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LOK SABHA

Tuesday, 6th March, 1956

The Lok Sabha met at Half Past Ten of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

11.30 A.M.

LEAKAGE OF BUDGET PROPOSALS

Dr. Lanka Sundaram (Visakhapatnam): With your permission, may I draw your attention to a very important matter? It relates to a statement made by the Finance Minister in the other House yesterday. I shall be very brief in drawing attention to it, because I consider it is a very important constitutional and procedural point, apart from involving the taxation proposals themselves.

You will recall that on Saturday last when I and my colleague Shri A. K. Gopalan submitted two adjournment motions on budget leakage, the Prime Minister made a series of statements. I have listed without doing violence to the Prime Minister's statement three points he sought to make, namely that he will enquire into this question, that the leakage did not make much difference to anybody, that it is not easy for anyone to take much advantage of the leakage, and finally that it leaked out at an earlier stage when the matter was under consideration and not on file. That was the information given to this House by the Hon. Leader of the House. And you, Sir, agree to the enquiry to be proceeded with, and the matter to be brought before the House later.

Yesterday, that is on the 5th instant (that is, two days after), my friend the Finance Minister made this statement in the other House. I am quoting from the official record of the other House.

"It is undoubtedly correct that a leakage took place of the Budget proposals and we received evidence of it on the 29th; . . ."

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I would like to underscore the word 'evidence'.

" . . . that is to say, the Minister in charge of Revenue and Civil Expenditure who happened to be in Bombay, on the 29th was given, by the Chief Minister of Bombay, a piece of paper in which parts of an earlier portion, that is to say, of an earlier proof of my Budget speech, had been typed out. He handed this over to me the next day, that is to say, on the 1st."

That was the position reached yesterday in the other place.

What I am trying to draw your attention and the attention of this House to is this. When there was evidence of leakage, on the admission of the Finance Minister, on the 29th itself,—that means, obviously prior to the presentation of the budget proposals, that is to say, the budget speech and the taxation proposals, after five o'clock on that day—it was his bounden duty to have come and reported it to this House.

More than everything else, you will recall that when there is a leakage, there is certainly *prima facie* an avoidance of taxation. In any case, I am prepared to submit if for clarification by you and by the proper organs of this House, whether even after the leakage of the revenue proposals or the avoidance of taxations, the proposals were presented to us. I am not going into that matter now.

But I shall formulate my point from another angle. The Prime Minister, on the 3rd instant could not give this House information on the adjournment motion. But the Finance Minister gave the information, in the manner in which he has given information yesterday, two days after. You will recall that Speaker Mavalankar . . .

Mr. Deputy-Speaker: What is the point?

Dr. Lanka Sundaram: I am coming to it. Let me formulate it. It is a very important constitutional point.

Mr. Deputy-Speaker: I do not deny that. But I would like to know what the point is, and what the hon. Member is urging.

Dr. Lanka Sundaram: This House is entitled, under the ruling of Speaker, Mavalankar, on 18th February 1954, when he admitted my adjournment motion, to have information of this type priorly in this House, under Part V of the Constitution, and particularly article 109 and other corresponding articles. And then I say,—I do not want to use the words which the Finance Minister said in the other place—it is a constitutional affront to the rights and privileges of this House. Of course, that is for you, Sir, as the guardian of the privileges of this House, to enquire into.

The House has a number of procedures available to raise this matter. I have not taken recourse to any of those procedures, except that of drawing your attention to this matter for only one reason, the reason being that on Saturday, this House agreed to receive the report of the enquiry. I request you to join this issue also to that particular enquiry, and then allow this House to have an opportunity of disposing of it, because I repeat it is a tremendous constitutional, procedural and financial problem which is involved in the matter which I have raised.

Mr. Deputy Speaker: This matter also has been suggested. Unless the Minister of Finance himself wants to say something now, this will go into the . . .

Shri M. L. Dwivedi (Hamirpur Dist.): I have tabled a short notice question on the same subject the very same day as the news appeared. Instead of replying to me in this House, the reply has been given in the other House.

Shri V. P. Nayar (Chirayinkil): Why do you not go there then?

The Minister of Finance (Shri C. D. Deshmukh): There is one point of fact, in regard to which the hon. Member seems to be under a misapprehension, or he has misinterpreted what I have said.

Shri M. C. Shah was in Bombay on the 29th of last month, and some time in the afternoon, he received this. He came back—he was not here when the budget was announced—in the night or some time thereabouts; and the next morning, at nine o'Clock, I was made aware for the first time that he had received this from the Chief Minister of

Bombay. Therefore, there is no question of my having made any statement before the budget was delivered. That is one point which I wish to make clear.

The other point is that what the Prime Minister said was based on a hurried consultation that took place between him and me, just before this question was raised, that is to say, before the House met, because the whole matter came up so to speak between nine o'Clock and eleven o'Clock that morning; Dr. Lanka Sundaram was courteous enough to give me a warning that he was going to raise the point. I greatly appreciated it. I got his telephone call at the house. Ordinarily, I would not have come at eleven o'Clock that day, but I said, yes, I shall come to the House and be present. And I came a few minutes before eleven o'Clock. I had had no opportunity of speaking even with the Prime Minister. The report that I had sent had been sent to the Home Minister the previous evening. That was a written report.

Dr. Lanka Sundaram: Which evening?

Shri C. D. Deshmukh: The previous evening, that is to say, on the evening of the 2nd instant, I think.

So, that report had been sent to him. When the Prime Minister came, I said, I have been warned by Dr. Lanka Sundaram that he is going to raise this point; and I asked him whether he had seen anything in the papers. He said he had not had time to see the papers. I said that the fact of the matter seems to be this, that there has been a leakage, that we have been given a copy of the type script, which from the comparison we made seems to have been taken from an earlier proof of my speech. And we discussed the course of action that should be taken. He said, that is all right, and that he will make a statement. That is why he made the statement. He had not seen the report which had been sent to the Home Minister, nor had he been, so far as I know, able to discuss the matter with the Home Minister; but on that point, I am not certain.

In the course of the speech, he said that apparently it was at an earlier stage. Now, it could bear various meanings. It could bear the meaning that while the proposals were being formulated, and had not been finalised, somebody got hold of them. Now, he did not have enough time to get at the precise details of it. So, when the matter was raised again, in

the Rajya Sabha, I thought that any misconception in this matter should be removed. The hon. Member who raised it read some report from some paper—I forget which paper it was . . .

Dr. Lanka Sundaram: I did not read that. It was Shri A. K. Gopalan who read that.

Mr. Deputy-Speaker: It was in the Rajya Sabha.

Shri C. D. Deshmukh: It was in the other House. He read from some paper. And he said something more, that he had received a letter which made reference to something . . .

The Minister of Communications (Shri Jagjivan Ram): He did not disclose the name of the writer.

Shri C. D. Deshmukh: He did not disclose the name; and my colleague was there.

Mr. Deputy-Speaker: The whole thing was reported in the press.

Shri C. D. Deshmukh: It was more substantiated so to speak than the way in which the hon. Member with his limited information here had been able to do. Therefore, I thought that I owed it to the House where this matter was raised to make clear precisely what the difficulty was or what exactly had happened.

So, I clarified more or less what the Prime Minister had said, or meant to say, by his reference to an earlier portion. That is so far as that particular thing is concerned.

I am not still aware of what breach of privilege that can imply. Anyway, my general intention was to take the House into confidence, when a matter of that importance had been raised. But certainly, this House has the right to go into it from the constitutional point of view.

The other matters which the hon. Member has referred to are these. The question is whether these proposals are such that nobody could have made much profit out of them or not. These are matters of facts. They are not very easy to establish. But this is also the impression that I had given to the Prime Minister. For, so far as cloth is concerned, it is issued out of the mills, according to certain expectations, that is to say, what will be taken by the consumer; that is handled by the Commerce and Industry Ministry. (*Interruption*). So, we thought

that half the proposals that is, Rs. 14½ crores, related to cloth. Then, there was something about diesel oil, which is not dealt with on the stock exchanges. Then there was some reference to non-essential vegetable oils which people understood as non-essential oils. They did not understand that they really meant essential oils in the sense that oils are generally used. So, for one reason or other we thought that much could not have been made out by anyone who was in possession of that information; but that is a matter of opinion. That was how this particular statement happened to be made by him.

Shri Kamath (Hoshangabad): May I ask when the Finance Minister's junior colleague, Shri Shah came to know of this leakage sometime in the afternoon of the 29th, according to Press reports—and according to the Finance Minister's own showing now—whether he was miles away from a telephone, and could not have conveyed the information to the Government here by telephone?

When there is a leakage of the Budget, I submit that it automatically becomes a breach of privilege. In England it has led to the resignation of the Minister. Here, it is taken to the Home Minister. This, I submit, is wrong and setting up a bad precedent. The House becomes seized of the matter and the committee of the House—the Privileges Committee—should go into the matter and nobody, neither the Home Minister nor any other person—has jurisdiction. I, therefore, submit that the Privileges Committee should be asked by you to take up the matter at once and start investigation immediately, and the Home Minister asked to wash his hands of this matter, so that we can take it up and bring the culprits before the bar of this House for necessary action.

Shri M. S. Gurupadaswamy (Mysore): Sir, the matter was brought to the notice of the Finance Minister on the 1st by his colleague at about 9 o'clock in the morning. The adjournment motion was moved by our colleagues here on the 3rd. I want to know what were the reasons which impelled the Finance Minister or which prevented the Finance Minister from coming to the House and report the matter on the 1st or the 2nd or even before the adjournment motion was moved? What prevented the Finance Minister or the Prime Minister from stating the various facts that were brought to their notice? May I know why was there this sort of hiding or

[Shri M. S. Gurupadaswamy] concealing of facts which has led to some sort of suspicion in the minds of the various hon. Members? I feel it is a great breach of the privilege of the House and I would support my colleague Shri Kamath that this matter should not be dealt with by the Home Ministry and that it should be dealt with by the Finance Ministry and this House also . .

Shri Kamath: No; by this House only.

Sardar Hukam Singh (Kapurthala-Bhatinda): I also agree with my friends that the matter is very serious. How the leakage occurred, when did it occur or who was responsible for the leakage,—these are matters to be left to the enquiry to be conducted. There are two matters which are clear and call for an enquiry; you can deal with them.

One is that the Minister of Revenue learnt that leakage had taken place and he was in possession of this information on the 29th, though he was at Bombay.

Dr. Lanka Sundaram: There is evidence of that.

Sardar Hukam Singh: Certainly, as my hon. friend has said, he could have conveyed this information on the telephone, that such and such a thing had happened. Then, perhaps, that ceremonious presentation would have been a different one, because we know with what sanctity and sacredness the Budget is presented, how we cheer the Finance Minister when he comes, when he is bringing a sealed document that has to be revealed for the first time to this august House; nobody else in this world knows that. (*Interruption*) At least this is what we are given to understand here in this House and that is what is done and what was done. With the same solemnity and with the same ceremony everybody understood that he was reading a secret thing which nobody knew. But, at that time, the Minister of Revenue had known it and he did not convey to his colleague that such and such a thing had occurred and he had come to know of it. Was it not his duty to have conveyed it immediately to the Finance Minister when he had come to learn that?

The second point is that when it was conveyed to the hon. Finance Minister on the 1st, was it not his duty immediately to take this House into confidence and let us know that such and such a thing has happened and enquiries are being made. That was the second thing and that was not also done.

Then, on the 2nd, information was sent to the Home Ministry to take action on that. Even then we were not taken into confidence that such and such a step had been taken. That information was not conveyed.

Then, on the 3rd, when the adjournment motions were tabled, then too that information was not conveyed. Only this much was said that the enquiry was under way and not that the Minister of Revenue had got that information. This was conveyed to the Finance Minister on the 1st and steps were being taken even on that day. But this was not conveyed to us. We cannot accuse the Prime Minister because as has been said by the Finance Minister, he did not know the facts. But, why were not the facts conveyed to him?

Dr. Lanka Sundaram: The Finance Minister was present in the House; he did not say so.

Sardar Hukam Singh: Why did not the Finance Minister convey this information to the Prime Minister when he was making that statement or earlier than that and, when the Prime Minister had not that information with him and so was not in a position to disclose the information which was confined to the Finance Minister alone, why did not the Finance Minister stand up at that time and say that this had been done and that he had received information at that time?

Then, according to the Constitution, when this is the House before which the Budget is to be placed and which has to vote on it or to modify or alter it—whether impelled by circumstances or when asked a question—is it fair that the information should first be imparted to the other House before this House has any information about it. That is a serious thing that you ought to take into consideration.

Shri H. N. Mukerjee (Calcutta North-East) *rose*.

Mr. Deputy-Speaker: I feel that it is a serious matter. I wish to look into this as to what steps ought to be taken in regard to this matter, whether it is a breach of privilege and if a breach what action has to be taken. *Prima facie* the hon. Members have said what are the steps that we have to take

Shri Kamath: The Privileges Committee is there; it should go into it. What is it for?

Mr. Deputy-Speaker: The hon. Member has already said that. Shall I substitute his decision for mine? I will consider this matter. The other day, Dr. Lanka Sundaram said that the Speaker may consider as to what steps ought to be taken, whether this has to be sent to the Committee and later on a suggestion has been made that it is for this House to consider and not for the Home Minister to consider and that it is not within his jurisdiction, and it is entirely for this House. Therefore, I wanted to look into all these matters. I only wanted to restrict the discussion. If I find that it has to be placed before the House I will place it before the House and ask what further steps have to be taken. Ultimately the question of a breach of privilege has to go to the Privileges Committee. Therefore, is it necessary to have more elaborate discussion now or at a later stage? Anyhow I will hear Shri Mukerjee.

Shri H. N. Mukerjee: May I refer to certain aspects of the matter which have been revealed to us later on and which make us take a very much more serious view than we did on the 3rd March? The Budget was presented on the 29th February and it was on the 3rd March, Saturday, that the adjournment motions in regard to the leakage were given notice of. At the time the adjournment motions were given notice of, reference was also made to publication in at least one Bombay journal of certain items of information which tally with what the Finance Minister is telling us now. I do not for the life of me understand why Government, when it was in seisin of the information, did not come forward, the Leader of the House on the 1st March or on the 2nd March, did not come forward and make any statement in this regard. I do not understand also why the Finance Minister says today that on the date the adjournment motion was raised in this House the position as formulated from this side was rather unsubstantiated; while, on the contrary, in the other place it was somewhat substantiated because there was a reference to a certain letter. In this House, however, reference was made to this Bombay periodical which printed a definite specified statement that the information in regard to the excise duty to be imposed was sold in the streets of Bombay. It was said; it was reported in this House. The adjournment motion on that day, the 3rd of March, was made in this House on a perfectly substantiated basis and yet we were not told much about it. We were only told by the Prime Minister that the

Home Ministry is making investigations. I was rather surprised and Dr. Lanka Sundaram interrupted the Prime Minister when he said—perhaps it was a slip of the tongue—that it did not matter either way very much, financially speaking, whether people got to know what the excise duties were going to be. I fear there was an attempt on the part of the Government to whitewash the whole affair. Otherwise I cannot interpret what was said by the Prime Minister. Personally I would not have pursued this, but after what we have learnt as a result of the proceedings in the other place, after what the Finance Minister says today, I certainly shall support Shri Kamath's suggestion that this House, if it is at all conscious of its rights and responsibilities to the country, should not be ready to leave this investigation to the Home Ministry. This House shall have to investigate the matter by its own Committee of Privileges through the instrumentality of the Home Ministry or any other Ministry which may be mobilised for the purpose. I say that reference has got to be made of this matter to the Committee of Privileges. I do not know about the kind of proceedings which we may want in this House regarding the Finance Minister's liability or necessity or otherwise of his resignation. That kind of thing does not come in at the present moment. But the Committee of Privileges of this House should take up this matter right now and call upon the Government to lend all assistance in its power to investigate the position. Let this House and the country know what exactly has happened and why and who have been at fault.

Shri Altekar (North Satara): I would like to point out that on the 3rd March when the Prime Minister stated that the matter was given for investigation to the Home Ministry, there was no objection raised from the side of the Opposition and the matter was allowed to be investigated by the Home Ministry.

Shri C. D. Deshmukh: That was the main point I was going to make. It is not as if any decision has been taken that there shall be no committee to enquire into this. As far as I can make out or I can recall what happened that morning, the Prime Minister said, we will find out facts. In other words, we should be in a position to make a more elaborate statement, and after that it is for the House to decide whether a Privileges Committee will be appointed or not. A similar point I think was raised in the other House also. All that has

[Shri C. D. Deshmukh] happened is that a little more has been added to what was stated here, in other words, an elaboration of what was earlier mentioned here. There was one report referred to here. A letter was read out stating the prices at which these secrets were sold at the various stages. That was read out there. So, the essential fact remains that firstly, we were convinced that there was a leakage and secondly we were anxious to place all the facts that we have at our disposal and that we can collect through departmental agencies before the House. We do not ask them to accept those facts. Certainly they can make the enquiry right from the beginning, *ab initio*. They can question anyone who is concerned, including those who make these departmental investigations. Therefore, I think the situation remains the same. Nevertheless, if the House feels that instead of waiting for the results of any investigation they should start on it, then that is a new proposal. All I am pointing out is that it is not the same proposal. Nor am I quarrelling with the proposal as such. If hon. Members take a different view than what they took then it is their concern. The only thing that has been added to this is the mode by which we knew or had reason to believe apart from Press reports that some disclosure had been made. It is only that detail that has been added there. As far as I remember, the Minister of Revenue—he is in the other House—received this at about five o'clock, and by that time I was on my legs here. It will be for him to explain why he did not interrupt me from the nearest telephone and call me outside the House and say "Look here; do not deliver the rest of the Budget speech because this is what I have been told". Secondly, I may say that no Ministers know the entire Budget. The Income-tax Minister, that is, the Minister in charge of income-tax will know his portion. The Minister who is dealing with customs and excise will know his portion. None of them knew what was decided in regard to posts and telegraphs, which is known to my colleague the Minister of Communications here. Until a comparison had been made of whatever particulars he had received but before that I should add that the Ministers do not know what speech I am going to make.

Shri Kamath: Not even the Prime Minister?

Shri C. D. Deshmukh: Also the Prime Minister does not know. The Home

Minister does not know. A few officers of my Ministry, the typist . .

Shri Kamath: And the stenographer.

Shri C. D. Deshmukh: Yes, I mean the stenographer who typed the draft in the room of the Joint Secretary.

These are additional facts. Otherwise tomorrow I suppose they (Rajya Sabha) will again complain that I have not given all these facts. I do not know how much to say and how much not to say, but my general anxiety is to take the House into confidence and pass on to them whatever information I have. The only other person who knows is the person who does the Hindi translation; he gets the English copy and he must get it before he translates it in Hindi.

Dr. Lanka Sundaram: How early? How much time in advance of your statement here?

Shri C. D. Deshmukh: As far as we can judge, I passed the first proof of my speech on the 19th.

Shri Nambiar (Mayuram): We can do all this in the enquiry.

Shri C. D. Deshmukh: These are all matters that have to be enquired into. We thought that the House would be interested in getting all these facts and whatever papers we have. Then it will be for them to go into the matter . . . cannot see where the whitewash comes in here, because facts are facts and cannot now be changed. It is all a question for the House to decide as to how soon they should start the enquiry. On that I particularly have no views. If the House decides that they should start today, certainly we will help them now.

Shri Joachim Alva (Kanara): May I ask in all fairness whether it is right to discuss such a grave matter in the absence of the Leader of the House, who will be here tomorrow. Could we not have waited for a day more as this matter affects the Leader of the Party, the Leader of the House and of the Government as a whole? There are no two words about the gravity of the situation that the Budget leakage has occurred. And tomorrow the whole strategies of the Defence Organisation might be contained in an open book. As the Leader of the House is absent the Opposition could have waited for one day more before these matters could have been discussed. There is nothing to be said against the integrity of the Prime Minister and the Home Minister. Their integrity is unchallenged and so also of the

other Ministers of Government, but something has happened somewhere. We shall need some time for there is no precedent established in dealing with a case of this kind. This is the first time in the history of this national government when it has been faced with a grave crisis like this. Therefore, it needs time. But we shall go into this matter.

Dr. Lanka Sundaram: Second time.

Shri Joachim Alva: And I shall repeat once again for the ears of my friend that the integrity of the Prime Minister, the Finance Minister and other Ministers of the Government is unchallenged.

Mr. Deputy-Speaker: The main Budget leakage is of course a serious matter. This matter was brought to the notice of the House by way of an adjournment motion the other day when the hon. Leader of the House was present and also the hon. Finance Minister. The hon. Leader of the House informed the House that immediate steps were taken by placing the matter into the hands of the Home Ministry which has greater opportunities of finding out how the leakage happened. The main matter is one of Budget leakage. The hon. Leader of the House also said that as soon as the investigation of the matter is over, a report will be submitted to this House for further action.

What action should be taken by this House regarding the Budget leakage—that is the substantial matter. What has been placed before the House today by Dr. Lanka Sundaram and other hon. Members who have followed him is this, that apart from that the hon. Finance Minister might have communicated this matter to this House as soon as he came to know about it.

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Dr. Lanka Sundaram: That is the point.

Mr. Deputy-Speaker: There is a breach of privilege because that matter was raised before the Rajya Sabha. The hon. Finance Minister has explained in what circumstances he did what he did. There are other matters. It has been said that he must have immediately ascertained the position from Shri Shah. In answer to that the hon. Finance Minister says that he was at that time engaged in reading out the speech here and so it could not have possibly been done. Therefore, it is a side issue as to why he did not immediately report it here.

Leaving this alone, the main issue is whether it really affects the breach of

the House, whether it concerns the priority or propriety, as to whether it should be made here or there—all these may also be considered along with that.

A third suggestion has been made that the report of the Home Minister may be placed before the House for further action. Certainly there is the Committee of Privileges; no special Committee need be appointed. The report will be referred to it in due course. It was stated that they must have immediately reported. Therefore, what has arisen today is that in the other matter that was placed there—is there any breach of propriety? Now, the main matter is being lost sight of and then suddenly, the hon. Member, Shri Kamath, says: "Withdraw this matter from the Home Ministry." (*Interruptions.*) The other day, I disposed of this matter in this House agreeing with the hon. Leader of the House that this matter may first of all be looked into by the Home Minister to find out if, in spite of the best efforts by the Government, there has been negligence; whether the Minister himself is responsible or, at any rate, there has been absolute negligence, etc. There may be a set of cases where in spite of all the reasonable care and caution of the Minister and without any dereliction on his part, it might have leaked out and in such a case greater attention and care has to be taken. These are all the aspects which have to be considered by this House after material is gathered. Without that material, are we to appoint a Committee to go into it? (*Interruptions.*) If the other day, it was decided that it ought not to go to the Ministry of Home Affairs then this would not be in contravention of that decision but this will now be a contravention of the direction given the other day that we shall wait till the material is gathered. In the meanwhile, hon. Members are suggesting: "Do not wait for that; get into this matter of the breach of privilege; there is a Budget leakage; they went to Rajya Sabha..."

Dr. Lanka Sundaram: May I make one submission? As the person who raised the matter on both the occasions, I made my intention completely clear that this must be joined to the other issue. My friend, Shri Alva made a sort of a very flamboyant statement. If I had not brought this matter this morning, I would be blocked tomorrow from bringing this matter here. There is no question of any lack of confidence in

[Dr. Lanka Sundaram] anybody. It is for the House to investigate into the entire series of developments as revealed particularly by the Finance Minister.

Shri H. N. Mukerjee: The point at issue today is very different from what had been said. On Saturday, when the adjournment motion was brought, on that occasion, we got an assurance from the Prime Minister that the Home Ministry is going to investigate and whatever transpired in the further investigations would be placed before the House for necessary action. We had to be content with that.

Now, we discover that even before the presentation of the Budget, members of the Government, members of the Central Government and the members of a State Government had been in possession of a great deal of facts regarding the divulgence of the Budget secrets. Now, we also found out that on the 1st, 2nd and 3rd Government had done nothing to tell the House that there had been a Budget leakage. We cannot depend entirely upon what we see in the *Bombay Blitz*; we have to depend upon what the Government tells us. Now we discover that Government has been behaving in a manner which does not appear to us to be above board. That is why we are suggesting a Committee of Privileges representing this House to take possession of this matter and call upon the Home Minister and his apparatus to investigate into the position and help the Committee of Privileges. It should not be a primarily governmental affair but an investigation by the House. That is a very different proposition. There we knew a set of things and today we know a different set of things. Therefore, we are suggesting reference to the Committee of Privileges on very different grounds.

Shri Raghavachari (Penukonda): I submit that in your statement of facts, there has been, as I understand, some misapprehension. What happened on the 3rd? The Prime Minister simply told the House that the matter had already been taken up and the matter was being investigated by the Home Ministry. He never said or the House never understood or intended that the matter should be decided by an enquiry by the Home Ministry and not by this House. All that then happened was this; the Prime Minister said: "We know; the matter is already engaging our attention and I shall place further facts before the

House so that the House may decide the procedure and the further steps." It is not that the House committed itself to the enquiry being conducted by the Home Ministry.

The Minister of Home Affairs (Pandit G. B. Pant): Professor Mukerjee has given an exhibition of his indignation instead of dealing with the matter.

Shri Kamath: Not exhibition, but righteous indignation.

Pandit G. B. Pant: He had betrayed a certain amount of anger.

The point is a simple one. Admittedly, there has been a leakage of the Budget proposals. We are all concerned over it. The moment it came to our notice that such a leakage had occurred, we took steps immediately to get the matter fully thrashed out and asked the most competent agents that we have to start an enquiry so that we might place the facts before this House and also take necessary steps to guard against such leakage recurring again in future. Nobody could have expected that in a day the enquiry would be complete and that any report could be presented to the House that would carry weight that a report on a matter of this importance should necessarily carry. We are taking every step to expedite the matter and I hope it will be possible to place the whole of the findings and the results of the enquiry before the House as soon as conclusions are reached. An enquiry is being made here and also in other places that are in any way connected with this unfortunate affair. I do not think there is any occasion at this stage for the House to go into this matter further. The decision already taken by the House once stands and nothing has been said to call for any revision of the decision then taken. The remark of Professor Mukerjee that Government had been negligent or that it had not taken any steps betimes, does not seem to me to be justified at all unless he knows more about my mind than I do myself. So far as I am concerned and so far as the Finance Minister and the Prime Minister are concerned, the moment the thing came to our notice, we took such action as was possible and I can say that nobody could have known more or done better than what we had.

Shri Kamath: I have only one sentence to speak. Once the Government has admitted . . .

Some Hon. Members: The matter is closed.

Shri Kamath: Who are you? The Chair is there. Sir, they are usurping your powers. You allowed me to say something. I am just finishing.

Mr. Deputy-Speaker: I have heard sufficiently from both sides and I am reserving my judgment in regard to this matter.

Mr. Deputy-Speaker: I have heard the hon. Member sufficiently. There is no need to hear him again and again . . .

Shri Kamath: Because they started shouting. (*Laughter*), you didn't let me proceed. This is not fair to me. This is a serious matter and there is nothing to laugh about. I am not afraid of your yelling. They are usurping your authority, Sir, I make this charge against them.

Mr. Deputy-Speaker: I have heard all hon. Members from all sides. Nobody can complain I have not heard them. (*Interruption*).

Shri Kamath: Why should they interrupt and butt in, Sir, when you are speaking?

Mr. Deputy-Speaker: Order, order. We will go to the next item.

ELECTION TO COMMITTEE

INDIAN CENTRAL JUTE COMMITTEE

The Minister of Agriculture (Dr. P. S. Deshmukh): I beg to move:

"That in pursuance of clause (9) of paragraph 3 of the late Department of Education, Health and Lands Resolution No. F. 254|34|A, dated the 28th May, 1936, as amended by Ministry of Food and Agriculture Resolution No. F. 4-13|53-Com. II, dated the 15th December, 1955, the members of Lok Sabha do proceed to elect, in such manner as the Speaker may direct, two Members from among themselves, to serve as members of the Indian Central Jute Committee."

Mr. Deputy-Speaker: The question is:

"That in pursuance of clause (9) of paragraph 3 of the late Department of Education, Health and Lands Resolution No. F. 254|34|A, dated the 28th May, 1936, as amended by Ministry of Food and Agriculture Resolution No. F. 4-13|53-Com. II, dated the 15th December, 1955, the members of

Lok Sabha do proceed to elect, in such manner as the Speaker may direct, two Members from among themselves, to serve as members of the Indian Central Jute Committee."

The motion was adopted.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

CHANGE IN BRITISH BANK RATE

Sardar A. S. Saigal (Bilaspur): Mr. Deputy-Speaker, under Rule 216, I beg to call the attention of the Minister of Finance to the following matter of urgent public importance and I request that he may make a statement thereon :—

"The change in British Bank Rate from 4½ per cent. to 5½ per cent. and the effect it will have on Indian trade with the United Kingdom."

The Minister of Finance (Shri C. D. Deshmukh): The rediscount rate of the Bank of England was raised from 4½ per cent. to 5½ per cent. on the 16th February 1956. There have been frequent changes in the British bank rate, as in the bank rates of other countries in recent years, the rates having been raised or reduced according as the monetary authorities in various countries wished to restrain or stimulate economic activity. During the last year there has been a movement towards increases in the bank rate in many important countries of the world with a view to checking the emergence of inflationary pressures. The British Government have felt for sometime that the tendency to inflation in the United Kingdom required to be checked and have taken, on various occasions, suitable measures to do so including measures to restrain credit through an increase in the bank rate and otherwise. Previous increases in the British bank rate took place in January and February 1955 when the rate was successively raised from 3 per cent. to 3½ per cent. and 3½ per cent. to 4½ per cent. respectively. As the measures taken by the United Kingdom to restrain inflation take effect, one of the results will be a decrease in imports and an increase in exports and a general strengthening of the balance of payments of the United Kingdom.

What exact effect this general tendency will have on trade between India and the United Kingdom, it is difficult to say. The main items of our exports to the United Kingdom are tea, jute