

12.45 hrs.

PAPERS LAID ON THE TABLE

AUDIT REPORT (CIVIL), 1966 AND  
APPROPRIATION ACCOUNTS (CIVIL),  
1964 65

The Minister of State in the Ministry of Finance (Shri B. R. Bhagat): On behalf of Shri Sachindra Chaudhuri, I lay on the Table a copy each of the following papers:

- (1) Audit Report (Civil), 1966 under article 151(1) of the Constitution. [Placed in Library. See No. LT-5771/66].
- (2) Appropriation Accounts (Civil), 1964 65. [Placed in Library. See No. LT-5772/66].

FIFTH ANNUAL REPORT OF KERALA  
WATER TRANSPORT CORPORATION LIMITED  
ALONG WITH AUDITED ACCOUNTS

The Minister of State in the Ministry of Transport and Aviation (Shri C. M. Poonacha): On behalf of Shri Sanjiva Reddy, I lay on the Table a copy of the Fifth Annual Report of the Kerala Water Transport Corporation Limited, Alleppey, along with the Audited Accounts for the year ending 31st March, 1963, and the comments of the Comptroller and Auditor General thereon, under sub-section (3) of section 619A of the Companies Act, 1956, read with clause (c)(iv) of the Proclamation dated the 24th March, 1965, issued by the Vice-President, discharging the functions of the President, in relation to the State of Kerala. [Placed in Library. See No. LT-5773/66].

Shri N. Sreekantan Nair (Quilon): I want to raise a question.

Mr. Speaker: I will allow him.

REPORT OF THE SHIPPING DEVELOPMENT  
FUND COMMITTEE

Shri C. M. Poonacha: I beg to lay on the Table a copy of the Report of the Shipping Development Fund Committee for the period ended 31st

March, 1964, along with the Audited Accounts, under sub-section (6) of section 16 of the Merchant Shipping Act, 1958. [Placed in Library. See No. LT-5774/66].

AMENDMENTS TO KERALA LAND  
ASSIGNMENTS RULES, 1964

The Deputy Minister in the Ministry of Food, Agriculture, Community Development and Co-operation (Shri Shyam Dhar Misra): I beg to lay on the Table a copy of the Notification S.R.O. No. 405/65, published in Kerala Gazette dated the 16th November, 1965, making certain amendments to the Kerala Land Assignment Rules, 1964, under sub-section (3) of section 7 of the Kerala Government Land Assignment Act, 1960, read with clause (c)(iv) of the Proclamation dated the 24th March, 1965, issued by the Vice-President, discharging the functions of the President, in relation to the State of Kerala. [Placed in Library. See No. LT-5775/66].

Mr. Speaker: What does Mr. Sreekantan Nair want to say?

Shri N. Sreekantan Nair: In view of the fact that the Kerala Government, acting under the President's rule, has very seriously jeopardized the interest of the people of that State by suspending off and on and liquidating almost the life-line of traffic, the water transport, and in view of the fact that a large amount of money was spent on that by Kerala Government, that report has to be considered and some time should be allowed for that.

Mr. Speaker: He can give notice for that.

Shri Hari Vishnu Kamath (Hoshangabad): May I request that the ruling given by you yesterday on the case of release of Shri Umanath on parole be circulated—because you will agree that it is a great triumph for the concept of Parliamentary democracy, the supremacy of Parliament—just as your last year's ruling on C.B.I. report was circulated?

**Mr. Speaker:** It was circulated. Mr. Kamalnayan Bajaj.

**Shri S. M. Banerjee (Kanpur):** Will the Minister reply today or tomorrow?

**Mr. Speaker:** Tomorrow.

**Shri M. R. Masani (Rajkot):** When will the debate end?

**Mr. Speaker:** It will continue for the whole of tomorrow.

12.48 hrs.

GENERAL BUDGET—GENERAL  
DISCUSSION—contd.

**Shri Kamalnayan Bajaj (Wardha):** I was saying yesterday that the Finance Minister had made a good survey and showed a good grasp of the economic development of the country. But looking through the tax proposals, I have come to the conclusion that he has not been bold enough to solve the various problems. He has given only some trifle concessions like abolition of the tax on bonus issues, reduction in the incidence of tax on dividend and 5 per cent. reduction in surtax. It was probably thought that it would improve the psychology of the share market. But the 10 per cent levy on corporate tax and the individual income-tax has more than offset that. Last year on account of diminishing returns on corporate tax and individual taxes, certain amount of concessions were given, but this year, in spite of the fact that the Finance Minister announced that there should be more savings, he has failed to give any such concessions.

The super profit tax was levied after the Chinese aggression. This tax was changed into surtax by the previous Finance Minister, Shri T. T. Krishnamachari. This tax operates after the normal taxes have been paid and certain amount of profit is allowed to be exempted. This tax is

a kind of tax on efficiency of the corporation. The corporation which works with greater efficiency has to pay more because of the surtax. The surtax was legitimate and could be justified during times of war, but in normal circumstances, especially after the Tashkent agreement, there is no moral justification for the retention of this kind of tax at all because it is a discriminatory tax on persons who are making special efforts to make more profits. So I fail to understand why this tax is continued on those people who are working the corporation with greater efficiency. This tax should really have completely gone.

12.50 hrs.

Now, I come to the 10 per cent surcharge on individual taxes. Although at the lower limit of income-tax a certain amount of concessions or exemptions have been given that is so negligible, because on an income of Rs. 6000, the exemption or concession given is only about Rs. 14. But the excise duty on sugar has been increased, and if a person with that income has to pay the increased excise duty on sugar, then it would mean that on sugar alone he will have to pay more than Rs. 14 which he would otherwise save on an income of Rs. 6000. So, even the exemption which has been given to the lower income group is only a paper transaction, but probably on the whole, there is more burden on the tax-payer in that respect.

During the last year, the returns from the taxes were reduced. During 1965-66, the estimated corporation taxes were Rs. 371.6 crores, but the expected amounts are only Rs. 330 crores; so, about Rs. 41.6 crores were received less. Similarly, in regard to personal taxation, in 1965-66 the estimated amount was Rs. 271.6 crores but the expectation is only about Rs. 260 crores, thus leaving a shortfall of about Rs. 11.5 crores. If we see this we find that the diminishing return has