materials by 45 per cent; manufactures by over 25 per cent."

This is what has been said in the Third Five Year Plan. So far as the prices are concerned, the people are suffering. As far as the Plans are concerned, the Plans also will be sabotaged because if we allocate Rs. 100 crore; for a project and if prices of cement, iron and steel and all these things go up, certainly we will not be able to complete that project within that amount. There is no stabilisation of prices. The Foodgrains Enquiry Committee had recommended State trading in foodgrains, but that has been thrown to the winds and there is no question of that. We have to adopt some methods like co-operative marketing societies.

The other day we asked questions about yarn. We have got letters saying that prices of yarn have gone up. It is also admitted here that there is a slight increase from 1961-62. If the price of yarn goes up, what will happen is that lakhs and lakh; of handloom workers will not get yarn and become unemployed. So, it will hit the industry, it will hit the common man and the enthusiasm to work and produce more will not be there, if there is no stabilisation of prices. We have not been able to do it in the First and Second Plan periods. We have to do it or else we will not be able to inspire the people.

The other day the hon. Finance Minister said that we are demoralising the people. Nobody can demoralise the people. If he says something that is not real, it will demoralise the

people. Certainly we want to arouse the people and see that they are able to do away with these difficulties.

The hon. Finance Minister said that taxation policy has been accepted by the people. I do not know how. Anyhow, it is for the people to say whether what we have said about the taxation policy and the price policy is right or wrong. If we are wrong, the people will teach us a lesson. If the people have accepted it and there is no discontentment, certainly we will learn a lesson, or else the Government will have to understand this and see that something is done as far as these two things are concerned.

The hon. Finance Minister said that he does not believe in figures and other things. He said he believes in commonsense and reality. Certainly, he has got very good commonsense. There is no doubt about that. But unfortunately his commonsense does not reach the common man. That is the difficulty. His commonsense is always a sense which is in common with the vested interests and big business in the country. That is only what he sees. Whenever we say that there is rise in prices, he accuses us and says, 'No'. Whenever we say, "Take these measures and see that you get more money by taking idle money", he does not care for it. I have only to say this that the Government accepted a socialist pattern of society due to the pressure and will of the people. Certainly, it is now for the people to see. An answer is to be given by the people whether as far as the common man, the majority sections of the people are concerned, these taxes are heavy or are a burden and whether the prices policy has also to be changed. It is for them to say. We have said what we feel about this.

Shri P. C. Borooah (Sibsagar): Mr. Speaker, Sir, before I come to the points concerning the Finance Bill, I would like to make two observations on the general points.

In the first place, my hon. friend opposite, Shri Swell, was very vehe-

ment the other day in saying that the Assamese language has been imposed in their districts. I do not want to go into any controversies, but I want to read out the relevant section of the Assam Official Language Act from which it will be clear whether actually the Assamese language is going to be imposed on the autonomous hill districts, as contended by him, or the position is otherwise. I just want to read this out in order to stop all this propaganda and all these incorrect statements made from time to time in this House.

This Language Act came in 1960, and section 4 of the Act says:

"Not with standing anything in Section 3, only language; which are in use immediately before the commencement of this Act shall continue to be us for administrative and other official purposes upto and including the level of the Autonomous Region or the Autonomous District, as the case may be, until the Regional Council or the District Council in respect of the Autonomous Region or the Autonomous District, as the case may be, by a majority of not less than two-thirds of the members present and voting decide in favour of adoption of any other language for any of the administrative or official purposes within that region or district."

This District Council is formed completely by the tribal people and people from the autonomous districts. So, if two-thirds of the people in the District Council want that it should be revived, only then they can revive it, otherwise not.

Shri Swell (Assam—Autonomous District): May I ask whether the Act applies to the whole State of Assam or not, and is it not a fact that the portion which you read out just now refers only to the autonomous district? Our objection is that you are imposing the Assamese language at

the State level, and so you are compelling us to have the Assamese language. We are not talking about the Assamese language at the autonomous district level. But you are imposing it at the State level.

Shri P. C. Borooah: This is the statutory provision. The Act says like this. It is up to the hon. Member to take the Act and read it. I am only reading out the relevant section of the Act.

Shri Swell: You are not reading the whole Act, but only a portion of it. I would like you to read the operative section of the Act, the preamble.

Shrimati Jyotsna Chanda (Cachar): I; my hon. friend reading from the original Act or the amended Act?

Shri P. C. Borooah: This is the amended Act.

Shri Swell: Please read the operative part.

Mr. Speaker: Order, order. The hon. Member might proceed.

Shri P. C. Borooah: Let me read section 6 of the Act:

"Not withstanding anything in Section 3, any examination held by the Assam Public Service Commission which immediately before the commencement of this Act used to be conducted in the English language shall continue to be so conducted till such time as the use thereof is permissible under clause (2) of Article 343 of the Constitution of India."

From this section the hon. Member can construe whether actually the Assamese language is going to be imposed on the hill districts or the autonomous districts.

Shri Swell: Please read also the operative clause of the Act.

Mr. Speaker: Order, order. The hon. Member shall have some opportunity to say that it means something different.

Shrimati Jyotsna Chanda: Please read out the preamble to the amended Act.

Shri Swell: That is also my request which he is consistently refusing and hiding certain facts from the House.

Mr. Speaker: The preamble he need not read. If he has read out the clauses, where is the necessity for reading the preamble?

Shri P. C. Borooah: Yes, Sir, that is the point. Anyhow, I do not want to deal with this matter further. But I say that the Assamese language is not going to be imposed on the autonomous districts. That is the statutory provision. And I do not think there is any meaning in dilating on the subject or saying incorrectly that the Assamese language is going to be imposed on them.

Shri Swell: That is incorrect.

Shri P. C. Borooah: Then, when my hon. friend Shri Bakar Ali Mirza was speaking about national integration, he also at the close of his speech warned against separate hill districts. However, I leave the matter there.

My second observation is this. We take pride in our industrial production, we say that we have done very well and that our industrial production has doubled since 1951. It is a very commendable thing. But we have to see the other side also, whether we have been able to fulfil the promises and assurances given from time to time that the backward areas will be developed. When the debate on the External Affairs Ministry was held here, almost all Members were very enthusiastic in saying that the border areas should be developed and that the economic condition of the people living in the border areas should be improved. But coming as I do from the State of Assam which is a border State, if we examine the industrial progress made therein, what is it that we find? To what extent have we progressed and deve-

loped that area? The other day it was announced in the papers that for the next ten years to come there will be no industry in Assam on account of the power shortage. This is the position in Assam which is a border area where we have said that we are going to develop the area and where the people have to be kept satisfied. On account of there being no industrialisation, no employment opportunity has occurred. In the tea gardens which have been running for a hundred years, the local people were recruited as employees to work in the tea gardens under the Britishers. Now, with the changing of hands from British to Indian, unfortunately even the local people who were in the employment of these gardens are being gradually replaced by the people from the States of those persons who have purchased those gardens.

There is no industry, and the condition of the existing industry is such, with the result that this has brought in very much disaffection amongst the young people of that State. The matter came to such a pass that a body like the Assam Legislative Assembly had to pass a resolution drawing the attention of the Central Government to this state of affairs. So, Sir, I want that in our development and planning, this side of the matter should be well considered and it should be seen that that area is also industrialised, employment opportunities are created, and the young people are able to find employment and thus kept at least partly satisfied.

Then, I come to the Finance Bill and I want to make two or three observations. As regards taxation, there is attack from many quarters for plugging the loopholes in tax evasion. There is tax evasion. We have to plug the loopholes. Our new Income-tax Act has been in operation since 1st April 1962. It has got some salient provisions. I hope tax evasion will be possible to be plugged and there will be less evasion. Let us hope so. It is only three months

since the new Act has come into force. I want to make one suggestion. Formerly, notices were issued individually and a general notice was issued to furnish accounts. Under the new Act, there is no provision for such issuing of notices. In our country, people are not yet very conscious of their legal obligations. I think it should be issued individually and also a general notice so that people are not put to trouble and for no fault of theirs, charged later.

As regards tax collection, the Finance Minister gave a statement showing that while the gross demand shown as outstanding was about Rs. 300 crores, the effective demand was only Rs. 150 crores. He also said that this is due to appeals, cases, injunctions, mandamus petitions and so on. Moreover, the outstanding figures are normally taken as they stand on the last day of the financial year. Maximum demand is generally raised by the taxing authorities in the months of February and March, when in a hurry they used to complete maximum number of assessments, especially those which are going to be time-barred. As a rule, the demand raised in the month of March is due to be paid in April. In this way, arrears of tax mount up. I think, if the provisions made in the new Income-tax Act are rigidly followed and stringent measures adopted for advance payment of tax, the arrears will be much less.

Regarding excise duties, since 1956-57, while customs duty increased by 20 per cent and tax on income increased by 73 per cent, the rate of increase in the case of Union excise duties was 175 per cent. The number of articles in the list is increasing year after year and 18 new items have been included in this year. Justifying the excise duty, in his budget speech, the hon. Finance Minister says:

"It is only natural that a major share should come from the Union Excise duties."

He also said, whether the indirect taxes hit the poor more than the rich depends upon the kinds of commodities that are subjected to indirect taxes. Unfortunately, that principle does not appear to have been carefully observed while selecting the commodities. The following items do come in the daily use of the low income group: cosmetics and toilet preparations, of course, cheaper quality, patent and proprietary medicines, some varieties of plastic material, cotton yarn, woollen yarn, kerosene, match, paper and tea. I think these things should have been excluded from excise duties.

Regarding direct taxes, out of 443 million people, only 1 million people are paying direct taxes. Again, if we consider the wealth tax payers, the percentage comes to .5 per cent in this country. Like the hon. Finance Minister very few people have got any sympathy for them. Sympathising with the salaried group who generally belong to the low income group, the hon. Finance Minister granted 50 per cent relief on the tax on salaries. But, what does the concession amount to? A person with an income of Rs. 800 per year, will get a benefit of Rs. 6 and naya paisa 67 only. This is the concession we are going to give to the low income salaried people. But, he has to pay as excise duty on the consumer goods that he uses, a much higher amount than Rs. 6 and naya paisa 67. Although the figure is 50 per cent, the relief is not to that extent.

Lastly, coming to tea, I do not know whether you will give me a few more minutes.

Mr. Speaker: One minute he can have.

Shri P. C. Borooh: So far as tea is concerned, I need not say that tea plays a very vital part in our exports. It is the biggest foreign exchange-earner and the tea industry is the biggest employer. It is very kind of our Finance Minister—and he is

[Shri P. C. Borooah]

praised very much for that—that some relief has been given for the export of tea. But, the excise duty on the components of the tea chests which are required for exporting tea—plywood, aluminium foils and laminated battons—is counterbalancing the concession. I think in the excise duty on tea chests used for the exporting of tea, relief should be given.

Tea is the cheapest beverage in the world. India is a poor country. Indian people should not be denied this beverage. By increasing the excise duty, we are going to make internal tea very costly. I request the hon. Finance Minister to just give up this excise duty so that poor people can drink this cheap beverage. People want this beverage to stimulate themselves. If they do not get stimulation, they cannot work. The Prime Minister says, *Aram haram hai*. We do not want *Aram* for nothing. We want to work. To work, there must be some stimulant. Tea being the cheapest beverage, I think the increase in excise duty which is proposed on local consumption may be given up. I hope he will reconsider this matter and see his way to allow the poor people to drink at least tea to get stimulation for their work.

Shri Sham Lal Saraf (Jammu and Kashmir): Sir, I support the Finance Bill that is before the House at the moment. In view of the fact that we have a federal political set-up in the country, I would like to draw the attention of the hon. Members, more particularly of the Government Benches to what I say hereafter. At the moment, we raise our revenues in the shape of land revenue, taxes, cesses, return on investments by way of interest, rents, dividend when it accrues, etc. All these taxes are being raised at three levels: first, local taxes, second, State taxes and third, Central taxes. From the experience that I have gained while working in a State, I have found that some sort of a common understanding is lacking at all the three levels. I have

seen that local bodies have a grouse with regard to certain matters and feel that the States are making inroads into their province. Also the States at certain times have been grouching and grumbling with regard to certain matters that the Centre is making inroads in their sphere of taxation. I would submit that in order to forgo a common understanding and to have a properly demarcated sphere for taxation, the Finance Ministers of all the States, and all concerned, should meet under the guidance of the Central Minister of Finance as early as possible and also constantly in order to discuss matters with regard to taxation, in so far as the raising of taxes all over the country is concerned.

13.31 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

At present, I have seen, for instance, local bodies grumbling about entertainment tax and house tax and so on, and saying that these are within their sphere of taxation, and that the States have got nothing to do with them, while on the contrary, the State Governments say that those taxes lie within their province. I have seen at a number of places differences between the local bodies, the corporations, the municipalities and so on and so forth and the retrospective State Governments.

Similarly, the other day, it was mentioned that in the Finance Bill, company taxes had been abolished, but in their place, corporation taxes had been levied. The States feel that company taxation was within their sphere of taxation and corporation tax within that of the Centre. I do not know whether the Central Ministry of Finance has had discussions with the States and obtained their consent or at least had consultations with the States, before the company taxes were abolished.

Therefore, with this kind of thing going on in the country, and more particularly, when State after State is falling in line with panchayat raj, it becomes all the more necessary that under the guidance of the Central Minister of Finance, this taxation business all over the country at all levels should be codified and some sort of understanding should be created so that there will be very little bickerings either at the local level or at the State level or at the Central level. That is the first point that I would like to submit.

Keeping that in view, as far as the proposed taxes are concerned, I think the Central Government are within their rights to impose those taxes, and more particularly so, I would say, because even after raising these taxes, we are not going far ahead as far as meeting the normal expenditure plus the expenditure on planning of the country is concerned.

Very rightly, the Central Government have been getting foreign aid by borrowing or getting loans from wherever they can on terms that are acceptable to us. I should say that as regards the way in which the Finance Minister has explained the policy of Government in regard to foreign borrowings, I am all praise for it. Here, I may say also one more thing. I have had several occasions to go out and see some of the foreign dignitaries, more particularly, those people who have been helping us with finances, say, in Great Britain and some other European countries, and I am happy to say—I have not mentioned it to the Finance Minister so far—that the Finance Minister has been able to give a really very good impression to them. I may tell you in one sentence that I have heard from very high dignitaries saying that here is a gentleman about whom you can say that what he means he says, and what he says he means. Therefore, all that our Government is doing must receive appreciation from all quarters.

At a time when there are so many bickerings and misunderstandings and political differences between different schools of political thinking in the world, it naturally follows that people who have got might or who have got finance try to bring others under their influence, if they can. As regards the policy that our Government are following to this day, and the policy that has been laid down by the party which is represented by our Government, I should say that they are very rightly following a policy which is conducive to the creation of our proper influence in the world, and which has really helped in a number of ways. People who have been slaves like us or people who are economically backward and so on and so forth, have benefited.

Of course, funds are needed by our country. I have heard some gentlemen saying that our Government are begging from country to country. Some people objected to our borrowing from others. I do not quite know what to say. A country that is so poor, a country that has remained a slave for centuries, and a country that is vastly populated is trying to forge ahead economically, politically, socially and what not. No doubt, the country has gone through a great struggle politically, and it is a happy augury that we are free politically. But that political freedom will mean nothing unless and until we are free economically, and the social conditions of the people are bettered in the country as a whole, not in one State only or of one particular community only or of one section only, but of the entire population of the country.

Keeping that in view, unless money is obtained, it is impossible to create or produce more money. I am very happy that the way in which our Government are working at the moment, and the way in which they are negotiating to get funds, and to get loans and other assistance is really in the interests of the country, and it is consistent with the policy that we are following, and the way in which we

[Shri Sham Lal Saraf]

are going is such that, I think, we are moving along the right lines.

Before I proceed further on this point, I feel that there are one or two matters that need our special consideration. The way in which the country is progressing is all right. Today, we are getting loans, but unless we really have a self-generating economy, the way cannot be clear for us in the future to repay those loans. I feel that these are really the means only; whether we borrow or we get aid under the lend-lease agreements and so on, these are only the means; the ends are that we should be in a position to repay those loans, and year after year, our borrowings should become less and less, and year after year, we should produce sufficient wealth in our own country, and we should create our own capital which will enable us to invest it and reinvest it so that there may be very little necessity for borrowing from foreign countries in the future.

At the present time so much is being said, and all efforts are being made in order to improve our export trade. Before I place before the House my viewpoint in regard to this export trade, I want to make a submission, and that is about our socialist pattern of economy. To this day, I have heard speeches from several Members; ever since I came to this House, I have heard several speeches, but I must admit quite frankly that I have become none the wiser as a result of the speeches which I have heard from the gentlemen who have tried to speak something on socialism. The other day, I asked a question of the leader of the PSP in which some of our best friends are working, and I wanted to know from him what his conception of socialism or socialisation or socialistic pattern for the country was. But he did not explain anything at all; rather, he evaded my question.

Before I explain what I feel about it, I want to say that there are one or

two things about which we should be very clear. The policy that this Parliament had adopted, and the decision that this Parliament has taken is that the basic thing in our socialist pattern of society is mixed economy. We have said that our economy will be mixed; by 'mixed' is meant that there will be the private sector, and along with it there will also be the public sector; and the schedules also have been clearly demarcated and also guaranteed for the private sector. There is also another sector where both the public sector as well as the private sector conjointly run economic units and factories and what not. Also, it has been mentioned that there will be a co-operative sector too. I have not quite been able to understand what co-operative sector means so far. No doubt, co-operation should certainly be a movement. I am perfectly in agreement with the hon. Member who spoke from the Opposition about co-operatives being dealt with as a movement. That has not been done so far in the real sense of the term. Therefore, the co-operatives should be treated as a movement, and once this movement develops in the real sense of the term, certainly, the objective can then be changed.

Shri Harish Chandra Mathur (Jalore): Rather, he was opposing it.

Shri Sham Lal Saraf: I know that he was supporting cooperatives as a movement. I heard him very well.

Having agreed that there will be a mixed economy and there will be two sectors, I do not understand why sometimes confusing statements are made from different quarters, and sometimes even by some of the Ministers. They say that they cannot allow economic power to be retained in the hands of a few individuals. Once we have agreed that we shall have two sectors, and we have also decided in detail under what conditions the private sector has to function and so on, I do not know where from that con-

fusion can arise now. Today we are very happy that we can tax our high-income people even upto 87 per cent. That means that this is one of the highly taxed countries of the world. We have to keep that in view. I cannot go into details as to the conditions of working because there is not so much time at my disposal, but I must say this that we must bear in mind that ours is a mixed economy. The public sector is there and the private sector will also be allowed to function, but it shall function on the terms and conditions laid down, as laws, rules and regulations that are there. That being, so, I wish that henceforward whenever our leaders who are at the helm of affairs talk about these things, they do not create more confusion or make confusion worse confounded.

Coming to exports, today there is certainly an attempt not only to improve our export trade but to try to export as much as we can. The other day I read a statement by the Minister of International Trade in which he said that the question of export trade shall have to be dealt with as an emergency measure. Personally, I do not know how an emergency measure can creep in an established trade or commerce. I may say that one has to go very cautiously and very carefully in creating and establishing trade and business relations wherever we can.

Here I come to the role of trade missions abroad. Maintaining trade missions abroad with a view to improve our export trade may mean a lot of expense. I have had occasion to see some of our embassies trade centres and other offices in foreign countries. If those agencies are galvanised, a lot can be done by way of export promotion. But here I have to make some suggestions. When we appoint Commercial Secretaries in these Embassies, we should see that the proper men are chosen and appointed. I have seen some gentlemen at those posts who are very

intelligent and academically highly qualified, but when you talk to them about commerce and industry, you find that they are not so well up. I am very happy that the Minister of State in the Ministry of External Affairs is here. I hope she will be kind enough in seeing that when people are appointed to these posts, such people are appointed as are properly qualified to do this type of work.

Then wherever exhibitions or shows are organised, they should be properly organised with proper men in charge who could talk about the things that are shown there. I have seen at these shows people in charge who have not been able to explain business aspect of the articles they are showing. Exhibitions are being organised in foreign countries. I have seen such exhibitions. But there is nobody there to explain business aspect of the things on display. Therefore, these exhibitions should be properly organised with proper people in charge, who could effect on the spot sales and explain the things exhibited.

I may quote an instance here. When I was in Zagreb in Yugoslavia, there was a big show. But I could not find a single man from our side who could explain the things we exhibited and who could effect on the spot sales.

No doubt, the Minister of International Trade has said that they are encouraging manufacturers|exporters as well as export houses. Where the manufacturers|exporters have got resourcefulness to do it, they should certainly be encouraged. But more particularly, established business houses should be encouraged; established exporters should be encouraged. I think through their effort a lot can be achieved. On behalf of Government, there should be supply of proper commercial intelligence to help and guide them.

One thing more. There are two kinds of economies in the world—the

[Shri Sham Lal Saraf]

socialist economy and capitalist economy. Countries with socialist economy always prefer to deal on a government to government basis. They would prefer to deal with government agencies rather than with private dealers. I hope the hon. Finance Minister will see that in such cases, we have proper governmental agencies to trade with those countries. That will be conducive to improving our trade with those countries. Then again, countries with a capitalist economy, prefer to deal with private firms and private manufacturers. There we should encourage private agencies to trade with those countries. If we trade with those countries through established business houses who have experience and command goodwill in the field, I believe our efforts will always be successful and fruitful.

Mr. Deputy-Speaker: The hon. Member's time is up. He should conclude now.

Shri Sham Lal Saraf: I will conclude in a minute.

I was going through the 42nd Report of the Public Accounts Committee, 1961-62, Vol. II. On page 69, while referring to commercial exhibitions in foreign lands, they say that goods that ought to be sent are not sent in time. At the nick of time they are sent by air. I found in Austria that a number of exhibitors were waiting to get their staff so that that they could sell. But they could not get anything till the exhibition was almost over.

In view of these things, we should tighten up measures to see that the object we have in view is achieved. Unless we improve our foreign trade, it will be difficult for us to earn the foreign exchange we need to cover our deficit, and also have foreign reserves on hand. With these words, I support the Bill.

Shri Narendra Singh Mahida

(Anand): Finance is a very tricky business. I quote Bharthrihari:

सर्वगुणाः काञ्चनमाश्रयन्ति ।

So 'kanchana' is a very important thing in the world which affects our nation as well. The Finance Minister has to deal with one of the most difficult questions in our country today.

We need money. But the money is not there. Yet we have to find means to get it. The main sources from where money can come are: from foreign countries, and from production and labour by our own population. I am afraid the country as a whole has not yet realised the economic crisis we are facing, and many of our educated people also have not been putting in hard labour, as they should, to improve conditions in the country.

Conditions in the villages are still very primitive, and though we are heading for becoming one of the foremost industrial nations in Asia, the kingpin of our economy, agriculture, has not yet come up to the mark. I wish to draw the attention of the Government as well as the country to the fact that unless we improve the condition of our villages, we are not going to have the much-sought-for Lakshmi, wealth. Real wealth lies in all round increased productivity—not merely producing steel. I learn that our maximum production of steel is equal to just a few days steel production of United States of America. If we are running after a mad race of producing only steel and neglecting other factors, it is not going to help us much. I am very sorry to learn that the country is not paying enough heed to our great leader Mahatma Gandhiji and we are soon forgetting his ideals. The first ideal is that the Ministers should not draw salaries more than Rs. 500. We should all wear khadi; this is what I feel. Khadi helps the villages to feed themselves. The primary function of uplift of the

villages is not yet heeded and we are all talking of lifting up of our country. I shall narrate an example. An incident of an educationist, Philip Neri who took a group of students to the art museum and talked in front of the impressive statue of "The Thinker" the famous teacher shook his head sadly. "Beautiful"—he exclaimed. "But what a pity", Asked. "Why"—he exclaimed. "He is always thinking but never doing". So I remember, all the wonderful plans we have made will be worthless if we do nothing to put the planned suggestions into practice. This country is a very old country and we have good traditions. Our philosophy is based on *tyag* and not merely in acquiring the material or economic wealth in having radios and air coolers and air conditioners and such luxuries. We must learn to live simply I request the Finance Minister to cut off all imports which are unnecessary to this country. We must conserve our foreign exchange by drastically cutting off all luxuries. Let there be no cars imported and let no toilets or watches or comestics be imported; their imports may be totally banned. Unless we take some drastic measures. I do not think that we shall improve our foreign exchange position.

Taxation has reached a very high level and I shall compare it with the other countries. The personal income tax at 87 per cent. India will now have the highest rate of tax in the world, for that level of income. For an income of Rs. 1 lakh, the tax is only 23 per cent in the United States and 46 per cent in the United Kingdom as against 54 to 60 per cent in India. Further, whereas the maximum rate of tax is reached in the USA only at the level of Rs. 15 lakhs, and in the UK at a level of Rs. 2 lakhs, in India the highest rate is attracted at such a low level as Rs. 70,000. That is why there is discontent among the tax payers who are about a million as against the 443 million population. If we take so much from those one mil-

lion, we should also remember that they have in their hands the production of this country and they have the brains. The saturation point has been reached in taxation. I am not merely defending taxation on this one million. I do not pay income-tax. I am an agriculturist and my agricultural income does not go more than Rs. 4,000. I am merely saying that we must allow these one million people to work. If we divide all their wealth each one in this country will get about 87 nP. That will not carry us anywhere.

An hon. Member of the House talked about nationalisation of banks. We have been talking of nationalising everything. We talked of nationalisation of all gold wealth. That is a totalitarian method. I do not think that India, with its faith in democracy, will think of gathering all the gold forcibly from the people. We may ask the people to give their gold voluntarily but we cannot go with bayonets and capture all the gold. All this talk of nationalisation, particularly of banks, will not, I think, help us much. Those countries which have experience of nationalisation have also realised that it does not carry them far. The main difficulty is to produce and export. Our export industries are not up to the mark. For instance, tea is one of our most important export commodities. Government helping the tea planters. But some of our business people do not maintain the quality of tea and so our tea is losing ground in export market. Quality must be improved. Government is paying attention. If the businessmen also do not think of improvement in the quality of our export products, I do not think our exports will increase. The other day the hon. Minister of International Trade said: export or perish. I am entirely in agreement with him. Unless we improve our productive capacity and also the quality, we will not sell our goods in foreign countries. Unless we raise money from inside or outside, we are not going to improve our standard of living. If we

[Shri Varendra Singh Mahida]

request our people to live simply, people laugh at us now. I am moulded in the Gandhian way of thinking. But Gandhian methods are not much liked today and I am afraid our Ministers also as a whole do not practise what they preach.

Dr. M. S. Aney (Nagpur): The Finance Minister does.

Shri Narendra Singh Mahida: Ours is a poor country. Unless we practise that what we preach, I do not think that we shall make much headway.

I quite support the Bill on the ex-President's pension.

14.3 hrs.

Mr. Deputy-Speaker: A separate Bill is coming.

Shri Narendra Singh Mahida: We shall heartily support it. I do not wish the ex-President to be a rubber-stamp of the party in power. He must express himself and say what he thinks because we hold him in high respect and we want the people to think, feel and express themselves freely so that our democracy which is getting into stride shall go on by the experience of such respected persons.

Shri D. C. Sharma (Gurdaspur): I think to describe the ex-President as a rubber-stamp will not be very wise.

Mr. Deputy-Speaker: Order, order.

Shri Narendra Singh Mahida: Of course, I know a Bill is coming in respect of the ex-President. We must also cut down all our wasteful expenditure which is quite large compared to our country's wealth. As I had referred to it sometime back, all our expenditure in the Rashtrapati Bhavan, Raj Bhavans or Governors' houses must be cut down, and all expenses of showmanship must be removed. All pomp and show must disappear. I quite notice that the Central Government Ministers now do not fly any flags, and the Prime Minister also is using

a smaller car. All pomp which is unnecessary should be removed. We must have an all-round economy and it must start from the top people. I have great regard for the Finance Minister who always preaches what he thinks and he always sets good examples. He has a very simple way of living also. When he says that people should not drink tea or liquor or must live simply, people mock at him, but I am in agreement with him that unless we learn how to live simply things are not going to improve.

I also wish to speak briefly about defence, because it is vitally linked with finance. Much of our expenses are being taken up by the Defence Ministry. We must realise that as we are living in a world which is day to day preparing for more arms—we have a small army, a small air force and a small navy—and as time will show, we shall have to prepare very heavily with armament as the race is going on all over the world. Besides feeding our people, we shall have also to provide for defence measures. A Bomber or a fighter plane or a battle-ship or any costly artillery or other arms are not going to be cheap. They have to be bought from other countries. We shall also have to manufacture them and for that also much finance will be needed. I do not know where we will get all that finance from. We have to have all these factories here and raise the finances for the need of our forces.

There was suggestion that princes should have their privy purses cut. Why select the princes alone? Let all the big business houses also make a voluntary cut, and let there be pressure from this House that all the rich people of India should make voluntary sacrifices and if voluntary sacrifices are not made, they shall not remain as they are in times to come. The world is fact changing and if they also do not change their living or bring their standards down to a certain

level which is acceptable to the people, they shall not exist. But I think they also realise this, and that is why one of the hon. Members just said something about Shrimati Gayatri Devi. Of course, I am not holding any brief for her. I am saying she belongs to my party and she has come here as a representative of the people and she has all the rights to speak and defend herself. But she is not here. She is trying to live up to the ideals of the common person. It will take sometime but I am sure she will adjust herself.

Shri Heda (Nizamabad): By going abroad!

Shri Mahida: But now she would not go abroad, because that is stopped! (*Interruption*). If she continues to do that, of course, the people can take steps against her and I have no objection.

Lastly, I would like to refer to the anti-smuggling measures. Gold is coming in very easily in this country because the rates are higher here, and I desire that the anti-smuggling measures should be tightened up so that gold may not be smuggled into this country from elsewhere. There are many other suggestions to make but for want of time I shall not refer to them.

In the end, I would request all Members of the House and also the Ministers to practise austerity, to live simply and realise that by following such a practice we shall be able to impress the people. Otherwise, I am afraid the people will impress upon us soon and they will not wait for the existing affairs to continue.

Shri P. K. Deo (Kalahandi): By what time is the Finance Minister going to reply to the debate?

Mr. Deputy-Speaker: I was coming to that point. The general discussion of the Finance Bill is to be over today. We started at 12.20. The balance of 3 hours 50 minutes left over for the discussion will be over at 4.10. I shall call upon the Finance Minister to reply

at 3.15. The Private Member's Resolutions will be taken up immediately after the Finance Minister finishes his reply at about 4.10 p.m. The House will sit till 6.40 p.m.

The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha): Mr. Deputy-Speaker, Sir, the discussion on the Finance Bill was not, as usual, confined to the provisions of the Bill. Although a large number of speeches that were made contained remarks on tax proposals, quite a number of points were also made about the general economy of this country, about the prices, about the external and internal resources and about the progress of the Plan and also about the process of development in the public and private sectors. Most of these points will be covered by the Finance Minister himself, but I have taken this opportunity to comment on some of those points.

Hon. Members have spoken again and again on these very points and the replies have been given to them, and yet, those very issues have been raised again and again probably because of the importance of those subjects. One does not mind the subjects being raised again and again because it probably creates an opportunity for us to correct certain misunderstandings and offer certain clarifications.

The hon. Members, Shri P. K. Deo, and Shri A. K. Gopalan, and also a few others have complained about the rise in prices. Shri A. K. Gopalan had raised this point last time also. Many hon. Members have raised this point again and again. But when hon. Members compare these figures and the statistics during all these years, they perhaps forget the most significant factor in the pricing system, and that is, the relative prices. Shri P. K. Deo said that since before the war the value of money has gone down. He quoted the figure of 20 nP. I do not agree with what he has said. Yet, I agree that the prices have risen, and the prices have to be settled on some equitable basis, so that the basic stability is maintained in this country. But then he totally

[Shrimati Takeshwari Sinha]

overlooks the enormous inflationary pressure during the war and immediately after the war. I would like to ask him one question: are we responsible for what happened in the war and immediately in the post-war period, and for what happened in the British regime? Are we responsible for that? Is it the normal phenomenon on which to compare the price-line of today? If we compare the rise in prices in those years during the war period and immediately during the postwar years, we shall find that the increase in prices which has occurred in the last 10 years, since we have taken to planning, only represents a fraction of inflationary pressures which we had felt during the war and the few years immediately afterwards. The annual rate of increase in prices in India during the 1950's and onwards has been only 2.1 per cent, and this compares quite low with the quantum of rise in prices during that inflationary period. Yet, we do realise that this economy itself has geared up in the shape of war economy—not the disturbing features of the war economy, but certain inherent features of war economy, which allow the tempo of growth to increase rapidly during a very short span of time.

Many hon. Members say that we should not compare our figures with the figures of other countries. But how can we forget that the postwar economy or the war economy has affected simultaneously almost all the countries of the world and what has happened in India is also very much related to what has happened in other parts of the world? We have increased the tempo of our growth, because our economy was so backward and there was no alternative to that. The Finance Minister pointed out day before yesterday that we have to catch up with the threads of time, and time is flying away very rapidly and quickly. Yet, I would like to point out a very significant fact which cannot be overlooked by those who say that our economy should not

be compared with the other economies of the world. In a number of other countries, during the same phase of postwar economy, the problems that the postwar economic development brought in those countries did affect the price system and the price rise has been much more in those countries. In U.K. and Japan, it has been as high as 4 per cent. per annum. In Pakistan, which is our neighbouring country and which had more or less the same economic problems as India, the price rise has been 3 per cent. per annum. In a number of Latin American countries, the increase has ranged between 20 to 30 per cent. per annum.

I do not minimise the problem of prices and do not also deny that these problems require a very careful analysis and careful watching. Government appreciate fully the importance of maintaining a reasonable degree of stability in prices. But the price policy is not merely a matter of fixation of prices at particular levels, which cannot probably be maintained in view of the market situation. It is more a question of maintaining a balance in the conflicting claims on resources which arise in a developing economy. That is what requires a constant watching and constant tackling of the phenomenon. We have been adopting and we shall continue to adopt a very cautious approach to deficit financing. Monetary policy has also been directed and will continue to be directed against the use of bank finance for speculative purposes. A measure of physical controls is also necessary to check this. In the final analysis, a progressive increase in production alone can create conditions of lasting price stability, for which we are trying our best.

In the same connection, may I point out a number of speakers have commented upon the progress of the Plan and the shortfall in the targets. I do not intend to dwell on this question at length. But let me say

that the slowing down of production in one or two years should not be taken as evidence of failure of the basis forces of development, which our planning has brought into being. I would like to repeat once again that the industrial output has nearly doubled in the last ten years; the average annual growth rate has been 8 to 10 per cent during the second Plan period. If, on account of Poor Jute Crop and the bottlenecks in the field of power, coal and transport, there was a slowing down during 1961, the rate has picked up again and if the production tempo of January-April, 1962 is maintained, we can hope to be back to the 8 per cent increase, which can be called the normal increase. Therefore, hon. Members need not have any apprehension in regard to that. Even in the case of agricultural production, despite the poor weather conditions, as hon. Members know, the production of foodgrains in 1961-62 showed a slight increase from 79.3 million tons to 80 million tons. There has been a significant increase in the output of raw jute and oilseeds.

Shri Nath Pai (Rajapur): May I point out that it is not merely the hon. Members who have expressed doubts about the progress of the third Plan? It is no less an authority than the Planning Minister himself who, the other day, expressed very grave doubts. You have circulated a pamphlet—*Statistical Information*. There are 45 heads there, out of which under 28 heads, there are short-falls in the second Plan. That has been the pattern and the trend seems to be worse.

Shrimati Tarkeshwari Sinha: The production tempo slowed down in 1961 and there were certain shortfalls. Perhaps the Finance Minister explained in his reply to the debate on his Ministry's demands that a certain shortfall is quite a natural phenomenon of Indian economy or any economy. Shri Nath Pai, as a student of economics, knows that a shortfall is always

inherent in any developmental growth or developmental progress in any country of the world at any time.

Hon. Members have commented once again on the public sector enterprises. They have complained about the low returns on investments made in public undertakings. My senior colleague, Shri Subramaniam, while replying to the debate on the demands of his Ministry, clarified it amply and pointed out certain situations in which some of these public sector enterprises have had to function. But even then, hon. Members once again thought it fit to raise the point and I would once again clarify it. There has been now a tendency to draw rather unwarranted conclusions, unwarranted sense of competition or comparison from the statistics that have been presented in the explanatory memorandum. In analysing the return on capital invested in public enterprises, one must make a distinction between enterprises which are well established and those which are still in the initial phase of construction or operation. This is the fundamental code of business and industry that a difference is always to be made between an industry which is just finding its feet in the industrial field and an industry, which is well established. You cannot compare the two.

We have only recently entered into the field of basic industries in the public sector in a big way. Most of the projects that we have started, therefore, are still in their infancy, and it would take some time before they achieve stable and full capacity production. By their very nature, the basic industries take a somewhat longer period to get established, specially when our experience and technical knowhow is very limited. After all, I may mention this to the House that it took the iron and steel industry in the private sector many years before it was able to establish itself firmly in the country and even this was achieved with the help of protection. Probably hon. Members

[Shrimati Takeshwari Sinha]

know that the Indian steel industry began to be protected as early as 1924. This protection was given up only in the year 1947. They enjoyed a long period of protective existence and therefore they enjoyed certain advantages which the public sector enterprises, especially steel, are not enjoying. They have had to face competitive prices from the day they started.

Shri Nath Pai: Competitive prices and incompetent handling.

Shrimati Tarkeshwari Sinha: Very competent handling with competitive prices. Only those who do it can tell about it, whether it is competent handling or incompetent handling.

Shri Morarji Desai: Unfortunate incompetent observation.

Shrimati Tarkeshwari Sinha: The Finance Minister points out that it is probably an incompetent observation.

But I would also like to point out that every phase has a brighter aspects which the hon. Member very conveniently have overlooked. I would like to point out that if one looks at those enterprises in the public sector which have had time to settle down and get established, it would be seen that the profit they earned are by no means insignificant and compare very favourably with profits earned by private industry in a comparable position. In 1960-61, for example, the Hindustan Machine Tools Factory made a profit after tax of 12.5 per cent as a percentage of net worth. Hon. Members would recall that in the initial phases of the establishment of the Machine Tools Factory, a great deal of uneasiness was expressed over its successful operation. Today, after only a few years, these misgivings have given way to an atmosphere of confidence, and the factory, as I said, is earning handsome profits. But this is not the only isolated instance. I would like to

point out that for the same year, profits after tax, as a percentage of net worth amounted to 11.2 per cent in the case of Hindustan Cables, 13.31 per cent in the case of Travancore Antibiotics, 11.4 per cent in the case of Hindustan Insecticides and 11.3 per cent in the case of Travancore Minerals. These figures by no means substantiate the impression of unproductive investment or wasteful and inefficient management, which the hon. Member is so fond of repeating again and again.

Shri Abdul Ghani Goni (Jammu and Kashmir): We would like to know something about the co-operative sector also.

Shrimati Tarkeshwari Sinha: I would leave that to the hon. Finance Minister because the time at my disposal is very limited. I hope the hon. Member would bear with me in that respect.

Then, Sir, I would like to take up one or two points about direct taxation. The hon. Member, Shri P. K. Deo, raised the point about changes being made in the Income-tax Act immediately after the Income-tax Act came into operation because the Finance Bill introduced after that, makes a change. Probably the hon. Member is not aware of one thing, but his other colleagues who were in the Select Committee definitely know about this that when the Select Committee was considering the Income-tax Bill, the Finance Minister had definitely pointed out on a number of occasions that if certain provisions of the Income-tax Act impinged upon the financial and budgetary policies of the Government they neither could be discussed in the Select Committee nor they could be narrated to the House before the Budget was presented. I have doubt that the House will readily appreciate that it is impossible to disclose budgetary policies before the Budget is actually presented to the House. There is nothing extraordi-

nary if, in order to implement the budgetary proposals, some provisions of the Income-tax Act are inevitably changed. It is not with a purpose to change the sections of the Act that this has been brought but because that fact was inherent in the budget proposals themselves. Therefore, I am afraid, the hon. Member is not correct in thinking that what has been done in order to implement the budgetary proposals reduces parliamentary procedure to an idle ceremony—I quote his own expression, I hope the House will probably not grudge this liberty to the Finance Minister that when he introduces the budget proposals he shall have every right to make certain changes and amendments as and when necessary.

Another point I would like to deal with is about what Shri Morarka raised. Shri Morarka, while discussing about the capital gains tax, made a point regarding the treatment of losses relating to short-term capital gains. He suggested that such losses should be allowed to be set off against incomes not only from other capital assets but also against income from other sources. May I point out, Sir, that Shri Morarka seems to be under some misunderstanding—I am sorry he is not here. He raised an important point and, therefore, I am offering this clarification. Short-term capital gains are not taken into account for determining the rate at which tax is payable on other incomes such as business income. Such other income is taxed at the rate applicable to such income alone, although short-term capital gains are taxable at the rate applicable to the aggregate of the other income such as business income and the short-term capital gains. The proportional rate may be the same, but that has nothing to do with the total calculation of income for the capital gains purposes.

Shri A. P. Jain (Tumkur): You should have done it.

Shrimati Tarkeshwari Sinha: I am coming to that. The suggestion that short-term capital gains should be allowed to be set off against business incomes etc., is, however, not acceptable. I shall give the reasons as to why it is not acceptable. Capital gains do not constitute income. We must know as to why it is so. It may be that for the purpose of levy of the tax on capital gains, a higher rate, i.e., the general income-tax, rate, is adopted for the short-term gains and a lower rate for long-term gains. But that in itself is not a reason for treating short-term losses like revenue losses and setting them off against other incomes. In fact, may I point out to the hon. Member Shri Jain, that under the existing Act we do not allow even the speculative losses against income from other sources to be deducted on that basis, though, as the hon. Member knows, speculation gains are taxed at the general income-tax rate. When even losses from a business like speculation are not allowed to be set off against the gains from other sources, there is nothing inherently inequitable in not allowing the set-off of short-term capital losses against other incomes.

There is another clarification I would like to offer on the point raised by Shri Morarka. He made a point regarding wealth tax. Probably he was quite complimentary to the Finance Minister when he said that there has been some unintended hardship caused to the assesses in fixing the slab rate for the wealth between Rs. 10 lakhs and Rs. 12 lakhs. It is nothing of that sort. The Finance Minister has very carefully examined that and in whatever he has done there is nothing unintentional about it. Under the Schedule to the Wealth-tax Act, as it stood, in the case of individuals, the first Rs. 2 lakhs of wealth did not pay any tax. The next slab up to Rs. 12 lakhs paid tax at the rate of one per cent. The next slab of Rs. 12 lakhs to Rs. 22 lakhs paid tax at 1.5 per cent. According to the very carefully considered proposals, as the Finance Minister has already explain-

[Shrimati Takeshwari Sinha]

ed in his Budget Speech, not only were the rates of wealth tax applicable to the various slabs of wealth increased, but the slab structure was also rationalised. The terminal figure for the second slab was deliberately lowered from Rs. 12 lakhs to Rs. 10 lakhs and the third next slab was deliberately lowered from Rs. 10 lakhs to Rs. 20 lakhs. In this process, it was inevitable that wealth between Rs. 10 lakhs to Rs. 12 lakhs should carry the rate of Rs. 1.75 per cent as against one per cent under the old scheme. This is unavoidable, but the rate-structure that has finally emerged is a rationalised one.

The other points will be covered by the Finance Minister himself, but I would like, before I conclude, to express my deepest sense of gratitude to hon. Members of the House for having allowed me to speak without much interruption.

Shri Hari Vishnu Kamath: Mr. Deputy-Speaker, as my hon. colleague Mr. Surendranath Dwivedy has already discussed the economic aspects of the Finance Bill, I shall only deal with certain political aspects of the situation which has necessitated the Finance Bill the implementation of which is expected to ameliorate and improve the situation in the coming twelve months.

At the outset, Sir, may I express my gratification at the fact that the Opposition has during the last two or three days played a useful and effective role to the extent that the Defence Minister, who was to have left for New York day before yesterday, has postponed his departure for quite some time and we hope, Sir, that he will function in the coming months as a wholtime Defence Minister which is very necessary in the gathering crisis.

I will only make a few points. I will not make a speech, because we are racing against time. I will take a

few points and lay them before the House and before the Finance Minister for his consideration. The Finance Minister has given certain tax concessions. I would refer to only one of them. He has done wisely by reducing the rate of duty to 2.5 per cent *ad valorem* in respect of drugs like penicillin, streptomycin, quinine, insulin and other essential drugs.

In this connection, Sir, may I invite his attention to the misbranding of drugs, sale of spurious drugs and adulteration of drugs which is very widespread in the market today. I hope that under his administration the Government will take drastic steps in this matter and see to it that these adulterators and such merchants of death cease from their nefarious activities. I would suggest—if it is not too late in the day—that for adulteration the penalty should at least be flogging in public. That only will cure this malady which is fast eating into the vitals of our society.

Shri Bade (Khargone): Flogging is prohibited.

Shri Hari Vishnu Kamath: We can revive it for this particular purpose.

The other day, in the reply to the general discussion on the Budget, we heard in this House the authentic voice of Sarvodaya, and I was glad to hear from the Finance Minister that he does not believe in the half-way house of socialism and that he goes further and subscribes to Sarvodaya wholeheartedly. It was a very welcome announcement made by the Finance Minister. I believe that Sarvodaya is full-blooded socialism, because without economic democracy and social democracy, we cannot have Sarvodaya. Ultimately, we stand for genuine, full-blooded socialism, not socialism of the communistic camp—that socialism is not Sarvodaya. May I request the Finance Minister to examine whether he and his Government have taken the country forward on

the path of Sarvodaya during the past twelve years or more? I would suggest to him to examine only two matters. I do not wish to go into details. One is disparity in salaries of public servants; the other is disparity in private incomes.

When I was in Europe a couple of years ago, the friends I met there were astounded to hear that disparity in salaries of public servants in our country was as large as 1:50, 1:60, 1:70 or more, while in most of those countries disparity in salaries of public servants is 1:3, or 1:4. Even in capitalist countries, pluto-capitalist countries like the United Kingdom, the disparity is not so high as in our country. The disparity in private incomes also is great in our country. We have refused to fix any kind of ceiling on income: the sky seems to be the limit.

I next come to the Department of Parliamentary Affairs. The Demands of the Minister of Parliamentary Affairs were not discussed during the Budget discussion. I would only refer in passing to this Ministry. It is a happy event that he has been elevated to Cabinet rank and also he has been provided a place next to the Prime Minister in this House. And besides, Sir, the rose in the button-hole which he sports in emulation of the Prime Minister, he has recently compared himself to the fire brigade.

Shri Morarji Desai: Why should it be in emulation; why can't it be independent?

Shri Hari Vishnu Kamath: I accept the amendment of the Finance Minister.

He was compared to the fire brigade recently. I only hope that there will not to be too many fires in this House for him to extinguish. I would request him to attend not merely to the parliamentary affairs as such which are detailed in the subjects for

which he is responsible. I will not go into them in great detail. I would only request him to provide for each of the recognised Opposition Groups in this House a separate room and a separate stenographer, or clerical assistance. I hope he will do it in the very near future.

An expanding economy has brought an expanding Cabinet also: it is almost family planning in reverse! When I spoke last time on the General Budget it was 47. Now I think it is 58 or 59—nearly 60, I think. I would welcome the re-entry of the former Finance Minister as Minister of link, I mean Minister of co-ordination. He will be happy at the new appellation or designation. The argument is trotted out: well, look at the United Kingdom, Britain; have they not got a big Cabinet? That is not appropriate. Here in this country we have got so many provincial cabinets, where also the number seems to soar from month to month.

Next, Sir, I shall deal with the Soviet MIG deal which is still not finalised. While reiterating the stand that India is free to buy from wherever she likes, I stressed the other day that all aspects of the matter should be considered—political, financial, tactical, operational—and I hope that the Finance Minister, because he will have to shell out the money, crores of rupees, will insist on seeing that all aspects are considered. First, whether in the event of India going in for these Soviet MIGs, western sources of supply for our military equipment will dry up, and we will continue to become dependent more and more upon the communist bloc of the world. Next, is whether if we buy the Soviet MIGs, it will not occasion an arms race between Pakistan and India. Pakistan gets her aircraft under Arms Aid Pact from America for nothing at all, for less than a song. If we get one squadron from the Soviet Union, will America

[Shri Hari Vishnu Kamath]

supply her another squadron or two squadrons?

Lastly, we must remember that in China there is a fully equipped and fully working Soviet-designed MIG factory and the Chinese Air Force has got fifty squadrons—this is 1961 data—equipped with MIG aircraft, besides Ilyushin bombers, and in the even—God forbid—of a armed conflict with China on the border issue, I wonder whether the Soviet Union will be ready to supply us spares and provide us assistance for operating these Soviet MIGs at their best for purposes of our defence.

Then I will briefly refer to the foreign exchange statement the Finance Minister made. May I ask him to clarify one point? It was announced by the Reserve Bank the very next day, or perhaps the same day, that no passenger would be allowed to leave India unless he or she has the approval of the Reserve Bank. Who is this Bank, the Reserve Bank, to approve? A bank should not be empowered to approve. They can give foreign exchange permit, but to approve of whether a person should travel or not certainty is *ultra vires* of a bank, even the Reserve Bank. Government can take any power but not the Reserve Bank. I hope, Government will examine this matter.

Then I will refer to the rules of the Indian Navy about which the Defence Minister twitted me the other day that I quoted them only partly, as it suited me. I quoted the rule in full, and here do it again. Promotion suited me. I quoted the rules in full, the senior Lt. Commanders; Commander to Captain—selection from four years' seniority from the Commanders; Captain to Rear Admiral—selection; Rear Admiral to Vice-Admiral—by seniority from amongst the Rear Admirals. The Defence Minister was pleased to say; yes, rule is there, but the Government

makes the appointment by selection. If selection is included there also, then why in certain other categories "selection" is mentioned explicitly and why in this particular case, in this last category, as in some other categories, it is mentioned "by seniority" from other ranks?

The President, under article 53, sub-clause (2) of the Constitution, is the Supreme Commander of the Armed Forces, and the Defence Minister stated the other day "the Government appoints". I believe, under the Naval Act the President appoints the Naval Chief of Staff and whether he is bound to accept the advice of the Council of Ministers, I am in some doubt; may be, as Supreme Commander, he may have some powers of his own which he can exercise in these matters.

Lastly, I would refer to the biggest menace that we are facing today, that is, China. Two or three points I would like to stress in this connection. First, China has listed India among the countries yet to be liberated. This was stated by China at the 1960 Moscow meet where 81 Communist Parties of the world attended and participated; among the other countries to be liberated, China listed India also. Then, this year, I am afraid, China is going to make inroads into Bhutan and Sikkim. They have already swarmed into Nepal, ostensibly for the purpose of building the Kathmandu-Lhasa road but really to capture Sikkim and Bhutan to expose them to aggression this year. I want to ask the Prime Minister whether the declaration or assurance he made two years ago, I believe, in this House that any aggression against Sikkim and Bhutan will be regarded as aggression against India and will be dealt with as such still holds good; there is trouble on the Sikkim Bhutan border, where spies are operating. And I say with

the greatest sorrow that some members of the Communist Party of India also are engaged in this operation on the border. I appeal to the clean faction in the Communist Party, the clean, healthy, patriotic faction of the Communist Party, to denounce these comrades of theirs who are engaged in pro-China activities....

An Hon. Member: Pro.China?

Shri Hari Vishnu Kamath: Yes, there is a pro-China faction in the Communist Party, as everybody knows; it is in the papers too. I appeal to them to come to the path of sanity, of patriotism, in the near future and stand by the Government and the nation in the coming crisis.

One or two more points. In this connection, to build up the morale of the people, the Prime Minister said—and it was with regret that we heard him say it—that some of our statements do not help to build up the morale. I am afraid, some of the statements the Treasury Benches have made, the Prime Minister, and the Defence Minister have made in this House, and the statement he made in the press conference the other day, it is such statements that tend to lull the people into a dangerous complacency, a suicidal complacency, instead of building up the morale of the people. We want to build up the morale of the nation for the defence, for the security, not for war. For that those statements are hardly helpful. I was happy the other day to see a scheme in operation at Siriska near Alwar, the National Discipline Scheme. I believe, the Finance Minister also has been there. Such a scheme of discipline in the interests of the defence of the country, in the interests of emotional and national integration, deserves more support from the Government, and I hope that support would be forthcoming in abundant measure in the coming months.

One point about Netaji Subhas Chandra Bose. It is unfortunate that

fifteen years after the close of the war, seventeen years after his death, no memorial has been built by the Government on the spot where Netaji's INA, the Azad Hind Fauj hoisted free India's flag for the first time in Vishnupur of Bishtpur in Imphal. I hope that it will be taken up very soon. In Singapore, the INA memorial was demolished on Lord Mountbatten's orders soon after the war. In 1956, Mr. David Marshall, the then Prime Minister of Singapore, was good enough to suggest on behalf of his Government that he would co-operate with the Government in re-building or re-constructing the memorial. I hope they would consider it very soon.

One last point and that is this. There have been certain trends very recently which unfortunately suggest a growing identification of party and State. This is very detrimental to the healthy growth of democracy. Not only the elections. But the question of the All India Radio was also raised here the other day but I have also come across a small document here—I will pass it on to the Finance Minister later on—a very small document, a four-anna stamp. I do not know when it was issued by the P. & T. Department, but it is a four-anna stamp with a pair of bullocks and also the words which seem to read as "Kangress"—whether it is Krishi Congress or not. I do not know but there is a pair of bullocks with this word. This is a blatant....

Shri D. C. Sharma: Must be forged.

Shri Hari Vishnu Kamath: Let him enquire. I will pass it on. It is a blatant exhibition of identification of the party with the State which may be the first step to dictatorship. I hope that would not supervene in this country. I hope by the time the Finance Minister comes to this House next year we will have seen considerable improvement of the situation, both national and international.

Shri J. R. Mehta (Pali): Mr. Deputy Speaker, Sir, without meaning any

[Shri J. R. Mehta]

offence to anybody, may I say, that speaking on the Finance Bill seems to me something like joining a post-prandial function after the dinner is over and after one has waited outside when the dinner was going on. There is, of course, one distinct advantage, and that is that one can talk at random. If my hon. friend, Dr. Govind Das, can talk of Hindi, or my hon. friend, Shri Kamath, could talk of roads in Sikkim and Bhutan, I can possibly talk of sand dunes and camels of Rajasthan if I choose to do so.

I am no financier or businessman, but, I suppose, the hon. Finance Minister is neither. Yet, I have no hesitation in saying that he has been as successful as a Finance Minister as a Finance Minister can be. I rather feel sometimes that it is always an advantage to have at the helm of affairs non-technical men who are not obsessed with any rigid theories or abstract ideologies. This, I think, explains, combined of course with his strong commonsense and administrative talent, the secret of success of our present Finance Minister.

The proposal to abolish the Expenditure Tax is an illustration of this flexibility of his outlook. There are people who think that this proposal militates against Mr. Kaldor's structure of taxation which, according to them, is an integral whole. There are other people who think that it is a retrograde step in the context of our goal of expediting the social structure of society. But as a realist and as a practical man he cannot make a fetish of theoretical considerations when he is convinced that the money to be collected by this source is not worth the labour or expenditure involved, on the one hand, and the harassment involved to those from whom it is to be collected, on the other.

But while I have no quarrel with the abolition of the Expenditure Tax, I do feel that our tax structure is such

that it encourages extravagance and, what our hon. Prime Minister sometimes calls, vulgar display of wealth. I have known people who some years back would not even ride a tonga are now moving in luxurious cars, owning not one or two but three or four. People who would not think of going to hotels are now engaging whole suites in the Ashoka Hotel. All this is happening while there are people in the country who go without two square meals a day. The other day there was one hon. Member who while narrating in this House conditions relating to his constituency was in tears. It may be an exaggerated account.

Dr. B. N. Singh (Bazaribagh): Crocodile tears.

An Hon. Member: No.

Shri J. R. Mehta: But there is no doubt that the standard of living in extravagance of our industrial magnates and merchant princes is out of all proportion and compares very oddly with the standard of living of the man in the street. I have a little experience of princes and I dare say that the standard of living and the so-called extravagance which is attributed to them pales into insignificance as compared to the extravagance and the high standard of living which we see in some quarters today. I do say that this is not a healthy growth and it is up to our hon. Finance Minister and the tax structure to see that this tendency is curbed. It just creates the climate which is not conducive and congenial to our goal of a socialistic society which we want to usher in.

I may be permitted to read out a few lines from an editorial in the *Times of India* which appeared recently and which clearly brings out what I feel on the subject. It says:

"A proper psychological climate must be created if the country is to

work and save and accept a measure of self-denial.... There is still far too much licence for ostentatious living—garish 'electric weddings', luxury housing, expense accounts—to persuade the man really living on or well below the margin of decent existence that he should work a little harder, wait a little longer and tighten his belt another hole."

So, I repeat that it is up to our tax structure to devise ways and means whereby this sort of extravagant living is not encouraged and is reduced as far as possible.

I have no foolproof formula to suggest on this point but I just throw out a suggestion, thinking aloud, that the hon. Finance Minister might consider whether it will be worth while laying down scales of expenditure for each set of industry or business on items like, entertainment, conveyance, T.A. and D.A. and, at the same time, to provide that whatever is saved out of those percentages will not be liable to income-tax. That may encourage people to save and that might help us in piling resources in this country.

There is another factor which is responsible for this extravagance and that is the existence of black money. The House knows that a few years back we granted an amnesty to such black money and with very satisfactory results. I have no black money, nor even white, but I do know that the money now hoarded with the people as black money is many times more than what it was when the amnesty was granted on the last occasion. At the same time, I do feel that at that time people did not take advantage of the amnesty as much as they should have because they were rather afraid that later on the Government might take some action which might adversely affect them. They were not sure of the *bona fides* of the Government, so to say. So, I suggest

that an amnesty may be given now and if an amnesty is given, I am sure that much more money should be coming forward than came out on the last occasion. I think it will be a distinct advantage because much of that money will begin to bear income-tax.

Apart from that, since we are starved for resources for the Plan, I would suggest that we might make it a condition that a certain percentage of this money which is disclosed, 20 or 25 per cent, whatever may be considered reasonable in the wisdom of the hon. Finance Minister, should be made available for financing our national Plans in the shape of loans for a stipulated period.

From the sphere of finance I pass on to planning. I should like to say a word about the treatment which is accorded to the backward States in this respect. We have been declaring from housetops that the backward States and areas are entitled to our special consideration. That has been laid down in so many words in the Plan itself. But I am here to voice the sentiments of all the backward States in this country that whatever our professions may be we are being left behind more and more in the pace for advancement.

Towards the end of the last Parliament some of our friends from Rajasthan had an occasion to meet the hon. Planning Minister on the subject and he was good enough to call a conference of his colleagues and to take great pains to explain to us the various formulae which he and his colleagues had worked out in order to ensure that a fair deal was accorded to the backward States. I am here to acknowledge and appreciate the spirit behind working those formulas, and I acknowledge also the solicitude which the Planning Minister and his team have for the backward States. But I want to say that there is something like a *tyranny* of formulas. I will explain briefly what I mean by it by means of a simple illustration.

[Shri J. R. Mehta]

15 hrs.

Take, for instance, the provision for electricity in Rajasthan. We can work out a formula, for instance, that if there were 131 villages electrified at the end of the Second Plan in Rajasthan, and 5,000 at the end of that Plan in Madras, then give three times more the number of electrified villages. It will seem on the face of it a very honest and innocent formula. But if you consider it a little deeper, at the end of the Third Plan it will be three hundred and odd villages electrified in Rajasthan and fifteen thousand in Madras. So I would ask this honourable House to consider whether this increases the disparity or brings it down.

There is another way of looking into the matter. For instance, let us suppose that our target for the Third Plan for electrifying the number of villages is 22,000. Then Rajasthan's share, according to population, will be 1,000 approximately.

I mention these two formulas just in order to bring out that we can have formulas and formulas, and the treatment will be different in either case and we will see how the disparity will be greater in one case and less in the other.

The other day the Finance Minister, while speaking on the Finance Bill, was good enough to say that now they have agreed in broad principle that the *per capita* allotment to backward States should be more than what it is to the more advanced States. Well, that is good so far as it goes. But I do submit in all earnestness that the final test should be that we must judge any formula from this point of view as to whether the disparity, the gulf between the more advanced States and the backward States is bridged or not. If it is not brought down and the disparity increases, whether the *per capita* allotment is more or less I think the formulas

should be discarded as being unfair to the backward States.

Shri Warior (Trichur): Mr. Deputy-Speaker, I rise only to point out a few things which have been agitating the minds of the people in my State.

The first thing is about the present position of the ilmanite industry in Chavra in Kerala State. Out of the 2½ lakh tons exported we earn Rs. 6 crores of foreign exchange from this ilmanite alone. Now the position is that by the end of March 1963 all the contracts will lapse or be fulfilled. After that we expect that there will not be any more export: at least there are no present contracts to be fulfilled. That means that about 7,000 people employed in this—or 7,000 families which are having something to live upon now—will be without any sort of work and they will be thrown out of employment. Ilmanite is a very valuable substance as far as the paint industry is concerned. At present we are exporting 1½ lakh tons to the United States and another 1 lakh tons to U.K. It seems the British titanium paint industry is not willing to take any more of our ilmanite, and they are closing all contracts with us.

Again, there is another very valuable mineral wealth in the Kerala coast, which is monazite, and the processing of monazite gives us thorium also. Sometime back when this question was raised with the Government of India I think there were certain apprehensions in some quarters that from this thorium can be produced the first fission for atomic energy, and thus a ban was imposed on the export of this monazite. It was, however, found later that this was not so and that thorium as such cannot be used for atomic purposes, and that this can be exported. We had some exports to West Germany. And now it is time that this processing is done much more. Because, if it is taken up, even though the export of ilmanite is stopped, there will be a

market for monazite and thorium. Thereby, all these people engaged in the ilmanite industry at present in Kerala can be re-employed in these factories and the production can be carried on. This is also a very valuable rare earth which can give us much of the foreign exchange which we need badly at present.

There is another point I want to bring to the notice of the Government, and that is the pitiable condition of the sailing vessels that are plying on the western coast, especially in the monsoon time. We sent reports and Calling Attention Notices on this matter, and they were not allowed at that time. We were told that the matter could be raised at the time of the Budget discussion or when the Demands for Grants are discussed. What happens is this. From Bombay and Kandla and Kundapur and other ports, where the bigger vessels which require more depth and draught are not calling, the sailing vessels are taking the cargo from one port to the other. Especially during this horrible monsoon time, these vessels do not get any warning or some caution from the Meteorological Department or the Port authorities. They set sail, and when they go into the open sea they come across big gales and storms and they founder. At times these vessels are sent, then we do not know anything about them for a number of days. There will be a crew of ten to twenty people. Their families will be spending anxious moments on the coastland, but nothing will be known about these vessels. Because, these sailing vessels are not fitted with any modern apparatuses and cannot give any SOS or any information either to the land or to any place which they can reach. These vessels are at times sunk in the gales and rough seas, and these people are isolated from the mainland. They seek shelter in some of the small islands and they do not know how to return. Such things have happened. In these days when we have all sorts of scientific

apparatuses and other scientific equipments it is a great tragedy that these people should be left to their own fate on the rough high seas. During this South-West monsoon period especially, they are at the mercy of the rough sea. So the Meteorological Department must come to the help of these people. The other day when we were discussing this Department in relation to the Demands of the Transport and Communications Ministry, the Deputy Minister was pleased to say that the Meteorological Department is giving much help and is doing much work.

Actually, it may have very good achievements on its record. But, as far as the sailing vessels are concerned, we are quite sure that they are not getting any help. The number of vessels are not few. There are so many vessels. People from Cutch, Kathiawar side up to Cape Comorin are going in these vessels, carrying cargo. They are doing a service which is like the service of the unknown soldiers and sailors. Nobody cares for them. There is a big tonnage. Big news always comes about them. These small people are uncared for. They must be taken into account. There are also Defence establishments. Why should not the Defence establishments be alerted in the main ports to have a search of these vessels whenever there is alarming news, whenever we find that these vessels are not reaching their destination, whenever there is a big storm or the sea is so rough. That can be done. Thereby at least the safety of the people can be ensured though not of the cargo and the vessels. That is not done at present. We have had so many anxious and alarming telegrams from the families of these people, especially from the Kerala coast.

Another point which I wish to bring to the notice of the Government is about the infiltration that is taking place and the remedies sought or action taken. I am told by my colleague from Tripura that about 700 people, Muslims, are served with notice to

[Shri Warrior]

quit India to Pakistan. They are all classified as Pakistani infiltrators. I am told that my colleagues from Tripura have already submitted a memorandum to the Government showing that some of these families at least, over 100 families, had actually been here for generations, one or two generations or more and they had actually voted in the last three general elections in this country. Such is their claim for citizenship. They had been here. There are valid documents to prove their identity and their citizenship.

Even they are included in the list. Now, when this question of infiltration, especially from Pakistan was raised in the country and in this House also, the administration there is taking *ad hoc* measures to club every Muslim as an infiltrator and put him down over to Pakistan. Such things should not be done. This will be against our own declared policy of equality to all sections, especially the protective policy that we have extended to the minorities. This case must be looked into.

Finally, one word I have to say, having said so much about plans and all these things, about the very many provocative things which my dear friend Mr. Kamath had been saying here. We can indulge in all these things if we have got the time and opportunity for it or the inkling for it. He had called the members of the Communist party.....

Shri Hari Vishnu Kamath: Some of them.

Shri Warrior:...at least some of them as anti-patriotic and anti-national. We can also say that some members of some mushroom parties in India are agents of some other imperialist countries.

Shri Nambiar (Tiruchirapalli): Including the P. S. P.

Shri Warrior: That does not take us or lead us anywhere at all. We can, of

course, have the luxury of indulging ourselves in this sort of mutual recrimination outside.

Shri Nambiar: Outside we are ready to meet him.

Shri Warrior: That is not the point. If, at any time, the border of India or the integrity of India is imperilled, then, we can see that it is not the mushroom parties, who are not cared for by the people, who have been given the greatest rebuff in the last general elections who will stand by the country.....

Shri Hari Vishnu Kamath: What about 1942? Your party betrayed India then.

Mr. Deputy-Speaker: Order, order.

Shri Warrior:...but it will be these people who have shown always their patriotic fervour in defending the interests of India against all imperialist attacks and imperialist tortures—and not Mr. H. V. Kamath's party.

Shri Hari Vishnu Kamath: Remember 1942. Your party sided with the British.

Shri Morarji Desai: Sir, I am very thankful to all the hon. Members who spoke on the consideration motion.

Dr. M. S. Aney: Will the debate be coming to an end with the reply?

Mr. Deputy-Speaker: Yes; he is replying.

Shri Morarji Desai: As is usual and as is the convention, all subjects have been touched in this discussion. If I attempt to speak on all those points, I do not know how many hours I will require. I can only say that I have made a note of all those points, we will carefully consider the points raised and see what we can do or what action we can take about all those matters. I will, therefore, refer only to some of the matters which are very

relevant to the Finance Bill or to the economic policy of the Government, as regards the debate which has taken place.

My colleague has just spoken on certain points and has given clarification on certain points. I shall not therefore touch those points, because I would not have anything more to add to what he has said. But, I am experiencing one difficulty from the criticism that is made. I find that when hon. Members quote figures, give arguments and make criticisms, it seems, they expect that I would be a good boy if I accepted all that is said and say, I am very glad that you said all this. I thank you for all this, you are quite correct, I am quite wrong. Because, that seems to be the meaning of the criticism that they make. When I give replies or try to clarify certain points, there is excitement about it. Then they say, the Government does not want to hear any criticism, it thinks that it alone is right and others are wrong. We have never thought so. On the contrary, I always say that there is much on what the arguments are made. After that, if there are exaggerations or if there are twists given to figures or if wrong inferences are drawn without giving any figures even, is it not my duty to point those things out and see that a proper balanced view is taken of all things? At any rate, should not an attempt be made by me? That is the only attempt that I have been making in all the replies that I have made so far. Yet, I was hearing from some Members opposite and even from one of my colleagues at the back, that the Government takes up an attitude that it is only right and others are all wrong. That is all wrong. Government can never take that attitude, cannot afford to do so and would not be right in doing so. After all, it is the business of Government also to consider the facts as they are given, to accept them if they are right and to see what can be done, what improvements can be made and if no improvements can be made, even then say that these improvements cannot

be made, or that they will take time to make them or, if things are wrong, to say that these arguments are not correct in Government's view, let the hon. Members who have spoken about them, consider them. I do not want them to give respect to me. But, I do want them to give me as much respect as they want me to give them. That is all I expect from them. May I assure, whether they respect what I say or not, I will continue to respect whatever they say, to attend to what they say and to benefit by what they say? There are certain matters in which there seem to be some misunderstandings.

I find that only my hon. friend Shri Surendranath Dwivedy referred to the powerlooms, even after the concessions that have been given. The concessions that have been given are very liberal, and I do not think that now there is any cause for complaint anywhere, except that if they have to pay something more that would be a cause for complaint; but what they are paying is much smaller than what the mills will be paying and what the composite units will be paying, and, therefore, there should not be that gap between powerlooms and mills as puts the powerlooms in a special advantage over the mills so that the larger sector will suffer unnecessarily. After all, let there be proper competition, and let there be also proper protection, but the protection must not be such as gives an inordinate advantage to one sector. That is all the attempt which Government make and try to ensure. If it is judged from that point of view. I am quite sure that my hon. friend opposite will be satisfied about the steps taken.

It is a matter of some satisfaction to me that after the concessions have been announced, there has been very little criticism about the taxation proposals as such. But then I find that there is another murmur which I am hearing that when Government give so many concessions, it means that the budget proposals were not considered

[Shri Morarji Desai]

properly. This is a very wonderful way of looking at things.

Shri Surendranath Dwivedy (Kendrapara): What I said was that you did not have a proper assessment of the revenue that you would get, and, therefore, you imposed these taxes.

Shri Morarji Desai: I am not referring to what my hon. friend said. I am referring to some others who have stated that, including even the newspapers. This is a matter where when budget proposals are made, as I say, one has to work under great secrecy, and all things are not available, and one has got, therefore, to go by certain ready figures that one can lay hold on, without allowing other people to know; and, fortunately, we have been able to work in such a manner that people have not had any inkling about what was being done. That is fortunate. But that also lays us open to some of the disadvantages which are that some of the things include also some sections where some relief is necessary. But we are always conscious that when the whole thing is considered and when such things are brought to notice, we can always give that relief, and I shall not be deterred in giving that relief even if it is argued that the budget proposals were not considered carefully that in order that I may make an impression that they were made carefully, I should make no change at the end when the budget is finally considered. But all these criticisms are very helpful in this that they make the Finance Minister and the Finance Ministry more and more alive to the necessity of taking as great a care as one can take in framing the budget proposals and in considering the taxation or the relief proposals; and we shall continue to do so, and profit by the criticism that has been made.

In this very connection, the same argument is made again and again about indirect taxes and direct taxes. At any rate, in this year, there could be no argument that there has not been

a proper levy of direct taxes. Nobody could say that. And yet, when no argument is available, the same argument is repeated. But if it is thought that there can be no indirect taxes anywhere, I am afraid whoever says that says that only in order to make an argument. Then, to imagine that all indirect taxes are taken only from the poor, I am afraid, comes only from an argument which is either very naive or which is an argument which does not want to take into account the facts.

Not only in a country like this, but in almost all countries, indirect taxes have to be there, except in countries which are very prosperous like the USA, where direct taxes would be a major proportion of the total taxation; but in all the other countries, that is not so. Therefore, we have got to see that the indirect taxes are levied in such a manner that they cause the least embarrassment to people, and, therefore, we are careful to see that they do not touch the common man more than we can avoid. But it is impossible to avoid the common man completely in taxation. If it is thought that those who are called the rich only should pay taxes and nobody else should pay taxes, then, who is rich is also a matter of comparative consideration, for, a person who draws Rs. 200 is richer than a person who draws Rs. 100 or Rs. 50. Therefore, one can always go on arguing like that. In this country, the bulk of the people are in the common category. If we confine ourselves to taking the money from the rich only, then we shall not have even one-tenth, or even one-fourth or one-fifth of the taxes that we have. That is what will happen; and what shall we do then, and how shall we progress?

Shri Harish Chandra Mathur: It will be much more than one-fourth.

Shri Morarji Desai: Even supposing it is half, I would say that more indirect taxes are paid by the rich and not only by the poor.

Shri Harish Chandra Mathur: That is correct.

Shri Morarji Desai: That is so because it is on consumption, and consumption is more at the higher level than at the lower levels. At the lower levels, the consumption is more of foodgrains and coarse cloth, there is very little consumption on other things; and there is no taxation on foodgrains; and on coarse cloth also, there is much less taxation, and, therefore, there is much less taken from them.

Shri A. K. Gopalan: May I seek a clarification? It is not only the Central tax which is there, but there are also State taxes. Food articles are taxed in the States. All these should be added together.

Shri Morarji Desai: That may be so, but that blame need not be laid at the doors of the Central Government or at my door.

Shri A. K. Gopalan: Generally, when we take into account the whole picture, they add up to a high figure.

Shri Morarji Desai: There are other forums open for that, and I need not be told about that. I do not want to sit in judgment over what the State Governments are doing.

Shri A. K. Gopalan: What I was saying was only this. When we are talking about the burden of taxation, it is not only the Central tax, but also the State taxes which should be taken into account.

Shri Morarji Desai: That is not relevant here. That is all that I am saying.

Here, it was pointed out that tobacco is also for the common man, and, therefore, it should not be taxed. Tobacco is not a necessity by any stretch of imagination. It is a luxury for anybody.

Shri A. K. Gopalan: For the peasant?

Shri Morarji Desai: Even for the peasant, even for the labourer, and

even for my hon. friend Shri A. K. Gopalan. For anybody it is a luxury; it is not a necessity; it is, in fact, worse than a luxury.

Shri A. K. Gopalan: I am not using it.

Shri Morarji Desai: It is a thing which harms.

Shri Hari Vishnu Kamath: It is poison.

Shri Harish Chandra Mathur: It leads to cancer.

Shri Morarji Desai: And yet if people take to it, I do not want to tell them that they should not take to it, but I should not be denied of the benefit even from such taxation; I do not know what is a more legitimate source of taxation.

Then, when we are taking taxes from tea, that also has been increased very slightly. Why? It is because we want to increase our exports. Everybody is here pressing that we must increase our exports, and if we are going to increase our exports, we have not an unlimited scope for increasing our production, and, we must, therefore, see that the consumption also does not rise high.

Shri A. K. Gopalan: Then, why not remove prohibition and get more taxes? You can get revenue from that.

Shri Morarji Desai: This is the genius and how it works; then, why not regularise prostitution and have more money; why not open gambling booths and have more money? I do not understand this kind of logic. After all, there is no comparison between prohibition and tobacco, between liquor and tobacco. There is absolutely no comparison. Therefore, here I do not want to get caught into a discussion on prohibition. I have spoken often about it. My views are well known. But I am not alone in this; when it is said that I am the person who had prohibition in Bombay, it is all wrong. It was by a un-

[Shri Morarji Desai],

animous vote of the Legislative Assembly that prohibition was introduced in Bombay. Therefore, why say that I alone was responsible for it?

Shri A. K. Gopalan: I never said that. I never said that you were responsible.

Shri Morarji Desai: The Indian National Congress went on speaking for prohibition, for seventy or eighty years, every year, day in and day out; and it had taken to telling people, to propagating about it, and even to picketing and going to jail. Men and women have gone to jail in order to see that prohibition was introduced.

Shri A. K. Gopalan: I have also gone to jail.

Shri Morarji Desai: It is a part of the Constitution, and those who speak against it are speaking against the Constitution.

Shri Hari Vishnu Kamath: It is a Directive Principle.

Shri Morarji Desai: It is one of the Directive Principles. What is the meaning of a Directive Principle in a Constitution?

Shri Hari Vishnu Kamath: There are so many others.

Shri Morarji Desai: It only means that we have that goal.....

Shri Hari Vishnu Kamath: The State shall endeavour....

Shri Morarji Desai: If somebody endeavours to do it, he ought to be thanked and congratulated.

Shri Harish Chandra Mathur: Why does he not take the criticism as a compliment?

Shri Morarji Desai: Yes. But I am only trying to persuade my other friends.

An Hon. Member: It is not possible.

Shri Morarji Desai: I do not lose hope even for my hon. friends opposite. I am quite sure they are men of great intellect, only deflected a bit. As soon as that deflection goes, I think they will be very useful. Therefore, I always make that attempt and I would continue to make that attempt as they go on making the attempt to improve me or to correct me.

Shri Hari Vishnu Kamath: We shall meet half-way.

Shri Morarji Desai: I do not agree with my hon. friends when they say, 'Heart is not changed; therefore, remove the heart altogether'. I do not believe in that. I want to keep the heart beating all the while and see that it changes; even if it does not change, let it remain. I do not want to remove it.

Shri A. K. Gopalan: Keep the heart without beating so fast.

Shri Morarji Desai: I do not want it to beat violently. I want it to beat evenly. Therefore, I cannot give it a shock as my hon. friend wants to, and kill it.

Shri Narendra Singh Mahida: Why not have a uniform policy in regard to prohibition throughout India?

Shri Morarji Desai: There is no uniformity between the cap I wear and the saffron headgear that my hon. friend wears. What can I do? Can I preach to him to wear my cap? Can he preach to me to wear the headgear he wears? We are democratic people.

Shri Nambiar: Both can remain.

Shri Morarji Desai: We have got the liberty to do that. Therefore, we cannot go on asking like that. There cannot be uniformity, and uniformity will be complete negation. I do not think uniformity is all right in every-thing.

Shri Hari Vishnu Kamath: Things will be too dull then.

Shri Morarji Desai: Therefore, in all these matters of indirect taxation or direct taxation, we should look at realities and judge matters on those realities and on our necessities. From that point of view, if things are judged, it has to be admitted by anybody that this Budget and the Finance Bill touch least the common people. I do not say it does not touch them at all. It is just like my hon. friends saying, when I say that there is not that concentration alleged, that I said there is no concentration. It is giving a twist to what I say and then condemning me. I have never said that; I would never say there are no rich people here, that there are not more poor people here. They are there. But in our anxiety to improve the condition of the poor people, we cannot kill the rich people. If that will improve the condition of the poor people, I can understand it, but that is not going to happen. As a matter of fact, it is with the help of the rich people that we are going to improve the lot of the poor people. And Government will see that they help in that. We will make them help. It is not by flogging, as my hon. friend wants to do, that we can improve matters. I do not know why he has become so cruel.

Shri Hari Vishnu Kamath: Because every other remedy has failed.

Shri Morarji Desai: Let there be no desperate remedy. In desperation we may go to commit suicide. Flogging is not a method adopted in the civilised world.

Shri Hari Vishnu Kamath: That is when other remedies have failed to stop adulteration of food and drugs.

Shri Morarji Desai: Where it is not, there is no flogging. Therefore, it is not necessary that flogging is the only remedy for adulteration.

Shri Hari Vishnu Kamath: Try it and see.

Shri Morarji Desai: There are other remedies. Heavy punishment can be there without flogging.

Shri Hari Vishnu Kamath: It has not improved matters.

Shri Morarji Desai: Many things can be done, and they ought to be done. I do not say that they should not be taken. But we should not take a remedy which is worse than the disease. Let us not be coarse. Let us be cultured all the while. Why should we be coarse? There is, in my view, nothing more coarse than flogging. I do not mind hanging a man, but flogging is very bad. That is a thing which I cannot see.

Shri Hari Vishnu Kamath: Then hang them.

Shri Morarji Desai: My hon. friend, Shri U. M. Trivedi, who is not here, said that we are not paying any attention to narcotics. But he did not read the very report he mentioned in which there are two pages devoted to it. If only he had cared to read them, he would have known. Then he complained that prosecutions in opium cases miserably failed—as if all prosecutions in opium cases failed. That is the impression he gave to the House. He cited one case. That is a scandalous case. I agree. But it is a case which was launched in 1954, when Dr. Katju who was mentioned was not the Chief Minister there at all. Yet the two names are connected. Out of the 7,000 or 8,000 cases which have been launched, 80 per cent or thereabouts ended in conviction; only 20 per cent got acquitted. How do they get acquitted?

Shri Bade: 20 per cent are big cases and the 80 per cent are small cases.

Shri Morarji Desai: That is also not true. But why did they get acquitted? Because of the genius of my hon. friends who are lawyers and barristers who go and get them acquitted.

Shri Bade: It is due to defect in investigation.

Shri Morarji Desai: It is not due to defect in investigation, but it is the effect of the genius of the lawyers. Otherwise it would not happen.

Dr. M. S. Aney: I am afraid the hon. Finance Minister is very ungenerous to lawyers. He does not take into consideration the fact that the lawyer is doing his duty. If a case fails, it is because the prosecution has failed to prove the guilt before the proper authority.

Shri Morarji Desai: Let my venerable friend not get excited.

Dr. M. S. Aney: I am not excited.

Shri Morarji Desai: It is also a relative consciousness of duty.

Dr. M. S. Aney: I have not said anything against anybody.

Shri Morarji Desai: I am very sorry. I do not want to say anything against him; I have too much respect for him.

But I am not hard on lawyers. If it is their duty to get the client acquitted anyhow, I do not consider it duty. The duty of a lawyer is to help justice, and justice means establishing truth and not untruth. That is duty, that is my conception of duty. But lawyers can a different conception of duty. I have no objection to that; I have no quarrel with them. Let them have it. But I cannot be prevented from giving my conception of duty. That is all what I am doing.

Therefore it will be seen that when this happens, when 80 per cent cases end in conviction and 20 per cent only fail, they say that this is happening. If this is the sort of criticism that we hear, how we are going to improve? If it is said that 20 per cent cases fail, they should also not fail, then I am prepared to accept it. I am prepared to say that we should work to see that even one per cent does not fail. Then one gets a better sense of proportion and one is able to work. That is what I am saying. Let there not

be an impression created that everything is wrong on the surface of the world because the Congress is in charge of the government. That should not be the attitude or idea.

Even in the matter of opium, it was said here that the production was low—or something like that. Production here is the highest. Indian opium forms only 2 per cent of smuggled opium in the world whereas Turkish opium forms 22 per cent of smuggled opium. Therefore, even their international body has acknowledge that the steps we have taken are good, and they have recommended these steps to others. I can understand that we should improve even those steps and there should be no case of smuggling. But I do not imagine a world where there will be no smuggling at any time. There will be some smuggling somewhere. Our constant attempt must be to see that it is lessened every day. That is the attempt we should make and that is the attempt we are making all the while. I certainly invite the co-operation of all my hon. friends in this attempt.

Shri Lahri Singh (Rohtak): Including lawyers.

Shri Morarji Desai: My hon. friend Shri Kamath, referred to the Sariska training scheme. I agree with him entirely. I have always been trying to help that scheme as much as we can. Government does help it. But it is more in the States that help should be given. If all schools take up this scheme, we will be able to spread it throughout the country and it will give us all the benefit. Therefore, my hon. friend should do more propaganda wherever they are to see that that is achieved.

Shri Hari Vishnu Kamath: Is it not possible to open two or three more such centres all over India?

Shri Morarji Desai: That is what I myself have suggested to him, because that is what we want to see. We will not grudge expenditure on that. But it is not expenditure alone

that is going to make the scheme successful. After all, the beauty of the scheme is that it is effective without much expenditure, and the moment we make it more expensive, it will become less effective. That is always the case in all these schemes. Therefore, I should like to see that it does not become more expensive than it is. My hon. friend Shri Gopalan referred to his pet subject of nationalisation, because that is his only remedy for all evils.

Shri A. K. Gopalan: One of the remedies.

Shri Morarji Desai: One of the beginning of the remedies for him. But nationalisation is a religion for him, for me it is not. For me it is an instrument of convenience. If we find that it is useful to the country I would certainly not hesitate to take to it. But what he has suggested is not going to help us at all. Nationalisation of general insurance is not going to benefit anybody. On the contrary it will be a grave risk for the Government. Therefore, I would never advise the Government to nationalise it because there is not that much money in it which will benefit us and the risks are very grave and great. Why should the Government try to do that, I do not know. On the contrary, we should try to see that it is run very effectively and for that we are taking steps and they are also taking steps. I think the things are improving every day.

My hon. friend referred to gold hoarding. This is a subject which is of perennial interest for everybody. I have myself been applying my mind to it for the last four years. I have not yet found a remedy which will give me a corresponding benefit. I am not going to give it up. But let us understand what is the position. It may be true that 3,000 crores worth gold bullion is in the country. But it is only an estimate. Nobody knows what it is. But I am prepared to accept that figure. There was more in France which is a smaller country.

Here we have it in the shape of ornaments than bullions; there it is more in the shape of ballions and coins than ornaments. They tried to have a remedy. With all the remedies they could not get more than Rs. 75 crores worth while there were bullion and coins worth more than Rs. 3,000 crores. It is not possible to do it only by having penalties. How are we to see it? Are we going to search every house? There are other difficulties too. Then there are international laws that come in the way; I mean the International Monetary Fund Regulations by which we are bound. Therefore, there are various snags in this which make it difficult for us to take measures. If it had been easy, I would not have stopped for a day. I would not even hesitate to make it penal if the purpose could be served because a penal clause would be a law and nobody can complain about it because that law would have to be passed by this House and if this House passes it to my mind it is sufficient sanction for me. But before I come to the hon. House I must myself be convinced that it is going to be useful or effective. If it is not I would be wrong in taking the House with me and saying: let us have this so that we have some satisfaction that we have done something. That is not how Government looks at these matters.

I was again surprised I should not say surprised because I should not have been surprised at my hon. friend referring to the same thing over and over again. I do not want to annoy him because that is not my intention or purpose. But if I have again to say that he gave a one-sided picture, what am I to say? Either I do not say anything at all or I say that what we say is correct. If what I say is going to show that the picture he gave was one-sided, then we hope he will not be annoyed.

Shri A. K. Gopalan: There is no annoyance.

Shri Morarji Desai: Annoyance was there last time.

Shri A. K. Gopalan: Last time is not this time.

Shri Morarji Desai: So, some progress has been made.

Shri Nambiar: It was on both sides last time.

Shri Morarji Desai: I was not annoyed. I hear all sorts of things from my hon. friends every day, not only here but outside also, and they say things directly and indirectly and I take them as a compliment and I do not take them as abuse at all. If I am remembered in that way, it shows the amount of importance they attach to me. He referred to the question of the total income of the income-tax assessees. He referred to the income of two different years and drew an inference that the income of the topmost people in the country has increased. It would have been interesting if he had considered the number of assessees whose income is assessed and he would have seen what the income per assessee has been, pre-tax as well as post-tax.

Shri A. K. Gopalan: May I inform the Finance Minister that the report of the Second Pay Commission had given these figures also: I have taken it from pages 82-84 of that report.

Shri Morarji Desai: It is said that those drawing Rs. 2 lakhs income had risen in number from 2 to 29. What is 29 in a population of 44 crores? That is not an average income-tax assessee; that is not a proper picture. The total income of all income-tax assessees in 1953-54 was Rs. 410 crores and in 1959-60, it has increased to Rs. 626 crores. But the number of assessees also has increased; it has perhaps even doubled. The average income per assessee has actually gone down from Rs. 14,015 to Rs. 13,034. That is the average if you take all the assessees and the total income. What is more, the post-tax income has gone down from Rs. 11527 to Rs. 11054. That is the difference which taxation has made. Yet it is sought to be conveyed as if these people are

going on increasing their income. I had given figures last time showing that the incomes of the lower grades of the income-tax assessees were increasing and the incomes at the top were decreasing. That is actually happening and that is our function to do so. Yet that is not acknowledged

Shri A. K. Gopalan: May I know which figure you are referring to? I have referred to the Second Pay Commission report where they have said about the salaried worker in Bengal as well as in Bombay as also about the disparities in the ratio of assessees. I want to know whether you are referring to that.

Shri Morarji Desai: I am referring to what my hon. friend said. Let him give any year; I am prepared to convince him he is wrong and I am right. Let another man sit in judgment; I do not want to give my judgment; I will be satisfied with his judgment.

Shri Nambiar: Let there be a tribunal.

Shri Morarji Desai: Let a tribunal sit; I do not mind. That does not worry me at all because I know my facts are correct. Again in the matter of excise duty, he draws the same kind of inferences. He says that the yield from kerosene has gone from Rs. 28 lakhs in 1950-51 to Rs. 13.20 crores in 1961-62, that is by about 47 times, thereby making people infer that the duty has been raised 47 times in this country. What a monstrous Government! But what are the actual facts? The duty has increased from 18.75nP. per imperial gallon during 1950-51 to 48.5nP. per imperial gallon during 1961-62. But even this 48.5 nP. includes 12 nP. per imperial gallon which is not an increase in tax but which we have taken away from the companies. Therefore, that was not an increase in taxation on the people. And yet, here, it is sought to be said that we have increased duty on kerosene by 47 times in this country. This is a clever way of putting things no doubt, but it is not the cor-

rect way. That is all that I want to say.

Shri A. K. Gopalan: Sir, I have taken those figures from the report on currency by the Reserve Bank of India.

Shri Morarji Desai: Let us not waste any time over it. These are the figures I am giving. I know. But the hon. Member has not given the figures about the rates. Then, let us take sugar. I am giving the figures for all the items. The revenue has increased, in the case of sugar, from Rs. 669 lakhs in 1950-51 to Rs. 5,650 lakhs in 1961-62. Yet, they say what a monstrous duty we have levied on these things!

Shri A. K. Gopalan: I have not given the figures for every item. What I said was that such and such was the figure in 1950-51; so much was budgeted in 1961-62 and so much has been the increase. That is what I have said.

Shri Morarji Desai: What was the purpose?

Shri A. K. Gopalan: The purpose was to show that there has been an increase.

Shri Morarji Desai: Let us not waste time. I can only say that he does not know the rates.

Shri A. K. Gopalan: For kerosene, from Rs. 28 lakhs, it has risen to Rs. 1,000 lakhs.

Shri Morarji Desai: Let him have some patience.

Let us see by how much the rate has increased. The rate had doubled—from 11 to 22 in 1957. But there is a greater clearance of sugar. More sugar is being consumed today. Therefore, there is more taxation levied and more sugar is being produced. That is not being realised. He only wants to show that the sugar rates have gone up by so much and therefore it has become so much; that it has increased from Rs. 6 crores to

Rs. 66 crores. What I would like to say is this. Out of Rs. 56 crores, Rs. 13½ crores are in lieu of sales tax which was already being levied. It is not a new tax. Therefore, those figures do not convey any proper idea.

The same holds true of paper. The same figures are given, namely, the increase in revenue. But the rates are not shown as to how they have increased. The same is about the matches. In the case of matches—I am sorry I have to revert to it again—my hon. friend on my side here gave me a match-box saying that "it costs seven naye paise even though you say only six naye paise are charged." This is the box which he gave me. It is a de luxe variety and not the ordinary box. He forgets that. On that box, it is mentioned: 50 for 7nP. It is not done in a wrong manner. It is the de luxe box and not the ordinary box and therefore it has been charged at seven naye paise.

Shri S. M. Banerjee (Kanpur): This is the "ship" variety. It is also 7nP.

Shri Nambiar: Golden fire!

Shri Morarji Desai: If my hon. friends want to indulge in de luxe goods, they should pay for them. Otherwise, why should they not go into the common man's area?

Shri Hari Vishnu Kamath: He was from your own party.

Shri Morarji Desai: Even my party gets infected. We are sitting together. Do you know how infection attaches to oneself? The infection is always in the wrong way. If you have a hundred thousand roses, and if you put into them three or four onions, only the onions will smell and the roses will not smell.

Shri Hari Vishnu Kamath: Have you tried it?

An Hon. Member: We are all fellow-wanderers. (Interruption).

Shri Morarji Desai: Shri A. K. Gopalan was recounting all the con-

[Shri Morarji Desai]

cessions which we had made, which this Government had been making, from 1951-52 to 1961-62, on the items; that is a very clever way again. But he did not recount all that taxes which were levied on the same groups from that time up to now. He does not say them. He does not say that our tax revenue has gone; that income-tax has gone from Rs. 160 crores to Rs. 325 crores. He does not say it. But he only mentions that "this is what you have done." If I have got to say what has been done I will have also to recount the things. Who can remember that?

The tax on capital gains was reintroduced in 1956. A tax on bonus shares was levied in 1956. A tax on excess dividends was also introduced in 1956. A tax on registered firms was also levied for the first time in 1956. The wealth tax was introduced in 1957. The gift tax was introduced in 1958. The rate of tax on companies was increased in 1957, to 51.5 per cent. from 43.43 per cent in 1956. The rate of tax on bonus shares was increased to 30 per cent. in 1957, as compared to 12½ per cent. It is true that the tax on excess dividend and wealth tax on companies were abolished in 1960. But why? Because it was included in the total corporation tax which was levied at 45 per cent. at that time and I had mentioned then that this includes the taxation from all these revenues and that is how this tax is levied. Therefore, it does not mean abolition in that sense. Yet, it is sought to be shown that this is abolished!

It is also true that the tax on bonus shares was reduced to 12½ per cent. This was because the continuation at this rate was not justified and it was not giving us any income. People were deterred from doing that. If we want more income we must do so and we did not want to deter it. Therefore, it will be seen that the tax burden was reduced in a certain direction, because there was justification. The tax burden was increased in other

directions. The hon. Member does not say that the wealth tax has been increased even this year and even before, last year or the year before last, in the expenditure tax also, which has now been removed, I had tightened it and I had removed some of the exempted items and I had also said that the expenditure by husband and wife would be considered as one and not of separate entities. In spite of doing all that, when I found that the expenditure tax did not give us what we wanted, what was I to do? It is not merely in the matter of revenue; if the expenditure tax had also given me a clue of finding out more loopholes in the income-tax assessments, and if it had enabled me to have more income-tax, then I would have kept it even when it did not give me any income, but it did not do that. On the contrary, it encouraged people to do wrong things. It made people to keep cash by their side and hide it from their incomes and hide it from their accounts. And that is how I lost not only expenditure tax but also income-tax. I made the people do wrong things; that is what happened.

Then again, this expenditure tax did not show me any loopholes anywhere. If it had done so, I would have certainly kept it. But if it does not do so, and if it is merely a matter of harassment—because one had to fill the forms—why should it be kept? I do not know why such a thing should be done. I do not see why this Government should want to keep up a thing even if it finds that by experience it is not profitable. If it is not profitable we should not do it—profitable in anyway. If it had been profitable even in one direction, I would have kept it. But it is not profitable in any direction, and very few people were affected by it and they only felt harassed and they went wrong. We encouraged them to go wrong. That is what has happened, and that is how expenditure tax has been removed. But while the expenditure tax has been removed, we have put more tax

on wealth. Two per cent. has been raised to 2.5 per cent. One per cent. has been raised to 1.25 per cent. All these things had been done. We have raised the highest slab of income-tax also. From 84 per cent. it has gone to 87 per cent. I gave these figures last time. Even then they are not acknowledged or they are not remembered. I said last time that from the highest income of Rs. 20 lakhs, a man saves only Rs. 3,95,000. It is less than 20 per cent. I take away more than 80 per cent. of his income as tax.

Shri Yallamanda Reddy (Markapur): Let them show the accounts.

Shri Morarji Desai: They do not do so. If they do not do it, how am I going to show it? I cannot imagine what my hon. friend goes on imagining. I can only look at what is given to me, or I can try to find out. Ultimately there is a scope beyond which I cannot find out anything. How am I to know everything that my hon. friends know? They are adepts in hiding things. They should know that people can hide things and people can go under-ground and people can go wrong. All these things are happening. If I cannot catch them, how am I to catch others? Let them help me in catching them, because they are experts in going under-ground. If they are prepared to help me, I can do what is necessary. But let them not give help in any harassment; it must be a help in getting revenues. I shall be obliged to my hon. friends if they can help me in doing so. Therefore, I invite my hon. friends to help me. I shall thank them if they help me. I have no quarrel with them. My quarrel is only that they quote one set of figures in a different way than they should be quoted. All figures can be quoted; they are meant for quoting, but they should be quoted in the right manner and not in the wrong manner at all.

16 hrs.

Shri Nambiar: The right quotation is that there is no price increase at all?

1062(Ai)LSD-7.

Shri Morarji Desai: I have never said that there is no price increase. I myself in my budget have said every time that in the second Plan, there is a rise of about 27 per cent, or something like that. I do not remember that figure. But I have also said that during the last 10 months or so, the price increase has stopped. It is a fortunate thing. I would ask my hon. friends to help me in maintaining it and not try to make them go up again. But they always try to do that and they find fault with me. When the prices of agricultural articles go down, they say, "Raise them".

Shri A. K. Gopalan: How is this responsible for the rise in prices?

Shri Morarji Desai: You always make agitations for raising all prices and raising all salaries. That is what one does and it is that which is responsible. Otherwise, why should prices of agricultural articles rise? Because agricultural prices rise, other prices rise.

Shri Surendranath Dwivedy: Does he say that only because of agitations, prices rise?

Shri Morarji Desai: That is one of the reasons. I do not say that that is the only reason. I would never say it. That is only left to my hon. friends to simplify matters and give one reason for everything. I do not do that. In this particular matter, if agricultural prices have risen, they have not gone in vain. They have benefited the agriculturists. They have made their conditions better. Therefore, they are also giving their taxation also to some extent in a better manner and in a larger way.

Shri A. K. Gopalan: Shall I show from this book that they have not benefited?

Shri Morarji Desai: That is because you read it in the wrong way. I read it in a different way. If you have the courtesy to come to me, I shall read it with you....

Shri Hari Vishnu Kamath: Over a cup of tea!

Shri Morarji Desai: I will show you how it can be read. It requires a proper method of reading. If one puts on black goggles, one sees only black things.

Shri A. K. Gopalan: I will put on your goggles.

Shri Morarji Desai: I do not want you to put on my goggles. I do not know whether my goggles will survive. That also is a problem. I do not want you to do that. I only want you to see and benefit by some facts. That is all I want; I am not here to convert anybody.

My hon. friend said that privy purses must be stopped. I can understand that argument. Many people say that. They are large purses. But we must also remember the history, which is not very far off; the history is recent. We ourselves sanctioned it. It has been made a part of the Constitution. Why? Because when we got freedom, these States became independent and we wanted to have a consolidated India. The consolidated India was made due to the genius of Sardar Vallabhbhai Patel, who had the great imagination and courage. He called all these people together and said, "You better merge your States and you retire". There was an agreement arrived at. Everybody hailed that agreement. Everybody then said that it is all right. Otherwise, we would never have become one nation with one Government. Therefore, that was the price paid to them. We might say that the price taken was large. But we have paid it voluntarily. They also voluntarily gave up their States and they were merged. That is what we did. If you want to take away the purses, let us have some legitimate reasons for that. It is no reason to say that they are opposing Government's policies, we should do that. My hon. friends also oppose Government's policies. Therefore, should I say that they should

not live in India? I cannot say that. Everybody is entitled to live here, whether they oppose or do not oppose.

Shri Hari Vishnu Kamath: That is democracy.

Shri Morarji Desai: My hon. friends oppose democracy. What am I to do? Still they are a legitimate party, functioning in elections sitting here and even holding a Government once in Kerala. That is the peculiarity of democracy. And, be it said to the credit of the Congress that that is what they did and that is how they want to maintain liberty in this country.

Shri Hari Vishnu Kamath: Credit of the country, not of the Congress; India's credit.

Shri Umanath (Pudukkottai): The peculiarity is you do not allow the other party Government to exist.

Shri Morarji Desai: That is left to my hon. friends. If they come to power, nobody else will exist. That I know very well.

16.05 hrs.

[MR. SPEAKER in the Chair]

Therefore, we need not go into this. After all, that argument is neither necessary nor useful here, but these are two different methods. I am, therefore, very conscious that whatever I say is not going to satisfy my hon. friends opposite, because they have a different ideology altogether. They believe in different systems and I believe in a different system. But there are some things common at any rate. Those things common are that the common man here must be happy. In that way, we are all common. Let us help in that process. If we are to help in that process, both of us can go on in our ideologies, but let us not twist facts or misrepresent situations. Wherever wrong things are, we should correct them. Let us all co-operate in

correcting them. Let us not merely say that everything is wrong and nothing is right. When everything is wrong, nothing can be set right. Who will set it right? Therefore, there are many things which are good. There are many things which may be also wrong. I am not prepared to say that nothing is going wrong. I cannot say there is no abject poverty in this country. There is poverty in this country and we must remove it. Can we remove it in two or five years? We would need 20 or 30 years to do so; that also we can do provided we go about it industriously and together in a co-operative manner. You cannot remove this kind of poverty by a magical wand anywhere. No country has done it. Other countries have taken 100 or 200 years to do this kind of thing in olden days, when they had leisure. We do not have that leisure. We do not want to have that and we cannot afford to have it. But we must also have a sense of proportion. We cannot go on expecting things which cannot be done.

Therefore, as long as these kinds of things remain, there are bound to be some disparities here and there. There are bound to be some wrong sections. These are a reminder to us all the while that we must not be complacent. As long as one man remains poor or unhappy, we cannot consider ourselves satisfied, but because there are some men like that should we not acknowledge that many people also have profited and gone ahead? That is what we should do and see that those who go ahead help those who do not go ahead and make them go ahead and help them in going ahead. That is what we are seeking to do in this country. That is the attempt that we are making through the budgets, legislations and through the Government that we are privileged to carry on because the people have reposed that confidence in the party to which I have the honour and privilege to belong.

Mr. Speaker: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1962-63, be taken into consideration."

The motion was adopted.

16.08 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

SECOND REPORT

Shri Hem Raj (Kangra): I beg to move:

"That this House agrees with the Second Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 13th June, 1962."

Mr. Speaker: The question is:

"That this House agrees with the Second Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 13th June, 1962."

The motion was adopted.

16.09 hrs.

RESOLUTION RE. REMOVAL OF UNTOUCHABILITY—contd.

Mr. Speaker: The House will now resume further discussion of the resolution moved by **Shri Balmiki** on 1st June, 1962 regarding removal of untouchability. Out of 2½ hours allotted for the discussion on the resolution, 48 minutes have already been taken up.

Shri Umanath (Pudukkottai): I rise to support this resolution. Elimination of untouchability is an urgent need for the hour. When I say that, I do not raise it merely from the humanitarian angle. Its existence is an obstacle to progress and democracy.