

13.28½ hrs.

STATEMENT RE: CUSTOMS  
(AMENDMENT) ORDINANCE, 1966

**The Minister of State in the Ministry of Finance (Shri B. R. Bhagat) :** I beg to lay on the Table a copy of the explanatory statement giving reasons for immediate legislation by the Customs (Amendment) Ordinance, 1966, as required under rule 71(1) of the Rules of Procedure and Conduct of Business in Lok Sabha.

[Placed in Library. See No. LT-6760 /66].

13.29 hrs.

MOTION RE: PRESENT ECONOMIC  
SITUATION IN THE COUNTRY—  
*contd.*

**Mr. Speaker:** The House will now take up further consideration of the following motion moved by Shri Sachindra Chaudhuri on the 26th July, 1966, namely :—

“That the present economic situation in the country be taken into consideration.”.

The Finance Minister may now reply.

**The Minister of Finance (Shri Sachindra Chaudhuri) :** Sir, as I told you yesterday, I propose to take as little time as possible over my reply. This is a matter which has been debated in this House practically from the time the House re-assembled for this session. And while I must say that on occasions I have not been able to present to listen to the very valuable and critical suggestions which were made on the economic situation in the country, I have kept myself informed of the suggestions made and criticisms offered and the advice that was given to me. It is not necessary for me, having regard to the way that this Motion has been debated, to answer every point made in the speeches by

everyone of my hon. colleagues in this House. I have made an endeavour—it may be imperfect, but I have still made an endeavour—to classify the points that have been raised and I will shortly answer those points because I wish to contain myself within twenty minutes.

13.31 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

One of the questions which has been agitating the minds of quite a number of people is : why was devaluation necessary; why couldn't we go on with the steps that had been taken on earlier? That takes me into a little background consideration of the economic conditions in the country. After independence, our endeavour has been—the ambition of the country has been—to try and develop ourselves in the economic field as well as in other fields as quickly as we possibly could and to ensure the sharing of the resources of this country equitably and justly, as was proper, and having regard to our accepted principles of socialism. In that background, one has to see how one should progress. It was felt that it was necessary to have capital investments in this country, if this country was to take its place, and proper place, in the comity of nations with the more advanced countries in the industrial sense. In this respect, one has to take a view. Those of my colleagues in this House—and I see one of them opposite me, Shri Dandekar—who have been concerned with the matter of promoting industries know very well that, whether to expand an existing business or to start a new one is always a problem, and a problem which has got to be looked at purely from the economic and financial point of view. Ultimately, the results yielded may be in one way or another. But where we have got to start from scratch, where we have got to think in terms not of expanding something which we have got out but of starting, we have no option but to think in terms of putting

in investments. And in making the investments you cannot always only think in terms of those investments which make for quick production or yield quick spectacular results, because if you do that, they probably harm the investments—which will not be in keeping with the ambitions of the country, of the requirements of the country. You have to have capital investments. One has to take a view, and having taken it, one starts.

Now it may be that when the view is taken, one feels that conditions being as they are, the investments which have been made will be productive of results in a very short period of time. Sometimes one fails in achieving that. But that does not mean that the investment has been unwise, nor does it indicate that the investment has brought about insolvency to the country.

If you look at our performances and not concentrate only on those little things where we have failed, I make bold to say, without giving you a catalogue of the different investments we have made, that we can be reasonably proud of our performance in this that we have installed capacity in this country which, compared to that in any other country, taking into account the period in which we have done it, is commendable, is creditable. But this is something which we forget when we either examine ourselves or criticise, as some of our friends opposite do; because naturally, when we are assessing our performances, we also think—and perhaps think a little more largely—of the failures which are inherent in progress that has to be made on the large scale that we do. There are so many different factors and it is not necessary for me, again, to list those factors which come in the way of there being production altogether.

It has been said over and over again in this House that in thinking in terms of industry we have neglected agriculture. While I do not subscribe to that view, I do say this that perhaps if we had the experience of

last year, the drought, the scarcity and famine, earlier, we would have not gone the way that we did with agriculture; we might have thought of agriculture at an earlier stage.

This is how we started in 1949 and 1950 until we came to 1960. And I make bold to say that all my friends who have spoken on this particular Motion have taken care to read up the rate of growth, the national wealth, national income and so on, and seen that between the years 1950 and 1960, there has been satisfactory progress, and only after that the question arose as to what was to be done. Now I would remind the House of 1962 when our ruthless friends to our north felt it proper without any provocation....

**Shri Hari Vishnu Kamath** (Hoshanabad): Ruthless 'friends'.

**Dr. L. M. Singhvi** (Jodhpur): Erstwhile friends.

**Shri Sachindra Chaudhuri**: If you like, friends. The word 'friends' has got more meaning than is ordinarily attached to it. The whole world is our friends. I belong to the Buddhist school of thought which believes that everybody is my friend, nobody is my enemy.

**Shri Hari Vishnu Kamath**: Oh, I see. Go ahead.

**Shri Sachindra Chaudhuri**: Shri Kamath is my very dear friend.

**Shri Hari Vishnu Kamath**: Why does he mention Kamath and others in the context of the 'ruthless friends'?

**Shri Sachindra Chaudhuri**: Because Shri Kamath raised it. Anyway, let me go on.

**Shri Hari Vishnu Kamath**: He should be more understandable.

**Shri Sachindra Chaudhuri**: If the words 'ruthless friends' are objectionable, I withdraw them and say 'ruthless neighbour'.

**Shri Hari Vishnu Kamath:** Erst-while friend, of the Hindi-Chini-bhai-bhai days; *whilom* friends.

**Shri Tyagi** (Dehra Dun): They are officially friends.

**Shri Sachindra Chaudhuri:** We are not at war with them; we still have relations with them. But as the word is objectionable to Shri Kamath, I say our 'ruthless neighbour'.

There was in 1962 this attack or aggression from our ruthless neighbour in the north. From then on we went on thinking not only in terms of development as we had been doing, but we had to combine defence and development together. And when we took up defence, defence, as you know, involves very large quantities of expenditure and creates difficulties for finding money in order to develop ourselves. These two had to go together, as the calculated thing which had to be accepted by the desire of the country which had on that occasion said that at any cost, by shedding the last drop of our blood, by suffering any privation, we shall keep the integrity and independence of the country. We could not possibly not respond to a call like this when we ourselves were enthused about it. And having that in mind, we had to do this, namely think in terms of defence, defence on a much larger scale, defence which would make us immune from this kind of attack or at least help us to resist such attacks as and when they were delivered.

In consequence of that, the country had to stretch itself to the utmost. That was the time when the question arose as to how we were going to do these two things. Those who were in the Government applied their minds to this problem and they went out and raised resources both in the country and also tried to get such resources as they could from outside. This is a thing which happens in any country where you have problems such as we have. We hear of comparisons in this House between our-

selves and South America, North America, England, Sweden, Japan and every other country in the world; it is said that we do not ourselves take an inward look and see what this country has achieved what it is going through and what this country is faced with.

I do not share for one single moment the fears that have been expressed in this country, in this House, namely that the country is going towards destruction, is going towards economic ruination. I feel proud to think of this, that we have got installed in this country capacity both in the public sector and the private sector which has been certainly helpful to the country.

I go to the villages. I remember as many of my friends here would remember, what the conditions were when freedom came. What were the conditions in the countryside, what were the villages like, what was health like, what were roads and transport like, what was the population like? And go back after 15 years. It is only he who has no eyes to see who will say that there has not been any progress, that we are in the same darkness in which we were before. What can I do if we do not apply our minds, if we do not apply our eyes to see?

This has not been achieved by a miracle, by a wave of the fairy wand that some of my friends would like us to wave cannot do it, we have not got it.

Also, look at it from the other point of view. In the public sector you have got these industries. The private sector has never had it so good. Think in terms of the halcyon days of the private sector between 1939 and 1945 when the war was on. Producing countries were not producing. The market of the world was India's and India could sell anything she could produce. What was the state of the industries at that time in 1945-46? With the assistance of Government given properly, there has

been a vast growth also in the private sector. When I look at the economy of this country, I do not want to divide it in two parts, the private sector and the public sector, I take it as a whole. They have both been born and nurtured and nourished with the assistance and help of the people of this country who have contributed penny by penny or paisa by paisa to whatever has been acquired in this country.

Looking at this background and having the determination that we shall go on with what we have, we went on with our plans. There have been many criticisms levelled at the plans, but each of these plans had come to this House, and each one of these had been approved by this House.

**Shri P. K. Deo** (Kalahandi) : Because of your majority

**Shri Sachindra Chaudhuri** : It is not that the plans had been conceived in the Planning Commission, it is not as if the Finance Ministry had worked that plan and went on with it. Therefore, the House has approved of these plans, it is with the approval of this House that these plans have gone through. So, it is no use saying that these plans were much too ambitious, much too large and grandiose, that we have failed to perform these plans.

I am not here defending any inefficiency which we have, because after all in a venture like this where you do have capacity imputed by technical knowledge, where you have the capacity limited by the lack of high research, you are bound to have a certain inconsistency in the matter of management, and I freely grant that there has been in the public sector, equally in the private sector, a certain amount of lack of that efficient management for which we must strive, and that is something which we shall take care of, we shall remove.

Again, I am no ashamed of it, I am not alarmed by it, I recognise it as a fact, and having recognised that, I say that we shall endeavour and try to rectify that.

When the question came at the beginning of 1965 as to how we were going to go on, we were really doing a bit of tight rope walking, we were walking on that rather wavering kind of thing, which, unless we can hold on to it properly might make us fall. It was I think as a result of planning, deliberate decision taken, not done haphazardly, not done without direction, and after that we found ourselves in the cleft stick of two calamities, one created by nature and the other created by man. I am talking of the drought and the Pakistani aggression. I need not dilate on it because this is a matter on which we have spoken quite often, but these two were facts of life which we had to recognise, and having recognised, we had to do something.

This Government in 1965 was further faced with the fact that those that were giving us aid, had, for reasons which appeared proper to them, stopped the aid for the time being. Their reasons might have been good, bad or indifferent. I am not here to criticise or say anything about them, but the fact remains that that was the situation. We had our capacities here, we had our machines here, but we could not produce anything for the simple reason that we did not have the raw materials. We had hungry people here, we had a population which had already exploded, and we did not have food here to feed them. It is one thing to say that we shall go through every kind of privation, we shall do everything we possibly can to be self-reliant, and another thing to say that we shall so conquer our pangs of hunger that we shall stand behind a Government which denies us food even if it can get that food by borrowing of money.

In those circumstances, we had to think in terms of getting aid, and in-

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order to do that, we had to think in terms of repaying that aid, not in a year or two perhaps, but in ten years. Whenever a prudent person borrows, the prudent person also thinks in terms of having to repay it, and when he thinks in terms of repaying, he thinks in terms of export, that is to say repaying with the same money with which he buys the food. Ultimately, and I think Mr. Dandekar will agree with me,—if I refer to him once or twice, it is because I have got great faith in his knowledge of these things—it boils down to this that in this world whatever may be the standards of money, whatever may be the parity of exchange and so on, it is no more and no less than this, namely what you did at the beginning at the dawn of time; you go to the market and exchange your goods; and whether it is the standard of gold or dollar or rupee, it is just the same thing and nothing else. Therefore, we had to think in terms of producing goods which we could produce enough in the shape of that standard of repayment, namely sterling, dollar etc.; and in order to do that, we had to find the raw materials with which we were going to organise our production in this country, and when I say raw materials which produce more. I do not confine myself to our factories. I also think in terms of the fields. We had to have more agricultural production.

The question has been asked over and over again in this House: how are you going to increase your traditional exports, because your traditional exports are bound to the land. And one of the answers is to grow more, make the land produce more. And how are you going to produce more unless you put more into the land. You have to have irrigation, fertilisers, more modern ways of cultivation. We have got to recognise this fact that if you want modern cultivation, you want modern machinery for which again you want industry. We cannot with our hands and our tools make a tractor or a harrow

or a plough. We cannot win the water out of the bowels of the earth by merely putting down a few tubes; we also have to have electricity to pump that out and the machine which would work the pump. These come by using other machinery, capital machinery.

And in consequence of that, when we talk about more inputs, more materials, more imports, it is not only the raw materials in the shape of rare metals, but I am talking, I am thinking in terms of fertilisers today to be put into the field, the manufacture of fertilisers tomorrow so that this country may be self reliant. In order that there may be self reliance in this country, in order that there may be an urge in the people of this country to produce more all the substitutes which we have been easily importing from other countries, it was necessary that conditions should be created whereby this country could look forward and say, "Well, if I produce so-and-so in this country, I do not have to pay that exorbitant price to people outside. Not only that, when I produce it, I can sell it at a price which is commensurate with the labour I put into it, the materials I put into it, the skills I put into it. In order to do that, so far the money is concerned, we had to make it for the purpose of import, and when exports are made, we had to make it a little easier in the hands of the exporter. It is the only ultimate reason for devaluation, if we leave alone the question of sentiment and forget and abstain from saying that we have devalued ourselves. Expressions have been used against us: you have devalued the country, devalued the Government and devalued the people. It horrifies me to think that my people in whose strength I have got the utmost faith can be so described as devalue people. People are not devalued.... (An Hon. Member: That has been said by Mr. Morarji Desai). Whoever may have said it, I am

merely saying that I do not accept it. If unfortunately that is the view of some hon. friends, I say that I do not accept that" nor do I find that it is based on reason. It does not matter who it is, and I am not going to comment further on it on this occasion. I am not bound by any statement made by anybody. I am free to make my own observations on this. What I was saying is this. It horrifies me to think that anybody should describe these people who for years and years fought for political freedom as devalued people when they are doing what they have got to do for the purpose of winning economic freedom for which we are striving . . . . (Interruptions.) (An hon. Member: Who are those people?) The people of the country, you and I and the people.

**Shri Sezhan** (Perambalur) : You devalued; the people did not devalue.

**Shri Sachindra Chaudhuri** : Exactly, the people did not devalue but the people did not devalue themselves simply because I devalued the rupee. That is why I say that it is horrifying to hear this description. There is no reason at all for our being sentimental about it or emotional about it. It is a fact of life which has to be accepted. Having accepted that we have got to go on from there. There has been a great deal of discussion on what will be the result, whether we shall succeed or not. Personally, I feel that we shall succeed. I do not say that the operation was easy. It was a painful operation; it took many days of anxious thinking before it could be done; it was painful. We had two alternatives before us: more quick progress if we do this and less quick progress if we did not do it and continued with the methods that we had been following. By and large our people, as I said, are honest and hard working, but I am afraid I cannot say so of everyone in this country, and in an atmosphere of scarcity, in an atmosphere of lack of materials certain things thrive and one of them is smuggling and another thing is black-marketing. My friends in this House know very well that there had

been certain entitlements created which were known as export entitlements or import entitlements, looking at it the way you do, which by and large meant this, that if a certain quantity of foreign money was brought into this country whether by the export of our goods or by the voluntary sending in of the money the person who sent in that money or received that money in this country as the case may be was entitled to get a certain quantity of imports and these imports entitlements were valuable for the purpose of import licences and for the purpose of sale. On the one hand our balance of payments was so weighted against us that we cannot easily or quickly afford to buy all the materials necessary; on the other hand there were these entitlements and there were people hungry to use them. The result was that these entitlements sold in the market at 200 or 300 per cent of their real value.

**Shri Tyagi** : I am glad you are aware of it

**Shri Sachindra Chaudhuri** : Having regard to that, one had to think in terms of stopping this. Either we had to accept that evil as a settled fact and go on from there because different countries follow their path from the point of the social angle and from the point of view of their necessity and from the point of view of their own standard. I felt happy in this that this country has never yielded in to the standards of the person who makes money on the misery of the people. I am not using the word 'blackmarket'. This country was not prepared to stand for that. This country has been prepared and is still prepared to stand for something which would mean hard work and hard life for sometime. This is the reason for which devaluation was effected. I have said that so far as the reasons are concerned, if one takes a balanced view of it, it is really in the nature of things that when we try to progress as quickly as

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we can, when we have taken a calculated view, when we are going to use our resources in a particular way and they do not get back the quantity of money for the purpose of meeting commitments, we have to take the risk as the risk was overtaking us. That is why we had to devalue. As I said, I do not claim any virtue for devaluation. At the same time I do not feel ashamed of having devalued.

**Shri Sezhiyan:** What is the rationale for fixing the rate at 36.5, instead of 25 or 30 or 50?

**Shri Sachindra Chaudhuri:** If my friend wishes to have a good debate with me on that particular point, I shall certainly have a debate with him privately; I will do that. I do not think it is going to help anybody. One has got to make an assessment. In making that one finds out what is in the world and what is possible as a standard, and having done that one says; this is the standard and I am going to have it. There might be a margin of error of 0.02 per cent. this way or that way; I am not quarrelling with my friend on that.

It has been said, and said quite often in this House, that there was the problem of prices. Undoubtedly, there is the problem of prices; there is no question about it. We are conscious of that and we are trying to do what we can about it. What methods have so far been taken had been advertised, have been said over the radio. What other measures are taken are also known to the members and I will not at this point of time take you through the list of things that we have done or propose to do in the near future in order to hold the price line. May I say for your consideration that when we are thinking of prices, whether it is re-

lated to devaluation or something else, it was there already before devaluation. I do not think I have claimed, I do not think the government has ever claimed at any time, that devaluation is that magic wand or it is the panacea which will at once remove all difficulties about prices and start export at once or get in imports at once and make this country full with milk and honey. It will not. Repeatedly, we have said and I maintain this that this is a step and from there we will have to march on very hard and stony and unkind path in order to get to our goal. The only thing is that if we go off that road we shall drop down the precipice. But if we keep to that road, in that case, we have a feeling that we can see the valley across which is green. That is all that has been promised; nothing more than that. That is that we propose to achieve in this period of difficulty. Going back to prices, I was telling you that so far as the prices are concerned, how are they determined? They have been determined by what has gone before. If one goes back into history again, one will find that the price of everything is related to food; food is the first and primary necessity of human beings. In order to get that food, you have to grow it. Either we have had a time when there was no rain and no fertilisers and therefore there was no growth of food or the cultivator has not been given a big enough price so that he may be able to say: this is remunerative price for me to go and increase the yield from land. In that case you have to consider what the remunerative price would be for the cultivator. If you do not provide a remunerative price, he will not cultivate; ordinary good sense will tell him that, and he is a man of good sense. If in a field I have to spend 30 worth of fertilisers and that brings me 100 worth of crop I am doing no worse; I may grow ten maunds of wheat in that field. But then, suppose I grow 20 maunds of wheat which would fetch me Rs. 200

and for that I will have to spend Rs. 100 more in the bargain? Therefore, you have got to assure him the prices. Now, along with that all the other prices have gone up. We have talked about America doing this and Argentina doing that. But in these countries, one has got to realise, that there has been a price rise.

#### 14 hrs.

Many of you have been abroad and abroad several times. If you cast back your minds to what were the conditions in western Europe five years back, in the matter of prices of food, the prices of shelter and so on, and you see what the price is today, you would find that they have risen by 30 to 40 per cent and sometimes by 100 per cent. There is no question about that. They are people who have got over-employment and not under employment. Their trouble is, the people are asking for more and more. Price is a thing which has got to be taken in its perspective. It cannot be related to devaluation. If you did that, if you use that sort of argument which in my young days I was taught as a maximum of logic, *post hoc, ergo propter hoc*,—a thing has happened and therefore, the immediately proceeding thing must have happened, it does not take us far. Shri H. N. Mukerjee is here and I would tell him that this is the same thing as *Kakatataleeya nyaya*: the drow has come and settled on the tala fruit, and the fruit has dropped; and therefore, the crow must be the cause of the fruit-falling.

What you have got really to see is that devaluation was really the result of our effort and endeavours to try and arrest the rise in prices and not to accelerate the rise in prices. It would be, I think, a wrong argument to say that it is because of devaluation that this rise has taken place. Devaluation happened on the 5th June or 6th June. We are today in the seventh or eighth week after that. But before that, if you go into the years you will find that there

has been a rise. If anyone of my friends took care to find out what was the position in the six weeks or two months before devaluation and after devaluation, he would find that the price rise before the devaluation was probably slightly more than the price rise after devaluation. Equally, if you take the comparative period for six months in the previous year and this year, you would find that the price rise in the year before was slightly higher. These are matters on which investigation can be made and arguments can be made.

Again, on the question of efforts that we are making, I might say that in spite of last year having been a year of scarcity, by reason of the endeavours of this government, there has been more procurement; that is to say, more rice or wheat or edible stuff has been procured than there has been before. That shows that when we can introduce a sense of urgency in this country, when we can energise ourselves and when we have this House behind us, there is every reason to believe that devaluation will be a successful step and not a failure.

As I said, if we are going in for fruity speeches if we are to make fruity and spicy speeches, what shall we have? Not only we will have a little sound of drums sometimes, but we will have a certain amount of amusement and a great deal of noise and a certain amount of warmth, but it really ends in a little fuss and fair.

That is what it is. We shall not get anything more. It is no use saying that devaluation is an atom bomb that has fallen on us. It only gives you that sort of thing which as I said is a pyrotechnic bomb, coming and throwing up. It is nothing more than that. It is not any noise in space and so on. But what has come out of it? I must say that this leads me to think in terms as to what are the lessons for the future. I have given advice, and I think I have got a list of views somewhere. Different views



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have been expressed, and it is rather interesting and educative to find how these cancel each other out. I am taking one by one. I have four to five items and not more than that. I would not take you very long on that.

**Dr. L. M. Singhvi:** To say that there are different views and they cancel each other out is a poor consolation for the hon. Finance Minister. We have made different points on different grounds in this House, separately and distinctly and they should be dealt with.

**Shri Tyagi:** How does the supply of irrigation facilities cancel out? The whole House agreed that we must give first priority to providing irrigation facilities to the villagers so that we will have more production of food. Is it also cancelled out? *(Interruption).*

**Shri Sazhiyan:** Even in the Congress party, there have been various views expressed which, if analysed, could be cancelled out.

**Shri Sachindra Chaudhuri:** Did I say that this is particularly or peculiar to one group or one party in this House? I have not said that. What I am saying is that, I am merely trying to do what I should do, namely, think in terms of the whole House and not think in sectarian or sectional parts. I am not doing that.

**Dr. M. S. Aney (Nagpur):** Quite right.

**Shri Sachindra Chaudhuri:** What I am trying is to conclude the debate and not to answer the Opposition only. In consequence, what I am saying is this. I am grateful to Shri Tyagi for having brought this in. There are certain basic facts which anybody could agree with, namely, that irrigation is necessary for the purpose of producing more of agricultural stuff. I am not talking that kind of thing. As I said, I cannot go into the details of every one of the reasons that have

been given. I am not saying for one single moment that that there have not been very weighty reasons given for doing certain things, or weighty steps suggested. What I say is, we shall accept and examine them and try to see whether they are practicable. But there are other reasons where I say these things happen.

**Dr. M. S. Aney:** Have you tried to carry the House with you?

**An hon. Member:** He is carrying.

**Shri Sachindra Chaudhuri:** I have always attempted to carry the House with me, but this time, for a change. I would like the House to carry me! *(Interruption).*

**An hon. Member:** Yes; agreed.

**Shri Sachindra Chaudhuri:** Well, if you do that, my task is finished. If what I say is agreeable to you and if you carry me, then I have nothing more to say. But going back to what I have been saying, one of the points is this: that we should reduce expenditure of Government. Certainly we shall reduce the expenditure of the Government. There is no question about that. But having said that, what is suggested is that Government should only maintain the infra-structure. In other words, maintain a few schools, colleges here and there a little park, perhaps for a little amusement and a factory, but all the rest should be left to the private sector by removing taxes, cutting down taxes and giving the country of Hindustan into the hands of a few people who have proved themselves so efficient and so capable of producing goods; and in that case there would have been no difficulty at all, and no devaluation! Well, that might be a more suitable advice if there had been another kind of Government. Having regard to the fact that we are completely convinced that socialism is a good thing, I am afraid I cannot listen to this advice. To the first part,—reduce expenditure—I agree, but not to the

second part. I am afraid that there cannot be any question of heavy slashing of taxes. Whenever there is the question of slashing of taxes, it must be based on this alone: it is going to work to the greater benefit of the people of this country. If it is, than the taxes will be slashed. But they will not be slashed for any other reason.

**Shri Tyagi:** Could not the Government consider the stopping of building construction? Stop building altogether for sometime.

**Shri Sachindra Chaudhuri:** Shri Tyagi has brought me to what I was going to suggest, namely, as I have said, we accept that expenditure should be cut, and that includes buildings. One of these things would be—I am glad that my hon. friend has raised this question—to think in terms of the functional expenditure or functional saving. In other words, we have got to look and see whether this particular building is necessary or not, having regard to what one is going to do in respect of it. I hope this House would forgive me if I take a very ridiculous example, a stupid example—because I am not a very brilliant man myself—

**An hon. Member:** You are.

**Shri Sachindra Chaudhuri:** There would not be any use in trying to put up a superstructure for the purpose of rearing bees so that there might be more honey. That is not the sort of thing one should look at. Again, when we build our offices, we have to think of utility furniture, we have size, and so on and so fourth. Where we have got buildings unused, we should try to use them. The same sort of saving in expenditure should be made, in my way of thinking, wherever we have got, either in the public sector or in the private sector, to see there is full use made on what has been installed. Again, in Government, we have suggested and we have introduced a cut in expenditure. There again, a look has to be given. It is no use, saying three per cent or five per cent or seven per cent should be cut.

**Shri Sinhasan Singh (Gorakhpur):** The Housing Department is pulling down many of the houses. I cannot say that everyone of those houses would not last longer or would be dangerous to live in, but some of them have been declared as dangerous to live in.

**An hon. Member:** Has it been examined?

**Shri Sachindra Chaudhuri:** I think it has been examined. At any rate, the house I lived in is now swimming so far as the floor is concerned and water is rising. Fortunately I am a person with a sturdy health; otherwise, I would have been suffering from something. Mr. Tyagi, who has followed me into my old house also finds the same difficulty. We live in that kind of thing; we do not mind. So far as Mr. Tyagi is concerned, I have followed him into his house and he has followed me into mine.

**Shri D. C. Sharma (Gurdaspur):** He would not come to the Treasury Benches like you.

**Shri Sachindra Chaudhuri:** He has left it; he would not come back.

**Shri Krishnapal Singh (Jalesar):** How does he propose to cut down Government expenditure?

**Shri Sachindra Chaudhuri:** The expenditure has got to be cut down by going through each one of the ministries to find out what can be cut down there. That would be done on an *ad hoc* basis—so much percentage—and thereafter on a selective basis. Actually at the moment schemes are working in the different ministries with that purpose and there is an overall scheme also working with that purpose. So far as the State ministries are concerned, they have been told to look into their expenditure and cut it down.

So far as over-spending by the States is concerned, this is a matter

[Shri Sachindra Chaudhuri]

of grave moment. We have the satisfaction at any rate that all the States have not made a raid on the Reserve Bank; on'y some States have done it.

**Shri Tyagi:** The total comes to Rs. 180 crores.

**Shri Sachindra Chaudhuri:** That total can be in the hands of one State or 5 States or 10 States or all the States. Our experience is that about 5 or 6 States have done it. I have had personal talks with the Chief Ministers. They have assured me that they would give a more realistic view to their ability to raise resources. About the State plans, they will find out where it can be done.

So far as the fourth plan is concerned, the Planning Minister has dealt with it. I do not want to go into that now.

**Dr. L. M. Singhvi:** The hon. Finance Minister must spell out the Government's policy on deficit financing in clearer terms. That is one thing which the whole House has raised and agitated in this debate. It is not enough for him to say that there would be no more deficit financing. Last year there was Rs. 435 crores of deficit financing in our budget. Let him clarify this.

**Shri Sachindra Chaudhuri:** So far as deficit financing is concerned, it is the determination of this Government that there should not be deficit financing. Financing becomes deficit because of Government expenditure on administration and also because of expenditure on Plan and non-Plan. So far as expenditure on administration is concerned we are trying to hold it as much as we possibly can, make the best use of the people we have got, absorb the people who may be surplus in one place, so that there may not be unemployment and try to see that the people who are employed are properly and fully employed. Similarly, so far as the machinery of our pro-

duction is concerned, unit to unit look is being given to find out which particular industry is not in full production what are the lacunae there and how to reach full production. When production rises, the earnings of the Government also rise.

14.15 hrs.

[*Shrimati Renu Chakravartty in the Chair*]

It is not possible for me to go into the details of the plan which are not before the House at the moment. But the Planning Commission as well as the Planning Minister are quite conscious that there cannot possibly be any deficit financing and therefore, we have to contain ourselves within whatever resources can reasonably be raised. It is not necessary for me to give you detailed information about this. Resources must come from tax, savings and borrowings. There are no other ways of doing it. Having regard to our past experience, we are looking at the whole thing to find out a solution. Every endeavour will be made to see that there is no overstepping of this limit.

This Parliament has got the right to examine the plan. Before the plan is taken into action, every member will have the chance to say, "If you do not do this, you will be departing from the principle of deficit financing". Deficit financing was all right when it started. I agree that it has got to stop now and we shall do our best to stop deficit financing. As I said, I will require the help of this House when the plan comes before it to examine and tell us, "This is where you have gone wrong; this is what you ought not to do". If the plan is not accepted by the House, naturally the House will modify it the way it wants. Generally speaking, I can say that the emphasis is on more production and less spending, smaller items like not sending out delegations, not travelling so much, etc., I have not trouble the House

with. But we have in our different ministries taken a resolution to try and contain the smaller expenses, which also mount up to something, which certainly look rather incongruous having regard to the conditions which obtain in our country.

These are the things I wanted to tell the House. I have tried to be as factual and divorced of emotion as I possibly can be. Before I sit down, I may say that after all, the ultimate end has to be self-reliance. That is something which is really bred into the wisdom of this country. After all, there is no such thing as not paying homage over and over again to what was said at the dawn of time in this country by the Rishis from whom we claim to have descended:

आत्मानं विद्धि  
नायमात्मा बलहीनेन लभ्यते ।

"Know Thyself"

"You cannot get to yourself without showing strength".

So, let us be strong and united. What has been done is behind us. Let us all march together, so that ultimately we can get to that goal, even if we have to traverse through a narrow and hard path.

**Shri S. M. Banerjee** (Kanpur): What about the statement on gold control which was promised as part of the reply?

**Mr. Chairman:** I do not know whether there was any particular promise or assurance by the Speaker, but if the Minister would like to say something about it, it would be very welcome.

**Dr. L. M. Singhvi:** We were given an assurance that a committee would be appointed, that this matter would be reviewed and reported to us.

**Shri Sachindra Chaudhuri:** During the last session, there was a question on gold control and I made my position absolutely clear. Also I say this

that so far as the economics of it is concerned, it is being examined by a body of men who have knowledge of economics. We are waiting for that report. We hope it would not take too long. After that, in some form or other it has to come up before Parliament. Whether the Government will bring it forward or any of my friends in the House will bring it forward is immaterial.

**Shri S. M. Banerjee:** A man is on fast unto death on this issue.

**Mr. Chairman:** I think an assurance was given in the last session. I think the House and the whole country is rather anxious that this matter should be expedited and it should come before the House as soon as possible.

I will now put the substitute motions Nos. 4 and 6 in the name of Shri Surendranath Dwivedy to the House.

*Substitute motions Nos. 4 and 6 were put and negatived.*

**Mr. Chairman:** Then there is substitute motion No. 8 standing in the name of Shri Bade. He is not here. I shall put it to the vote of the House.

*Substitute motion Nos. 8 was put and negatived.*

**Mr. Chairman:** Substitute motion No. 9 is by Shri Masani. He is also not here. I shall put it to the vote of the House.

*Substitute motion No. 9 was put and negatived.*

**Mr. Chairman:** Then we come to substitute motion No. 14 by Shri S. M. Banerjee.

**Shrimati Subhadra Joshi** (Balrampur): Madam, what about No. 13?

**Mr. Chairman:** That has not been moved at all.

**Shrimati Subhadra Joshi:** I gave it long ago. I gave it at the time this

[Shrimati Subhadra Joshi]

debate started. The debate was postponed so often that I think either I missed it or the record missed it.

**Mr. Chairman:** Substitute motions or amendments have to be moved within a particular time. When the Chair says that amendments or substitute motions to a particular motion have to come in within 15 minutes they should come within that time. Perhaps your motion did not come within that time.

**Shrimati Subhadra Joshi:** I gave it the first time the debate started.

**Mr. Chairman:** It has not come in at the right time. I have not got it

over here. I shall put Shri Banerjee's substitute motion, No. 14, to the vote of the House

14.24 hrs.

[MR. SPEAKER in the Chair]

**Mr. Speaker:** The question is :

"That for the original motion, the following be substituted, namely:—

"This House, having considered the present economic situation in the country, holds this Government responsible for leading millions of people to impoverishment, unemployment and starvation."

*The Lok Sabha divided:*

#### Division No. 10]

#### AYES

[14.26 hrs.

Banerjee, Shri, S.M.  
Barua, Shri Hem  
Bheel, Shri P.H.  
Chakravartty, Shrimati Renu  
Chaudhuri, Shri Tridib Kumar  
Dharmalingam, Shri  
Kakkar, Shri Gauri Shanker  
Kamath, Shri Hari Vishnu  
Krishnapal Singh, Shri

Lakshmu Bhavani, Shri  
Limaye, Shri Madhu  
Mukerjee, Shri H.N.  
Nair, Shri N. Sreekantan  
Nair, Shri Vasudevan  
Nambiar, Shri  
Patel, Shri Rajeshwar  
Rajaram, Shri  
Ram Singh, Shri

Ranga, Shri N.G.  
Reddy, Shri Narasimha  
Sezbiyan, Shri  
Singh, Shri Y.D.  
Solanki, Shri  
Swamy, Shri M.N.  
Umanath, Shri  
Utiya, Shri

#### NOES

Akkamma Devi, Shrimati  
Alva, Shri A.S.  
Aney, Dr. M.S.  
Anjanappa, Shri  
Babunath Singh, Shri  
Bakliwal, Shri  
Bal Krishna Singh, Shri  
Barua, Shri R.  
Basappa, Shri  
Bhargava, Shri M.B.  
Bhatkar, Shri  
Bist, Shri J.B.S.  
Chaturvedi, Shri S.N.  
Chaudhry, Shri Chandramani Lal  
Chaudhuri, Shri Sachindra  
Chavan, Shri D.R.  
Chavda, Shrimati Joraben  
Daljit Singh, Shri  
Das, Shri N.T.  
Das, Shri Sudhansu  
Gandhi, Shri V.B.  
Ganga Devi, Shrimati  
Hezarika, Shri J.N.

Hem Raj, Shri  
Jamunadevi, Shrimati  
Jena, Shri  
Joshi, Shrimati Subhadra  
Jyotishi, Shri J.P.  
Kindar Lal, Shri  
Kripa Shankar, Shri  
Mahida, Shri Narendra Singh  
Mahishi, Dr. Sarojini  
Malji Mariyappa, Shri  
Masuriya Din, Shri  
Matcharaju, Shri  
Melkote, Dr.  
Mengi, Shri Gopal Datt  
Mishra, Shri M.P.  
Misra, Shri Bibudhendra  
Mohanty, Shri Gokulananda  
Mohsin, Shri  
Munzani, Shri David  
Murti, Shri M.S.  
Naik, Shri D.J.  
Nanda, Shri  
Nayar, Dr. Sushila

Paliwal, Shri  
Pandey, Shri R.S.  
Pandey, Shri Vishwa Nath  
Panna Lal, Shri  
Parashar, Shri  
Patel, Shri N.N.  
Patil, Shri D.S.  
Patil, Shri S.B.  
Patil, Shri V.T.  
Pattabhi Raman, Shri C.R.  
Pratap Singh, Shri  
Raghunath Singh, Shri  
Rajdeo Singh, Shri  
Raju, Shri D.B.  
Raju, Dr. D.S.  
Ram Sewak, Shri  
Ram Subhag Singh, Dr.  
Ram Swarup, Shri  
Ramshekar Prasad Singh, Shri  
Rao, Shri Jaganatha  
Rao, Shri Ramapathi  
Rao, Shri Thirumala

Raut, Shri Bhola  
ddy, Shri H.C. Linge  
Roy, Shri Bishwanath  
Sadhu Ram, Shri  
Rgal, Shri A.S.  
Samanta, Shri S.C.  
Samaani, Shri  
Sanji Rupji, Shri  
Sarma, Shri A.T.  
Satyabhama Devi, Shrimati  
Shankaraiya Shri.  
Sharma, Shri D.C.

Sheo Narain, Shri  
Shyam Kumari Devi, Shrimati  
Siddananjappa, Shri  
Sidheshwar Prasad, Shri  
Singh, Shri K.K.  
Sinha, Shrimati Ramdulari  
Sinhasan Singh, Shri  
Snatak, Shri Nardeo  
Sumat Prasad, Shri  
Swamy, Shri M.P.  
Thimmaiah, Shri  
Tiwary, Shri K.N.

Tiwary, Shri R.S.  
Tula Ram, Shri  
Tyagi, Shri  
Uikey, Shri  
Upadhyaya, Shri Shiva Dutt  
Valvi, Shri  
Varma, Shri M.L.  
Veerabasappa, Shri  
Verma, Shri Balgovind  
Virbhadra Singh, Shri  
Yadab, Shri N.P.  
Yadav, Shri Ram Harkh  
Yadava, Shri B.P.

**Mr. Speaker:** The result of the division is: Ayes—26; Noes—105.

*The motion was negatived.*

**Mr. Speaker:** What about No. 11, standing in the name of Shri K. D. Malaviya? He is not here. I will put it to the vote of the House.

**Dr. L. M. Singhvi:** Sir, it may be read.

**Mr. Speaker:** He is not present. He is not particular about it.

*Substitute motion No. 11 was put and negatived.*

**Mr. Speaker:** Then there is No. 12 in the name of Shri Vishwa Nath Pandey.

**Shri Sachindra Chaudhuri:** Sir, I accept that.

**Mr. Speaker:** I shall put it to the vote of the House. The question is:

“That for the original motion, the following be substituted, namely:—

“This House, having considered the present economic situation in the country, approves the steps taken by the Government of India thereon and urges the Government of India to take effective steps to control the price line and to effect economy at all levels of administration and public expenditure.”

*The Lok Sabha divided:*

#### Division No. 11]

Akkamma Devi, Shrimati  
Alva, Shri A.S.  
Babunath Singh, Shri  
Bakliwal, Shri  
Bal Krishna Singh, Shri  
Barua, Shri R.  
Basappa, Shri  
Bhargava Shri M.B.  
Bhatkar, Shri  
Bist, Shri J.B.S.  
Chakravarty, Shrimati Renu  
Chaturvedi, Shri S.N.  
Chaudhry, Shri Chandra mani Lal  
Chaudhuri, Shri Sachindra  
Chaudhuri, Shri Tridib Kumar  
Chavan, Shri D.R.  
Chavda, Shrimati Joraben  
Daljit Singh, Shri  
Das, Shri N.T.  
Das, Shri Sudhanu  
Gandhi, Shri V.B.  
Ganga, Devi, Shrimati  
Hem Raj, Shri

#### AYES

Jamunadevi, Shrimati  
Jena, Shri  
Joshi, Shrimati Subhadra  
Jyotishi, Shri J.P.  
Kindar Lal, Shri  
Kripa Shankar, Shri  
Lakshmi Bhawani, Shri  
Mahida, Shri Narendra Singh  
Mahishi, Dr. Sarojini  
Masuriya Din, Shri  
Matcharaju, Shri  
Melkote, Dr.  
Mengi, Shri Gopal Datt  
Mishra, Shri M.P.  
Misra, Shri Bibudhendra  
Mohanty, Shri Gokulnanda  
Mohsin, Shri  
Munzani, Shri David  
Murti, Shri M.S.  
Naik, Shri D.J.  
Nanda, Shri  
Nayar, Dr. Sushila  
Paliwal, Shri

#### 14.28 hrs.

Pandey, Shri R.S.  
Pandey, Shri Vishwa Nath  
Panna Lal, Shri  
Parashar, Shri  
Patel, Shri N.N.  
Patel, Shri Rajeshwar  
Patil, Shri D.S.  
Patil, Shri S.B.  
Patil, Shri S.K.  
Patil, Shri V.T.  
Pattabhi Raman, Shri C.R.  
Pratap Singh, Shri  
Raghunath Singh, Shri  
Rajdeo Singh, Shri  
Raju, Shri D.B.  
Raju, Dr. D.S.  
Ram Sewak, Shri  
Ram Subhag Singh, Dr.  
Ram Swarup, Shri  
Rameshkar Prasad Singh, Shri  
Rao, Shri Jagannatha  
Kao, Shri Rama pathi  
Rao, Shri Thirumala

Rau, Shri Bhole  
 Reddy, Shri H.C. Linga  
 Sadhu Ram, Shri  
 Seigal, Shri A.S.  
 Sements, Shri S.C.  
 Samanani, Shri  
 Sanji Rupji, Shri  
 Sarma, Shri A.T.  
 Satyabhama Devi, Shrimati  
 Shankariya, Shri  
 Sharma, Shri D.C.  
 Sheo Narsin, Shri

Shyam Kumari Devi, Shrimati  
 Sildananajappa, Shri  
 Sidheswar Prasad, Shri  
 Singh, Shri K.K.  
 Singhvi, Dr. L.M.  
 Sinha, Shrimati Ramdulari  
 Sinhasan Singh, Shri  
 Snatak, Shri Nardeo  
 Sumat Prasad, Shri  
 Swamy, Shri M.P.  
 Thimmsiah, Shri  
 Tiwary, Shri K.N.  
 Tiwary, Shri R.S.

Tula Ram, Shri  
 Tyagi, Shri  
 Uikey, Shri  
 Upadhyaya, Shri Shiva Dutt  
 Valvi, Shri  
 Varma, Shri M.L.  
 Vecrabasappa, Shri  
 Verma, Shri Balgovind  
 Virbhadra Singh, Shri  
 Yadav, Shri N.P.  
 Yadav, Shri Ram Harkh  
 Yadava, Shri B.P.

### NOES

Aney, Dr. M.S.  
 Banerjee, Shri S.M.  
 Barua, Shri Hem  
 Bheel, Shri P.H.  
 Dharmalingam, Shri  
 Kakkar, Shri Gauri Shankar  
 Kamath, Shri Hari Vishnu

Limaye, Shri Madhu  
 Mukerjee, Shri H.N.  
 Nair, Shri N. Sreekanan  
 Nair, Shri Vagudevan  
 Nambiar, Shri  
 Rajaram, Shri  
 Ram Singh, Shri

Ranga, Shri  
 Reddy, Shri Narasimha  
 Sezhiyan, Shri  
 Solanki, Shri  
 Swamy, Shri M.N.  
 Utiya, Shri

**Shrimati Renu Chakravartty:** Sir, I have voted wrongly. My vote may be added to "Noes".

**Shri Krishnapal Singh:** Sir, my vote has not been recorded. The machine did not work. I am for "Noes".

**Shri J. N. Hazarika** (Dibrugarh): Sir, one more may be added to "Ayes".

**Mr. Speaker:** These corrections will be noted. The result of the division is:

Ayes—107; Noes—20

*The motion was adopted.*

14.30 hrs.

### MOTION RE: RECENT RAILWAY ACCIDENTS

**Mr. Speaker:** It is now 2.30. We will take up the Adjournment Motion.

**Shri Nambiar** (Tiruchirapalli): Sir, before you take up the Adjournment Motion, there is another motion in the name of Dr. L. M. Singhvi and others about the railway accidents. That has

to be discussed. He may be allowed to move it and continue his speech the next day.

**Mr. Speaker:** Now it is 2.30.

**Shri Nambiar:** Let him be "on his legs" so that he may continue on the next day.

**Mr. Speaker:** All right. He may just move it.

**Dr. L. M. Singhvi** (Jodhpur): Sir, I beg to move:

"That this House takes note of the statement on recent railway accidents, laid on the Table of the House on the 25th July, 1966."

**Mr. Speaker:** He can speak on the next day.

14.31½ hrs.

### RE: MOTION FOR ADJOURNMENT

#### SITUATION IN ASSAM

**Mr. Speaker:** We will now take up the notices of adjournment motions. Yesterday Shri Hem Barua had given