

12.24 hrs.

FINANCE (No. 2) BILL—contd.

Mr. Speaker: We take up clause by clause consideration of the Finance Bill. Clause 2.

Clause 2—(Income-tax and super-tax) and First Schedule.

The Minister of Finance (Shri Morarji Desai): There is an important amendment to clause 2.

I move: *

Page 3, line 36, omit "clause (iv) or" (44).

I had explained at the time when I moved the motion for consideration that the share of a partner in the tax paid by a registered firm need not necessarily be regarded as unearned income. In order to carry this out, this is done. This is only a clarificatory amendment.

Mr. Speaker: The question is:

Page 3, line 36, omit "clause (iv) or" (44).

The motion was adopted.

Mr. Speaker: Any other hon. Member has any amendment? None. Now, I shall put clause 2, as amended, to the vote of the House.

Shri P. K. Deo (Kalahandi): I have got an amendment to this clause.

Mr. Speaker: I was asking whether any hon. Member had any amendment to clause 2, but the hon. Member did not rise at that time.

Shri P. K. Deo: I am sorry. I was just referring to the list I beg to move:

Page 1, omit lines 8 to 22.

Mr. Speaker: The hon. Member has not got the recommendation of the President to move his amendment,

and, therefore, he cannot move it. The hon. Member may kindly resume his seat.

Shri Bade (Khargone): May I suggest that the Schedule also may be taken up along with clause 2?

Mr. Speaker: All right, clause 2 and the first Schedule may be taken up together.

Shri Bade: Clause 2 and the First Schedule may be taken up together.

Mr. Speaker: All right. Clause 2 and the First Schedule are now before the House.

Shri Bade: I beg to move:

Page 21, omit lines 30 to 32. (1).

Mr. Speaker: What is the number of that amendment?

Shri Bade: It is amendment No. 1.

Mr. Speaker: That requires the recommendation of the President.

Shri Bade: I have got the recommendation of the President also for this.

On page 21, we find that:

"The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:—

(a) A surcharge for purposes of the Union equal to the sum of—

(i) two and a half per cent of the amount of income-tax calculated at the average rate of income-tax on the income under the head 'Salaries' included in the total income.....".

I want to omit this sub-paragraph (i), and change the number of the second sub-paragraph into sub-paragraph (i) and the third sub-paragraph into sub-paragraph (ii).

*Amendment moved with the recommendation of the President.

[Shri Bade]

Then, I beg to move:

Page 22, line 37, for 'Rs. 7500' substitute 'Rs. 10,000.' (2).

At page 22, line 37 reads now as follows:—

"(ii) Rs. 7,500 in every other case."

I want to increase the figure Rs. 7,500 to Rs. 10,000. I beg to move:

Page 23, line 4, after 'total' insert 'net'. (3).

The wording at present in line 4 at page 23 is as follows:

"On the whole of the total income.... 30 per cent.

I want to change the wording to:

"On the whole of the total net income.... 30 per cent.

I shall explain presently why I want this amendment.

Then, I beg to move:

Page 25, line 26, after 'total' insert 'net'. (4).

Line 26 at page 25 read now as follows:

'On the balance of total income.... 16 per cent.

I want to provide that it should read thus:

'On the balance of total income.... 16 per cent.

I beg to move:

Page 26, lines 2, to 4, omit 'other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act., 1956.'. (5).

Paragraph D at page 26 reads thus:

"In the case of every company, other than the life Insurance Corporation of India established

under the Life Insurance Corporation Act, 1956,—...".

Here, I want to omit the words 'other than the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956.'

I beg to move:

Page 28, omit lines 12 to 17. (6)

Through this amendment, I seek to omit paragraph E at page 28 of the Bill.

These are my amendments to the First Schedule.

I shall explain presently why I am moving these amendments.

Firstly, I would like to submit that paragraph C at page 25 reads thus:

"In the case of every association of persons being a co-operative society as defined in clause (19) of section 2 of the Income-tax Act,—

Rates of super-tax

(1) On the first Rs. 25,000 of total income . . . Nil.

(2) On the balance of total income 16 per cent.".

जो संशोधन मैंने पेज 25 पर दिया है उसका तात्पर्य यह है कि टोटल इनकम के बजाए नेट इनकम पर कर लगाया जाए यानी खर्च काट कर जो नेट इनकम बचे उस पर कर लगाया जाए।

पेज 26 पर जो मैंने संशोधन दिया है उसका तात्पर्य यह है कि लाइफ इन्श्योरेंस कार्पोरेशन को एक्सक्ल्यूट न किया जाए। इसको इस वास्ते एक्सक्ल्यूट किया गया है कि यह दिलाया जा सके कि यह विजेन्स कार्यदे में चल रहा है। वास्तव में लाइफ इन्श्योरेंस कार्पोरेशन का जो विजेन्स चल रहा है उसके अन्दर बड़ा घोटाला है। यह बोगस बिजनें चल रहा है। इसमें एक साल का लेप्स नहीं

निकाला जाता बल्कि जब से लाइक इन्वेरेंस कारपोरेशन बना है यानी जब से लाइक इन्वेरेंस को नेशनलाइज किया गया है उम मम्प से लेय निकाला जाता है। इसमे यह प्राफिटेवल मालूम पड़ता है और इसको प्राफिटेवल बतलाने के लिए ही इसको एक्स-कन्यून किया जा रहा है। मैं चाहता हूं कि इस पर टैक्स लगाया जाए कि यह प्राफिट में चलता है या नहीं। अध्यक्ष महोदय, फस्ट शैड्यूल में इनकम टैक्स की लिमिट के बारे में यह कहा गया है :—

"(i) Rs. 15,000 in the case of every Hindu undivided family which satisfies at the end of the previous year either of the following conditions, namely :—

- (a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or
- (b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 7,500 in every other case".

अभी तक जवांट हिन्दू फैमिलीज पर टैक्स नहीं लगता था और लगता भी था तो कम लगता था लेकिन अब उन्होंने अन-डिवाइड हिन्दू फैमिली पर यह कंडीशन डाल दी है कि उम्में कम से कम दो मेंवर्म पार्टीशन लेने के हकदार हों और जो कि १८ साल से कम न हों। अब मरकार इनकम टैक्स लगाने के लिए यह प्ली लेती है कि आजकल लोगों को इनकम बहुत बढ़ गया है लेकिन मैं अब तक साया यहां पर एक ईस्टर्न एकोनामिस्ट पेपर लाया हूं जिसमें कि इनकम का पैट्रन दिया गया है। उसमें

३००० से लेकर २०,००० का पैट्रन दिया है कि यिल इनकम प्रीवार कितनी होती है और आजकल वह कितनी इनकम होती है। उसके अनुमार मन् १६५२-५३ में ३००० रुपये को २३१८ इनकम आती है और प्री वार लेबिल पर वह ६३० रुपये आती है। १५००० रुपये मन् ५२-५३ में ११,०४० होते हैं और प्री वार वह २,६०१ रुपये होते हैं। इसलिए दरअसल देखा जाए तो गिरल इनकम बढ़ी नहीं है। वैसे रुपये आने में इनकम लोगों की अवश्य बढ़ी है लेकिन पहले के मुकाबले परचेजिंग वैल्यू रुपये की काफी कम हो गई है। हालांकि इनकम १५००० रुपये है तो भी प्री वार इनकम वह केवल २६०१ रुपये ही है। इसी बास्ते मैंने अमेंडमेंट दिया है कि यह ३५०० के बजाय १०,००० रुपये होना चाहिए।

इसके अलावा मैंने एक यह भी अमेंडमेंट मूर किया है कि फस्ट शैड्यूल में पेज २६ पर पैरग्राफ डी जो दिया हुआ है वह ओमिट होना चाहिए। लाइक इन्वेरेंस कारपोरेशन आफ इंडिया का जो विजनेम चल रहा है वह बोगस चल रहा है और उसमें बहुत लैसेज होते हैं। एक साल के लैसेज तो बतलाने नहीं हैं दस साल के लैसेज बतलाने हैं। बोगस विजनेम बतला बर प्राफिट बतलाने हैं। इस बास्ते मैं चाहता हूं कि लाइक इन्वेरेंस कारपोरेशन पर टैक्स लगा कर देखा जावा चाहिए कि आया इसमें वाकई प्राफिट होता है या नहीं होता है।

अध्यक्ष महोदय : आपने १ में लेपर ६ नक अमेंडमेंट मूर किये हैं। इनके अलावा और कोई तो आपका अमेंडमेंट नहीं है।

श्री बड़े : फस्ट शैड्यूल पर मैंने अमेंडमेंट मूर किये हैं।

Mr. Speaker: Is there any other amendment?

Shri P. K. Deo: What about my amendments?

Mr. Speaker: He has not got the recommendation of the President.

Shri Morarka (Jhunjhunu): I hope for my amendment No. 18, recommendation has been received from the President.

Mr. Speaker: It refers to clause 5. That will come later.

Shri Bade: Shri P. K. Deo can speak on the amendments, even though he cannot move his.

Shri P. K. Deo: So far as giving the recommendation of the President is concerned, I do not know why it is not given. It is a formal thing. In the case of Shri Bade, he got the recommendation. So I would like to know why it has not been received in my case.

Shri Morarji Desai: I have an impression that it has come. I believe I sent it only yesterday.

Mr. Speaker: Subject to that, I can allow him to move his amendments.

Shri P. K. Deo: It must be lying somewhere.

Mr. Speaker: It was probably received late. We will find out the real position.

Shri Bade: Both of us applied together.

Shri P. K. Deo: I beg to move*:

(i) Pages 20 to 22,—omit lines 5 to 42, 1 to 41 and 1 to 42 respectively. (26)

(ii) Page 23,—for lines 32 to 37, substitute—

"(1) On the first Rs. 25,000 of total income . . .	Nil	Nil
(2) On the next Rs. 15,000 of total income . . .	7%	5%
(3) On the next Rs. 20,000 of total income . . .	8%	6%
(4) On the next Rs. 40,000 of total income . . .	9%	7%

(5) On the next Rs. 50,000
of total income . . . 10% 8%

(6) On the balance of total
income . . . 12% 10%"

(33)

(iii) Pages 24 and 25,—omit lines 3 to 31 and 1 to 12 respectively. (33).

These new proposals of the Finance Minister envisage an increase in the rate of income-tax and super tax. But while drawing up the Third Plan it was pointed out that direct taxation had already reached the saturation point and there was no scope for any further increase, and that any further increase would be an impediment in creating any incentive for production. So, even though there is no case for increase in income-tax and super tax rates so far as individuals or companies are concerned, there has been an endeavour made in this Bill for a further increase, and I strongly oppose it.

Shri Morarji Desai: Sir, there is one more amendment to be moved on behalf of the Government to the schedule.

I beg to move*:

Page 28, line 8,—

after "this Paragraph" insert
"and Part III of this
Schedule" (50).

This is also a clarificatory amendment.

As regards the amendments moved by Shri Bade, firstly he wants that no Union surcharge should be levied at all on the incomes called salaries. I have already reduced it by half, and there is no intention to do away with the whole surcharge. It has to remain. As a matter of fact, there is necessity. I have increased the rates, and if this is done, all that will be reversed. Therefore, I cannot accept that amendment.

*Amendments moved with the recommendation of the President.

By the other amendment he wants to say that surcharge on income-tax should be payable on Rs. 10,000 and not on Rs. 7,500. The limit of Rs. 7,500 has been existing for several years. It has not been introduced this time. I cannot accept that amendment too.

Shri Bade: But prices have increased nowadays.

Shri Morarji Desai: Amendments 3 and 4 are meant for co-operative societies and local authorities.

Shri Bade: The Schedule says: "On the whole of the total income—30 per cent". It should be "On the whole of the total net income—30 per cent".

Shri Morarji Desai: I do not know what he means by net income. If net income means the gross income minus the working expenses, that is provided now in the Income-tax Act. There is nothing more to be provided for.

Shri Bade: There is ambiguity in interpretation.

Shri Morarji Desai: I cannot accept the amendments. They are redundant in my view.

As regards the amendments moved by Shri P. K. Deo, he wants that no income-tax should be levied on individuals and that it should be kept on companies. Fortunately he has not moved his amendment No. 14 where he wants that no income-tax should be levied at all. By his present amendments he wants that income-tax on companies should remain, and income-tax and surcharge on all others should go. It is an impossible amendment.

Shri Bade: What has the hon. Minister to say about the exemption given to the Life Insurance Corporation? He has now inserted the Life Insurance Corporation in the provision and he has exempted it from super tax. Why should it be exempted?

Shri Morarji Desai: Because insurance premia are also exempted. That the hon. Member knows.

Shri Bade: No, no. It is a question of a business firm.

Shri Morarji Desai: The Life Insurance Corporation is quite different from all other forms of business.

Mr. Speaker: May I put Shri Bade's amendments all together?

Shri Bade: Yes.

Mr. Speaker: I shall now put amendments Nos. 1, 2, 3, 4, 5, and 6 to the vote of the House.

Amendments Nos. 1 to 6 were put and negatived

Mr. Speaker: I shall now put the amendments moved by Shri P. K. Deo to the vote of House—amendments Nos. 26, 32 and 33.

Amendments Nos. 26, 32 and 33 were put and negatived.

Mr. Speaker: I shall put Government amendment No. 50 to the vote of the House. This question is:

Page 28, line 8,—

after "this paragraph" insert
"and Part III of this Schedule"
(50)

The motion was adopted.

Mr. Speaker: The question is:

"That clause 2 and the First Schedule, as amended, stand part of the Bill"

The motion was adopted.

Clause 2 and the First Schedule, as amended, were added to the Bill.

Clause 3—(Amendment of section 2)

Shri P. K. Deo: I beg to move*:

Page 4, line 4,—

for "twelve months" Substitute
"six months". (15)

It is now proposed to divide the capital gains into two categories: gains on

*Amendment moved with the recom-

mendation of the President.

[**Shri P. K. Deo**]

the transfer of short term capital assets and gains arising out of the transfer of long term capital assets. Short-term capital gains are sought to be assessed at the ordinary rate applicable to the business income. It would be more equitable to restrict the entire incidence of this tax to the gains of six months instead of 12 months; it is rather too much and so it should be reduced to six months.

Shri Morarji Desai: All these factors were taken into consideration. There is a provision of six months in the United States but there is no reason why we should accept that. It is better to have one year's capital gains and capital losses and then consider them together rather than six months only. Therefore, I cannot accept his amendment.

Mr. Speaker: I shall put amendment No. 15 to the vote of the House.

Amendment No. 15 was put and negatived

Mr. Speaker: Clause 3(A) is inadmissible, being beyond the cope. So, I shall put clauses 3 and 4 to the vote of the House. The question is:

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

Clause 5— (*Substitution of new sections for sections 70 and 71*)

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

Page 4, lines 33 to 35,

For "against the income, if any, as arrived at under a similar computation made for the assessment

year in respect of any other capital assets",

Substitute—

"against income under any other source". (8)

Shri P. K. Deo: I beg to move*:

Page 4,—

for lines 30 to 35, substitute—

"(2)(i) Where the result of the computation made for any assessment year under sections 48 to 55 in respect of any short-term capital asset is a loss, the assessee shall be entitled to have the amount of such loss set off against the income under any head for the assessment year." (17)

Since long-term capital gains are liable to tax at the ordinary rate of income tax and supertax applicable to any other income, there is no reason why short-term capital losses should not be allowed to be set off against the income under the other heads. In this connection, I beg to submit that there is no provision for setting off the short-term capital losses for the subsequent year and to be adjusted from the capital gains. So, I move this amendment.

Shri Speaker: Is Shri Morarka also moving his amendment?

Shri Morarji Desai: It is the same thing.

Shri Morarka: I beg to move*:

Page 4, lines 33 to 35, for

"if any, as arrived at under a similar computation made for the assessment year in respect of any other capital asset" substitute

"from any other source". (18)

*Amendment moved with the recommendation of the President.

This is a very simple amendment. In substance, the aim of this amendment is similar to that of the amendments moved by the other hon. Members. I said in the course of my speech during the consideration stage that since we are removing the distinction between short-term capital gains and other business income so far as the rates are concerned, there is no reason why the losses arising out of the short-term capital assets should not be set off against any other business income. There was a justification for treating the short-term capital losses or the capital losses as they were then called differently from the other gains and losses, because the rates charged on capital gains were different. They were lower, and the rates charged on business income were higher. Naturally Government do not want the losses on lower rate of income to be set off against the gains which were at a higher rate of taxation. Since that distinction is now done away with, there is a case for allowing the losses on short-term capital gains to be set off against any other income.

In this connection, the hon. Deputy Minister who made a scheme yesterday, gave two reasons and she thought that she was answering my point. As a matter of fact, I am obliged to the Deputy Minister because I feel that she has unconsciously made a present of those two arguments to me. In fact, the two points which she mentioned precisely support my contention. The first point she made yesterday was that the short term capital gains are to be aggregated with the remaining income only for the purpose of determining the rate which would be applicable to the short-term gains. But that rate would not be applicable to the income other than the short-term capital gain.

I would illustrate this point with an example. Suppose a person has an income of Rs. 1 lakh from the other sources, and he has an income of Rs. 50,000 from the short-term capital gains. The scheme, according to the

Deputy Minister, is that so far as Rs. 1 lakh is concerned, the rate applicable would be the rate which applies to the income of Rs. 1 lakh, namely, 58.8 per cent, but so far as Rs. 50,000 is concerned, the rate applicable would be the rate which is applicable to Rs. 1,50,000, namely 67.2 per cent. So, Rs. 50,000 would be taxed at 67.2 per cent and Rs. 1 lakh would be taxed at 58.8 per cent. This is the scheme.

If that is so, then what am I asking? I say that if there is a loss in the sector which is otherwise taxable at a higher rate, then the losses should be allowed to be set off against the income which attracts the lower rate of tax. That means, if there is a loss in short-term capital assets which if made profit would attract 67 per cent of tax, then that loss must be allowed to be set off against an income which attracts only 58 per cent tax. According to the clarification of the Deputy Minister, the rate of tax on short-term capital gains would always be higher than the rate of tax on other income.

If that is so, that is all the more reason why, even from the point of view of revenue, my amendment becomes eminently reasonable that the losses which arise out of short-term capital transactions should be set off against the other income. Otherwise, if you do not allow this to be set off this year, then they will be carried forward to the next year and next year if there is a short-term capital gain, you would allow this loss to be set off against that gain. If you have not allowed this loss to be set off, then that income of next year would have attracted tax at a higher rate. In other words you are willing to allow to set off against a higher rate, but you are not permitting me to set off against a lower rate in the same year. I could not understand it. Either there was some flaw in the argument of the Deputy Minister or some defect in my understanding it. I have got the uncorrected copy of her speech here and

[**Shri Morarka**]

from that I can quote her. If you allow us to set off the loss against income which attracts a higher rate, then from the point of revenue alone, it is all the more reason that you should allow losses to be set off against an income which attracts a lower rate of tax.

Shri Narendra Singh Mahida
(Anand): On a point of order, Sir, We are not having quorum in the House.

Mr. Speaker: The bell is being rung. Now there is quorum. The hon. Member may continue.

Shri Morarka: The other argument of the Deputy Minister yesterday was that even at present, we are treating speculative gains and speculative losses differently. So, if we are treating the losses and gains on short-term capital differently, there should be no objection and there is nothing new in it. It is quite true that the speculative gains and losses are treated separately. In this respect, I beg to submit that even the gains or losses arising out of short-term capital assets, if they are of a speculative nature, they would certainly come under the head of speculative gains or speculative losses. What is the distinction that you are making? It is only when there is an annual investment and when the loss or gain arises purely out of investment for a short-term, i.e., within one year that it becomes capital gains of that term. There may be contingencies when an investor may be compelled to liquidate his holding or he may choose to transfer the poor investment into a better investment. Under such circumstances, it is not a speculation. There are genuine short-term gains and short-term losses and the treatment you give to a speculator, to the losses and gains arising out of speculation, should be different, in my humble opinion, from the treatment you give

to a genuine investor, even though that investor is compelled, within a period of 12 months, to change his investment or liquidate his investment. He might have to sell it to meet his tax liability or because there is an estate duty to be paid or a partnership dissolution, etc. Therefore, I think there is a case for treating short-term capital gains differently from speculative gains. Similarly, short-term losses should also be treated differently from speculative losses.

Now, on page 5 of the Bill, section 71(2) says:

"Where in respect of any assessment year the net result of the computation under any head of income other than 'Capital gains' is a loss and the assessee has income assessable under the head 'Capital gains', such loss may, subject to the provisions of this Chapter, be set off against the income, if any, of the assessee assessable for that assessment year under any other head including income from capital gains relating to short-term capital assets as well as other capital assets or, if the assessee so desires, shall be set off only against his income, if any, assessable under any head of income other than 'Capital gains'".

Sir, you may kindly see the inconsistency here. If there is a loss under any other head that loss could be set off against the income from short-term capital gains or long-term capital gains, whichever you may like. But if there is a loss in the short-term capital assets then it cannot be set off against income under any other head. Why is this difference there? If the proposition is not correct, the converse also cannot be correct. If the losses from other heads could be set off against the gains in short-term capital, then its vice versa must also be correct. As I said, even from the

point of view of revenue, the income other than short-term capital gains would always attract a lower rate and the income from short-term capital gains would always attract a higher rate. It is, therefore, all the more reason that my amendment should be accepted and this facility to set off capital losses against any other income be allowed. I hope the hon. Finance Minister would consider this amendment and, if he finds it possible, accept it.

raise that, is he prepared to take the position that it would be justified? If this income is not to be added to the business income for considering the income-tax rate for business income, then there is no justification whatsoever for setting off these losses against capital gains. I do not know why we do not understand each other. Still, I have to accept the position that if he does not accept my contention, we agree to differ.

13 hrs.

Shri Morarka: I quite appreciate that. But the point which is not clear to me is, when you are prepared to allow losses to be set off against the income which attracts a higher rate, why not allow the losses to be set off against income which attracts a lower rate.

Shri Morarji Desai: Because there will not be anything to be set off.

Shri Morarka: Then the losses will be carried forward.

Shri Morarka: Then the losses will disappear.

Mr. Speaker: I will put amendment Nos. 8, 17 and 18 to the vote of the House.

Amendment Nos. 8, 17 and 18 were put and negatived..

Mr. Speaker: The question is:

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6—(Amendment of section 72)—

Shri Morarji Desai: I beg to move:*

Page 5, lines 25 to 30,—

for "wholly set off against income under any head of income other than 'Capital gains' or, in accordance with the option exercised by the assessee under sub-section (2) of section 71, is not set off against income under the head 'Capital gains', so much of the loss as has not been so set off"

substitute—

"or is not wholly set off against income under any head of income in accordance with the provisions of section 71, so much of the loss as has not been so set off or, where the assessee has income only under the head 'Capital gains' and has exercised the option under sub-section (2) of that section or where he has no income under any other head, the whole loss" (45).

This is only a clarificatory amendment to bring out that the whole of the business losses shall be carried forward for being set off against the business profits in future where assessee has no other income in the year in which the loss is sustained.

Mr. Speaker: The question is:

Page 5, lines 25 to 30,—

for "wholly set off against income under any head of income other than 'Capital gains' or, in accordance with the option exercised by the assessee under sub-section (2) of section 71, is not set off against income under the head 'Capital gains', so much of

the loss as has not been so set off"

substitute—

"or is not wholly set off against income under any head of income in accordance with the provisions of section 71, so much of the loss as has not been so set off or, where the assessee has income only under the head 'Capital gains' and has exercised the option under sub-section (2) of that section or where he has no income under any other head, the whole loss" (45).

The motion was adopted.

Mr. Speaker: The question is:

"That clause 6, as amended, stand part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clause 7—(Substitution of new section for section 74).

Shri Morarji Desai: I beg to move:

Page 6,—for lines 3 to 34, substitute—

"Losses under the head 'Capital gains'.

74. (1) (a) Where in respect of any assessment year, the net result of the computation under the head 'Capital gains' is a loss, such loss shall, subject to the other provisions of this Chapter, be dealt with as follows:—

*Amendment moved with the recommendation of the President.

(i) such portion of the net loss as relates to short-term capital assets shall be carried forward to the following assessment year and set off against the capital gains, if any, relating to short-term capital assets assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off shall be carried forward to the following assessment year and so on;

(ii) such portion of the net loss as relates to capital assets other than short-term capital assets shall be carried forward to the following assessment year and set off against the capital gains, if any, relating to capital assets other than short-term capital assets assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off shall be carried forward to the following assessment year and so on:

Provided that where, in the case of any assessee not being a company, net loss computed in respect of such capital assets for any assessment year does not exceed five thousand rupees, it shall not be carried forward under this section.

(b) Notwithstanding anything contained in the Indian Income-tax Act, 1922, (11 of 1922) any loss computed under the head 'Capital gains' in respect of the assessment year commencing on the 1st day of April, 1961, or any earlier assessment year which is carried forward in accordance with the provisions of sub-section (2B) of section 24 of that Act, shall be dealt with in the assessment year commencing on the 1st day of April, 1962, or any subsequent assessment year as follows:—

(i) in so far as it relates to short-term capital assets, it shall be carried forward and set off in accordance with the provisions of sub-clause (i) of clause (a) and sub-section (2); and

(ii) in so far as it relates to capital assets other than short-term capital assets, it shall be carried forward and set off in accordance with the provisions of sub-clause (ii) of clause (a) and sub-section (2).

(2) (a) No loss referred to in sub-clause (i) of clause (a) of sub-section (1) or sub-clause (i) or sub-clause (ii) of clause (b) of that sub-section shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed under this Act or, as the case may be, the Indian Income-tax Act, 1922, (11 of 1922).

(b) No loss referred to in sub-clause (ii) of clause (a) of sub-section (1) shall be carried forward under this section for more than four assessment years immediately succeeding the assessment year for which the loss was first computed under this Act." (46)

This amendment ensures that losses relating to capital assets for the assessment year prior to 1962-63 will be carried forward for eight years, as I said, when I moved this for consideration. As regards losses for the assessment year 1962-63, I have stated that they can be carried forward for four years further, whereas under the former provision in the Finance Bill they cannot be carried forward at all. This amendment has been moved in order to carry out those concessions which have been given.

Shri P. K. Deo: I beg to move*: Page 6.—

for lines 7 to 9, substitute—

"(i) such portion of net loss as relates to capital assets other than short-term capital assets shall be carried forward to the following assessment year and set off against the capital gains, if any, relating to capital assets other than short-term capital

*Amendment moved with the recommendation of the President.

[Shri P. K. Deo]

assets assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off shall be carried forward to the following assessment year and so on;" (20).

This relates to capital losses carried forward for eight years and to be adjusted towards capital gains. This subject had been discussed threadbare only last year when the Indian Income-tax Amendment Bill was being enacted in this House. Then the whole subject was discussed here, then it went before the Select Committee where evidence was taken of various interests and experts, it came back here when we discussed it once again and after having passed here, it went to the President for his assent. It received the assent of the President on the 13th September. It was to be operative from the 1st April 1962. Before it was operative even for a single day, provisions relating to this aspect of the question are proposed to be changed. It shows that the Finance Ministry has no confidence in this Parliament for those provisions were not operative even for a single day. Now certain concessions are being granted regarding carrying forward of capital losses. So far as the assessment year 1962-63 is concerned, why should there be a departure from the previous assessment year. The original proposal in the Finance Bill was that no capital losses can be carried forward. The gesture on the part of the Finance Minister in announcing certain concessions is very good, but it should be applicable to future losses. We should treat the new losses in the same way as we treat old losses. I submit that for the sake of uniformity and fairness to the assessee, the Finance Minister should agree to my amendment and accept that capital losses could be carried forward for a period of eight years.

Dr. L. M. Singhvi: Sir, I beg to move:

Page 6.—

for clause 7, substitute—

7. For section 74 of the Income-tax Act, the following section shall be substituted, namely:—

"74. (1) Where in respect of any assessment year, the net result of the computation under the head 'Capital gains' is a loss, such loss shall be carried forward to the following assessment year and set off against capital gains, if any, assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off, shall be carried forward to the following assessment year and so on.

(2) No loss shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed." (9)

I support in substance what Shri Deo has said in support of his amendment which is very similar to that of mine. I am glad that the hon. Finance Minister has thought fit to at least go half the hog with us. I hope he will be able to agree to the reasonable duration that we have provided in the amendment. I also feel that the amendment as I have suggested is a simpler and less cumbersome provision and I hope that the hon. Finance Minister will consider accepting this.

With these words I support the amendment which I have moved.

Mr. Speaker: Any other amendment?

Shri Morarka: Sir, I do not want to move my amendment No. 19, because the substance of it is already contained in the amendment moved by the hon. Finance Minister, that is, amendment No. 46. So, I wish to withdraw my amendment, No. 19.

Mr. Speaker: That has not been moved. Therefore there is no question of withdrawing it.

Shri Morarji Desai: The allegation that Government have no confidence in Parliament, I am afraid, is very uncharitable. I do not think that the hon. Member can have greater confidence in the Parliament than the Government have and that fact cannot be disputed even by him. The argument flows from his another argument that the Income-tax Act was enacted only last year after very exhaustive discussions in the Select Committee. I do not now remember whether the hon. Member was a member of that Select Committee or not, but in that Committee, as has been said before also by me, I had made it abundantly clear several times when some taxation proposals were sought to be changed in the Income-tax Act, that is, the rate of taxation. I said that the only occasion on which it can be done is at the time of the Budget proposals and therefore I will not touch the Act in whatever provisions relate to taxation. Here also I allowed it to remain and agreed to the *status quo* position because I must apply to myself also what I was telling other hon. Members. Therefore I did not seek to change it. But this is the proper occasion when I should do it. It is in order to carry out that also that I have now given effect to the former *status quo* position to all those assessments which have taken place so far and I am making the change only for the assessment beginning with 1962-63. It is proof, on the contrary, of the *bona fides* of the Government. I think it is the privilege and the right of Government to come with changed proposals at the time of the Budget and hon. Members may or may not agree with them. That is a different matter, but it is absolutely correct that I should come at this time for a change in this provision and not at any other time. It is in relation to that that I have proposed this amendment. I oppose the amendments of my hon. friends.

Mr. Speaker: May I put amendments Nos. 9 and 20 together to the vote of the House?

Shri P. K. Deo: Yes, Sir.

Amendments Nos. 9 and 20 were put and negatived.

Mr. Speaker: The question is:

Page 6,—

for lines 3 to 34, substitute—

"Losses under the head 'Capital gains'

74. (1) (a) Where in respect of any assessment year, the net result of the computation under the head 'Capital gains' is a loss, such loss shall, subject to the other provisions of this Chapter, be dealt with as follows:—

(i) such portion of the net loss as relates to short-term capital assets shall be carried forward to the following assessment year and set off against the capital gains, if any, relating to short-term capital assets assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off shall be carried forward to the following assessment year and so on;

(ii) such portion of the net loss as relates to capital assets other than short-term capital assets shall be carried forward to the following assessment year and set off against the capital gains, if any, relating to capital assets other than short-term capital assets assessable for that assessment year and, if it cannot be so set off, the amount thereof not so set off shall be carried forward to the following assessment year and so on:

Provided that where, in the case of any assessee not being a company, the net loss computed in respect of such capital assets for any assessment year does not exceed five thousand rupees, it shall not be carried forward under this section.

(b) Notwithstanding anything contained in the Indian Income-tax Act, 1922 (11 of 1922) any loss computed under the head 'Capital gains' in respect of the assessment year commencing on the 1st day of April, 1981, or any earlier assessment year which

[Mr. Speaker]

is carried forward in accordance with the provisions of sub-section (2B) of section 24 of that Act, shall be dealt with in the assessment year commencing on the 1st day of April, 1962, or any subsequent assessment year as follows:—

(i) in so far as it relates to short-term capital assets, it shall be carried forward and set off in accordance with the provisions of sub-clause (i) of clause (a) and sub-section (2); and

(ii) in so far as it relates to capital assets other than short-term capital assets, it shall be carried forward and set off in accordance with the provisions of sub-clause (ii) of clause (a) and sub-section (2).

(2) (a) No loss referred to in sub-clause (i) of clause (a) of sub-section (1) or sub-clause (i) or sub-clause (ii) of clause (b) of that sub-section shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed under this Act or, as the case may be, the Indian Income-tax Act, 1922. (11 of 1922).

(b) No loss referred to in sub-clause (ii) of clause (a) of sub-section (1) shall be carried forward under this section for more than four assessment years immediately succeeding the assessment year for which the loss was first computed under this Act." (46)

The motion was adopted.

Mr. Speaker: The question is:

"That clause 7, as amended, stand part of the Bill."

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clauses 8 to 11 were added to the Bill.

*Amendment moved with the recommendation of the President.

Clause 12—(Amendment of Act 27 of 1957).

Shri Morarji Desai: Sir, I beg to move:*

Page 9.—

after line 14, inset—

'(3) In the Schedule, Part II, in Rule 2, for the figure and words "2 per cent" the figures and words "2·5 per cent" shall be substituted.' (47)

This, again, is a clarificatory amendment and seeks to substitute the figure of '2 per cent' in Rule 2 of the Schedule to the Wealth Tax Act by the figure '2·5 per cent'. This is in order to bring this rule in conformity with the rate of tax applicable to the higher slab which has been increased from 2 per cent to 2·5 per cent.

Mr. Speaker: The question is:

Page 9.—

after line 14, insert—

'(3) In the Schedule, Part II, in Rule 2, for the figure and words "2 per cent" the figures and words "2·5 per cent" shall be substituted.' (47)

The motion was adopted.

Mr. Speaker: The question is:

"That clause 12, as amended, stand part of the Bill."

The motion was adopted.

Clause 12, as amended, was added to the Bill.

Mr. Speaker: We shall now take up Clauses 13 to 15.

Shri Prabhat Kar (Hooghly): I would like Clause 13 to be taken separately.

Clause 13—(Expenditure-tax not to be levied from 1st April, 1962).

Shri Prabhat Kar: So far as clause 13 is concerned which is taking away the Expenditure Tax which was introduced in the year 1957, we oppose this particular measure. I would bring to the notice of the House that it was only as a part of a system of taxation. All these Wealth Tax, Expenditure Tax, Gift Tax were introduced with a view to tighten any looseness that was existing so far as taxes are concerned through which leakage was going on.

13.17 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

At that time the hon. Minister who introduced this Expenditure Tax made it quite clear that it was an essential factor in order to plug all the loopholes. That is why Expenditure Tax was introduced. Today we find that the hon. Finance Minister takes away the Expenditure Tax because according to him the revenue is not so much. That is why today it is not necessary to continue the Expenditure Tax. When new taxes are imposed, certain promises are held forth, namely, that the revenue will increase. After the taxes are imposed we find that all the promises that are held forth about collection are not fulfilled. The collections are not made. If the collection is low, it speaks about the inefficiency of the tax-collecting machinery. It speaks something against the Finance Ministry that they are not so much serious about collecting the revenue. Because the revenue is not sufficient, it cannot be a reason for all these taxes to be taken away and for the Expenditure Tax to be given a go-by. We feel that this is completely wrong. Efforts should have been made to see that revenue increases under the Expenditure Tax and it should not be simply this that Expenditure Tax will not be applicable with effect from the 1st April, 1962. That is why we oppose this particular clause.

Shri Morarka: I am surprised to hear the speech of the hon. Member, Shri Prabhat Kar, who has just preceded me. He did not give a single reason why this Expenditure Tax should still be kept on the statute book. If I remember correctly, the hon. Member did not listen to the arguments given by the hon. Finance Minister as to why he wanted to do away with this particular tax measure. Non-collection of revenue was only one of the reasons. The other reason given by him was that even the hope that it would plug some of the loopholes or that it would help to collect the income-tax and other taxes better and more effectively has been belied by the experience of these four years. This measure was brought on our statute book purely as an experimental measure. It did not have any backing of any historical experience in any other country, howsoever progressive those countries may be. Professor Kaldor who was passing through India unfortunately stayed here.

Shri Prabhat Kar: He was invited.

Shri Morarka: He made some report in a hurry and I am sorry to say that that report caught the fancy. The suggestions in that report had a lot of gallery value; they did not have any revenue value. But in order to show that we are very progressive, that all our tax measures are meant to tax the rich or to help the poor these Expenditure Tax, Gift Tax and other measures were put on the statute book. In that enthusiasm it was put on the Statute-book. Even at that time, when the expenditure tax was imposed, it was pointed out that this was a novel type of tax and even in advanced countries where the banking habit of the people was very well developed and where all expenses were made through and recorded by banks and solicitors, this measure had proved not very effective and they had to withdraw it. Only one country tried this experiment and that also in a half-hearted way and before it was put on the statute-book it had to give it up. This is a kind of tax which is

[**Shri Morarka]**

nowhere in existence in the world and the purpose which we wanted this tax to serve has not been served. This is the considered view of the Government. Against this the hon. Member raises a hue and cry, without giving any reason as to why this tax should be kept on the statute-book. Let them point out one way as to how this tax has helped the exchequer.

Shri Vasudevan Nair (Ambalapuzha): The very reason that you are asking for its removal.

Shri Morarka: I am not asking for the removal of it. I am only justifying the removal which Government has proposed. When the Government has done such a thing I am here to support the Government and not to support the hon. Member opposite. If their only purpose is to speak against what I speak then that is sound logic for them to function here. But my point is different.

Now clause 13 reads as follows:

"Notwithstanding anything contained in the Expenditure-tax Act, 1957, expenditure-tax shall not be charged for any financial year commencing on or after the first day of April, 1962, in respect of the expenditure incurred by any individual or Hindu undivided family."

Here the Expenditure-tax is not abolished. It is only suspended for this year and the subsequent year. The tax as it is being suspended by clause 13 may be revived by any other Finance Act subsequently by a similar clause. When you revive it you will not have to go before Parliament for examining the provisions of that Act. I think that there is no point in keeping such an ineffective tax measure on the statute-book and giving this temptation to a future Government or future Finance Minister to revive it whenever they so like. There could be political pressure on a subject like

this and I do not think it would have been inappropriate to completely remove this Act from the statute-book and if future contingencies warrant, it should come before Parliament. Thus giving it a chance to examine its provisions in detail. Here clause 13 is just suspending its application for this year and subsequent years. In effect, the expenditure tax would not be chargeable, I agree, but its danger would always loom large. Therefore, I feel that clause 13 should have been drafted differently and the expenditure tax should have been removed from the statute-book. That has not been done and this measure is still on the statute-book. I hope at least there would be an assurance given by the hon. the Finance Minister that if ever think of reviving it Government will bring a measure before Parliament and give it a chance to examine its provisions.

I can understand that there may be some assessments still pending. They may not have been completed. When the assessments are pending, perhaps the removal of this Act might create some complications. I agree, but I am sure there could have been some other way of saving those pending assessments and yet remove this Act from the statute-book. I hope the hon. the Finance Minister and the Government would bear my argument in mind and try to do something about the point I have raised.

Shri Daji (Indore): The arguments about the abolition of the Expenditure-tax as propounded by the hon. the Finance Minister and my learned friend have actually shifted grounds. In the speech introducing the budget, the main emphasis was that it was not revenue-yielding. An hon. Member read out from the speeches of Shri Krishnamachari, while introducing the Expenditure Tax Bill that its real value lay not in the yield, but in plugging the loophole for evasion of income-tax and wealth tax and that argument was pressed from different sections of the House. It was then

that the hon. the Finance Minister yesterday came out with the second argument that even if the Expenditure-tax had done that he would be in favour of keeping it and he was abolishing it not because it was not yielding tax-revenue, but even from other points of view it was ineffective.

I have two submissions to make. My first submission is that you have not given a really fair trial to the expenditure tax. A financial measure of this magnitude, a new measure as my hon. friend himself was pleased to say, a measure which is not working in any other country, cannot be said to have been given a fair trial in the short period of four years. It would take some years to gear up the machinery. Even to understand the loopholes which the hon. Minister wanted to plug and the ways and means used by the intelligent gentry, who want to live lavishly, even to apprehend those loopholes a longer period of trial should have been given to the expenditure-tax. Merely giving a trial of four years and saying that we have not been able to mop up sufficient amounts, is not giving a fair trial. That is No. 1. No. 2.

Dr. M. S. Aney (Nagpur): What is the minimum period for which you want it to be tried?

Shri Daji: At least 30 years, because it has taken us more than 20 years to understand the loopholes of the income-tax. Even in regard to income-tax, it has taken us more than 20 years. As soon as we plug one loophole another is created. The hon. Minister need not scorn at my suggestion. Even after 20 years of working of income-tax, we find that loop-holes still remain and they crop up. Every time a loop-hole is ingeniously invented we plug it. A tax-like the expenditure-tax should be given a longer time. It is most unfair and unjust to the entire scheme of expenditure-tax, if say within four years we have judged it as ineffective.

Secondly the whole argumept is based upon despair. I am surprised the hon. the Finance Minister who is supposed to be a strong man—he is supposed to be a man of iron—suppoed to be very clever, an ingenious man should come out before Parliament and through it before the country with this counsel of despair. He says: I cannot help it. He would like to maintain it, he says. It would have been useful he says. It was proper to have levied it, he says. But he says that those persons who want to live lavishly while millions of our country-men, are steeped in poverty, are cleverer than he. I want to take this opportunity for once at least to differ from his assessment of his own ability. I refuse to believe that he is so simple, so ineffective as he claims to be. On this occasion at least I would like to say he is cleverer than he himself makes out to be. If he does not know it, it is high time he realised it. I for one do not think that the Finance Minister is as innocent and ineffective as he wants us to believe.

Shri Morarji Desai: I have never claimed innocence.

Shri Daji: The argument is innocent-ly put forward. You say: I have tried my best. I have looked for all loopholes to be plugged. Last year they could have amended it. Even now, if there are some loop-holes to be plugged, it could be done.

Shri Morarji Desai: I never said it is a good tax.

Shri Daji: You said 'Even if it served the other purpose of plugging the loop-holes in Income-tax and Wealth Tax, if that could be demonstrated, I would keep it.' That was the purpose made out by Shri T. T. Krishnamachari when he introduced this. But you said, "After four years I find on the contrary that instead of helping to plug the lop-holes in Wealth Tax and Income-tax it increases the evasion not only in the Expenditure

[Shri Daji]

Tax but even in Wealth Tax and Income-tax and therefore I am compelled to withdraw it." I say the whole argument is one of despair. I say that if the Government were really honest and determined to continue this scheme of Expenditure Tax and to use it as a two-pronged attack on lavish living and concentration of wealth, it will not be beyond the powers and the prowess of the Government and the hon. Minister to do it. But what is sought to be done is that an unnecessary bogey is sought to be raised that people were unnecessarily harassed, that we could not stop evasion and therefore we are going to abolish it.

I would submit most respectfully for the consideration of the House, let us examine the argument a little more closely. It is such a dangerous argument. The argument is this, that if there is evasion which we cannot stop, let us abolish the tax; if there are dacoits whom we cannot punish or find out, let us legalise dacoity; if there are persons who live lavishly and want to hide their figures, if there are persons who want to amass concentration of wealth and yet manage to hide it, we will tomorrow abolish the Wealth Tax also. And the logic would be that we should abolish the Income-tax also because there is evasion of Income-tax. We have been crying about it. We all know that the evasion in income-tax is in astronomical figures in our country. Therefore, the logic would be, abolish all taxes and all these measures because we cannot prevent evasion.

If we are serious about this measure we should have come forward with a more bold measure to plug the loopholes and mop up the extra wealth.

And the most important thing that I am going to put forward is this third reason. The third reason is this that when you are levying more and more tax on the match box and tobacco, on cigarette and beedi, on cloth and hessian, when everyday we are preach-

ing to the common man to tighten his belt, to eat a little less, to sacrifice for the nation, at that juncture the withdrawal of the Expenditure Tax is most demoralising. It is throwing to the winds all their election promises. It is throwing to the winds all their professions of socialism, and it is, actually speaking, an abject surrender before the blackmail, before the evasion perpetuated by the black-marketeers, by those who want to indulge in lavish expenditure and who want to amass wealth. Therefore, such a measure cannot be countenanced by anyone who harbours a grain of socialism. It is for these three reasons which, I am sure, cannot be met—you cannot meet these reasons, because that can be done only by repeating what you have said, namely "we cannot collect" etc.—that I oppose this. I refuse to believe that you cannot collect. I say it is not that you cannot collect. You want to surrender one of the most important arms of the two-pronged attack against wealth concentration and lavish expenditure that was devised. You want to make the whole attack on the common man. Therefore you want to surrender the *raison d'être*, the very logic behind your scheme of taxation when the Expenditure Tax was brought in.

Therefore, on these three grounds I strongly oppose clause 13 as it stands and would like that it should not be passed by the House.

Shri Morarka: Sir, how is it then that my hon. friend did not move even a formal amendment against clause 13?

Shri Daji: Because I was out of Delhi at that time. And even if I had moved one, I know it will not be accepted by the hon. Member.

Shri U. M. Trivedi (Mandsaur): It is a dilemma in which one finds oneself after having heard my friend on my right and Shri Morarka to my

front. One represents the capitalist group and the other the animosity against the capitalists. Therefore, whether the support on the one hand is unbiased, or whether the opposition on the other is unbiased, is a problem for those who are not very much concerned with this.

The argument which has been advanced by my hon. friend who preceded me that four years are not a sufficient time for this experiment does not certainly hold good. Even after ten years he could have said that there has not been a sufficient time for having experimented upon this. And what the hon. the Finance Minister has done is this. It is not that he has withdrawn the Expenditure Tax Act itself. What has been withdrawn is only the levy of the Expenditure Tax after the 1st of April, 1962. The Expenditure Tax Act itself has not been withdrawn. If after experimenting with this for another four years we find that the Expenditure Tax must be levied, it may be levied.

But one thing that is patent is that the argument of Shri Daji does not hold water that this is a tax which was intended to prevent the lavish expenditure of money by those who want to spend. This tax could not control them. It was impossible for this tax to control them. If there was a taxation necessary for that purpose, the taxation ought to have been by increasing the slab of levy of Income-tax on the income itself, and not on expenditure. This Expenditure Tax, the contrary, indicated that they should spend money and pay the tax. The more lavishly they spent, the less they paid by way of Income-tax. So, this taxation could not have been a **check upon those who have enough of money to spend on the luxuries which they wanted to enjoy.**

It is therefore in the fitness of things and the country at large has felt a sort of relief by this provision that at least from 1st April, 1962 there shall not be any levy of Expenditure Tax.

Let us therefore study the capitalist on the one side and the anti-capitalist on the other, and if after four years it is necessary, the measure might be continued again.

With these words I support this proposition.

Shri Morarji Desai: Sir, I thought that I had given very clear reasons for not taking action on the Expenditure Tax Act from 1962-63. The Act has not been removed from the statute-book, because I do not see that it is necessary to do so. As has been said, if at a future date somebody else wants to do it, and do it for some reasons which he thinks are more plausible, well, he might do it. I do not say that he should not do it. But by stopping its operation, the purpose has been served. I do not know why I should repeat what I have already said about this.

I should feel flattered by what my hon. friend Shri Daji said about me. But I have sense enough to understand his motive, and therefore I am not much flattered by what he has said. Because, he did not say it for flattery; he said it more for condemnation.

Shri Daji: I do not flatter any one; it is not my habit.

Shri Morarji Desai: I know it. That is why I understand you very well.

The Deputy Minister in the Ministry of Finance (Shrimati Tarkeshwari Sinha): It is very unbecoming when you do.

Shri Morarji Desai: Sir, if I do not understand them, I do not understand anybody in the world. Therefore, that is not the question.

Shri Daji: Do you understand us more than yourself?

Shri Morarji Desai: Yes. That is right. In this particular matter it is a question of ideology for hon. Members opposite. Anything which is aimed at those whom they consider

[Shri Morarji Desai]

rich, is justified. Whether it is right or wrong, whether it is useful or not anything which brings them any harassment is good enough. I did say that if this Act served any useful purpose, I would be prepared to keep it, it does not matter whatever the revenue may be. When it is here argued that I said that I am dropping it because there is not enough revenue from it, they are begging the issue. I never said merely that. I would like to remind them about what I said in my budget speech. I said, that there are several objectives of this Act. Then, I said:

"While these are very desirable objectives, experience has shown that the existence of the Expenditure Tax has contributed little to them.

Then, I said:

"It has been argued that the incorporation of an Expenditure Tax in the tax structure would make the administration of income-tax a great deal more effective and would enable the rates of income-tax to be lowered suitably. Experience has not shown this to be the case. If the working of this tax had shown some promising results, it would have been worthwhile to continue and even extend it; but with the present experience, it is considered best not to continue a measure which, as a source of economic restraint, has been ineffective and as a source of revenue, unattractive."

Therefore, I have not given only one reason of revenue for not using this Act in future. But, my hon. friends always are not ready to acknowledge all the facts because, then, they will have no argument to give. Therefore, they catch hold only of one thing and go on building castles on it. The Expenditure tax, if it has any use and has no harassment which will com-

pensate for the use, I can consider the proposal. But, that is not so. If my hon. friends opposite had to fill in a form for Expenditure tax, they would have been the first to create an uproar in this House to say that it should be taken off the statute-book. But, wherever they are not concerned, they do not mind if others are harassed.

Shri Prabhat Kar: Those who have to pay expenditure tax, they have got pet men to fill up the form.

Shri Morarji Desai: It is not a question of pet men. It is a question of every detail of expenditure to be gone into for every person. If I can ask my hon. friends how they spend their money, I think it will be very inconvenient for them to tell me, more for them than for anybody else.

Shri Daji: No, no.

Shri Morarji Desai: I know what they are capable of doing. Therefore, there is no use telling me this.

Shri Daji: Let us both exchange.

Shri Morarji Desai: I do not want to exchange anything with my hon. friends.

Shri Daji: You cannot examine only my accounts. You give me your accounts also.

Shri Morarji Desai: They have nothing good to give me. I have everything good to give them. How can I have an exchange? It is an unusual exchange. I know they would be very ready to exchange with me.

In this particular case, if does not serve any useful purpose. It is therefore that I dropped it. If it can be shown how it is useful, I am prepared to consider it at any time. If it restrains expenditure, then, certainly I would consider. It has not resulted in restraining expenditure. Then, they say that I have capacity enough to find

out all people. I cannot even find out my hon. friends in everything. They are not as subtle as they think others are. That is what I very humbly say. It is not easy to do so. In the world, loopholes will always remain as long as life remains. Therefore, we go on trying to remove the loopholes. It is the business of others to create loop-holes. This jigsaw puzzle goes on between the Government and the unlawful elements always. That will remain. If this Act had helped me to plug the loopholes, even one loophole, I would have kept it. That, it does not do. It is therefore that I thought it was best to give it up and bear all the criticism which people like my hon. friends would make of it. I think their criticism would be more energy-giving to me than their praise.

Mr. Deputy-Speaker: The question is:

"That clause 13

Shri Daji: On a point of order, Sir, I am a new Member, but I am told that there is a convention that between 1 and 2-30, we do not have any Division. My request is that this may be held over.

Mr. Deputy-Speaker: We can dispose of it by voice vote.

Shri Daji: We want a division.

Mr. Deputy-Speaker: I will put it to the House. If they want a division, we will hold it over.

The question is:

"That clause 13 stand part of the Bill."

Those in favour may say "Aye".

Several Hon. Members: Ayes.

Mr. Deputy-Speaker: Those against may say "No."

Some Hon. Members: No.

Mr. Deputy-Speaker: I think the "Ayes" have it.

Some Hon. Members: The 'Noes' have it.

Mr. Deputy-Speaker: You want a division?

Shri Daji: We want a division.

Mr. Deputy-Speaker: We will hold it over and have the division at 2.30.

Clauses 14 and 15. There are no amendments.

The question is:

"That clauses 14 and 15 stand part of the Bill."

The motion was adopted.

Clauses 14 and 15 were added to the Bill.

Clause 16—(Amendment of Act I of 1944)

Mr. Deputy-Speaker: Clause 16. There are several amendments. There are two Government amendments. All the Members are not present. I will call one by one.

Shri P. K. Deo: I move:*

Page 10, omit lines 4 to 11. (21).

Mr. Deputy-Speaker: Amendment No. 34 is the same as No. 21.

Shri Lahri Singh (Rohtak): I move:*

Page 10, for lines 6 to 11, substitute—

"One rupee and twenty-five naye paise" for all such sub-items shall be substituted; (52.)

Shri Prabhat Kar: I move:

(i) Page 10, omit lines 13 to 30. (35).*

(ii) Page 11, omit lines 1 to 12. (36).

*Amendments moved with the recommendation of the President.

[Shri Prabhat Kar]

(iii) Page 11, omit lines 25 to 29.
(37).

(iv) Pages 11 and 12,

omit lines 30 to 45 and 1 to 22 respectively. (38).

(v) Page 13, omit lines 16 to 25.
(39).

(vi) Pages 13 and 14, omit lines 26 to 45 and 1 to 10 respectively.
(40).

(vii) Page 15, omit lines 9 to 22.
(41).

(viii) Page 15, omit lines 23 to 40. (42).

(ix) Page 16, omit lines 1 to 38.
(43).

Mr. Deputy-Speaker: Amendment No. 11: Shri Tridib Kumar Chaudhuri is absent.

Shri P. K. Deo: I move:

(i) Page 14, omit lines 34 to 39.
(22).*

(ii) Page 15, omit lines 9 to 22.
(23).

(iii) Page 15, omit lines 23 to 29.
(24).

(iv) Page 17, omit lines 33 to 46.
(25).

Mr. Deputy-Speaker: Amendment No. 41 is the same as 23. Amendments No. 12 and 13: Shri T. K. Chaudhuri absent.

Shrimati Tarkeshwari Sinha: I move: *

(i) Page 11, lines 28 and 29,—

after "(INCLUDING PIGMENT DYESTUFFS)"

insert "AND SYNTHETIC ORGANIC DERIVATIVES USED IN ANY DYEING PROCESS". (48).

(ii) Page 16, line 7,—for "joints" substitute "joists". (49).

Mr. Deputy-Speaker: All these amendments and the clause are for discussion.

Shri P. K. Deo: Sir, while moving amendments 21, 22, 23....

Shrimati Tarkeshwari Sinha: Before he speaks, I may say a few words just to clarify certain things. I move that in clause 16, sub-clause 2(e), page 11, lines 28 and 29, after "(INCLUDING PIGMENT DYESTUFFS)" insert "AND SYNTHETIC ORGANIC DERIVATIVES USED IN ANY DYEING PROCESS".

This amendment is not of a substantive nature and is intended only to cover a point of drafting. Hon. Members would recall that when the Finance Minister introduced a new excise duty on synthetic dyestuff under the Finance Bill of 1961, the tariff description was given as follows: due derived from coal tar and coal tar derivatives used in any dyeing process.

In Finance (No. 2) Bill, 1962, provision was made for amending this description so as to adopt the phraseology of the Brussels nomenclature. There was, however, no intention to modify the scope of the levy. Doubts have been since raised that by dropping this specific mention of coal tar derivatives used in dyeing process, certain intermediates which are capable of being used for dyeing process might not attract the countervailing duty. In order to safeguard against any possible loss of revenue on such intermediates, this amendment has become necessary, so that imported synthetic organic derivatives used in dyeing process continue to pay duty, and that the practice obtaining prior to the 23rd April, 1962, in this regard is not disturbed.

Amendment No. 49 seeks to substitute the word 'Joists' in place of 'joints' in clause 16 (2) (s). This is only to remove a printing error which had unfortunately crept into the printed copy of the Bill.

Shri P. K. Deo: My amendments to clause 16 are amendments Nos. 21 to 25.

Amendment No. 21 seeks to omit lines 4 to 11 at page 10. This relates to the enhanced duty on unmanufactured tobacco. I do not mind if enhanced duty is levied on manufactured tobacco. Our Communist friends have objected to it, but I do not think that there should be any reason to object to it, because manufactured tobacco is a luxury item. But, so far as unmanufactured tobacco is concerned, I beg to submit that especially in the tribal areas, it is a part of their social life. The consumption of unmanufactured tobacco is a part of their social life; in every religious function and in every social gathering, they chew this tobacco; that is part of their life. Any proposal to increase the duty on unmanufactured tobacco will be a great burden on the shoulders of these poor people whose tax-paying capacity is much below the normal. So, I beg to submit that this aspect of the question should be examined by the Finance Minister.

Amendment No. 22 envisages that lines 34 to 39 at page 14 should be deleted. The provision in the Bill seeks to increase the duty on processing of cloth. I do not mind if this enhanced duty is levied on processing of cloth which is produced by the textile mills. But if this duty is going to be levied on processing of cloth which is produced by the powerlooms and handlooms, then it will be a great hardship to them, and in the competitive market, they will collapse and they will be crushed. In the processing part, mercerizing and bleaching are necessary items because they give a longer life to the cloth.

But, so far as sanforizing and other kinds of processing are concerned, these are luxury items, and cloth processed in this way is consumed only by the people in the higher strata of society who have more tax-paying capacity. So, I beg to submit that this aspect also should be considered,

and all assessment of any duty on processing of cloth should be deleted from the Bill.

Amendment No. 23 relates to jute manufactures. This amendment of mine has got the support of my Communist friends also. This relates to enhancement of the excise duty on jute manufactures, and jute articles which are consumed in this country. I feel that this provision should also be deleted.

Amendment No. 24 relates to asbestos-cement sheets. I beg to submit that this is a very important item of building materials; it provides roof and shelter, to the really poor people, to those who cannot afford to have reinforced concrete houses or palatial buildings. So, the incidence of this taxation will ultimately fall on the poorer sections of the society. So, any duty on asbestos-cement sheets should be dropped.

Amendment No. 25 seeks to delete lines 33 to 46 at page 17. This relates to electric wires. Those who think that electricity is only the luxury of the rich people are absolutely wrong. Under our rural electrification programme, in the way in which we are expanding electricity even in the rural areas, every person is now trying to have his own cottage electrified, and if the price of electric wires will increase beyond his purchasing capacity, then all our ambitious programme of rural electrification will be a farce. So, I beg to submit that any levy of exercise duty on electric wires should be dropped.

With these words, I request the Finance Minister to accept my amendments.

Shri Lahri Singh: My amendment to clause 16, which is amendment No. 52 reads thus:

Page 10, for lines 6 to 11, substitute:

"One rupee and twenty-five naye paise' for all such sub-items shall be substituted";

[श्री लहरी सिंह]

कल फाइनेन्स मिनिस्टर साहब ने इस दुर्बंधों की एक्साइज ड्यूटी के बारे में यह कहा था कि चूंकि यह नशे की चीज़ है इसलिये इसके रिडक्शन का कोई सवाल पैदा नहीं होता। जहां तक नशे की चीजों की एक्साइज ड्यूटी के रिडक्शन का सवाल है उनका कहना ठीक हो सकता है, लेकिन हमें तो पैदावार को देखना है। हमारे जमींदार और कल्टीवेटर जिसे पैदा करते हैं उस से मुत्क का कितना फ्लाईदा है? उससे कितनी आमदनी होती है, कितना उमका एक्सपोर्ट होता है और कितनी फैक्ट्रीज वर्गीरह कायम हुई है, यहां पर यह सवाल है।

14 hrs.

जो दुर्बंधों की मद है उसमें सेंट्रल गवर्नरेंट की तरफ से सब से ज्यादा एक्साइज है। पिछले साल ५३ करोड़ ६६ लाख की थी। यान् या जो दूसरी चीजें हैं वह सब पीछे छुट गई। १५ करोड़ रुपय के करीब का इसका एक्सपोर्ट होता है। और जो सारे देश हैं उनमें २० के ० और चाहना के बाद हमारा तीसरा नम्बर है। हम तम्बाकू की काशत करते हैं। इस पर जो ड्यूटी लगाई गई है वह करीब ५ करोड़ २८ लाख रुपया है। यह मामूली नहीं है। ५ करोड़ २८ लाख ४० में से २ करोड़ २६ लाख अन्यमैन्युफैक्चर्ड पर लगाई है और २ करोड़ ६६ लाख मैन्युफैक्चर्ड पर लगाई गई है। यह ५ करोड़ २८ लाख रुपया की एक्साइज ड्यूटी लगाना और फिर मिनिस्टर साहब की तरफ से यह कहा जाना कि यह नशे की चीज़ है इसलिये लगाई गई है, यह ठीक नहीं है। यह किस पर लगती है? मैं अर्ज करूं कि यह सारी की सारी गरीब कल्टीवेटर पर पड़ती है। एसा क्यों होता है? क्योंकि कल्टीवेटर छोटा आदमी है, उसके पास सर-

माया नहीं है वह होर्ड नहीं कर सकता और न वह मारकेट को कंट्रोल कर सकता है। और चूंकि वह मारकेट को कंट्रोल नहीं कर सकता इसलिये जो टैक्स मैन्युफैक्चरर पर पड़ा जाता है अगर मैन्युफैक्चरर कुछ दिनों तक न खारीदे तो कल्टीवेटर बरदाश्त नहीं कर सकता और तम्बाकू का भाव गिर जाता है। तो मैं अर्ज करूं कि जितना टैक्स आपने कल्टीवेटर और मैन्युफैक्चरर पर लगाया है वह सारा का सारा उस कल्टीवेटर पर पड़ा है जो कि आपके देश की बैंकबोन है। कल्टीवेटर के पास न कोई प्रेस है, न उसका कोई आरोग्याइजेशन है और इसलिये वह कुछ कह भी नहीं पाता। उसके ऊपर टैक्स मन् १६४४ में लगा था और वह बढ़ता जाता है हालांकि काशत नहीं बढ़ी। मन् १६५७ में स्टेट का सेल्स टैक्स भी उस पर थोप दिया गया। हर साल उस पर टैक्स बढ़ता जाता है। रूल्स भी कुछ खाराव हैं कि टैक्स एकड़ के हिसाब से नहीं लिया जाता बल्कि पैदावार के हिसाब से लिया जाता है। असेसमेंट करने वालों को बड़े अस्तियारात दे दिये गये हैं, वे चाहे कुछ लगा लेते हैं और उनका कंट्रोल मुनवाई नहीं होती। तो मैं अर्ज करूं कि मन् १६४७ से रकबा नहीं बढ़ा है लेकिन "कम बढ़ता चला गया।" पहले मन् १६४४ में "कम लगा" फिर यह मन् १६५१ में बढ़ाया गया, उसके बाद मन् १६५७ में स्टेट का सेल्स "कम भी कल्टीवेटर पर लगा" दिया गया, और आज हालत यह है कि तम्बाकू पर ५५ करोड़ १० लाख का टैक्स लगा है जो कि सारे का सारा गोब्र किसान भी देना पड़ता है। मैन्युफैक्चरर तो बड़ा भरमायादार है वह जानता है कि किस बबत खरीदे। वह अगर चार बोज की छील दे देता है तो छोटा कल्टीवेटर बरदाश्त नहीं कर सकता और तम्बाकू का भाव गिर जाता है अगर गवर्नर-मेंट ने कल्टीवेटर को बेयर हाउस की सह-लियत दी होती और उसको संपोर्ट दिया होता

ो वह मैन्युफर्मर का मुकाबला कर सकता था आज तो हालत यह है कि जितना भी "क्स तम्बाकू" पर लगता है वह सारा कासरा गरीब कल्टीवेटर पर लगता है

इसके साथ एक चीज और भी है वह कल्टीवेटर लैंड रेवेन्यू भी देता है जो कि एकड़ के हिसाब से ली जाती है, और वह लोकल रेट भी देता है इसके अलावा तम्बाक की खेती या तो नहर के किनारे हो सकती है या उसके लिए यूब बैल हो या कुए से पानी दिया जाए। यह सबसे ज्यादा पानी चाहती है। तो आप अन्दराजा लगाएं कि किसान को पानी बर्गरह देने में कितना खर्च करना पड़ता है और उसके बाद उस पर इतना टैक्स लगाया जाता है, जबकि वह आपका एक्सपोर्ट बढ़ता है, आपके कारखानों के लिए तम्बाकू देता है जिससे इतने लोगों को जैगर भिनता है। आज कल्टीवेटर एजीटेशन नहीं कर सकता इसलिये उस पर इतने टैक्स लगाए जा रहे हैं। मैं अर्ज करूँगा कि इन हालात के अन्दर टैक्स नहीं बढ़ाना चाहिए आपकी जो आडिट रिपोर्ट सन् १९६२ की निकली है उसमें कहा गया कि किसान बड़ा ग्रीब है उसमें कहा गया है कि इन पर एरियर्स हैं और उसमें बताया गया कि क्यों उन पर एरियर्स हैं। आडिट रिपोर्ट के सफा १०० पर कहा गया है:

"Normally, more than 50 per cent of the assessments made in the case of tobacco growers are paid by them during the year and the rest all into arrears which is mainly due to the pecuniary conditions of growers".

मध्यकी रिपोर्ट में कहा गया है कि ५० कीसदी तक तो बहुल हो जाता है और बाकी एरियर्स में पड़ जाता है उसके एरियर्स आफ लैंड

न्य दो तरह बमूल किया जाता है और उसके खेत नीलाम होते हैं और तमाम चीजें नीलाम होती हैं। तो यह रिपोर्ट आपके सामने है। आप तम्बाकू से नफरत के, तम्बाकू पीने वालों से नफरत के लेकिन यह देखें कि तम्बाकू को बोने वाला एक छोटा जमीदार है, वह कंपोटिलिस्ट नहीं है वह मरुलज है और वह आपके टैक्स को अदा भी नहीं कर सकता। वह आधे के कीब दे पाता है और बाकी के लिए उसकी कुरकी बर्गरह होती रहती है। तो यह उसकी हालत है। ऐसे हालात में मेरी दरखास्त है कि यह सारा टैक्स मैन्युफर्मर पर डाला जाए और जमीदार को तम्बाक की काशन के लिये सहूलियतें दी जाएं। उसको अच्छा तम्बाक बान के लिये दिया जाए। लेकिन उसको कंई इमदाद नहीं दी जाती, उसके जबान नहीं है। मैं चाहता हूँ कि उसको इया दिया जाए और दूसरी सहूलियतें दी जाएं ताकि वह ज्यादा अच्छी खेती कर सके। लेकिन उसके लिए कुछ नहीं किया जाता। वह गरीब है लेकिन फिर भी मुल्क की बहवदी के लिये अपने बैल लेकर काशन करता है। उसके पास कंई बड़ी मशेनरी नहीं है क्योंकि वह बहुत गरीब है

इस काम में बड़ा करप्शन होता है। किसान से कहा जाता है कि तुम काट लो तब असेमेंट किया जाएगा लेकिन उठाना मत। वह काट लेता है लेकिन बहुत बक्त तक असेमेंट नहीं किया जाता और जमीदार उठा लेता है, उसके बाद उस पर मनमाना "क्स लगा दिया जाता है। हालत यह है कि जमीदारों को छोटे अफसरों को सलाम करना पड़ता है। आपके छोटे अफसरों में बड़ा करप्शन है, बड़ों में नहीं है। और ये छोटे अफसर जमीदारों को बड़ा तग करते हैं, उनसे कहते हैं कि या तो हम को दो बरना हम इतना लगा देंगे। एकड़ पर तो हिसाब है नहीं, "दावार पर असेमेंट किया जाता है। नवीजा यह है

[श्री लहरी सिंह]

कि रकबा करीब करीब वही है और टैक्स बढ़ता जा रहा है। मैं अजं करूँ कि सन् १९४८ में तम्बाकू का कुल रकबा ७११ हजार ७११ हजार एकड़ था और सन् १९५६ में ८६६ हजार एकड़ हो गया। तो कोई ज्यादा नहीं बढ़ा, लेकिन टैक्स जो कि कुछ लाख में शुरू हुआ था वह आज ५५ के ऊपर हो गया है। रकबा वही है लेकिन अफसरों और रूल्स की वजह से "क्स दिन व दिन बढ़ता जाता है। सन् १९५७ में कल्टीवेटर पर सैल्स "क्स भी डाल दिया गया। तो मने आपके सामने फैक्ट्र्स और किंगरं पेश कर दिए हैं कि किस तरह रकबा बढ़ी है पर टैक्स बढ़ता जाता है।

मेरे जाव में २६ हजार एकड़ रकबे में तम्बाकू की काइत होती थी लेकिन आज न अफसरों की मेरहरबानी से और जो सिस्टम इम्पोर किया गया है उसकी वजह से यह रकबा घट कर चार हजार एकड़ रह गया है। अगर हालत ठीक होते तो २६ हजार एकड़ के बजाए हम कई लाख एकड़ में तम्बाकू "द करते, लेकिन अफसरों के डर की वजह से और हैवी टैक्स की वजह से आज नहीं जायेगी कि २६ हजार एकड़ में तम्बाकू की काइत चार हजार कड़ रह गयी है। मेरे पास सन् १९३६ में से सन् १९५६ तक के स्टेटिस्टिक्स हैं जिनसे मालूम होता है कि एक इंच भी रकबा नहीं बढ़ा है लेकिन टैक्स बढ़ावर बढ़ता चला जा रहा है और तेजी से बढ़ता जा रहा है। आपके रूल्स ऐसे हैं और एकड़ भी ऐसा है कि गरीबों की कोई मुनवाई नहीं होती। मैं इसके लिये मिनिस्टर साहब से मिलूंगा और मैं उनसे कहूंगा कि उन गरीब तम्बाकू की काइत करने वालों की परेशानी दूर करने के लिये कुछ इन्तजामे अवश्य करें ताकि आज छोटे अफसरान जिन पर कि "क्स वसूल करने की जिम्मेदारी होती है वह उन को हैरेस न कर सके क्योंकि कुछ फिक्स तो होता नहीं है।

डिस्ट्रिब्यूशन पर सब काम होता है और छोटे अफसरान स वजह से उन बेचारे गवाव काश्तकारों को बहुत तंग व परेशान करते हैं। इसलिये मैं चाहता हूँ कि इन छोटे अफसरान के हैरेसमेंट से उनको बचाने का कोई न कोई न्तजाम मन्त्री महांदय अवश्य करें। छोटे जमीदारान जिन पर कि यह ५५ के ऊपर १० लाख पर्ये की एक्साइज ड्रूटी लगी हो उनके बास्ते कोई न्तजाम न हो और इस तरह से उनको परेशान किया जाये यह बहुत ही गैर मृत्युमिव बात है।

मेट्रल गवर्नेंट की आडिट रिपोर्ट में उन की पावर्टी के बारे में यह लिखा हुआ है कि वह ५० परमेंट से ज्यादा "क्स हर साल नहीं द सकते हैं और बाकी एरियां में बला जाता है which is mainly due to pecuniary condition of growers जब उसकी हालत पहले ही तनी खस्ता है तब यह एक्साइज ड्रूटी और लगादेने से उसकी कमरही टूट जायेगी स एक्साइज ड्रूटों का विरोध करने के लिये उसके पास कोई प्रैम नहीं है त ही उसके पास कोई मार्केट या फर्म है। उस के पास कोई उसकी नरक में बोलने वाला भी नहीं है। वह पहले से ही लंगड़े हैं सलिये उन के ऊपर और करों का बोझा डालना सरामर नाइंसाफी होती है जिनसे बकल न नेते हुए आनंद व फाइनेंस मिनिस्टर से अपील कहंगा कि वह इस और सहानुभूतपूर्वक विचार करें। तम्बाकू से वे भजे ही नफरत के मुझे उसके लिये कुछ नहीं कहना है लेकिन कम से कम जो आपको फाइनेंस को तना हैल्प करते हों उनके ऊपर यह टैक्स कम से कम आपको नहीं लगाना चाहिये क्योंकि उनकी जालत पहले से वे बदनार है।

Dr. M. S. Aney: I am here to support the amendment of the friend who has just moved it, particularly regarding the excise duty on tobacco.

The hon. Finance Minister displayed righteous indignation against all tobacco smokers and tobacco chewers. I share that feeling with him also, but he said that tobacco smoking was a luxury. There I do not agree with him.

Here I have got a copy of a representation which has already been submitted to him by the Berar Tobacco Merchants Association in which they have described as to what tobacco smoking is to those people who have taken to it. They are the poorest people in Vidarbha and certain parts of Maharashtra to whom this particularly relates. I believe that is the position of the tobacco smokers all over the country also.

There is a kind of tobacco called Rawa tobacco which is also covered by this excise duty. Particularly, with regard to that it is stated in this memorandum as follows:

"I am stating here for your kind information that the Rawa tobacco is being used for smoking in some districts of Maharashtra only, in the whole of India. These districts are: Akola, Amravati, Buldana, Yeotmal, Ahmadnagar, Nasik, Dhuliya, Jalgaon, Aurangabad, Jagpur, Chanda, Bhair and Usmanabad. These districts consume Rawa tobacco for centuries. The tobacco is being used mostly by Adiwasis, Scheduled tribes....

—I do not think he will call them rich fellows—

"....Scheduled castes and poor labouring classes and they prefer Rawa tobacco to bidis for various reasons, i.e., economic, custom, habits and others. The variety of Rawa tobacco is exclusively being used by the poor classes of the society. The enhancement of rate of excise duty, though the mode of taxation is indirect, will directly hit the poor classes.

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The smoking habit has become second nature, which is difficult to be changed; and if forced to change it in an unscientific, unplanned and haphazard way, it gives way to many bad habits which in the ultimate analysis result in harming the interests of society."

They have given the reasons there. The point is this. It is a small luxury to men who have no other luxury to enjoy. It is a kind of recreation to them from their routine drudgery of life. A little puffing of it gives them some kind of pleasure and rest. When you deny them that, and do not give any substitute also for that, you are not improving their habits, but making them more miserable. That is the position. A kind-hearted man as the Finance Minister is, I believe he will give due attention to the complaint they have made about the removal of this little excise duty on Rawa. I have made some calculations here as to what it comes to, but I shall not trouble you because you have got better staff to make proper calculations. Please remove that tax.

As regards the handloom industry you have made certain concessions. I do not want to press further about those matters, but there are people who are suffering from this excise duty, and with all the caution that the Finance Minister might have taken not to hit the poorer or lower classes, he could not avoid hitting them in his desire to get more money. It is a good cause for which he is getting more money, I do not dispute that, but he has hit them. His Budget is not one which has taxed only men of means and left those who have no means.

I support the amendment moved by my hon. friend, particularly with reference to excise duty on tobacco.

श्री बड़े : उपाध्यक्ष महोदय, श्री लहरी सिंह ने जो अभी अमेंडमेंट प्रस्तुत किया है उस का मैं समर्थन करता हूँ। माननीय वित्त मंत्री ने रवा तम्बाकू पर जो टैक्स लगाया है मैं उस का विरोध करता हूँ। मैं जिस आदिवासी क्षेत्र से आता हूँ वहां पर ३ लाख आदिवासी बसते हैं और उन को मुबह से शाम तक खेत में काम करते हुए चिलम पीने की जुरूरत पड़ती है। बाजार के दिन वह रवा तम्बाकू बाजार से खरीद कर ले जाते हैं। जिनमें भी आदिवासी और किसान हैं वह सब तम्बाकू पीते हैं। काशी से रामेश्वरम् और कन्या कुमारी से कश्मीर तक चले आइये आपको किसान किसी न किसी शक्ल में तम्बाकू का प्रयोग करते पायेंगे। वे किसी न किसी शक्ल में तम्बाकू दोते ही हैं। हमारे आदिवासियों में तम्बाकू को भांग करते हैं अब हमारे वित्त मंत्री महोदय कहते हैं कि तम्बाकू एक लक्जरी है लेकिन मैं उन को बतलाना चाहता हूँ कि कभी कभी लक्जरी नैसेसरी भी हो जाया करती है। अब यह कहा जा सकता है कि टोपी पहनना एक लक्जरी है लेकिन वही चीज हिन्दू समाज में नैसेसिटी हो गयी है।

Necessaries sometimes become luxuries, and luxuries sometimes become necessities.

अब टीक तम्बाकू के बारे में भी यही बात कही जा सकती है। हालांकि वित्त मंत्री के कथनानुसार तम्बाकू लक्जरी है तो भी किसानों की लाइफ में वह नैसेसिटी बन गई है। अब टैक्सेशन के साधारण प्रिसिपल के अनुसार नैसेसरी पर टैक्स नहीं लगाना चाहिए।

तम्बाकू के लक्जरी और नैसेसरी होने की बात को छोड़ भी दिया जाय तो भी इस ऐक्साइज ड्यूटी के लगने से तम्बाकू की काश पर प्रतिकूल असर पड़ेगा। अब हमारे मध्य प्रदेश में जहां कि शुगरकेन और टूबैको की काश में कम्पटीशन चलता है वहां हमने देखा कि काश्तकारों ने जिन सेतों में वह पहले

शुगरकेन बोते थे उनमें तम्बाकू बोने लग गये। लेकिन तम्बाकू पर धीरे धीरे जब ऐक्साइज ड्यूटी बढ़ी तब उन्हीं काश्तकारों ने तम्बाकू की जगह पर शुगरकेन बोना शुरू कर दिया। तम्बाकू का प्रोडक्शन कम होने से हमारी आय में भी कमी होती है क्योंकि कम पैदावार होने से ऐक्सपर्ट पर भी प्रतिकूल प्रभाव पड़ेगा। सरकार ने शायद इधर ध्यान नहीं दिया है। इसलिए मैं चाहूँगा कि इस रवा और भूसा तम्बाकू पर टैक्स कम कर दें। किसानों पर इसका बड़ा अच्छा प्रभाव पड़ेगा और वह आपको धन्यवाद देंगे। माननीय वित्त मंत्री का कहना है कि इस देश में टैक्सेशन बढ़े नहीं हैं। मैं आप को बताना चाहता हूँ कि इस बारे में श्री टी० टी० कृष्णमाचारी ने १६५७ में क्या कहा था।

He used the following argument for lowering the rates:

"Our present level of taxes is about the highest in the world and they are not only creating a disincentive for earning but also encourage evasion."

परन्तु हमारे वर्तमान वित्त मंत्री महोदय का अनुभव इस से भिन्न प्रतीत होता है। मैं उन से कहूँगा कि कम से कम रवा टोबैको पर टैक्स को कम किया जाये, क्योंकि उस का असर न केवल साधारण किसान पर, बल्कि टोबैको का उत्पादन करने वालों पर भी पड़ता है। मैं माननीय वित्त मंत्री जी और इस हाउस से यह अपील करता हूँ कि यदि इस सम्बन्ध में डिविजन होता है, तो टोबैको पर से टैक्स हटाने के लिए जो अमेंडमेंट रखा गया है, उस को स्वीकार किया जाये।

अगर कोई व्यक्ति आंखें बन्द कर के बैठता है, तो यह समझा जाता है कि उस को नीद नहीं आई है। इसलिए मुझे आशा है कि आप को एड्रेस कर के जो कुछ मैं कह रहा हूँ, माननीय वित्त मंत्री महोदय उस को ध्यान-पूर्वक सुनते होंगे

श्री भोरारजी देसाई : इसीलिए तो मैं ने आंखें बन्द की हुई हैं।

श्री बड़े : . . . और यह इस तरफ ध्यान देंगे।

Shrimati Renu Chakravarty (Barrackpore): Sir, clause 16 actually includes most of the indirect taxes and we have moved amendments to a large number of them. In the subsequent speech made by the hon. Finance Minister he has announced some reliefs but on this tax on tobacco and also on certain other small and cottage industries we feel that the entire policy of the Government is wrong. Regarding tobacco my hon. friends have spoken with great feeling regarding the condition of the tobacco grower. It is not only a question affecting the tobacco grower; the incidence of taxation which will be imposed upon the tobacco grower will automatically get reflected in the rising prices at a later date, of even bidi, not to speak of the cheaper kinds of cigarettes. Many of us do not smoke and maybe, some of our people in our families too do not smoke but an ordinary men, especially in a village, and the labour classes particularly could not do without it; it has become part and parcel of their life of toil and struggle. Therefore, we have to see that this is one of the essential commodities which every man almost has to have and so it has to be viewed from that angle. Therefore, we oppose the imposition of tax on tobacco. If there has been an effective check on the rise in price, then there should have been some slight justification for it. But we are unable to check the prices; whatever the Finance Minister may say we know that the prices are rising and will rise. The spiral of inflation continues and therefore putting of indirect taxes has to be resisted.

Many of these taxes are suggested without taking into consideration the effect it would have upon the small

industries. The relief announced by him has met some of the objections on some of the items such as hand-loom yarn. We had pleaded with him especially for the coarse cloth; in our State and in the south we know that the coarse cloth is woven with hanks of 40 counts and below. If that was taxed it would have really led to great hardship not only to the hand-loom weaver but to the men and women who wear it, and they are the poorest in the land. Therefore, though wisdom has dawned late, it is a good thing.

Now I come to powerlooms; it has happened earlier and now again some relief has been given to the power-loom owners. The Finance Minister told us earlier that certain units—not all—had really broken up their powerlooms and put them up as smaller units to escape taxes, and therefore they should not escape further taxation. If that is true, what has happened now? Between the time of his Budget proposals and today in West Bengal where the units are not big powerlooms units in the south there are many mills which have been closed by the owner. They have put before the Government their difficulties and it is for the Government to judge. I want to put before the Government the suffering which the worker has to put up with. When we raise it on the floor of Parliament we are told that it is blackmail. Now if the powerloom owners who have financial backing are trying to blackmail the Government, what is the Government doing to prevent the owners from blackmailing the workers like this. In my own constituency so many units have been closed down. Government constantly tells us that this is because they want to blackmail the Government to reduce the excise duties. In future also if Government feels that these big units are trying to blackmail the Government they must see that the worker is not thrown out of job in the interim period. Hundreds of workers have been thrown out of jobs in the last two months. I feel that it is a good

[Shrimati Renu Chakravarty]

thing—this relief which we have given to the powerlooms, I think units with 30-300 looms. They have been given some relief. I feel that powerlooms and handlooms are two things that should not be played about with every year and more excise duty should not be imposed upon them.

Now, about plywoods, I may say that in my State we have got very small units; cottage industries are actually functioning and they hardly use any power. We had represented to the Finance Minister that these people are generally refugees with very little capital and they are earning some money by making these chests and plywood boxes. There are some big units also and even Birlas have certain units but there are very small units. Exemption has been given to those who have an annual output value of approximately Rs. 6,000-7,000. That means approximately about Rs. 500 a month. That is the value of production and not their earnings. Their earnings will be a very small amount. So, it does not exempt even our smallest units. The annual output of even the smallest unit would be about 40,000 square meters. Therefore, I would request him to consider whether it would not be fairer to raise the square metre capacity of these units to about 40,000 so that a large number of plywood manufacturers who are working on a cottage industry basis could be exempted. This would really save a lot of our refugee families who are earning their livelihood like this. They do not use power. I am not pleading for those who use power. Those who are using power may pay an excise duty. But for those who are not using power, the exemption should be given on the consideration that they do not use power, and at least the minimum quantity should be raised to 40,000 sq. metres.

Then I turn to jute and hessian. We had said earlier that if a new excise duty is levied on jute sackings,

especially, what is going to happen is that our essential commodities like cement, foodgrains and the rest will become costlier. I think my hon. friend Shri S. K. Patil will also realise that there will be a plus added on to the price of the foodgrains if the new levy on hessian is made. The price of cement may also rise because of this tax. All these things will rise in costs. Therefore, the question of tax on jute and hessian should also be considered.

Lastly, I would like to state that we have opposed all these indirect taxes as a matter of policy because we consider that the taxation policy of the Government really inflicts much greater suffering on the people than is needed. It raises the prices. While there are other sources of income which have not been tapped, these indirect taxes should not be proceeded with, especially on such commodities as affect directly the life of the people—commodities which are essential for the people—like tobacco, etc. We should also see very carefully that we protect the smaller industries. That is why we have moved amendment Nos. 34 to 43.

Shri Morarji Desai: Sir, the amendments seek to change the proposed duty on tobacco, plywood and powerlooms. I explained about all these matters in the course of my speech while moving for consideration of the Finance Bill. I cannot accede to the arguments that the condition of the tobacco grower is very bad. As a matter of fact, the condition of the tobacco grower is very good. The grower is making a good profit out of it. The profit from tobacco cultivation is the largest, as a matter of fact. Perhaps my hon. friend does not know that. The duty paid clearances for home consumption of all types of manufactured tobacco have gone up from 220 million kilograms in 1950-51 to 284 million kilograms in 1960-61. That is, there has been a rise of 20 per cent. The same thing

has happened with regard to the other uses of tobacco.

I do not want to say anything about its intoxicating capacity. I never said it is intoxicating. I only said that it is not a necessity. It can be considered only as a luxury. It is not a necessity, because it is not necessary for any human being to use tobacco. If he uses, he may use it. I am not here to preach to him that he need not use it. But if he uses a little less of it, I think it will do him good. He need not spend more on it. If the tax is increased he can make a little less use of it and need not spend more. Therefore, it is not going to affect the person concerned in anyway in his ordinary bill.

About powerlooms also, the concessions that have been made are large enough, and even then they are at a better advantage than the producers of mill cloth. Therefore, there is no scope for giving any further concessions in the matter of powerlooms.

It was said that a tax on plywood will affect exports and that the tax on tobacco will also affect exports. It does not affect exports at all, because when you export, those duties are refunded. Even in the matter of plywood boxes for tea, there is a refund given for export purposes. Therefore it is not going to be affected at all, taken as a whole. Therefore, the opposition from the hon. Member opposite from the communist party is more from an ideological point of view, where we do not agree. Therefore, there is no question of taking it into consideration. She said that she is opposed to all indirect taxes. I cannot say that I am opposed to indirect taxation. As a matter of fact, I cannot but take to indirect taxation. That has been the position of Government all the while. I therefore oppose all the amendments moved by my hon. friends opposite.

Shrimati Renu Chakravarty: There is one point which I wanted to clarify. On plywood, I did not raise the question of export. If there is export, naturally there will be a refund of

those duties. But for those smaller units which do not use any power, why not exempt them fully? That was my question.

Shri Morarji Desai: I have put a limit on those producers. Otherwise anything can be mixed up. After all, those who are small producers should not produce more. That is quite enough for them.

Shrimati Renu Chakravarty: Only Rs. 5,000 per annum.

Shri Morarji Desai: That is quite enough for them. Otherwise, he is not a small producer without any power.

Mr. Deputy-Speaker: Shall I put all the amendments together?

Shri P. K. Deo: Amendment No. 21 may be put separately.

Shrimati Renu Chakravarty: Amendment No. 34 is also there.

Mr. Deputy-Speaker: It is the same as No. 21. I shall come to that later.

Now, the question is:

Page 10, "omit lines 4 to 11." (21) Those who are in favour of the amendment will please say 'Aye'.

Some Hon. Members: Aye.

Mr. Deputy-Speaker: Those who are against the amendment will please say 'No.'

Several Hon. Members: No.

Mr. Deputy-Speaker: The Noes have it.

Shri P. K. Deo: The Ayes have it.
Mr. Deputy-Speaker: Those who are in favour of the amendment will please rise in their seats.

Some Hon. Members rose—

Shri S. M. Banerjee (Kanpur): The bell should be rung, Sir. Shri Lahiri

[Shri S. M. Banerjee]

Singh is very much opposed to it. But he is not here.

Shri P. K. Deo: We press for a division.

Shrimati Renu Chakravarty: For a division on taxation measures I think the bell should be rung, though of course we can stand up if you so desire.

Mr. Deputy-Speaker: All right. The question is:

Page 10, "omit lines 4 to 11." (21)

The Lok Sabha divided.

Some Hon. Members rose—

Mr. Deputy-Speaker: Those hon. Members whose votes have not been recorded may stand up in their seats and mention their division numbers. They may also say whether they are voting for Ayes or Noes.

Shri Mantri (Bhir): My division number is 137.—No.

Shrimati Ramdulari Sinha (Patna): My division number is 127—No.

Shri Gajraj Singh Rao (Gurgaon): My division number is 174—No.

Shri Rameshwar Sahu (Rosera): My division number is 31—No.

Shri T. A. Patil (Osmanabad): My division number is 82—No.

Shri P. K. Khanna (Kaimganj): My division number is 229—No.

Shri Maruthiah (Melur): My division number is 264—No.

The Parliamentary Secretary to the Minister of Mines and Fuel (Shri Thimmaiah): My division number is 305—No.

Shri V. B. Gandhi (Bombay Central South): My division number is 283—No.

Shri Manoharan (Madras South): My division number is 364—Aye.

Shri Sivasankaran (Sriperumbudur): My division number is 407—Aye.

Shri Pottekkatt (Tellicherry): My division number is 493—Aye.

Shri A. V. Raghavan (Badagara): My division number is 504—Aye.

Shri Dinen Bhattacharya (Serampore): My division number is 512—Aye.

AYES

Division No. 7]

[14.39 hrs.

Aney, Dr. M.S.
Banerjee, Shri S.M.

Berwa, Shri
Bhattacharya, Shri Dinen
Chakravarty, Shrimati Renu
Chatterjee, Shri H.P.
Das, Shri
Dasgupta Deb, Shri
Deo, Shri P.K.
Elias, Shri Mohammad
Imbichibava, Shri

Kachhvaiya, Shri
Kamath, Shri Hari Vishnu
Kar, Shri Prabhat
Karjee, Shri
Kumaran, Shri M. K.
Kunhan, Shri P.
Lahri Singh, Shri
Mahato, Shri Bhajahari
Mahida, Shri Narandra Singh
Monoharan, Shri
Marandi, Shri

Murmu, Shri Sarkar
Nair, Shri Vasudevan
Pottakkatt, Shri
Raghavan, Shri A.V.
Rajaram, Shri
Ram Singh, Shri
Shastri, Shri Prakash Vir
Sivasankaran, Shri
Trivedi, Shri U.M.
Umanath, Shri
Vishtam Prasad, Shri
Warior, Shri

NOES

Alagasan, Shri	Jamunadevi, Shrimati	Patil, Shri T.A.
Alva, Shri A.S.	Jedhe, Shri	Patil, Shri V.T.
Anjanappa, Shri	Jena, Shri	Patnaik, Shri B. C.
Azad, Shri Bhagwat Jha	Jotisha, Shri J.P.	Pratap Singh, Shri
Babunath Singh, Shri	Kadadi, Shri	Raghunath Singh Shri
Bakliwal, Shri	Kamble, Shri	Ram Dulari Devi, Shrimati
Barkataki, Shrimati Renuka	Karuthiruman, Shri	Rane, Shri
Barupal, Shri P.L.	Kayal, Shri P. N.	Rao, Shri K. L.
Basumatari, Shri	Khanna, Shri P.K.	Rao, Shri Thirumala
Besra, Shri	Kripa Shankar, Shri	Ray, Shrimati Renuka
Bhagavati, Shri	Krishna, Shri M.R.	Sahu Shri. Rameshwar
Bhakt Darshan, Shri	Lalit Sen, Shri	Sarma, Shri A. T.
Bhatkar, Shri	Laskar, Shri N.R.	Sarojini Bindurao Mahishi,
Bhawani, Shri	Mallick, Shri	Shrimati
Birendra Bahadur Singh, Shri	Mantri, Shri	Satyabhama Devi, Shrimati
Bist, Shri J.B.S.	Mauruthiah, Shri	Sen, Shri P.G.
Brij Basu Lal, Shri	Mirza, Shri Bakar Ali	Sharma, Shri A.P.
Chanda, Shrimati Jyotsna	Mishra, Shri Bibhuti	Sharma, Shri D.C.
Chandak, Shri	Misra, Shri Shyem Dhar	Shashi Ranjan, Shri
Chandrika, Shri	Mohanty, Shri G.	Sheo Narain, Shri
Chattar Singh, Shri	Mohsin, Shri	Shree Narayan Das, Shri
Chaturvedi, Shri S.N.	Morarka, Shri	Shukla, Shri Vidy Charan
Chaudhuri, Shrimati Kamala	More, Shri K. L.	Siddananjappa, Shri
Chettiar, Shri Ramanathan	More, Shri S.S.	Sidheshwar Prasad, Shri
Daljit Singh, Shri	Mukerjee, Shrimati Sharda	Singh, Shri D.N.
Das, Shri B.K.	Naik, Shri D. J.	Sinha, Shri B. P.
Desai, Shri Morarji	Naik, Shri Maheswar	Sinha, Shri Satya Narayan
Deshmukh, Shri S.S.	Nallakoya, Shri	Sinha, Shrimati Tarkeshwari
Deshpande, Shri	Nanda, Shri	Sonavane, Shri
Dube, Shri Mulchand	Nayar, Dr. Sushila	Subbaraman, Shri
Dube, Shri R.G.	Oza, Shri	Suman Prasad, Shri
Elayaperumal, Shri	Paliwal, Shri Tika Ram	Swamy, Shri M. P.
Gajraj Singh, Shri	Pande, Shri K.N.	Swaran Singh, Shri
Gandhi, Shri V. B.	Panna Lal, Shri	Thimmaiah, Shri
Hansda, Shri Subodh	Patel, Shri Chhotubhai	Tiwary, Shri D.N.
Haq, Shri	Patel, Shri Man Singh	Uikey, Shri
Harvani, Shri Ansar	Patel, Shri P.R.	Upadhaya, Shri Shiva Dutt
Heda, Shri	Patil, Shri J. S.	Varma, Shri M.L.
Hem Raj, Shri	Patil, Shri S.B.	Veerappa, Shri
Jadhav, Shri M.L.	Patil, Shri S.K.	Vidyalankar, Shri A.N.
Jadhav, Shri Tulshidas		Wadiwa, Shri

Mr. Deputy-Speaker: The result of the division is as follows:

Ayes 34; Noes 121.

The motion was negatived.

Mr. Deputy-Speaker: Amendment No.34 is same as amendment No. 21, and amendment No. 41 is the same as No. 23; so they are barred. I will put all the other amendments, except Government amendments Nos. 48 and 49, to the House.

Amendments Nos. 22 to 25, 35 to 40, 42 and 43 were put and negatived.

Mr. Deputy-Speaker: I will now put Government amendments Nos. 48 and 49. The question is:

Page 11, lines 28 and 29,

after "(including pigment dye-stuffs".

insert "And Synthetic organic derivatives used in any dyeing process". (48)

The motion was adopted.

Mr. Deputy-Speaker: The question is:

Page 16, line 7, for "joints" substitute "joists". (49).

The motion was adopted.

Mr. Deputy-Speaker: The question is:

"That clause 16, as amended, stand part of the Bill".

The motion was adopted.

Clause 16, as amended, was added to the Bill.

Mr. Deputy-Speaker: We will come back to clause 13, on which division was demanded.

14.47 hrs.

[MR. SPEAKER in the Chair]

Mr. Speaker: The question is:

"That clause 13 stand part of the Bill."

The Lok Sabha divided:

Shri Kapur Singh (Ludhiana): Sir, my machine did not work. I wanted to vote for 'Ayes'.

Shri U. M. Trivedi: I also wanted to vote for 'Ayes'.

AYES

Division No. 8]

Alagesan, Shri
Alva, Shri A.S.
Aney, Dr. M.S.
Anjanappa, Shri
Azad, Shri Bhagwat Jha
Babunath Singh, Shri
Batiwal, Shri
Balmiki, Shri
Barkataki, Shrimati Renuka
Barupal, Shri P.L.
Basumatari, Shri
Bersa, Shri
Bhagavati, Shri
Bhakt Darshan, Shri
Bhatkar, Shri
Birendra Bhadur Singh, Shri
Bist, Shri J. B. S.
Brij Basu Lal, Shri
Chanda, Shrimati Jyotsana
Chandak, Shri
Chandrika, Shri
Chatter Singh, Shri
Chaturvedi, Shri S.N.
Chaudhuri, Shrimati Kamala

Chettiar, Shri Ramanathan
Daljit Singh, Shri
Das, Shri B.K.
Dasappa, Shri
Deo, Shri P.K.
Desai, Shri Morarji
Deshmukh, Shri S.S.
Deshpande, Shri
Dube, Shri Mulchand
Dubey, Shri R. G.
Elayaperumal, Shri
Gajraj Singh Rao, Shri
Gandhi, Shri V. B.
Ganga Devi, Shrimati
Hansda, Shri Subodh
Haq, Shri
Harvani, Shri Anwar
Heda, Shri
Hem Raj, Shri
Jadhav, Shri M. L.
Jadhav, Shri Tulahidas
Jamunadevi, Shrimati

Jedhe, Shri
Jena, Shri
Joyotishi, Shri J.P.
Kadadi, Shri
Kamble, Shri
Kapur Singh, Shri
Karuthiruman, Shri
Kayal, Shri P.N.
Kesar Kumari, Shrimati
Khan, Shri Shahnazaz
Khanna, Shri P. K.
Kripa Shankar, Shri
Krishna, Shri M.R.
Lalit Sen, Shri
Laskar, Shri N. R.
Mahida, Shri
Narendra, Singh
Mallick, Shri
Mantri, Shri
Maruthiah, Shri
Mirza, Shri Bakar Ali
Mishra, Shri Bibhuti

[14 49 hrs.

Shri Hem Barua: I wanted to vote for 'Noes'.

Shri G. Mohanty (Balasore): I wanted to vote for 'Ayes'.

The Minister of Planning and Labour and Employment (Shri Nanda): Sir, my vote has not been recorded. I vote for "Ayes".

Shri Daji: The first was correct.

Shri Nanda: I did not say 'No' at all.

Shri Dinen Bhattacharya: I vote for 'Noes'.

Shri Bapujiwala (Durg): मुझे 'हाँ' की तरफ वोट देना था, वह "नहीं" हो गया है।

Shri Lalit Sen (Mandi): I vote for 'Ayes'.

Shri Gajraj Singh Rao: I vote for 'Ayes'.

Shri Sidheshwar Prasad (Nalanda): I vote for 'Ayes'.

Shri V. B. Gandhi: I vote for 'Ayes'.

Shri T. A. Patil: I vote for 'Ayes'.

Shri Pottekkatt: I vote for 'Noes'.

Shri Muthiah (Tirunelveli): I wanted to vote for 'Ayes'.

Mitra, Shri Shyam Dhar
 Mohanty, Shri G.
 Mohsin, Shri
 Morarka, Shri
 More, Shri K.L.
 More, Shri S.S.
 Mukerjee, Shrimati Sharda
 Muthla, Shri
 Naik, Shri D.J.
 Naik, Shri Maheswar
 Nallakoya, Shri
 Nanda, Shri
 Nayar, Dr. Sushila
 Oza, Shri
 Paliwal, Shri Tika Ram
 Pande, Shri K.N.
 Panna Lal, Shri
 Patel, Shri Chhotubhai
 Patel, Shri Man Singh
 Patel, Shri P.R.
 Patil, Shri J.S.
 Patil, Shri S.B.
 Patil, Shri S.K.

Patil, Shri T.A.
 Patil, Shri V. T.
 Patnaik Shri B. C.
 Prabhakar, Shri Naval
 Raghunath Singh, Shri
 Ram Dulari Devi, Shrimati
 Rane, Shri
 Rao, Shri K. L.
 Roo, Shri Krishnamoorthy
 Rao, Shri Thirumala
 Ray, Shrimati Renuka
 Sarma, Shri A.T.
 Sarojni Bindurao Mahishi, Shrimati
 Satyabhama Devi, Shrimati
 Sen, Shri P.G.
 Sharma, Shri A.P.
 Sharma, Shri D.C.
 Shashi Ranjan, Shri
 Sheo Narain, Shri
 Shree Narayan Das, Shri
 Shukla, Shri Vidya Charan
 Siddananjappa, Shri

Sidheshwar Prasad, Shri
 Singh, Shri D.N.
 Sinha, Shri B.P.
 Sinha, Shri Surya Narayan
 Sinha, Shrimati Tarakeshwari
 Sonavane, Shri
 Subbaraman, Shri
 Sumat Prasad, Shri
 Swami, Shri, M.N.
 Swaran Singh, Shri
 Tiwary, Shri D.N.
 Trivedi, Shri U. M.
 Tulmohan Ram, Shri
 Tyagi, Shri
 Uike, Shri
 Upadhyaya, Shri Shiva Dutt
 Varma, Shri M.L.
 Veerappa, Shri
 Vidyalankar, Shri A.N.
 Wadiwa, Shri

NOES

Banerjee, Shri S.M.
 Barua, Shri Hem
 Berwa, Shri
 Bhattacharya, Shri Dinen
 Bhawani, Shri
 Chakravarthy, Shrimati Renu
 Daji, Shri
 Dasaratha Deb, Shri
 Dwivedy, Shri Surendranath
 Elias, Shri Mohammad
 Imbichibava, Shri
 Kachhavaiya, Shri

Kamath, Shri Hari Vishnu
 Kar, Shri Prabhat
 Karjee, Shri
 Kumaran, Shri M.K.
 Kunhan, Shri P.
 Lahri Singh, Shri
 Mahato, Shri Bhajahari
 Manoharan, Shri
 Marandi, Shri
 Murmu, Shri Sarkar
 Nair, Shri Vasudevan

Nath Pai, Shri
 Pottakkatt, Shri
 Raghavan, Shri A.V.
 Rajaram, Shri
 Ram Singh, Shri
 Shastri, Shri Prakash
 Sivasankaran, Shri
 Umanath, Shri
 Vishrami Prasad, Shri
 Warior, Shri

Mr. Speaker: The result of the division is as follows:

Ayes: 132. Noes: 33.

The motion was adopted.

Clause 13 was added to the Bill.

Second Schedule

Mr. Speaker: There is an amendment to the Second Schedule.

Shri Morarji Desai: Sir, I beg to move*:

Page 37, line 31,—

for "joints" substitute "joists".
 (51).

*Amendment moved with the recommendation of the President.

Mr. Speaker: The question is:

Page 37, line 31,—

for "joints" substitute "joists".
(51).

The motion was adopted.

Mr. Speaker: The question is:

"That Second Schedule, as amended, stand part of the Bill."

The motion was adopted.

Second Schedule, as amended, was added to the Bill.

Clause 1, the Enacting Formula and the Long Title were added to the Bill.

Shri Morarji Desai: Sir, I beg to move:

"That the Bill, as amended, be passed."

Mr. Speaker: Motion moved:

"That the Bill, as amended, be passed."

Some Hon. Members rose—

Mr. Speaker: Sarkar Murmu—at least we might be told what language he is speaking.

Shri Kapur Singh: Santhali.

****Shri Sarkar Murmu (Balurghat):** Mr. Speaker, Sir, I am elected from the 'Adibasi' area. We the adibasis, have countless disadvantages and need. I do not know whether it would be possible to state all about their difficulties here. Still it is my humble wish that I should say something in their behalf.

In the Society the Adibasis belong to that section which is pitifully looked down upon. Most of them are very poor. They work hard to earn their living. Some till the soil for others, some are engaged in hard labour. And here, I do not think that our Gov-

ernment takes enough pain to feel much for this wretched and down-trodden section of the society.

Sir, a large number of Adibasis dwell in all parts of Malda and West Dinajpur. Particularly in the Burin areas the number of Adibasis is quite large. All of these Adibasis are very poor. Very few of them have their own landed property. They till the soil for the Jotdars and earn their living. They had to work hard and by the sweat of their brow they cleared the shrubs and bushes in the lands. They took much care to prepare the soil for crops. And now it is going to be a sorrowful affair when even that source of earning is also going to be stopped. When the new 'Land Reform Act' was introduced in Bengal the poor cultivators hoped that they were going to have some land of their own. But as ill luck would have it, the introduction of the Act placed an absolutely different picture before us. The otdars were growing strong each day and many loop-holes of this new Act made it possible for them to evict the helpless Adibasis. And as time went by the Adibasis were rendered homeless and landless. Their lot is now no better than even the street beggars. So on behalf of these helpless Adibasis I request the Government to make it a point to help them in every respect and save them from their sorry plight.

Water scarcity is acute in Malda and W. Dinajpur. Everybody has to depend on rainfall as there is no arrangement for proper irrigation. Only one crop is possible in a year. It is my claim that the Government will arrange for proper irrigation there. There is no pond nor any well in village Khanpur and Iaksa in Habibur thana. The Adibasi women have to walk three miles to fetch water. I think the hon'ble Minister could feel a bit of the difficulty faced by the Adibasi if his wife and daughters were asked to bring water from such a distance. So I claim again that the

**English translation of the speech delivered in Santhali.

Government should take some definite measure in this matter also. Most of the Adibasis are still illiterate. There is no school in the vicinity to give them proper education. So I hope that the Government should issue every monetary help for the education of the Adibasi children.

This is the pitiable condition of 'Adibasi' people and when the Finance Minister imposes his heavy taxes on these people who are already at starvation level, they will be crushed to death. That is why our people resolutely oppose the heavy burden of taxes on the common man.

15 hrs.

Mr. Speaker: What he spoke here should not be different from the rendering that he has given in English.

An Hon. Member: It is the exact translation of what he said.

Mr. Speaker: Because, he referred to women going long distances to fetch water. Afterwards, there is very little here in English, but he has been speaking for some time.

Shrimati Renu Chakravarty: The last part on taxation has been added in hand.

Shrimati Renuka Ray (Malda): Mr. Speaker, all the clauses of the Bill have been passed now and whatever I have to say is on something else. But, before I do so, I would like to say that I do welcome the concessions in the reduction of indirect tax that have been made; some more could have been made but half a loaf is better than none. I would like to ask the Finance Minister for only one clarification, and that is with regard to powerlooms. Powerlooms up to four units have been exempted from tax. I know for other powerlooms also the tax has been reduced. But what about the co-operative sector? In that sector, if one hundred powerlooms are owned by 25 members as a

co-operative would they have to pay tax or would they be exempted from it. It is a matter of very great importance because otherwise it would act as a disincentive towards the formation of co-operatives. I do hope that this matter would be clarified.

Now I want to deal with another important matter, something that was discussed by the hon. Member from Murshidabad, Shri Badrudduja, on the Demand for Grants relating to the Ministry of Home Affairs. He said things about Malda and the disturbances which, I felt, were very unfortunate indeed. His eloquent speech was smacking of the days of Surendranath Banerjee but, whatever might have been his eloquence, the facts, I am afraid, were certainly very far from being true. The reason why I feel that it is important to clarify this is because these kinds of misstatements, distortions and exaggerations which this hon. Member went in for have deeper repercussions outside our land. It is this kind of thing that has led to the untoward happenings across our border in East Pakistan in Rajshahi and other places. Therefore, I would like to place before the House the exact facts, as they happened in my constituency. I was not really there when the first two incidents took place, but I was there soon afterwards.

As the Prime Minister has very rightly stated, it was a clash between the tribals and the Muslims at Dighighat. At the beginning, there was some trouble between Muslims and a tribal woman and she was maltreated. Of course, some people say that she has been raped, but that probably is an exaggeration. There is always this kind of exaggeration which goes on, which I do not very much like, on either side. Very easily things are said about women being raped. It may have been easy in the past, but I do not think it is so easy today. I do not like things like this being brought out without any foundation. I mention this particularly because

[Shrimati Renuka Ray]

the hon. Member from Murshidabad said that a Muslim girl of eight was raped, which is absolutely untrue. Nor was it true that a Hindu woman was raped. She was beaten and maltreated. Therefore, the question of rape does not come in at all.

What actually happened after this incident in Dighighat was that the tribals, as a form of revenge, burnt the houses. Anyhow, at that time, it was quelled. Later on, at Bilkanchan on the Holi there was some trouble because a Hindu boy went to a Muslim house and sprinkled some coloured water. Naturally, this was objected to. But if objection alone had taken place, it would not have mattered much. But the boy was beaten up and when his uncle went there to rescue him, he was stabbed. As a result of it, all the Santhals in that vicinity had already been provoked. So, all the tribals came forward and, as a form of revenge, began to burn houses. I do not think it was their intention to burn any persons. But six persons who hid in a house were burnt to death when a burning log fell on them. So, six persons died. Again an attack with bows and arrows was made, which shows that though two persons were killed there of which one was through arrows this was the action of the Santhals. The boy and his uncle, however, were namasudras. Then there was some lull after this.

Though, at Gazol Thana there was tension. There was a huge meeting which was well attended by Muslims. I went to that meeting as also many Hindus. Some of those people who had done these things have been arrested. In any case, the tension died down. Then, as I once mentioned, the Pakistan Deputy High Commissioner and his Secretary came to this district via Murshidabad. In Murshidabad they met a large number of Muslims who are Indian citizens and subsequently tried to provoke them to riot, but nothing happened. They went to

Malda and they went to Kaliachowk, a place which is not affected at all, though it is the nerve-centre of Muslims. They held a meeting there. I do not want to go into it in detail, because it is well-known. Afterwards, in the town tension arose.

Mr. Speaker: She should be very brief, particularly when she is not relevant.

Shrimati Renuka Ray: Then, on the 8th of April in Banial six Hindus, Rajbansi Hindus, were suffocated to death by a fire lighted by miscreants. At that time, it was not shown as a communal trouble. Subsequently, Muslims miscreants, who came from three miles away and whom the local people suspected from the beginning, were arrested; at least, one of them was arrested.

Then there is the Malda town incident about which the *New York Times* and so many people have said so many things. What did actually happen in the town? On the night of the 16th, 25 houses were burnt. This is a very bad thing. Even if one house is burnt, I cannot condone it because it has happened. What I am saying is that it is all exaggeration. Seven shops were looted and some of them were razed to the ground. I say the looted shops. Their number is only even. In the town incident between the 16th and 20th, five persons were killed, four Muslims and one Hindu.

The last incident was at Datulpura. On the 20th April, Muslim Houses were burnt. In Datulpura the position became normal soon. The total death, as the Prime Minister has given, is fourteen Muslims. One Hindu was killed and six were burnt to death and so, there were seven deaths among the Hindus. I mention this merely to show that in Malda district, the Muslims and Hindus are almost in equal numbers—I represent them both—and it is not customary for them

to have this kind of clash. It was unfortunate that the clash which occurred in Gazol Thana and, later on spread to other parts, took place at all. This is to be condemned but the exaggerations are beyond any foundation in fact.

Mr. Speaker: I think she should conclude now.

Shrimati Renuka Ray: I hope you will give me a few more minutes.

After this there is one other point which I have to answer. Though a good deal of tension rose there, the events were just as I mentioned.

Another point that was made by Shri Badrudduja is that a large number of Muslims have left Maida district. I can tell you that not one Muslim from the affected area has left the place. From Kaliachowk Thana, which was not affected, some of them came to Calcutta. Because there was curfew in the town and there were exaggerated reports, they came to my house in Calcutta. I happened to be there at that time. On my way to Malda they told me, they had heard terrible orgies happening in the town. I enquired from the West Bengal Government and they gave me the figures. I told them and they went back to Malda. Others who had gone to Pakistan without knowing what was happening, also came back. They may have told tales of what they heared but not of what they knew. But persons from the affected areas did not go.

Shri Badrudduja appealed to all the parties except the Congress. He appealed particularly to the Communists and Shri Tridib Kumar Chaudhuri saying when in the past they had supported him why they did not support him this time. But I think they also have seen and found out what is actually happening. The unfortunate part is the repercussion in Pakistan.

Here I will say one more word about the migrants. They are in an un-

fortunate position. In today's papers it came out about those killed crossing the border into Malda. This morning there was little discussion on what is happening there. I only want to say that those migrants who come now—I particularly request the hon. Finance Minister....

Mr. Speaker: She may not refer to that. It will be coming up on Monday.

Shrimati Renuka Ray: Just two minutes more, Sir.

Migrants who have come recently and those who will come should be sent to Dandakaranya. Why do I say this? It is because we have had better experience in the past. I myself know very much as to what happened in the beginning when the refugees first came to West Bengal. The West Bengal Government was asked at that time to give them relief. That went on for some time and rehabilitation started at a later stage in an unplanned manner. Please bear with me for one more minute. Then what happened was that in 1954 there was another exodus and a decision was taken that no more refugees were to be rehabilitated in West Bengal. The West Bengal Government was again asked to give them relief in camps. Crores of rupees have been spent on camps. When uprooted persons go somewhere unless you can arrange for them to go where they are going to be rehabilitated soon, naturally they do not want to be uprooted again. That is what happened. If today the migrants are not sent straight to Dandakaranya, again there would be a lot of wastage of money. I appeal to the hon. Finance Minister and suggest that all the migrants who have come and who will come should be sent to Dandakaranya because at last a site for rehabilitation is ready and can be expanded.

With these words I will end my speech and will not go into other points, although I had one or two points on the Bill itself, because of shortage of time.

Shri U. M. Trivedi: Mr. Speaker, Sir, it would have been better if Shri Badrudduja had been left where he was. A more untruthful and ungrateful speech was never heard in this House. In falsehood it surpassed Goebbles's I need not comment upon that. I come back to the third reading of this Bill.

This morning I had moved an amendment which was taken up along with the Schedule. Even at this stage I will like to point out to the hon. Finance Minister that the two items to which I had suggested amendments particularly may be looked into again, that is, the suggestion to levy super-tax on all Corporations except, of course, the Life Insurance Corporation of India established under the Life Insurance Corporation Act to the extent of 55 per cent. I had moved the amendment only with the desire that this taxation clause does not itself indicate the reasons why there should be less taxation for the Life Insurance Corporation of India and why there should be higher taxation for the Employees' State Insurance Corporation which have been established under different Acts. In the different Corporations which are run and managed by the Government why should there be higher taxation in the case of one and less taxation in the case of another? Our equality clause will hit these and this will create trouble for us. So, he might consider it. I do not know whether he has considered it or not.

Our Supreme Court has always said that the indicia must be there in the Act itself. It has held:

"The classification permissible must be based on some real and substantial distinction bearing a just and reasonable relation to the object sought to be attained and cannot be made arbitrarily and without any substantial basis."

This has been held in 1959 by the Supreme Court (Page 297, AIR) that

the classification must be reasonable and the reason must be apparent on the face of the law itself. Now there is nothing to indicate that it is reasonable that the Life Insurance Corporation must be exempted from it and will have a lesser taxation of only 22 per cent and that other Corporations run by the Government or by any other company will have higher taxation of 55 per cent as super-tax. When the Employees' State Insurance Corporation also is not exempted I see absolutely no justification whatsoever for this. In my opinion there would be cases arising out of this situation.

The other amendment which I had moved was with reference to the local authority. In some cases the local authorities are heavily burdened. There are heavy interest amounts to be met because in some cases loans have been advanced very blindly and wildly. The loans have been accepted by the Party people who happened to enter into the local politics without any idea of payment of the loans. In some cases the loans go right up to Rs. 1 crore for small municipalities serving a population of 50,000 or 60,000. Then it becomes extremely difficult to meet the interest charges. In those cases the tax that has to be levied is 30 per cent on the whole of the total income. Now, 'total income' is rather a misleading term. This ambiguity could have been removed by putting in the words 'total net income' and we would have saved many of these municipalities from some sort of frustration that is there. That is why I would suggest that this difficulty can be removed by making a proper amendment in this. Even now it is not late to do so.

Shrimati Renu Chakravarty: Mr. Speaker, Sir, at this last stage of the Finance Bill we want to make our position very clear regarding the

taxation policy as it has been enunciated by the hon. Finance Minister. We are totally and entirely opposed to the strategy which has been expounded in this Bill and we think that it is completely wrong. Sitting as we do in this air-conditioned chamber we often forget that we are so few in number looking disinterestedly at our watches as to when the time will come when we can go home that we do not realise what people outside are facing.

The hon. Finance Minister has said that people are with him on his taxation policy. But what is the condition in every home specially of the middle and lower middle classes and of those agricultural labourers about whom my hon. friend spoke? The previous speaker, Shri Sarkar Murmu, spoke in the Santhali language and I am sorry that other hon. Members of the House could not follow him. He expressed the deep sufferings of the people who are really living on starvation level. When the price of rice goes up from Rs. 20 to Rs. 25 or Rs. 30 a maund, as it is today in my State, for them it is a question of going without food. It is a question of the barest minimum. It is like the proverbial straw on the camel's back. Even an indirect tax of one or two naye Paise adds up to an extent that they can bear it no more. This is just not hyperbolic language that we are talking. It is a reality. In the middle-class today at the end of the month when the house-wives cannot balance their budgets and have to go to the sahukar in order to manage somehow through the last weeks of the month till the next month's pay comes in, they realise that one of the reasons for this spiral of inflation is this taxation policy of getting the bulk of our taxes through indirect taxation.

The hon. Finance Minister says that we are against all indirect taxation. We are against indirect taxation but we are more so against indirect taxation when we find year after year that is the proportion between direct and indirect taxation the latter remains

higher than direct taxes. We should like to know as to how it is that not only what is budgetted for is raised but surplus revenue is earned every year. If you try to see, you will find that that surplus revenue comes from indirect taxation. Many of my hon. friends on this side and even on the other side of the House had pointed this out in the first reading of the Bill and during the general discussion on the Budget. We find that so much money has been squeezed out of the common man and if you compare it with those who have higher income you will find that the higher income groups have yielded much less revenue, that is, the proportionate amount of the surplus revenue, has been far higher from the lower income groups. We feel that this is an absolutely wrong way of dealing with an economy which is poor and which is today trying to develop. We stand for more taxes from the higher income groups and we stand for relief to the common people. That is the objective of planning. We do not accept what the hon. Minister has tried to say that if we want a Plan we must tax the ordinary man more and more. He told my leader, Comrade Gopalan, "Come and see it is the poorer who are getting richer and the richer who are getting poorer." We do not accept it. Because, even his own party people, people who are esteemed by persons like him, people like Shri Jayaprakash Narayan, his own Agricultural Labour Enquiry Committee have given the lie to this.

We also find inflationary pressures and the spiral of rising prices, and the prices of essentials of life rising steadily. We also want to say that the small manufacturers, medium-sized manufacturers and those who run the cottage industries, they are always being hit. Every time we have to fight for these concessions. Every time we have to get some concessions out of the Finance Minister. And while he gives relief to those who live lavish lives of luxury, like this relief of Expenditure Tax, no relief is given to the common man. I remember

[Shrimati Renu Chakravarty]

clearly in this House when we passed the Expenditure Tax Act, my friends who do have quite a big amount of wealth, who live in palaces, who know what it is really to spend lavishly, they were very much worried. But now they are not so much worried. Because, they know that although when it was passed the Expenditure Tax was meant to squeeze them, in actual practice it was not so. And today we have done away with it just in the Second Reading of the Bill, and in a few moments we shall have done away with it entirely.

Sir, we say that it is not right to build a plan which builds upon the foundation of squeezing the common man. It is not right, because it is the lower rungs of the ladder who have been crushed down so long. Their burdens have to be decreased. We say that we must follow this policy of taxing those who are well able to bear it, and we had shown in this House who are those who can bear it. There is money. We had pointed out those places from where we have to tap our resources. For the Plan we want resources. We have not made any barren criticism. We have shown where money lies. But our Government has refused to really tap those sources. And we say that if we pursue this policy of taxing only the poor and giving a much greater licence to those who are able to bear greater taxation, the higher income groups, it will be an instigation to the people to revolt against the Plan. That is my charge against the Finance Minister.

The Plan needs money, certainly. But the money must come from which sources? From those that can well bear it, from those speculators, from the black moneys, from the black-marketeers, from the large amount that still remains in the speculative market, in the gold bullions.

We have put forward before him the question of nationalisation of banks. But he has not accepted it. It is not a doctrinaire policy, it is a

practical policy. But it is a policy which he does not put into practice, because these are the sources, these are the people whom he wants to placate. And he does not want actually to tap the resources from these people. Rather he weighs down upon the common man, the housewife, the middle classes, the agricultural labourers whose families today are becoming more and more impoverished.

Therefore, we feel that such a financial policy behind the Budget is almost, to our minds, an instigation to the people to go against the Plan. It is wrong to say that without such taxes there can be no plan. We have shown where money is. But since it has not been accepted and this policy has been put forward again and again whereby the common man is made to bear the burden, we say that as long as this anti-people's policy is continued it is a negation of socialism, it is a negation of the very objective of the Plan which lays down that we have to reduce disparities in income. And since we are, by pursuing such a policy, jeopardising the Plan, according to us, we want to place it on record that as a mark of protest we shall not stay to the last reading of this Bill and we shall register our protest by a walkout.

15.25 hrs.

(*Shrimati Renu Chakravarty and some other Members then left the House.*)

Shri Tyagi (Dehra Dun): Sir, it is very easy to criticise taxation measures, for after all any criticism against taxes is popular talk. Therefore, politicians generally take to opposing taxation, because to their electorate they speak in these terms.

After all, a State is run by taxes. Whatever be the proportion, I think the ideal State would be one where every citizen, every adult, has something to contribute to the exchequer.

For, after all, one who does not contribute anything to the exchequer does not really feel the responsibility, the patriotic responsibility, of belonging to a democratic country. Democracy really means that everybody must contribute, according to his capacity of course. And I quite agree that the taxation should be planned in such a manner that its incidence may fall in proportion to the incomes of people.

So, as far as taxation is concerned, in principle it is wrong to oppose it. But it must be spread. And the lower middle classes, and even the lowest classes must be made to pay something to the exchequer. That is what I feel. At the same time the citizen will be happy if he knows that on account of the Government's measures and through its policies of planning etc. his condition is rising from day to day. That satisfaction and confidence must be brought to the mind of all citizens. That can be done only when the Government proves that it is not wasting the money that it collects.

The only point which I want to stress on the occasion of this third reading is that there is a lot of wastage in the government expenditure. That is what I actually feel, and feel with pain. What shocks me is this. Only lately I read in the press that they want to decentralise this financial control of various Ministries. If this is true, I want to voice a discordant note about it. If it is true, it is ruinous to the country. I think they are going too far in decentralising the control of the Finance Ministry. What is a government? Government is a collective responsibility of all the Ministers and the Cabinet. That collective responsibility comes only when there is some common thing. About different policies if all the Ministers are autonomous, in expenditure if all the Ministries are autonomous, that collective responsibility goes. Collective responsibility comes because the Home Ministry and the Finance Ministry have a controlling voice in the matter of employment, in the

matter of expenditure and all that. If that is relaxed, Government will be nowhere. This is a matter on which I would like the Finance Minister to throw some light even at this stage. It is a very unhealthy move if control of expenditure is decentralised to the tune of, as I read in the papers, about a crore of rupees. The Ministries will be independent and they can spend without even consulting the Finance Minister. I mean, the Finance Ministry might sanction the budget, but this is a novel experiment which we are undertaking here in India. After all, we are yet fresh, we have not yet established very strong conventions with regard to expenditure. I suggest that the Government might as well revise its policy and see that expenditure is tightly controlled, particularly in this public sector.

The public sector must become a very great avenue of revenues. It must be a good source of revenue. We must have profits through the public sector. The public sector must give some relief to the tax-payer by giving profits to the Government. Instead of that we find that there is wastefulness in the public sector. I have heard—I do not know how far it is true—that in Rourkela, for instance, in the original project a personnel strength of about seven thousand and odd was sanctioned. But I understand that today the number has reached about eleven thousand or twelve thousand. And still it is a losing bargain. It is not giving us any dividends. I do not know the exact figure, but I understand that the number of Khalasis itself comes to more than five hundred or six hundred in Rourkela. If that is the way in which this recruitment goes on, it may be all right for the purpose of election speeches to say that employment has been offered....

Mr. Speaker: He should not go out of the track during the Third Reading. Others might think that Mr. Tyagi himself is doing this.

Shri Tyagi: Sir, what I suggest is that a taxation measure is justified

[Shri Tyagi]

only when there is stiffer control over expenditure. That is what I am emphasising. I think that is very relevant.

Mr. Speaker: That may be relevant, but not the kalaas.

Shri Tyagi: That was by way of an instance that such a big number is enrolled. What I emphasise is that there must be tighter and tighter and tighter control on expenditure. Today, we are fast becoming spendthrift, because some foreign aid comes and we are spreading our net as far as expenditure is concerned. Primary education is not our charge. We spend more for primary education than even what the State Governments do. For Health, for all these transferred subjects which are subjects of the State Governments, we are spending more. That goes to the public good. I do not object to that. What I say is this. There must be some set rules, there must be some conventions established and the financial control must be stiffer. That is the only point that I want to emphasise.

With these words I support the bill.

Shri Bhusan : अध्यक्ष महोदय, इस समय फाइनेंस विन का तुरीय वाचन हो रहा है। इन बिल के पास हाँ मे पहले मे दो तीन बातें वित मंत्री जी से कहना चाहता हूँ। मैं इस हाँ उस से वित मंत्री जी को वहाँ ले जाना चाहता हूँ जो स्थान नरमदा के दक्षिण किनारे पर सतपुड़ा पर्वत का है जहाँ पर गहने वले आदिवासियों के पास पहनने का नारीटी नहीं, पैरों के लिये जूँ नहीं, रहने के लिये कूँ पे टापरे हैं और खाना को रोटी नमीव नहीं है। वह लोग नम्बाकू वहन खाने हैं। जब कल मैं उन के पास आऊंगा तां वे कहेंगे कि मैं न यहाँ पर उन के लिये क्या किया। मैं कहूँगा कि मैं ले आया हूँ उन के लिये जैनिंग का भूत। वे कहेंगे हैं कि उन को जैनिंग चाहिये, जैनिंग का भूत नहीं चाहिये। जब मैं आऊंगा तो कहेंगे कि मैं ने उन का टैक्स क्यों बढ़वा दिया, मैं ने उसे अपोक क्यों नहीं किया?

मैं वित मंत्री जी से कहना चाहता हूँ कि सेंटर, स्टेट्स, लोकल वार्डों और पंचायतों का कोआर्डिनेशन नहीं है। जो चाहता है जिस तरह का टैक्स लगा देता है। अभी मध्य प्रदेश में बंगट आंतं बाला है, वहाँ पर टैक्स और लगेंगे। स्पेशल टैक्सेज हैं, एजुकेशन टैक्स लगाया जायेगा, हरिजन टैक्स लगाया जायेगा, पैसेन्जर टैक्स लगाया जायेगा, पंचायत टैक्स लगाया जायेगा। तरह तरह के टैक्स लगाये जायेंगे। लेकिन स्टेट टैक्सेशन में और सेंटर टैक्सेशन में कोई कोआर्डिनेशन नहीं है। मैं वित मंत्री जी से पूछना चाहता हूँ कि आदिवासियों पर जो टैक्स पड़ने जा रहा है क्या कभी आप ने उस पर विचार किया है? यदि आप ने विचार किया है तो आप को देखना चाहिये कि प्रत्येक स्टेट में सेंटर से कितना टैक्सेशन होता है, स्टेट से कितना टैक्सेशन होता है, पंचायतराज से कितना टैक्सेशन होता है और जिन से वह टैक्स बसूल किया जाता है उन की पैदगाह केंपसिटी क्या है।

आज हमारे यहाँ मध्य प्रदेश में १० लाख आदिवासी हैं जिन में से मेरे क्षेत्र में ३ लाख आदिवासी हैं। आज उन को ८०० रु० में एक बैल मिलता है। उस क्षेत्र से ३०० गायें रोज कटने के लिये बम्बई चली जाती हैं, इसलिये बैल महंगे हो गये हैं। उन लोगों को बैल मिलते नहीं हैं, जानवर मिलते नहीं हैं। वहाँ पर जमीन अधिक नहीं है इसलिये वे फारेस्ट में जाते हैं। लेकिन वहाँ से उन का कब्जा खत्म कर के उन को हटा दिया जाता है, उन का टापरा जला दिया जाता है। जिस तरह से आज भिड और मोरेना में डाकुओं की समस्या हो गई है वैसे ही वहाँ पर आदिवासियों की समस्या हो जायेगी। आप का कहना है कि इंडाइरेक्ट टैक्स लगाये जाने चाहिये। लांकन उन का जानी में कुछ भा नहीं है। न उन के पास खाने को है न दीने को या तो वे तम्बाकू पंत हैं या शराब पंत हैं। मध्य प्रदेश शासन आज कल एक कलाली बना हुआ

है। वह शराब वा ने की बड़ी भारी फंसत्री हो रही है जिनना रेवन्यु जमान से आता है उतना ही रेवन्यु शराब से आता है। इतना होते हुए मैं सरकार वहाँ की कहरी है कि वह शराब नहीं कर रही है। मैं कहना चाहता हूँ कि तीर्तों टैक्सेज यार्ड लॉकल टैक्सेज, टेक्टैक्सेज साथ मेंट्रून टैक्सेज का कोआर्डिनेशन होना चाहिये। यहाँ पर इन्डाइरेक्ट टैक्सेशन बढ़त जाता है जब कि हमारे यहाँ दो लंगों के पास खाने हों मैं नहीं रहता है। मैं चाहता हूँ कि हमारे वित मर्ता जी इस पर विचार करें।

इस के बाद जो रवा तम्बाकू है, मैं उस के बारे में बतलाना चाहता हूँ। हमारे यहाँ बड़ी के कारब ने दुन हैं। बड़ी के कारब ने होते हुए कारण वहाँ पर रवा तम्बाकू प्रांत बड़ी तम्बाकू में बड़े कोम्पटीयन है। वहाँ पर जो बड़ी के कारब ने तरह होते हैं, उन्हें निपटलिस्ट हैं। उन्होंने दूसरे वित मर्ता जी पर इन्डाइरेक्ट वजन डलवा कर रवा तम्बाकू पर टैक्स लगवा दिया है, इस प्रैग्न जनता में है।

अध्यक्ष महोदय : एग कहने से क्या कायदा है?

श्री बड़े एग इंगेन हैं, हो सकता है कि यह गल छा। हूँ एग इंग्रेज है। विषय मैं न संबंधित हूँ। मैं सामने अना चारी हूँ। बहरह ल ने वित मर्ता जी से कहना चाहता हूँ कि जो टैक्सेजन होता है कम से कम ग्रांपर तो वह न डारा जाये। इन लिये रवा तम्बाकू पर जो टैक्स न गया है उस पर विचार किया जाये। प्रोर ही सके तो उस को दूर किया जाये।

श्री स० मो० बनर्जी : अध्यक्ष महोदय, अपनी यह विन भदन में पाप होने जा रहा है। मुझे लिक इह बंज वित मर्ता जा से कहनी है। मैं यह समझा था कि कम से कम जब कांग्रेस के हाथ में दूहून आयेगी तो वह राज्य करने से अलग हो कर जिन के हाथ में राज्य की सत्ता

होगी उन को समझाने की कोशिश करेगी। आज जो टैक्सेजन की नीति है, मैं समझता हूँ कि उस से गरीब और गरीब हुआ है। मैं इस बात को मानता हूँ कि राष्ट्र निर्माण करने में धन की जरूरत होती है और करदाता को आदुति की शब्द में कर देना चाहिये। इस के बारे में कोई दो रायें नहीं हो सकती, लेकिन क्या जनता में देने की शक्ति है, इस के बारे में हम लोग सोचें। मैं समझता हूँ कि उस की सीमा पहुँच गई है। चाहे वित मर्ती जी को अच्छा लगे या नहीं, लेकिन इस के लिये एक देशव्यापी आन्दोलन होगा, और मेरे रूपाल में कल सारे हिन्दुस्तान में बड़े बड़े शहरों में टैक्सेजन के बिंदास, चाहे रेलवे में हो या जो दूसरे छोटे छोटे टैक्सेज हों, आन्दोलन होगा। यहाँ मैं ने देखा कि यह कहा जाता है कि चन्द नये पैसे ही तो बड़े हैं, आखिर इस से क्या होगा? लेकिन जब एक मध्यम वर्ग का या मामूली आदमी महीने के आखार में देखा है तो पाता है कि एक एक दो नये पैसे निकलते निकलते उस को जेब में न नया पैसा रह जाता है और न पुराना पैसा रह जाता है। यह उस की असलियत है।

ग्रांटी जी का क्या आदर्श था वह मैं एक मिनट में आप के सामने पेश करके अपना भाष्य बत्तम कर दूँगा। मेरे पास यह पंडित जी का लिखा हुई किताब “राष्ट्र पिता” है। उन्होंने यह लिखा है कि जब वह वापूर्जी से भिते थे तो वे सबेर युमने जाते थे प्रोर बात करते थे। इन सम्बन्ध में बो कहते हैं:

“मुझे याद है कि एक दिन उन्होंने कांग्रेस के भावेष्य में सम्बन्ध में अपने विचार बत हर मुझे चकित कर दिया था। मैं सांचा करना था कि स्वतन्त्रता मिल जाने पर कांग्रेस का कांग्रेस के रूप में आप से आप अनन्त हो जायेग।। किन्तु उन का विचरण यह था कि कांग्रेस का रहना चहिए, लेकिन एक शतं पर। वह यह कि कांग्रेस अपने लिए एक आत्मत्याग

[त्री स० म० बनर्जी]

का कानून बना ले आर यह निश्चय करले कि उसका एक भा० सदस्य राज्य का अधिनाया में काई वैतनिक पद स्वीकार नहीं करेगा प्रो० याद काई व्यक्ति राज्य में किसी अविकारी का पद प्रदूष करता चाहेगा तो उसे कानून ने अनुग्रह हो जाना पड़ेगा । इस समय मुझे ठीक से याद नहीं कि उन्होंने यह बात किस किस तरह मे० समझा, लिन् उनका अपनी मननय यह था कि कांग्रेस अपने आन्मत्याग के बल पर और चिनाहों रहकर सरकार के कार्यालयी और अन्य विभागों पर बड़ा जबरदस्त नैतिक दबाव डाल सकता है प्रो० और उन्हें ठीक मार्ग पर रख सकती है ।"

मेरा कहना यह है कि वह चाजे भूत गये हैं लोग और आज के सरकार एक मस्त हाथी की तरह साधारण जनता को रोंदती हुई चली जाती है । इस पर अचुश लगता चाहिय था उन कांग्रेसी भाइयों को जिन के हाथ में राज्य की बागडोर आई थीं । मैं समझता हूँ कि कांग्रेस को राज सत्र में अनुग्रह रखवा जाना चाहिय था । लेकिन उन अदेशों को जिन को नेहरू जी ने आर्द्ध किताब में सराहना की है, यायद प्रधान मंत्री जी भूत गये हैं, और हमारे वित्त मंत्री जी जिन्होंने गांधी जी के चरणों में राजनीति की शिक्षा पाई थी यायद वे भी भूते जा रहे हैं । मुझे इतना ही कहना है कि वे आज भा० इस के बारे में सोचते कि जनता की देने की ताकत नहीं है । यदि वे सोचते हैं कि जनता के पास दो को ताकत नहीं है लेकिन उन के पास लेने की ताकत है, तां मैं समझता हूँ कि यह बन वे ट्रैफिक चल सकता है कि जनता टैक्स दे रही चली जाये जब कि उस के पास खाने के लिये सूखी रोटी भी न सोब नहीं है मेरा वित्त मंत्री जी से इतना ही कहना है कि वे इस पर निचार रहे ।

Shrimati Renuka Ray: I thought you would also walk out.

Shri Morarji Desai: Sir, I have spoken almost to the extent of taxing the patience of hon. Members on financial matters during this session on three occasions. I do not want, therefore, to take more time beyond explaining some of the matters which have been raised.

The hon. Member Shrimati Renuka Ray asked whether co-operative societies of members working on powerlooms who fall within the exemption limits of 4 powerlooms will be benefiting by the exemption. If a co-operative society of 25 members own powerlooms which do not exceed 100 in number, they will certainly get the benefit. Even if they individually own less than four powerlooms each of them, and they form a co-operative society, even then, they will benefit. There is no question of taxing them: at any rate, not for the present.

I had also not said—I am glad that the hon. Member Shrimati Renu Chakravarty has come back so that she will be glad to hear what I am saying. She had bravely walked out, but I find that tha she has come back to the House before the Bill is passed.

Shri S. M. Banerjee: If we walk out, we do not walk our for ever. After all, we have been duly elected, and we are here.

Shrimati Renu Chakravarty: The walk-out was only to persuade you to change your policies.

Shri Morarji Desai: I do not want them to walk out. It is only they who are failing in their duty by walking out and by walking in.

I only wanted to tell her that I am considering the question of small-scale manufacturers in plywood, and

I am also considering the exact quantity which is to be exempted. It is at present fixed at 4000 square metres, but I would raise it.

Shri D. C. Sharma (Gurdaspur): What about conduit pipe manufacturers?

Shri Morarji Desai: All these things will continue to be considered throughout the year, if there is any question for consideration.

So far as plywood is concerned, 4000 square metres appears to be low, and I am considering exactly what should be the appropriate quantity to be exempted.

But when she said that we were wrong in our policies, I would like to say that there I have always said that it is not possible to convince them about the correctness of our policies at any time, until and unless we accept their policies and accept their ideologies, which is, of course, not possible at any time, though we never refuse to accept whatever is good in them or in any others; we shall certainly accept whatever good suggestions they make.

The policies of this Government in the matter of taxation are well known. They are very well defined, and there is no question of deflecting ourselves from those policies, because of criticism here or criticism there. But if there is any inconvenience caused anywhere which can be avoided, we are always prepared to consider those matters and those points and take necessary action so that those inconveniences can be removed and the harassments also can be removed.

I agree with my hon. friend Shri Tyagi that expenditure should be properly supervised and there should be no wastage. Even on this question, I have given my views several times, and I have never denied that there is not some wastage, but all wastage cannot be avoided; unnecessary wastage should be avoided and must be

avoided, and every attempt must be made to do so, and that is what we are trying to do.

In the matter of delegation of powers to all the Ministries, to which my hon. friend has referred, it is not giving up of the responsibility of the Finance Ministry, but it is trying to see that it is better exercised.

Shri Tyagi: What exactly is it?

Shri Morarji Desai: What exactly is being done is this, that once the items that are included in the Budget are fully scrutinised by the Finance Ministry in all their aspects in every detail, then the Ministries can go on incurring those expenditures within those limits without coming to the Finance Ministry, but within those limits only; if they want to exceed, then they must come to the Finance Ministry.

Shri Tyagi: Can they appropriate?

Shri Morarji Desai: They can appropriate also within certain limits which are fixed, and from one item to another also, within certain limits. All these things will always be seen later on, not they are not seen. But in order to see that things are not delayed and that the Finance Ministry is not unnecessarily blamed every time for delays for which the Finance Ministry is not responsible, I thought that it was better to put this responsibility on the Ministries themselves. In matters relating to items where the Finance Ministry has not scrutinised thoroughly the estimates and the economic implications thereof, they have got to take the previous approval of the Ministry before incurring any expenditure. Therefore, it is not trying to be very liberal or trying to be careless about it.

As a matter of fact, it is in the interests of efficiency that the Ministries exercise more responsibility and better vigilance themselves, and to help the Finance Ministry also doing its work in that way, that this delegation has been made.

[Shri Morarji Desai]

It is always difficult for anybody to delegate power. But I do not believe in centralising power. I believe in decentralising power, but decentralising in such a manner that the power is exercised more effectively and more economically and with greater effect. It is only with these purposes in view that the delegations are made. We are also, therefore, asking the Ministries to correspondingly delegate powers to other Heads of offices, so that there are no delays and there is better exercise of responsibilities and there is better expenditure. That is why these delegations are made.

In the matter of avoiding wastage, I have explained several times that we have set up several agencies to see that these wastages are avoided. There have been, in spite of these, unfortunate experiences, not because of deliberate faults of some people but because also of new experience being gained in several directions where we are quite new to the work that has to be done. After all, one has to pay for one's knowledge; and one has to pay for one's experience, and if one does not do so, one will never go ahead. From that point of view only I would request my hon. friends to bear with us and give us their criticisms, and their objections and whatever suggestions that they have to make, so that we can improve ourselves in the task that is allotted to us, and in that we invite co-operation from all hon. Members, and will be grateful to them for all those things which they suggest, even if we are unable to accept them because we may not be able to accept them from a practical point of view; even then, we shall be grateful to them for the suggestions that they give.

There was a question raised again about rava tobacco. It was not to oblige the big factory-owners that this has been done. As a matter of fact, it was benefiting the factory-owners. They were utilising these things in biri and paying no tax on them.

श्री बड़े : मानसीय अध्यक्ष, बीड़ी में
रवा नहीं पड़ता, पत्ता पड़ता है।

Shri Morarji Desai: My hon. friend does not know that there is adulteration everywhere, and that was what they were doing. They were corrupting even my officers because of that, and I wanted to remove that kind of thing. That is why this has been done, and it is not at their instance that this has been done.

My hon. friend says that the Adibasis have nothing to eat, but he wants to encourage them in smoking even at the cost of food. I do not know why he wants to do so. Let him advise them to utilise that expenditure first for food and then for smoke.

Shri Bade: This has become a necessity for them.

Shri Morarji Desai: Then, there will be greater consumption. My hon. friend wants to know what he should tell them. This is what I have to advise him or even to suggest to him; let him go there and tell them that for God's sake, first eat and then smoke, do not merely smoke and die. That is what he should tell them, and that is what I should advise him.

Shri Bade: For two annas they can get tobacco, but for two annas they cannot get rice, and two annas' rice would not be sufficient for them.

Shri Morarji Desai: Even two annas rice is better than no rice. Even two annas' food will be more nourishing than no food.

Mr. Speaker: Smoking is not a substitute for food.

Shri Morarji Desai: Therefore, it is no use killing the appetite by smoking. That is not going to benefit my hon. friend and his friends. Therefore let him not merely try to please them in their ignorance, but let him

try to educate them and better their conditions rather than keep them in the same conditions in which they are.

Therefore, the policies of this Government as laid down in the Finance Bill have been thought out very carefully. As I said, there is always scope for improvement, and we can go on improving it.

Lastly, I want to refer to one point, and that is with respect to the LIC. It was said that the LIC had been exempted. I would like to point out that the LIC is not exempted at all. There is a different calculation for the LIC for this tax, i.e., super-tax. That is why it is separated from others. The LIC pays 22.5 per cent as super-tax, while ordinary companies pay 25 per cent.

Shri U. M. Trivedi: 50 per cent.

Shri Morarji Desai: I am referring to supertax. In this relation, it is 22.5 per cent in the case of the LIC and 25 per cent in the case of the ordinary companies; and the local bodies pay 16 per cent, and the co-operative societies also pay 16 per cent. Therefore, let it not be thought that the LIC is being put on a different basis.

Moreover, this has not been done only now. The LIC has inherited this taxation which was there obtaining for all the insurance companies which were there before. Therefore, I have done nothing new in this matter. Let hon. Members not be unnecessarily suspicious in matters of LIC because LIC is now a nationalised institution.

I hope my hon. friends will look at the Finance Bill and the financial measures of Government from this point of view and not from a prejudiced point of view.

Mr. Speaker: The question is:

"That the Bill, as amended, be passed".

The motion was adopted.

15.51 hrs.

*DEMANDS FOR EXCESS GRANTS (GENERAL), 1959-60

Mr. Speaker: The House will now take up discussion and voting on the demands for Excess Grants in respect of the Budget (General) for 1959-60. There is one hour allotted to it. Members will be brief in their speeches.

DEMAND No. 2—INDUSTRIES

Mr. Speaker: Motion moved:

"That a sum of Rs. 1,59,189 be granted to the President to make good an excess on the grant in respect of 'Industries' for the year ended the 31st day of March, 1960".

DEMAND No. 31—SUPERANNUATION ALLOWANCES AND PENSIONS

Mr. Speaker: Motion moved:

"That a sum of Rs. 6,75,986 be granted to the President to make good an excess on the grant in respect of 'Superannuation Allowances and Pensions' for the year ended the 31st day of March, 1960".

DEMAND No. 51—CENSUS

Mr. Speaker: Motion moved:

"That a sum of Rs. 3,28,039 be granted to the President to make good an excess on the grant in respect of 'Census' for the year ended the 31st day of March, 1960".

DEMAND No. 55—HIMACHAL PRADESH

Mr. Speaker: Motion moved:

"That a sum of Rs. 27,93,071 be granted to the President to make good an excess on the grant in respect of 'Himachal Pradesh' for the year ended the 31st day of March, 1960".

DEMAND No. 57—MANIPUR

Mr. Speaker: Motion moved:

"That a sum of Rs. 5,83,467 be granted to the President to make

*Moved with the recommendation of the President.