

to move an amendment and if the amendment is accepted by the House, it will be carried. Otherwise, if the Business Advisory Committee's allocation is accepted, I will not alter even half an hour next time.

**Shri Kamath:** We will have a regular amendment next time.

FINANCE BILL—*contd.*

**Mr. Speaker:** The House will now proceed with the further consideration of the following motion moved by Shri C. D. Deshmukh on the 17th April 1956, namely:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1956-57, be taken into consideration."

**Shri K. K. Basu (Diamond Harbour):** I am grateful to you for giving me this opportunity to speak first on the Finance Bill, soon after our demand for the extension of time for the discussion of the Appropriation (No. 2) Bill, has been turned down.

The provisions of the Finance Bill have to be judged in the context of the Second Five Year Plan which is to be put into operation from this year. As you know, in the Second Five Year Plan, we are going to embark on a large-scale expansion in the industrial sector, and the scope of the Plan is also going to be extended so that its outlay is going to be more or less double that of the First Five Year Plan.

If we are thinking in terms of the actual working of the Plan to its proper fruition, then the question of the financial resources needed for financing it has to be considered in all seriousness. In the first budget of the Second Five Year Plan, there are certain taxation proposals, which are intended to raise some additional finances. And we certainly welcome some of those proposals. For instance, the Finance Minister has tried to raise some money by taxing those people who have so long evading the payment of their due share of taxation, though they are in a position to bear the burden of further taxation.

**Mr. Speaker:** The hon. Member may resume his seat for a while. I find that a number of hon. Members are coming to my seat here to make representations, and I am finding it very difficult to proceed with my work here. Somehow, this very bad practice started some

time back. Hereafter, I shall not allow any hon. Member to come and talk to me here in the Chair. If they like, they can send a chit and express what they want. Hereafter, they may kindly avoid coming to the Chair and making representations.

**Shri A. M. Thomas (Ernakulam):** That is a very happy thing.

**Shri Nambiar (Mayuram):** That has been our practice all these years. If there is an urgent thing, and we want to make a personal representation, but we are debarred from coming to you, then it will mean some difficulty for us.

**Mr. Speaker:** No hon. Member should come and talk to me in the seat here.

**Shri K. K. Basu:** I was saying that we certainly welcome some of the new taxation proposals contained in the Finance Bill, but unfortunately there are certain aspects of the taxation proposals which we think will go against the interests of the common man.

It is true that the Finance Minister has tried to quote some of the recommendations of the Taxation Enquiry Commission in support of his proposals, as for instance, the recommendation that the base of the taxation should be widened and the common man should be made to bear the burden of financing the Second Five Year Plan.

I would ask the Finance Minister to consider seriously whether taxation on the necessities of life like cloth or soap or edible oils should be resorted to in the very first year of the Second Five Year Plan. The Finance Minister himself has admitted, and the Government's figures themselves show, that already the cost of living indices, so far as food articles are concerned, have gone up, and the common man is not in a position even to bear the burden that he has already been asked to bear.

It is true that there has been some increase in the national income, but we know that there are the poorer sections of the community, to whom this increase has not percolated. Even today, as Government themselves concede, there is a growing increase of unemployment. We find that in the defence industries, nearly 11,000 people are going to be retrenched. A few days back, we were told that in the Damodar Valley Corporation, about which we boast so much, and which is in charge of one of the

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biggest projects, even the technical personnel are going to be retrenched, numbering along with some others about 8,000 to 10,000. In the big cities of Bengal and other areas, there is large-scale educated unemployment. Suppose in a family, three or four brothers,—one of them may be working as a clerk, another may be working as a teacher, and the third may be doing some ordinary job here and there—are going to remain unemployed, then what is to happen to their family? After all, the family has got to be maintained by the total income of all the brothers, put together. So, if we consider the position objectively and in terms of reality we find that in the final analysis the burden on the common man is possibly going to increase. Only recently, Professor Mahalanobis in the course of one of his lectures on the Second Five Year Plan had stated that we would be having about 20 lakhs more of unemployed people after the Second Plan Period, if we take into account the persons who will join the band of those who would be in need of employment every year. So, the overall position is, that in spite of the slight increase in national income that we have been able to achieve, the average income of the common man has not increased correspondingly. When that is the position, I do not understand why the Finance Minister wants to increase the burden of taxation on cloth, edible oils and other essential commodities.

In some places, already sales-tax is being levied on essential commodities. Only the other day, we found how in place like U.P. and some other States, sales-tax has already been imposed even on food articles, and the Central Government have given their consent to such levy as required under the Constitution.

\* I would urge the Finance Minister to see whether the person on whom he wants to impose a tax is in a position to bear the burden. He has proposed that even edible oils should be taxed. I come from a State where mustard oil is a very essential part of our daily food. In almost every kind of food preparation in Bengal, mustard oil plays a very important part. Of course, the Finance Minister might come forward and say that the duty proposed is not very much, and thus he may justify the excise duty on mustard

oil, not to speak of the other edible oils like ground-nut and coconut oils which also are used in food preparations. But so far as mustard oil is concerned, it is used only for edible purposes; there is no industrial use at all to which it is put. And yet we find that the Finance Minister is adding to the burden of the common man even so far as essential commodities are concerned because nobody can go without food however bad his condition may be.

Before the Finance Minister goes forward with his taxation proposals, I would urge him to take into consideration to what extent the persons on whom he wants to impose taxation are in a position to bear the burden. He himself has conceded that so far as foodstuffs are concerned, we have not yet come to a stage of complete self-sufficiency, when we can think of taxation. For, this year also, we find that in one of the most important foodgrains, namely rice, there has been a decrease in production, as Government themselves have admitted. To tide over the inflationary tendency, the Finance Minister has said in the course of his speech to the planning forum, that he is thinking of getting the agricultural surpluses from abroad into our country. But then our people will have to pay more for that. Although he has stated that we may not have to pay for it immediately, yet the whole effect of it will ultimately fall on the common man who will have to pay for it at a price which is higher than what he is paying now.

One other point that I want to emphasise is this. The Taxation Enquiry Commission's reports have not been discussed in the House so far. But there are certain aspects of their recommendations which the Finance Minister has taken into consideration while bringing forward the present Bill. As for the other recommendations, we have been told that they are under his consideration, and tomorrow or the day after, some decisions may be arrived at on them also. But I would like to ask what has happened to the recommendation in regard to a tax on total wealth.

In an under-developed country like ours, we find that there is a huge disparity of wealth. If we look into the economic history of our country for the last thirty or forty years, we find that while on one side, people are stepped in so much of poverty, on the other side, there are persons who have accumulated a disproportionate volume of

wealth, and some of them have been indulged in building big palaces or investing their money in unproductive property, in which the community has no share. When we are embarking upon such a big plan, many basic aspects of which we all support, would have expected the Finance Minister to have ushered in our country a society which will be very much akin to the welfare State which has been enshrined in our Constitution, or even the socialistic pattern of society, which the party in power is now trying to boost up before the country. I would have been glad if the Finance Minister had come forward with a suggestion for imposing a tax on total wealth.

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Then what about the business profits tax which was given away since 1949? I would like to know why this was not taken into consideration in framing the taxation proposals. Then there is the capital gains tax.

[At this stage the Minister of Law and Minority Affairs, (Shri Biswas) walked up to the Chair]

**Shri Mulchand Dube** (Farrukhabad Dist.—North): On a point of order. Is an hon. Minister entitled to make personal representations?

**Mr. Speaker:** I think he was not here in the House when I explained it.

**Shri K. K. Basu:** Probably that was not meant for a member of the other House.

I would also ask the Finance Minister to take into consideration the question of imposing some sort of inheritance tax or succession duty. What has been the fate of the estate duty? I remember that in the final stages of the Estate Duty Bill, the Finance Minister assured the House that he had brought forward legislation intended to reduce the disparity of wealth, of the holding of individuals in terms of money or other properties. But what has been the result? Even the small expectation of the Finance Minister for the last two or three years has not been fulfilled. We know that when the estate duty proposal was there, people belonging to the wealthy community got long and prior notice, and with the help of ingenious lawyers and others they have been able to get away through legal lacunae that might be existing in the present Act. In our estate duty, we were guided by what was done in England long back. But let us not go by what was in England 50 years ago. Let us see the

position today. Regarding exempting the duty on trusts etc., whatever might have been the condition in Great Britain 30 years ago, today they have tried to plug the loopholes. Our Finance Minister did not think at that time that we should do this. After our two years' experience, when so much money is wanted for our Plan to which the country is wedded and the basic principles of which we accept, I would request the Finance Minister to bring forward some sort of succession or inheritance tax along with duty. It is necessary that we should shift the burden and adjust the burden in such a way that the real persons who have excess wealth with them are made to part with it for the benefit of the community, for utilisation in plans of development.

There are a large number of persons who try to hoard their wealth. We should see that this money is utilised for the benefit of the country. I do not mind if people like my hon. friend, Shri Tulsidas, who have money, utilise it for productive purposes; I do not mind if they utilise it and work hard to earn a genuine return. At the present state, we may allow it. But we should not allow persons to waste their money in big palaces or in luxuries. There are persons who go in for luxury air-conditioned cars—not one but four or five—each costing Rs. 60,000 or even Rs. 1,00,000. These cars are not built or manufactured in India. The money goes to the foreigners who are the manufacturers of these cars.

When we ask the common man to share the burden when we ask the common man to tighten his belt so that the country can develop, we must see that all sections of the people, and more especially those sections of the people who are in a position to make greater sacrifices, give to their maximum for the sake of the country. But unfortunately, even in the first Budget of the Second Five Year Plan, we do not find any change in outlook so far as the Finance Minister is concerned.

Then I come to the question of ceiling on income. The Taxation Inquiry Commission had come forward with a suggestion in this connection. In our country which is undeveloped, where the disparity of income from A to B is so wide, the time has come when in the interest of India, in the interest of the society, there should be some ceiling on income enforced. I remember that the Pay Commission had also sug-

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gested this so far as government employees were concerned. They had devised some sort of formula; I think the maximum laid down was Rs. 3000 and the minimum Rs. 100 or Rs. 125. So far as the minimum is concerned, that has not been adhered to. Whenever we ask that the common man, the ordinary worker or clerk or ordinary ministerial staff should get increased emoluments—these people are in absolute need of an increase in emoluments just to keep their body and soul together, just to have the bare subsistence—We are told that there is dearth of finance. There is no proportion between the income of the lowest and the income of the highest.

The other day I was trying to look at the Report of the Income-tax Department. In the Report for 1954-55, it says there are nearly 312 persons whose incomes range from Rs. 55,000 to Rs. 70,000, 127 persons whose incomes range between Rs. 70,000 and Rs. 85,000, about 60 persons in the category of Rs. 85,000 to Rs. 1,00,000. There are 89 persons having salaries—this is apart from individual income which has no limit—ranging from Rs. 1,00,000 to Rs. 1,50,000. There are 34 persons in the income range of Rs. 1,50,000 to Rs. 2,00,000 and there are 11 persons in the group of Rs. 2,00,000 to Rs. 2,50,000. And there is also one individual—I do not know who he is—whose annual return is over Rs. 4,00,000 and below Rs. 5,00,000. Even the salary of a Supreme Court Judge has been fixed as Rs. 4,000 under the Constitution. The Judge of the Supreme Court of India will be an intellectual of the highest order. Then the remuneration of Governors has been fixed at Rs. 5,500. The President's remuneration was Rs. 10,000; I am told he was good enough to surrender a certain portion of those emoluments.

Even then, we find that such high salaries are paid in the country. Apart from that, there are other benefits. If you go to Calcutta, you will find that there are officers getting Rs. 1,000 or Rs. 12,000. But in addition to that, they get so many perquisites and other allowances that their total emoluments work out to more than Rs. 6,000 or Rs. 7000. Even the amendment that we have brought is not able to meet the situation; that relates only to the remuneration of the directors. Then these officers are furnished with air-conditioned rooms, special houses, all furnished,

conveyance. We know that a large number of foreign concerns do these things in order to avoid payment of income-tax to the Government.

It is high time, when we have embarked on a huge plan, that we should bring about some change in this state of affairs. Why should we not come forward with such taxation proposals which will mop up such money for the benefit of all the citizens? We should see that all the citizens and all those who have for the time being come here to do business, fit in with the conditions of India today, adjust the conditions of their avocations accordingly and fall in with the basic principles of our economic policy.

Then I come to the subject of speculation. Even today, in spite of the fact that the Forward Markets Commission is there, we have not been able to stop speculation in many articles, including food articles. As I said earlier, mustard oil which was selling at Rs. 50, has immediately after the taxation proposals came in, shot up to Rs. 75. That means that the common man has now to pay nearly 50 per cent. more than what he was paying before.

We have repeatedly to urge upon the Finance Minister and the Government that the time has come for them to see that a large portion of the resources of our country are frittered away in speculative workings and activities. It is necessary for the Government to take steps to put an end to this speculation.

So far as other articles are concerned there is a Bill in connection with Securities, which I think will not serve the purpose, but which we can certainly discuss when the time comes. There must be some agency through which Government can have a direct control over the speculation indulged in respect of food articles or industrial raw materials. We should see to it that the prices of things vital to the life of the community should be controlled and are not increased.

Then I would urge on the Finance Minister to take into consideration whether State enterprises should not be more developed. We know that the public sector has expanded. So far as the public sector, is concerned, we are only entering into certain types of enterprises, where the private sector has not been able to mobilise so much capital or so much skill. In an underdeveloped country like ours, of course, there should be a limit to raising money

by deficit financing or taxation of the common man. As you know, in our country, people are much below the subsistence level and they are not in a position to bear the burden of taxation to finance development projects, which are absolutely necessary for the improvement of the country. Therefore, I would urge upon the Finance Minister to take into consideration whether we should not go in for State undertakings in certain types of consumer goods. I do not say that there should be no competition from the private sector; let there be a private sector also. The profits of the State undertakings may be utilised for the improvement of the resources of the country.

We have nationalised the State Bank and in its working it has produced a profit of nearly 14 to 15 per cent.

There was a proposal, for the rehabilitation of the refugees from East Bengal, to establish a textile mill. I was told due to the opposition of the private sector, it could not be done. The Government should also try to increase its resources by earning in certain types of consumer goods. It may also help us in another way for by that we may be in a position to check the inflationary tendency. Though we may not be competing with the private sector, the profit from these State undertakings will be a great addition to our resources and it will enable to ease the burden on the common man.

As I am a member of a Committee of this House, I cannot go into detail of what happened there. But, I may tell the house that Government must do its utmost to see that the accounting of these organisations is maintained on proper lines. You yourself have been in the Estimates Committee and know the convention that we cannot disclose certain facts. But, the Minister knows that the time has come—when we want to expand the public sector—to find out some sort of exchequer control of expenditure etc.

I do not want to go into the details of lapses. I would only like to draw your attention to the fact that during the last year Rs. 4½ crores which had been earmarked for education could not be spent. Rs. 45 lakhs could not be spent on the resettlement of landless workers and similar amount for tribal welfare, Rs. 21 lakhs on welfare schemes for

mine and coal workers; Rs. 40 lakhs could not be spent last year on industrial housing, as the hon. Minister for Housing and Supply himself said, and so on. As regards industrial housing, I was told by one of the important functionaries of the Bengal Government that there are certain technical things which have to be complied with. Even if you want to change the plan for a kitchen or a latrine, you have to come to Delhi for sanction and this takes 6 or 7 months and in such a way the funds lapse. When we want so much development in the country, we should not rely on the old rules. They might have been good enough when the British ruled the country, but, when we have our national Government, the rules must be modified for developmental needs. I would ask the hon. Finance Minister to take us into confidence and tell us whether we are going to have changes in these rules so that the funds allocated for development of the country could be properly utilised.

Finally, I would ask the Finance Minister to take into consideration the capacity of the common man to pay taxes and bear the burden. I have said earlier that the common man is not in a position to bear heavy burdens. I would, therefore, urge upon him to drop, at least for the time being, the idea of taxing edible oils—either the whole of it or that portion which is used for edible purposes. Oil is one of the essentials of life. I would also urge upon him to try to do away with the excise on cotton cloth and also the increase in postal rates. These are the things which the common man uses and he is not in a position to bear the extra burden, in spite of the increase in national income. The pattern of distribution is such that there is not fair distribution so that it may go to those persons who need it most. I would request the hon. Minister to see that in the first year of our Second Plan, the distribution pattern is so adjusted as to inspire confidence in the people of the country, so that they may see that our Government is taking the right path in tapping the available resources of the country in such a way that the burden falls on those that can bear it. You have to enthuse the country at large; otherwise no Plan, however big it may be, can be worked. The bureaucracy alone cannot work it; it is absolutely necessary to enthuse the common man. Then, and then alone, can the Plan work successfully and India's future will be happy, which all of us wish to see.

**Shrimati Tarkeshwari Sinha** (Patna East): Mr. Speaker, the political evolution of a nation is not something which develops out of the doctrines of political philosophy or the activities of the political personalities alone. It comes about as a result of the fusion of the forces which most directly affect and condition the lives of the people of the country. And one of the most influential of these forces is the economic force, because the spirit of man, which stimulates the political development of free man, finds hope and encouragement in an atmosphere of material prosperity and personal well-being. This fact is implicit in the concept of democracy. As we are also in the midst of our political evolution, we have taken the economic development of the country as the real basis of the healthy evolution of the nation.

For the economic development of our country, we have adopted certain fundamental principles and, one of the most important principles is deficit financing. But, the terms deficit financing does not convey the same meaning in this country as it does abroad. We recognise a budget deficit when the total receipts of the Government, including capital receipts, fall short of the total disbursement, including capital expenditure. To convey its overall character, we call this an overall deficit. In the U.S., a deficit will be spoken of when the Government's expenditure, including capital expenditure, exceeded revenue receipts. The issue of loan to cover such deficit would be deficit financing in the U.S.A. but not in India. For us, deficit financing would arise only when the budget gap is covered by Central Bank borrowing. That is the fundamental difference between us and the other industrially advanced countries.

In view of the divergence of the contents of the term, the economic consequences applicable to one cannot be applied to the other without due modification and it is possible that a failure to recognise this might be responsible for the haphazard way in which some of us in the country are trying to advocate deficit financing. I may venture to point out here that the virtue of loan financing of budget deficits to activate idle savings cannot be bodily applied to this country because of the Central Bank financing of development expenditure because savings here are in short supply. We know that in our

country, savings are in short supply and therefore the Central Bank financing of development expenditure cannot be compared to loan financing of the Budget deficit to cultivate or to encourage idle savings. Therefore, a proper distinction must be made between the problems of unemployment in industrially advanced countries and under-employment in the economically backward countries. The two problems are basically different. The emergence and progress of unemployment in industrial economies would be accompanied by the unemployment of the corresponding complementary resources that may be there. Savings would be idle, capital equipment will also be idle or it will work below capacity. There will be accumulation of stock of goods and material. Therefore, loan Central Bank financing in those countries where such a situation prevails would rather help to bring them together through public investment activities, thus creating more employment. But on the other hand what is happening in our country? Because we are economically backward, in our country the problem is one of shortage of savings in relation to the needs of development and that is a very important point to remember. The only resource at our disposal is the heavy supply of unskilled labour. Though we know that the scope of development is very wide; but labour alone cannot increase the output and it cannot create a thing by its own power. It must combine with it a capital investment. Some sort of investment must be there so that labour can create output. Therefore, it is not possible to conceive of production without capital, without saving; and that consequently brings us to the fact that nothing can be created without proper savings. Inadequacy of savings is the real problem that is facing our country, and if we cannot do something about increasing the savings, I think that deficit financing will not be able to help us very much. Here, I should like to point out that credit creation may or may not activate idle savings, but it can never create savings.

Apart from this confusion between undeveloped and under-developed economy, there are some rather odd theories of deficit financing that are current at present. There are some who argue that since created money was only meant to increase the productive capacity of the nation, in the long run it would be of a self-liquidating character; in fact, they argue that as a result

of the expanded output at the end of the 15-year period of the Plan that we have scheduled for ourselves, the general level of prices will be lower than at the beginning of the Plan, that is, than what they are at present. There are others who are of the opinion that deficit financing in the development plan would lead to a compensatory increase in production or productive capacity of the nation. There is a little truth in this fact. They also argue that there might be a little rise in the prices. And as our Finance Minister has also stated, they argue in favour of control for checking the rise in prices. They say that rise in prices to a little extent is inevitable in the field of deficit financing or in the sphere of deficit financing. They say that physical controls will be able to check the prices and thus check the cost of living index. But I must point out that they seem to over-look one fundamental fact in our economy, namely, that there is a big time interval between investment whether in the construction of wells, dams, factories, its completion and the result of the increase in output. This time limit is the crux of the problem and it is the most important problem to think before we resort to the principles of deficit financing. As wages are paid monthly or weekly, price of consumer goods would rise immediately as investment begins. We cannot pay wages six-monthly or yearly or by the time production will come into full swing. By that time investment in the economic set-up, the prices will start rising, because we put money into the pocket of the people and we cannot check that. And if there is money in their pocket, they will go and buy all sorts of consumer goods. After investment has taken place in our economic set-up, we will not be able to reduce the rise in prices because prices tend to stick after having risen. We have experience of the war economy; we have seen the Second World War with our own eyes. Compare the prices in 1939-40 with those in 1956. There is a gulf of difference. Why? There was an inflationary economy and in that economy, prices rose and they have stuck today. In spite of all our best efforts, we are not able to bring down the level of prices very much. Therefore I would like to point out that we will create an entirely new price structure in the country and that price structure will be related to the wages and the cost of production of the thing. Because wages will be higher, ultimately the cost of production of the thing will be higher and the

whole price structure of the country will be on the high level, higher than the present.

Sir, it is a great illusion, born out of a wrong economic theory of money, wrong assumption of the quantity theory of money and of a faulty visualisation of the realities of economic dynamics. We think that when production comes up to our target, the prices will come down. It has never happened before and it will not happen in the future. I want to warn the Finance Minister here not to allow the prices to go up. Otherwise, with all your best efforts, you will not be able to bring down the prices even if you succeed in increasing the productive activity of the country, that is, bringing the total production to our target.

There is another point in this. During the discussion of the Finance Ministry Demands, the Minister said that he has got certain things in view by which he will be able to bring down the prices. It is very difficult to do so. You increase the wages, and that means that you put money into the economic life and in that way you will increase the cost of production of a thing. After you increase the cost of production, ultimately you will try to bring down the prices, but I think it will be disastrous in the economic set-up of the country to bring down the price of a thing, of which the cost of production and labour cost have increased so much. It is a common fact that money incomes would rise, not because of our effort, but because of the reflex action of the increase in the total output of the country. If the flow of output is now larger, incomes and demand will correspondingly be larger, resulting in higher and higher prices. Therefore, it was contrary to the realities of this mechanism to imagine that prices would revert to the original level through a compensatory increase in production.

Therefore, that argument does not hold very much strength here. This is the reason why we are afraid of deficit financing. This is the most vital reason that we should keep before our mind before we launch on the principle of deficit financing, because it will ultimately be self-defeating in its purpose. When prices rise, the original estimates of the cost of projects would be out of date. We shall have to increase the estimates of the cost of projects because of rise in the price level and that will mean the requirement of more money for the building up of the economy of the nation. Because it is an

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obvious fact that once we start those important projects, we cannot leave them half-done. In spite of all the difficulties, we shall have to finish those projects because they cannot be left half-done. Therefore the estimates will have to be put in the original schedule and that would mean that you will not be able to keep deficit financing to the level that you are trying now and ultimately you will create additional deficit financing without any desire on your part to do so and thus add to the inflationary situation. And sooner or later there will be non-developmental demands on savings which will be highly detrimental to the progress of the Plan.

In the field of external payment also, it is obvious that you will have difficulties because there will be a great pressure for the import of consumer goods and there will be difficulty in payments because you will ultimately reduce the exports. It may also in the long run discourage current savings if the rate of interest is very low. Therefore, I would appeal to the hon. Minister to give more attention to this issue and not to go to that amount of deficit financing that he proposed in his Budget speech.

In the course of the discussion on his Demands, he has said that he has got certain checks with him by which he can check the rise in prices. The only check which I can think of and on which one can rely is the system of controls. But our experience of controls is very bad. People cannot be induced or coerced not to spend money when you are going to put it into their pockets. We can never do that. It is human nature to spend money when they have got money. Even if consumer goods are not available, they will spend. In spite of our precautions by way of controls and this and that, we would not be able to check that outflow of money from their pockets. Therefore, this system of price controls and commodity controls cannot work properly in an inflationary economy.

Here, I should not be misunderstood to say that I do not believe at all in deficit financing. I do believe that, to some extent—to an extent where it is not inflationary—it is desirable for stable economic progress of a backward country. But there are two criteria and they come under two heads. One is the purchase by the Government against its cash balances, of sterling from the Reserve Bank to finance im-

ports of equipment for the public sector of the Plan. This would leave the volume of money in the country, in circulation, unaffected. That course will not lead to an increase of the amount of money in actual circulation. Only the assets and liabilities of the Reserve Bank would decline by the amount of deficit financing. The Assets would fall by the amount of sterling purchased and the liabilities, by the decline in the cash balances. Here, I also want to point that the Finance Minister can also resort to the purchase of sterling against *ad-hoc* Treasury Bills. In this way, the monetary effect would be more or less the same, because the assets and liabilities of the Reserve Bank would remain unaffected as the deficit financing would be balanced by the payments deficits.

But, if on the other hand, the currency reserves are drawn upon for the use of the private sector. I may point out that Government will not be in a position to engage inequivalent deficit financing. Because, if the private sector needs foreign exchange, what will they do? They will go to the commercial banks and get all the credit created by commercial banks. Therefore, it would be difficult for the Government to resort to deficit financing to cover cases of payments deficits as that has already been taken away by the commercial banks to meet the foreign exchange needs of the private sector. That is why I have pointed out that we should resort to the purchase of sterling from the Reserve Bank to finance the imports of equipments in the public sector, in order not to imbalance the whole system of deficit financing and also not to allow the private sector to take advantage of this particular thing.

The second type and the safer type of deficit financing is the one pointed out by the Bernstein Fund Mission. That was invited by the Government of India and it submitted a report. There, it is said that we can resort to deficit financing against the cash balances of the public because they are a part of the savings, for which there exists somewhere in the economy equivalent real resources. Real resources can be found for that amount of savings because it relates to the cash balance of a private individual who has got real resources behind him. Now, the institution providing him with the cash balances would gain possession of the corresponding real resources. The institution may be the Government; it may be commercial or private banks. So,



if these resources are utilised by the private sector or by the commercial banks, they take possession of them and so the Government will not be in a position to go in for deficit financing of a high level against the cash balance of the individual. If Government takes certain advantages of individual savings and individual cash balances, then, only I think, the biggest problem of finding money will be solved.

So, we see that the magnitude of deficit financing comes under four heads: the rate of increase in the national output, firstly and secondly the amount of withdrawals from the currency reserves, thirdly the degree of the preference of the public for holding the cash balances and savings and lastly, the ratio of distribution of the real resources between the public and the private sector.

Therefore, in view of the uncertainty involved, I would like the Finance Minister to take note that it may not be a good financial policy to take advance credit for the total amount of deficit financing that is going to be raised in the next five years. It will be very unwise to resort to deficit financing and to make a statement about the total amount thereof, without taking advantages of other resources to finance the plan.

This, ultimately brings us to the question of foreign investment. I think it has not been given the place it deserves in our Plan. There is further scope for foreign investment. I do not believe that there is no scope. Almost all the countries including the USA and Canada have developed their economy with foreign assistance; they depended on foreign resources. The European countries who were devastated by the war and who had no resources of their own, had also to depend on foreign resources. They have shown us that they have been able to build their economy in a few years. It is amazing. Take any country—West Germany, France or other countries. Therefore, we also can depend more on the foreign resources, and we must explore the possibilities. Sir, there is no question of our begging for these. It is our right to take loan if we want to do something. We can approach them with all dignity to give us loans. If they think that their investment is going to pay and if they are going to have some dividends or profit, they will be glad to give us loans because of our economic background, our bright future—bright industrial future. It is not a question of

going and begging somebody. We must explore all the channels for foreign investment. If we can raise foreign investment to the tune of Rs. 250 or Rs. 300 crores a year, investment approximating to the scale contemplated in the Plan frame will be made without any fear of inflation.

I have done Sir.

**Shri C. D. Pande** (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North): Sir, I will confine myself to the economic policy as adumbrated or expressed in this Budget. Or, shall I say, lack of economic policy in our Budget? This Budget or the debatable question involved in the Budget as discussed by the country, our Government and by this Parliament, poses two questions: whether we stand for speed or progress or whether we stand for stagnation and are going back to the past? We know, as Srimati Tarakeshwari Sinha stated, that we are going to put in our economy a huge sum of Rs. 4,800 crores as expenditure in the Five Year Plan and also an annual expenditure of Rs. 1,000 crores in the States and in the Centre. That means, within the next five years we shall be spending Rs. 10,000 crores. Then, with a view not to create any unwholesome effect of that huge spending, what are the policies we want to follow? What are the remedies that we propose to check the inflation that will accrue? My complaint or my grievance is that there is utter confusion and there is lack of clarity on the part not only of the Finance Minister, but the entire Government.

**Shri K. K. Basu**: Including . . .

**Shri C. D. Pande**: Yes. Including myself as a member of Party in power.

What I say is, there is no co-ordinated or dynamic policy of production of consumer goods. That comes to this: we will put in Rs. 10,000 crores without any opportunity for the people to spend that money. It will be said that there is so much economic activity in India, we are building dams, we are having big projects, we are having Chittaranjan locomotive works and so on. All these are things where we are only spending. We are not producing any consumer goods there to be consumed by the people. Therefore, what I am pointing out is that there should be co-ordination, a balanced co-ordination between production of capital goods and consumer goods. If you will spend money for the sake of creation of some power, on irrigation system or production

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of engines, that is not the channel where people can spend their money. There they only earn. In a way you feel that there is no other remedy for it and so you emphasise on savings.

What I emphasise is that there should be production of consumer goods. I am not enamoured of these appeals for small-scale savings. The appeal to the country should be to spend as much as possible. If the people spend their money, there will be greater production of consumer goods. If there is a greater amount of consumer goods, there should be greater production which will lead to the assimilation of the entire expenditure that you are going to make through those public projects.

**An Hon. Member:** But, where is the capacity?

**Shri C. D. Pande:** The capacity will grow and you will not need that much of deficit financing as you are now contemplating. In my opinion, your economy is tuned to the key of excise duties and sales tax. What we need is greater economic activity the more activities there are the greater will be the return in taxes. The process will not be stagnant. You need not stop production of consumer goods. There need not be any apprehension that the production of consumer goods will hamper production of capital goods. One will help the other.

In England there is a tendency these days to stop the spending spree. There is an economy which has reached saturation point. We are still beginning. We are far away from saturation point. We have not even started production of goods that we need for our country. Therefore, the advice to this country should be not to follow a policy of thrift and austerity, but, I may say, in a way a policy of spend-thrift and extravagance. That will lead to greater economic activity. That will solve the problem of unemployment. Then there will be a co-ordinated and well-balanced economy in the production of capital goods as well as consumer goods.

I was particularly referring to the stagnant and archaic policy of following the Ambar Charkha. There is a great deal said these days about Ambar Charkha. Many people believe that this is a panacea of all economic evils and that we will employ the entire country through Ambar Charkha. But, at what cost? Do you call it the employment potential? It is a new phrase which has

got a great charm. But, I say this is hollow phrase. I call it the "wastage potential". You will waste the man-power and the money you raise. At whose cost? At the consumers' cost.

**Shri K. P. Tripathi (Darrang):** What is the alternative?

**Shri C. D. Pande:** The alternative is to ask the people to spend on anything and everything that you can produce, even on drinks and recreations. That will work as an incentive for further production of consumer goods. That incentive will lead to further production and more employment. That will stimulate the economy of the country. This country does not need a policy that is followed by England. This country needs just the reverse of it, a policy of spending more on consumer goods. Of course, I agree that you are taking care to produce capital goods. You are producing energy, say 2 lakhs kw. here and 2 lakhs kw. there. But, to what use? You do not want to put that power to any constructive use because you feel that this country has to provide employment to the people and therefore you want to reserve certain goods so that only man-power is used.

What is the use of that power? This Ambar Charkha is supposed to have the gift of employing the entire people unemployed in the country. I know that the unemployment sector of the country is a vast one. But I am not worried about the unemployment or the partial unemployment in the country side. The people are somehow or other managing. Of course, if we can help them we will do it. But, to my mind, the first necessity of this country is to solve the question of unemployment among the educated people. Are you going to solve this question with Ambar Charkha? Can you persuade a young graduate to work for ten annas or twelve annas a day on Ambar Charkha? How many people like that can you employ on Ambar Charkha? If you analyse it you will find that it is not a discovery that India has made.

**श्री श्री नारायण दास (दरभंगा मध्य) :**  
बैठे से बेगार भली ।

**Shri C. D. Pande:** That is also a very wrong psychology. Can you ask a man who is starving to work on a low wage? In Naini Tal I know there are many people who have no employment, but if you ask a cooly to take a load to Bhim Tal, 12 miles away, he asks Rs. 5 to do the job. He will rather go without doing anything and earning nothing than work

for 14 annas a day on your Ambar Charkha.

What I say is, you must be very clear in your ideas. What is it that we want? You have imposed excise duties for collecting a certain amount of money. We do not mind it. We can pay excise duties on anything you like. But we do not want that the money should be wasted like this on Ambar Charkha. I have the educated people, to take to Ambar Charkha and to work 8 hours a day. You can get six annas in the economic sense, and if the subsidized portion is taken into consideration, then the wages would come to 14 annas a day, can you persuade the people of this country. I mean the educated people, to take to Ambar Charkha and to work 8 hours a day to get 14 annas in the evening. That 14 annas is also all subsidy from top to bottom. It is all a waste. The yarn produced is a waste. The cloth produced is a waste.

In the larger sense it comes to this. I wear khader. I can afford to pay Rs. 2 a yard. But you cannot ask the people to purchase costlier goods in mill-made sector and at the same time pay for the costlier goods produced by the Ambar Charkha. If you say that Ambar Charkha is some diety which you want to worship, by all means worship. If you say that we are in a stage of compromise between the most advanced economy and the most primitive economy, and if compromise is your aim, do it by means. But never have faith that will solve the question of unemployment.

**Shri Bhagwat Jha Azad** (Purnea cum Santal Parganas): Then tell us the alternative.

**Shri C. D. Pande:** I have suggested the alternative in the beginning. It is for the Government to find out the alternative. (*Interruption.*)

**Mr. Speaker:** Order, order. Hon. Members must be prepared to hear all points of view. If they had their views before Ambar Charkha was discovered, did any Member here say that he will discover it. Therefore somebody discovered it. Immediately some hon. Members took a fancy to it and some other hon. Members took exception to it. The view points of both sides must be placed before the House for coming to a conclusion.

**Shri C. D. Pande:** I am not resenting their remarks I welcome them.

**Mr. Speaker:** I am resenting them.

Hon. Members should hear the views of the hon. Member who is speaking. Let there be no interruptions.

**Shri C. D. Pande:** As regards the discovery, I say it is no discovery at all.

**Mr. Speaker:** The hon. Member will look at me while speaking. He will address the Chair.

**Shri C. D. Pande:** Yes, Sir. In the process of development during the industrial revolution in England there used to be various kinds of spinning wheels and spindles. In 1826 you will find that there was a certain type of machine put to the use of power. It was sometimes of four spindles and sometimes of 8 spindles. Later on, they developed the machines. We have come to the modern age where we have got mule spindles and now ring spindles. They first discovered the mule spindles and then they came to ring spindles. Now, can you persuade the people of this country to stay out as regards all developments and can you now say, "Look here, under one direction we will have to start research institutes and we will have to establish physical laboratories, Research institutes etc., but in another direction, say, in the branch of cloth we will stay put and remain at the stage of 1820's?" Is it possible? Is it in any way reconcilable with the present trends? How can you persuade the people to do this? Is it desirable that you should have an economy of such fantastic opposites? I think it should be considered carefully as to what is the programme and what should be our aim. It is quite possible that mechanisation will not solve the problem of unemployment fully, but at the same time, this is not the method and the manner in which we will solve the problem. As it is, the employment potential will be wasted and the proposed method is the best medium for wasting the employment potential.

Thus far I have been dealing with the Ambar Charkha. Now, I come to the real Finance Bill. I come to the taxation policy in the country. In the beginning, I had an idea that our Finance Minister was rather severe and harsh, but I now revise my opinion. I feel that he was more considerate than most of the States' Finance Ministers. The items of taxation which he chose were in a way capable of bearing the taxation levied. For example, he took things like liquid gold. We do not worry what happens to it. Then he chose rayon silk. I think he has taken for taxation more or less the

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items that are of an obscure nature. But in the States I find that the tendency is quite different now. They obviously cast their eyes on things which are of common use and if taxes are levied on such articles of common use, the cost of living goes up at once. I shall explain how a multi-point tax on food materials affects the country, as it is affecting in Uttar Pradesh. It increases the cost of living of the ordinary person. Take for example wheat. Last year there was a cry that wheat was being sold at a low cost. You were so much worried with that, and you took steps to raise the price this year. The question now is whether the prices will fall. The wheat prices will never fall. Even after the new crop comes to the market, the position will not change and the prices will not come down below Rs. 12 or 13 a maund. We have now reached a position which may be called as one of price crops. The difficulty is this. Wheat will be sold first at Rs. 15 and then at every stage of transaction, it will be taxed. It is not only a tax but along with it there are charges such as freight, carriage, etc. If you purchase wheat at Rs. 15 a maund, the next man who sells it would charge Rs. 17 per maund. From Rs. 15 it rises to Rs. 17, and then when *atta* is made out of it, it comes to about Rs. 20. If a person like me staying at Naini Tal wants to have wheat, the wheat has to come from Haldwani at a purchase price of Rs. 20. Then, to come to Naini Tal, Rs. 2 per maund is charged as freight, and when *atta* is being made out of it, there will be additional charges. Finally, at Naini Tal, it costs Rs. 22 per maund. Perhaps you feel that this is a very easy way and that it is only a small payment, which everybody can make. But that is not so. Therefore, the Central Government should take the initiative. The time has come when all taxation measures on commodities which are involved in the cost of living of the people should be co-ordinated and particularly, the sales-tax should be the function of the State Government while the entire legislation in respect of it should be guided by the Centre. The money accruing therefrom should be apportioned to each State according to its share. That will give a sort of co-ordination and balance taxation throughout the country. Of course, I do not blame the State Ministries because they are also in need of finance and to them, everything that yields money readily seems to be the

easiest thing. Therefore, the possibility for temptation in the States should be as little as possible. But you may say that this will hurt the autonomy of the States but in a country where there is so much of centralisation, when planning is formulated by the Centre and even a single item cannot be done by the States in this regard without your permission, I think there is nothing wrong in coordinating and curtailing, if necessary, the taxation policy of the States for controlling the economic activity of the whole country. If that is done, there would not be an undue imbalance between one State and the other.

Take, for instance, the sale of a diesel tractor in Bareilly. The sales-tax there, you will be surprised to know, for this item comes to about Rs. 1,600. I think in Delhi, the sales-tax for it is only Rs. 800. The difference is so great that there will be, so to say, smuggling of goods from one place to another. Therefore, a coordinated taxation policy is absolutely necessary.

I now come specifically to the measures contained in the Finance Bill. As I said earlier, I say it again to the Finance Minister, it is not proper to include such measures of legislation as affecting the income-tax, which are of a substantial nature, in the Finance Bill. You should confine the Finance Bill only to the barest minimum. That means, the Bill must relate only to those items which we have taxed in the budget. You want the authority of Parliament for taxing certain items and therefore only those items should be included here and form the basis of the Finance Bill. But perhaps you find that this Parliament is so troublesome that if you want to bring in an amending Bill to the Income-tax Act it will take two or three months to pass it and that you will be subjected to harassment. But this is not the way to include or to sneak in very harsh measures in the Finance Bill. After all, we are discussing the Finance Bill for two or three days. You have given two or three hours for discussing the clauses of the Bill. So, the clauses will not be dealt with as closely as they could be dealt with if the Bill were to be referred to a Select Committee or if any amending Bill were to be referred to a Select Committee. Therefore, I would appeal to the Finance Minister to drop all those measures that do not really pertain to the Finance Bill and include only those items which directly relate to the new taxation measures.

I have one more item to speak upon and that is in relation to the re-opening of accounts. I am not worried about the big persons, because they have got lawyers and they have got their books. But the smaller persons have neither the agency to defend themselves nor have they got a continuous series of books in their possession. Therefore, the provision regarding the re-opening of books at any time—an unlimited period is prescribed—should be given up. You have mentioned an aggregate of Rs. 1 lakh. I first thought that it was a big sum and that it will apply only to a few persons and that the smaller persons would not be affected by it. But I find that it is not so. It applies to any person who gets an income of Rs. 10,000. It applies to an aggregate of the amount and also to the arrears that might follow. That means all the years—from 1941 up to 1956—can be included and even if you have an income of Rs. 8,000, which is the income that most of us have, you are liable to be asked to re-open the book. Well, if you want to make it foolproof for the smaller persons, you can do it, but please make it Rs. 50,000 instead of Rs. 1 lakh. Confine it to one year. You can also make it Rs. 30,000 and confine the period to one year. If in one single year, the income is Rs. 30,000 or less, then the accounts should not be re-opened. There must be a finality about it. Once we have paid the amounts, the books must be closed. Even in a murder case, when once the person is acquitted, and when subsequently you find out something wrong, can you say, "You have been wrongly acquitted because new evidence has come in?" I have never heard of such a thing. For the sake of realisation of money, we should not put in such provisions. After all, justice is not such that we should be panicky about it. Especially for the smaller person, the period that has elapsed should be wiped out and the accounts should not be re-opened. Therefore, I would suggest that the amount be put at Rs. 20,000. But even if you make it Rs. 15,000, make it final and the accounts must be closed. We cannot ask the people to keep the books in perpetuity. Most of the smaller people do not have the books. They do not care, in fact. When your inspector goes to them, they just give Rs. 200 or Rs. 500 by way of tax and say "You finish with it". Therefore, I say that there should be a finality about it. There should be a limited period for which the books should be kept, and later on they

should be weeded out. Even in your Secretariat, you are weeding out the files. A businessman or any man who pays tax should be allowed to weed out the old books. Therefore, the period of eight years should be maintained. I may add that formerly it was four years and later on you made it eight.

1 P.M.

**Pandit Thakur Das Bhargava:** (Gurgaon): Previously it was one year.

**Shri C. D. Pande:** Eight years is good enough. Let it be there. Do not make it openable all the time. If you find that Rs. 1 lakh is too much, reduce it to Rs. 20,000. But, confine the operation to one year: not the aggregate of all the years from 1941 up to this date. I appeal to the Finance Minister to consider these things. There are many other things. These are the things which affect the ordinary man. These things create suspicion and apprehension in the minds of the ordinary tax-payers.

**Shri Tulsidas:** (Mehsana West): Mr. Speaker, the Finance Bill this year is intended to increase the resources of the Government. This is said to be justified in the name of the welfare State or a socialist society. Whether it is socialistic pattern of society or a socialist society, it is the same thing. The terms 'welfare state' and a 'socialistic pattern of society' still remain to be clearly defined, which leaves ample scope for different interpretations. In so far as the term welfare state is concerned, it is generally agreed that the object is to realise the common good on the basis of the directives of policy laid down in some of the articles of the Constitution. Differences of opinion prevail in regard to the interpretation of these articles. But, as regards the concept of the socialistic pattern of society or a socialist society, the absence of a clear definition leads to widely divergent interpretations, some of which might be born of honest conviction and some of which are obviously improvisations designed to suit the convenience of the authors. With some people it has become a fashion to treat anything that contributes to the extension of state ownership of industry or the expropriation of proprietary rights even if it is not conducive to the overriding objective of the increasing of production, as an advance towards a socialistic pattern of society. This is due, in my humble opinion, to the confusion of ends and means. Our ultimate end is to raise the general standard of living of the people which can be done only by means of increasing production

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and by no other means. Our Government believes that the socialistic pattern of society is the ideal form of social organisation suited to maximise national production or industrial production. Therefore, a socialistic pattern of society can be only a means to an end, and not an end in itself. But, this distinction is not clear to all and in the din and dust of political life, ends are often confused for means.

In order to realise our end of increasing living standards through higher production, we set ourselves a formidable task under the First Five Year Plan. This task has been fulfilled with a reasonable success and now we are embarking on a still more ambitious Second Plan. The enormity of the Plan would require co-operation on a nation-wide scale and every person capable of contributing should be encouraged to put forth his best effort. The Government has to play the major role. But, Government effort alone would not suffice and full scope and encouragement should be given to popular initiative and enterprise in order to draw forth the maximum effort from the non-government sector. In this, the Government might give the lead, but they should not adopt a repressive policy which would inhibit spontaneous effort on the part of the people. The Government have too much on hand. You know, we have passed the Companies Act and the Finance Ministry is busy with regard to the administration of this Act. They are not able to cope with the problem. They are, in my opinion, over-burdening themselves with responsibilities that could be conveniently left to the non-government sector. Perhaps the Government are not inclined to trust the non-government sector as can be seen from the needless nationalisation of the aviation industry or the recent nationalisation of life insurance. I would like to know what benefit the country has derived from the nationalisation of the aviation industry and also what benefits are also likely to accrue from the nationalisation of life insurance, as compared to its functioning today or its functioning before. Nationalisation of existing industries involves needless diversion of time, energy and resources of the Government from their rightful function of providing educational, medical and other socially beneficial facilities and social investment such as in irrigation and power, railway and other transport services. It is difficult to understand

why the Government are unnecessarily over-burdening themselves with functions which could be best left to existing agencies, to the neglect of their legitimate duties. There is enough scope for the Government in the field of social overhead investment. But, probably it is easier to busy oneself by pouncing upon something that is already being done by others, than in doing something new that requires the exercise of imagination and initiative. Government, obviously, have a limited amount of time, energy and resources, which could be more profitably spent in doing something that other agencies are not capable of doing rather than in supplanting the non-government sector and assuming responsibility for what it is doing satisfactorily.

This trend towards the State's monopolising even those economic activities that could be better entrusted to popular responsibility leads to the concentration of more and more power in the hands of the Government. The assumption of greater responsibility necessarily implies the co-extensive acquisition of more and more political power and this leads to the State's becoming more and more powerful, and the people becoming more and more dependent on the Government. But, the responsibility and power that the Government assume will be exercised through the bureaucracy, and the accentuation of this trend will necessarily lead to bureaucratic regimentation. I am sure this House will not approve bureaucratic regimentation of national life. But, that is an unavoidable consequence of state monopolies. State monopolies are not easily amenable to public control, or even parliamentary control, and they even try to avoid public accountability. I could substantiate my statement by the secretive attitude the Government are trying to adopt in regard to the accounts of the State undertakings managed by the Government. The Government are deliberately trying to evade parliamentary control over such enterprises by refusing to publish their accounts in a way that enables critical examination, by refusing to publish a White Paper every year on such undertakings and by refusing to allocate sufficient time for discussion of their affairs. The Estimates Committee has also made a similar reference in its sixteenth report. It says: that the reports are not given out in a manner in which the House could understand them. The report says that the reports should be

drawn up in a consolidated manner and presented to the House. The Taxation Inquiry Commission has also pointed out thus:

"We suggest that the Comptroller and Auditor-General may have the subject examined from the point of view of evolving suitable standard forms of accounting for different categories of public enterprises. The annual reports on the working of public enterprises, together with the budgets and audited accounts should be laid before the legislature and published with reasonable despatch. It was important from many points of view, not excluding the fiscal, that the search light of enlightened public opinion should be thrown on the operations of government undertakings, especially in a country where it was a part of public policy to extend and develop the public sector in the economy."

Sir, even the Estimates Committee could not get the information which it liked to have. The other day my friend, Dr. Lanka Sundaram, made out this point and I reiterate what I said earlier, namely, that the investment in industrial undertakings is assuming in the next Five Year Plan proportions as big as the railways. The railways have a separate Budget and a separate discussion. Here we are going to have under the next Five Year Plan more than Rs. 600 crores spent on industrial undertakings of the Government. After all, this Parliament is in duty bound to scrutinise their accounts on behalf of the people, who are the ultimate owners of this capital.

The Government are also reluctant to allow the audit of their accounts by the Auditor-General, who alone is competent to report to this House. For example, in the case of the National Life Insurance Corporation, the Auditor-General is not there to audit the accounts; the Corporation itself will appoint an Auditor with the approval of the Government. I do not understand this trend at all, because after all, the accountability of any Government enterprise must be to the House; who is competent enough to scrutinise the accounts except the Auditor-General? The trend is that more and more privacy is kept not only from this House, but from the public also and, as I said earlier, the so-called public sector is much more a private sector than anything else. It is a much more secret sector than the other

one. I do feel and maintain that this policy on the part of the Government is not desirable. You know very well that Government are trying to evade even the normal controls such as those under the new Indian Companies Act and the Industries (Development) Regulations Act. When any enterprise is transferred to the State sector, all these Acts do not come in there at all. For instance, there is no Companies Act applicable in the case of the nationalisation of life insurance. In my opinion, the State undertakings tend to become autocratic monopolistic bodies, who are neither subject to the common law of the land nor amenable to parliamentary control. This sort of autocracy allows State monopolies to enjoy almost absolute privacy, which makes mockery of the term "public enterprise". There is more privacy in the State sector of the industry than in the so-called private sector. This tendency of the Government to allow almost absolute autocracy to State undertakings, and at the same time clamp down all sorts of controls on non-Government enterprises, does not seem to be consistent with the avowed policy of the Government to give equal treatment to both the sectors. The tendency is all the more to be deplored in view of the fact that investment in State enterprises is going to be increased in geometrical proportions. How the efficiency and the public accountability of such enterprises will be maintained under such circumstances is a matter which I shall leave to the imagination of this House.

I have received a note: An hon. Member wants to know whether the Auditor-General knows his audit business or not. It is for us to decide how the Auditor-General should function. He is acting on behalf of this House.

I now come to the question of State trading. The other day the hon. Commerce Minister said—I welcomed his speech—that State trading would be limited to a certain sphere of the industry. We know what experience we have had of State trading in the past. I may tell the House that, apart from the question of profit or loss, the recent actions of the Government in State trading have not been to the larger benefits of the people. The people have to pay higher prices for the commodities where there has been State trading. I may point out that the Taxation Enquiry Commission has made it clear that State trading by itself is not likely to yield substantial resources to the State. Apart

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from the question of resources, the point to be considered in the larger context is whether there is any benefit derived by the common people.

The growing State monopoly in the industrial and commercial field is being matched by an increasing State monopoly of national capital through a financial policy aimed at squeezing the non-Government sector to the maximum possible extent of its financial resources. The proposals in the new Finance Bill will accentuate this trend. The Government are trying to acquire for themselves more financial resources than they can possibly make use of, leaving the people to fend for themselves whatever resources they would like to have. The Government finance. Popular enterprise making arrangements for the provision of loans to industry but this necessarily implies an undesirable dependence of the public on Government agencies, which undermines the self-reliance of the people's sector. It is better to make popular enterprise self-reliant and healthy instead of sapping its vitality by making it perpetually dependent on Government finance. Popular enterprise should be strengthened wherever it is allowed and the continual increases in direct and indirect taxes and repressive Government control will not conduce to its strength. The draft outline of the second Plan lays down the manner in which the non-Government sector is expected to find finance to carry out the targets fixed for it. These financial estimates have been obviously based on the assumptions of tax rates prevailing when they were framed. How can the financial targets be realised if the Government keep on changing tax rates and drawing the financial resources of non-Government enterprises at an ever-increasing proportion? It is unfair to expect such enterprises to raise a certain amount of finance and then to make them liable to criticism sometime in future for failing to mobilise the targeted sources because of increased tax rates. Higher taxation will reduce their reserves, and also make it more difficult for them to attract risk capital or venture capital, thus sterilising their productive and reproductive capacity.

The Government have been declaring from house-tops that their attitude towards popular enterprise is not doctrinaire but pragmatic. I might only say that by sterilising popular enterprise through confiscatory fiscal policy and repressive controls they are not helping

progress, because the non-Government sector of industry is entitled to better treatment on the basis of past performance. It fulfilled the physical targets set for it in almost all possible cases, and fulfilled over 90 per cent of the financial targets as against only 60 per cent fulfilled by the State sector of industry. If the Government refuse to act on the basis of actual experience, and refuse to allocate responsibility on the basis of proved ability, it would be impossible to concede that they are following a pragmatic approach. The only acceptable conclusion in such circumstances would be that they are following a doctrinaire approach.

I now come to the tax proposals. I do not wish to enter into details, because I have a number of amendments and I will deal with them during the clause-by-clause discussion. I do want to make a broad observation that the tax proposals, in my opinion, are unique and novel in many respects. In no country in the world has there been a tax on registered partnership firms. You know very well, Sir, that a registered partnership firm is not a separate legal entity; but still, it has been construed as a corporate body and taxed. I do not find anywhere in the recommendations of the Taxation Enquiry Commission a suggestion to tax registered partnership firms. As has been pointed by Dr. Lanka Sundaram the tax on registered partnership firms will take the maximum marginal rate to 98 per cent. This is something very heavy and it becomes difficult for anyone to have any initiative. The other day, the hon. Finance Minister made a certain change. He said, "All right, we will not tax professional registered partnership firms". That means that again there is discrimination, because the Finance Minister does not want a large section of the business community to have this relief. I think it is a very discriminatory attitude on the part of the Finance Minister when he says that the business community would not be entitled to have the relief which he would like to give to the professional classes. I now come to the taxation on bonus issues. I know that that is part of an integrated scheme of taxation. But then if the entire taxation proposals are pooled together, it will be found that the maximum incidence of taxation comes to something like 93.9 per cent. I at least, cannot commend these proposals or the basis on which they have been brought forward; of course, I can congratulate the Finance Minister on his suddenly-



acquired flair for invention of new types of taxation, which do not exist in any other part of the world. Such preposterous taxes were never known before either in this country or in any exist country. The likelihood of their adverse effects and their inequity are so patent that no economist worthy of his profession could even endorse them. I do not wish to go into further details at this stage, as I shall have occasion to deal with them when the clauses are taken up. For the present, I shall content myself with saying that I do not know on what basis these proposals have been brought forward.

In conclusion, I would request the Finance Minister to consider the suggestions that we have made in the light of the Second Five Year Plan. When we are embarking upon such a very ambitious programme of industrialisation, he should see that every person who is going to increase the production in the country should be encouraged to do so, and there should be more and more initiative left in the hands of the non-Governmental sector instead of an attempt being made to nationalise or take over everything under the State. Otherwise, we shall not be able to achieve the ends which we all would certainly like to achieve.

**Shri Morarka** (Ganganagar Jhunjhunu): I would like to pick up the argument left by the hon. Member who just preceded me, in regard to the tax on registered firms. He said that such a tax does not exist anywhere else in the world. He also said that because a registered firm is not a separate entity in law, there should be no tax on that. I would like to ask the hon. Member whether an unregistered firm is a separate entity and has independent existence in law, and also in what way an unregistered firm is taxed. If an unregistered firm can be taxed as one person or as a single unit of income, then what is the difficulty in taxing the registered firms?

The registered firms have been enjoying a peculiar position. On the one side, we have the limited companies, and on the other side, we have the unregistered firms. According to me, the registered firms have been having the best of both the worlds. I cannot therefore understand why the tax on the registered firms should in any way be less than the corporation tax on the private limited companies. If unregistered firms could be taxed, on the basis of the total income of the firm and individual partners, but as one going

concern, I think there is some justification in taxing to some extent the registered firms also. I would not like to develop this argument any further, now, for as the hon. Member has said, we shall have occasion to deal with it further when we come to the clauses.

I now come to the taxation on bonus shares. There have been two kinds of criticism against this tax. The first is that this tax does not exist anywhere else in the world, and the second is that it is contrary to the recommendations of the Taxation Enquiry Commission.

So far as the first criticism is concerned, I find that such a tax does exist in Australia, and till recently it existed even in England in the form of some stamp duty on the bonus shares. But that comparatively is a minor point of criticism.

Coming to the second argument that because the Taxation Enquiry Commission did not recommend this tax, we should not have this tax at all, I wish to remind the House that the Taxation Enquiry Committee of 1936 had recommended this tax on the bonus shares. Not only had they recommended it, but the Government also had accepted that recommendation. A Bill was drafted for the purpose, and when it went before the Select Committee, the Select Committee had altered that provision, and the legislature had accepted the recommendation of the Select Committee. If this tax was justified even in 1936, when the financial requirements of the country were quite different from what they are today, I think there is greater justification for such a tax in the present context of our Second Five Year Plan.

Further, there is already a tax on the issue of bonus debentures. Now, what is the difference between bonus debentures and bonus shares? In one case, the company parts with certain assets at a future date, while in the other case it does not part with any assets. Whatever that may be, the Taxation Enquiry Commission themselves have pointed out:

"A bonus issue gives the shareholders an element of individual proprietorship in the assets of the company and makes their interests in the reserves of the company transferable and heritable."

They further go on to say:

"As the bonus issue results in increasing the paid-up capital of the company, it enables the company so to exhibit its rate of divi-

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dend as to present an apparent picture of low dividend rates."

After discussing the whole thing, they have come to the conclusion:

"We think that the privilege of issuing bonus shares free of tax in the hands of the shareholder does confer some advantage both on the shareholder and on the company, and there may be a case for a small duty payable by the company on the issue of bonus shares."

Of course, they have ultimately not recommended any tax on bonus shares. I am aware of that. But the main grounds on which they did not recommend it were that the issue of bonus shares did not take away anything from the company, and that it did not put anything in the pockets of the shareholders. Since the shareholder did not gain anything from the company, they recommended that there should be no tax on bonus shares. But under the present scheme of taxation on dividends, I feel that it does put something in the pockets of the shareholders, and to that extent, it does take away something, if not from the company, at least from the pockets of Government, and therefore there is full justification for taxation of bonus shares.

Having said this, I have, however, one criticism to make against the manner in which the bonus shares are proposed to be taxed. It is this that this tax is not a straight tax or a direct tax. That is to say that if a company issues bonus shares then the company will have to pay so much tax on the bonus issues. What the Finance Bill says is that if a company issues bonus shares, then the refund that is due to the company would be reduced by the amount payable as tax on bonus shares. There may be a year in which a company may not make any profit, and therefore it may not have to pay any corporation tax, and hence it may not be entitled to any refund at all. And since the bonus shares are issued out of the past accumulated reserves, the company may very well choose a year in which it is not going to pay any tax, and it is not going to have any income, and in that year it can issue the bonus shares, and thus go scot-free. In this way, in some cases there may be no tax on the bonus shares at all. I would suggest that the Finance Minister must apply his mind to this loophole and bring forward a suitable amendment to the relevant provision.

In regard to the tax on dividends also, I have a similar criticism to make. Here again it is not a direct tax. The position is that if a company declares dividends above a certain percentage, then it will get less rebate from Government depending on the extent to which tax on dividend is payable. Here again, the company can declare dividend out of the past profits, and in a year in which the company has got heavy depreciation allowances because of expansion programme and so on, the company can easily escape this tax by declaring dividend out of the past accumulated reserves.

Sir, you would recall that in 1946, the then Finance Minister had brought forward a Bill for taxing dividends. But then his scheme was quite different, the scheme was that if a company distributes a certain percentage of its income in a particular year, then the tax should be payable by the company; in other words, the rate of dividend tax in the 1946 Bill which was from two annas to seven annas in the rupee depended upon the part of income which you distributed by way of dividends. But here in this Bill we are having a tax only of two to three annas. That is good, so far as it goes. But in the 1946 Bill, the provision was that if a company distributed from 30 to 40 per cent of the income, the tax payable was 2 annas, from 40 to 45 per cent 3 annas, and from 45 to 50 per cent 4 annas and so on and so forth, going up to a maximum of seven annas in the rupee. There, the rate of dividend tax was related to the percentage of income. But here, we are relating it only to the percentage of capital.

We say that if a company declares a dividend more than 6 per cent but less than 10 per cent of the paid up capital, then it will have to pay an extra 2 annas in the rupee, and if it declares a dividend more than 10 per cent, an extra 3 annas in the rupee. This has no relation to the income of the company. I think under the present scheme, what may happen is this. A company, howsoever prosperous, howsoever big, if it has a small paid up capital, would suffer, and a company howsoever small in size and profit it may be, would benefit, if it has got a big paid up capital. In other words, a company which capitalised its reserves in the past will stand to benefit while a company which did not do so, even though it has a lot of reserves and working capital, would suffer.

My second criticism of the dividend tax is that this tax would not apply to a company whose income is derived from

agriculture. Now, take the case of the tea companies. What are the companies which pay high dividends? I have got with me a report of the Stock Brokers—Messrs. Place, Siddon and Gough. It says that there are tea companies which declare dividend to the extent of 120 per cent, that is, Rs. 120 on every Rs. 100 share in one year. Seventy-five per cent dividend rate is the normal feature. There are many companies which declare 100 per cent dividend in one year. Those are the companies which will go scot-free; they are not going to pay any dividend tax on this income, whereas industrial companies which declare dividends of 10, 15 and 20 per cent would be roped in.

In this connection, it is pertinent to mention here that in a recent case decided by the Supreme Court, it has been held that the dividend income in the hands of a shareholder, even though the profit fund of the company from whom such dividend is received consisted entirely of agricultural income. When it comes to the shareholder, it does not form an agricultural income. I think the Finance Minister should devise ways and means by which even these companies, namely, tea companies, rubber companies and coffee companies, which are declaring 100 per cent, 120 per cent and even 150 per cent dividends are brought in and that dividend is also taxed. Sir, this is a peculiar thing. After all, all these companies are operating in this country. They are all citizens of India in that sense. Why should there be any discrimination between one shareholder and another? I cannot understand it. If for this purpose any amendment is necessary either in the Finance Bill or in the Constitution, for the matter of that, I think we should not be slow to move and bring it about.

Then I would like to say something about the statistics prepared by the Central Board of Revenue. Here I have got a copy of some statistics which are full of figures only, purported to be issued by the Central Board of Revenue, for the year 1954-55. The information given in this publication is so scanty, and I must say, full of so many figures, that one cannot make proper use of it. The public cannot make much use of these figures. Not only this. The other day I asked a question in this House. It was an unstarred question put on the 16th March 1956 and answered on the 4th April 1956, exactly after 20 days. My question was :

“Will the Minister of Finance be pleased to state: (a) the number of companies which claim a rebate of one anna in the rupee on the amount by which the total income (less tax of a company to which section 23A does not apply) exceeds the amount distributed as dividend during the years 1952-53, 1953-54 and 1954-55; and (b) the total amount actually rebated in the above years?”

The answer given by Shri M. C. Shah was:

“(a) and (b). The information is not readily available. It is being collected and will be laid on the Table of the House in due course.”

But, Sir, I find the same information is contained in this publication. Year after year this information is published. But this is how the Finance Ministry functions. Even the persons who prepare these statistics, even the persons who briefly the Minister, do not know whether this information is contained in these statistics or not. (*Interruption*).

I would very strongly recommend and urge that a report on the basis of the report of the Commissioner of Inland Revenue in England must be published here also showing not only the figures but also various changes that have taken place during the year, regarding income-tax administration and all other matters, connected with our revenue department.

Now I would like to make a suggestion, and that is about small investment companies. Since life insurance has been nationalised, I think there is scope for starting genuine small investment companies which can mobilise and mop up the savings of the small man. I do not mean big investment trusts or cartels or companies which are monopolistic or which corner shares, but what I mean is small companies which can mobilise the resources and the savings of the industrial workers and others. These should be started on the lines of the small municipal savings bank and other companies started in Birmingham and elsewhere quite sometime back. Here the idea is that the capital of the company is limited to a certain extent, say Rs. 5 lakhs or Rs. 10 lakhs. That capital is issued every year and the shareholders are permitted to subscribe to them every month out of their wage savings. If that is done, I am sure many such companies can spring up. They can also have

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scope for investment in shares and debentures in the stock market. They would give an impetus to the stock exchange. We must examine this point carefully and must give some tax relief in the form of income and super-tax relief. If that is done, I am sure many companies would come up. If these companies are started, they would mop up the extra money power in the hands of the small factory workers. It would also provide sufficient impetus to our small savings movement, and we would get much more than what we expect by way of small savings. This might act also as an instrument against inflation.

**Shri Tek Chand (Ambala-Simla):** Mr. Speaker, Sir, there are three pivotal problems, on the speedy and successful solution of which rests the welfare of this country. Those three broad problems are: economic progress and development, cohesion and unity at home, and security against possibilities of aggression. The moment that these three problems are solved, Mr. Deputy-  
[MR. DEPUTY-SPEAKER *in the Chair*]

Speaker, the Government will satisfactorily demonstrate its competence and its ability.

Finance has a very important role to play. If it functions with probity, with honesty and with devotion to duty, it is likely to achieve results better. If the administration conducts itself in a manner whereby it retards the progress, the consequences can be very disastrous. Whatever taxes you may impose, if the machinery to carry out your policy is not doing its duty as it should, your objects can be achieved only partially. Therefore, I desire to invite the attention of the hon. Deputy Minister, who happens to be present, to some of the crying problems within his Ministry which should engage the attention of the Government.

So far as the administrative machinery in realising taxation is concerned, I find that it is not properly equipped with adequate knowledge of the income-tax laws and the income-tax rules, and what is more, on the side of public relations, it is lacking in vision, to a material degree. An income-tax officer, from the point of view of the assessee, is a bogeyman who scares them, who alarms them, who treats them as suspects and who successfully antagonises them. He may have a few of his pampered pets who take advantage of him and of his friends. The Minister should realise that

there is hardly an income-tax region and, on the lower rungs, hardly an income-tax officer who has not got his favourites. Some escape easily and other are subjected, in a most heartless and cruel manner, to a scrutiny which is almost inquisitorial. So far as their knowledge of income-tax law is concerned, so far as their training is concerned, there is a lot to be said about it. It may be that you have a dearth of staff; it may be that you have not got sufficient trained personnel, but it is regrettable that probationers of a year are put in charge of assessments without limit.

On the public relations side also, the approach is not psychological. If you treat a person as a suspect the logical result is that he becomes a tax dodger. If you treat him with consideration, with courtesy, and if you give a certain amount of allowance for his ego, his response is more friendly. Therefore, strict instructions should be given to the income-tax staff that the assessee should not be treated as a suspect and the approach of the income-tax officer ought to be that of a guide, that of an expert and that of a friend. He should be in a position to tell the unwary that there are certain permissible deductions and, if they are not aware of them, their ignorance should not be exploited to their disadvantage, but they should be assisted in filling the forms etc. If there are any omissions, he should help them in seeing that those mistakes are not perpetuated. That approach is not there. Therefore, it is extremely important that the tax-collecting agency is placed on a more efficient basis. It is not tax-collecting that is more troublesome; but, what is more painful is tax-dodging. Tax evasion and tax avoidance are very serious problems. There are a very large number of people, who would otherwise be liable to pay, who manage to escape scot-free. Maybe that they manage to grease the palm of some who matter; maybe that they are too shrewd and exploit the ignorance or want of knowledge on the part of the income-tax staff; maybe for different reasons. But, it is of the utmost importance that you should not only be imposing taxes, but you should also, in the realisation of the taxes, see that there is as little of tax evasion as possible.

This leads me to other problems, problems relating to services and administration. No doubt, hon. Members in this House are almost bored to distraction when somebody talks of corruption that is prevailing, and it is not

to that aspect of it that I want to invite the attention of Government. I am not going, on this occasion, to stigmatise so much the corrupt officers as the impropriety of the laws which are being passed, whereby a corrupt officer gets a certain impetus, whereby we, by passing certain laws, are creating difficulties and obstacles in the way of the Government in catching such people who bleed the citizens white.

I had an occasion to pay close attention to a well known Act, the Prevention of Corruption Act, 1947, the ostensible object of which was that it should assist in the speedy prevention of corruption and those who are found guilty of corruption should be caught and receive sentences, because there have been a large number of cases where corruption was rampant but the corrupt officers could not be caught or convicted. I am glad that my hon. friend, Shri Datar is here. I wish to present for his close examination, section 5 of the Act, which lays down penalties for what is known as criminal misconduct and the offences where gratification is received by a public servant etc. But, what the law requires is, 'if he habitually accepts or obtains or agrees to accept gratification as a motive or reward...'. What hurts me is the insertion of the adverb 'habitually'. In short, what the Act tells the corrupt officer is: 'If you occasionally accept bribe now and then, we won't harm you, we are not going to trouble you; but, if you make a habit of it'—it is the habitual acceptance and not the occasional acceptance—'it will lead to drastic results; it will lead to your conviction'. It is no use denying the fact. One has to see some of the judgments in decided cases where people have been acquitted on the defence that it was a stray case of acceptance and not of habit, and no habit had been made out. Not only in (a) but also in (b) of section 5, the same condition is there, that is of habitual acceptance. I could even make a present of the decided cases in this country, cases decided by various High Courts, where this expression has been interpreted in the only manner in which it could logically have been interpreted and whereby a very large number of people escaped conviction simply because the defence was that it was an occasional acceptance and not habitual acceptance. (*Interruption*). Therefore, it is very necessary that we do some proper investigation whereby we should see that the various cogs in the machinery which clogs efficient ad-

ministration are removed. Maybe it is because of the inefficiency of the men who man it; maybe, because of their corrupt propensities; maybe because of the inadequacy or inappropriateness of our laws that they pursue their old and ancient trade. It is better that something was done about it.

Apart from corruption, there is another matter. Civil servants require a certain change in their psychological approach. Scoffers used to poke fun at the initials, I.C.S. at one time. They used to say that they are neither Indian in outlook, nor civil in their department nor service-minded. Happily, those things are not there, not to the same acuteness, but, nevertheless, the stiff approach is there. If you have the effrontery to go and approach them, they are class-conscious, and they are a little officious. That officiousness is rather of a forbidding nature and the result is that there is a very considerable hiatus, a considerable gulf, between the officers who, I said, are invariably officious, and the people whom they purport to serve. That attitude is there and that is to be deprecated more so now because of the very large recruitment among the Government servants who are going to be entrusted with very high, very desirable, very onerous duties which they have to discharge in the interests of the citizens. It would be extremely desirable if frequently some sort of a corrective or some sort of a directive on these lines is circulated.

The hon. Speaker, a short while ago this morning, was pleased to permit us to advert to the administration of law. I may avail myself of this opportunity to make my comments. On this question I have had on more than one occasion to allude to and my hon. friend, Sehri Datar, is a ware of it. We are harnessing science to various services, more so when it comes to medical science, industry, engineering, etc., but we have not so far harnessed science to the service of criminal prosecution. The method of criminal investigation leaves much to be desired. The time is gone when you can rely upon confessions to secure conviction of the guilty or the suspects or otherwise upon retracted confessions or upon third-degree methods. Crime is a very serious menace to the smooth functioning of the administration and, therefore, at the earliest opportunity I would hail an announcement, if there be one, that we are going to have proper scientific laboratories

[Shri Tek Chand] where we are going to train proper detectives on scientific systems for crime detection, where there are going to be real, genuine, not fake, experts in every branch of criminal investigation, that we are going to equip our police stations with jeeps fitted with telephones and where we may be having lots of trained persons, who are loosely called "walkie-talkiemens", that is, who carry on their person wireless telephones. You will find lately that there have been a series of serious dacoities in several States. If your investigating agency and preventive agency were scientifically equipped, some of those crimes that we witness today would not be there. You must keep pace in ingenuity with the law breaker; your speed should be faster than the imagination of the law breaker, and that you can do only if you have properly trained staff, who have been properly coached, in detective science. There is one aspect upon which I may take a few minutes that are left.

**Mr. Deputy-Speaker:** You have got only one minute at your disposal and the rest you have already exhausted.

**Shri Tek Chand:** Whatever your magnanimity or generosity impelies, I will avail myself of that. With regard to technical education, out of a thousand non-technical graduates that our institutions produce, we have hardly ten educated technical men. Technical education is absolutely necessary. We must have an army of technically trained personnel more so in engineering. Therefore, it is desirable that the Education Ministry, instead of running all sorts of polytechnics where inferior type of technical education is being given, should spend the same amount of money in providing chairs in Universities for the imparting of education in various branches of engineering. Whether it is architecture or civil engineering or electrical engineering, it should be entrusted to the Universities and under the guidance and leadership of men of real education, and not to third class graduates as we very often see in our institutions. It is very necessary and you will find that there is in our country a real paucity of engineering institutions. More so, since India is changing out of all shape and form; architecture seems to be absolutely neglected, and we want architectural education and the people trained in architecture who should be able not only to give us new urban houses and village houses but also other insitutions whereby India

should not be said to be a land where there are ugly hamlets and squalid buildings. In this particular branch, I would counsel the Government and the Ministry of Education that they should see to it that education of a very high order in technical subjects is entrusted and is placed in the hands of men who are very well up in the particular line, in the particular science, and that mountebanks ought not to be allowed to masquerade as learned people.

**Mr. Deputy-Speaker:** Before I call upon Shri Vallatharas, I would seek the permission of the House, though the authority is already there, whether I should enforce this time-limit very strictly because other people are being pushed out. I find that some Members take longer time though the bells are rung. I would request all Members who are on the legs that they should confine themselves to 15 minutes and no more.

**Shri Vallatharas (Pudukkottai):** During the last three years, we have been accustomed to a sort of budgeting by whatever name it is called, in which we are finding great strains to find money for financing our developments and also meeting the exigencies and contingencies that arise out of our foreign relations. The present age is a very critical period. I am not very particular in saying that a certain percentage of tax should be imposed. I am very much satisfied with the way in which the taxation is being calculated and imposed. There may be some difference. Our business is not so much as to pin-prick these things, but the greater part of it is that there is a tendency on the part of the budgeting persons that if production on a statistical basis is found to be on a large scale, it would ensure the prosperity of the country. That may be true to a certain extent, but that is not the only criterion. My general experience is this. Without too much of technicalities, I have seen days when in this country a bag of 50 measures of paddy was sold at Rs. 3. Last year we had it at Rs. 13, and this time, during the last fortnight, in Madras, we saw that the price has risen up to Rs. 16. The price of gingely oil has gone up by 40 per cent. So also the prices of foodstuffs and necessities of life, which go to make up the cost of living of the individual, have risen in such a manner that the Government are not very serious about it. We may produce, we may trade and we may derive income, but on the other hand, the plight of the common man in the country, in the rural parts, is very pitiable,

and especially in the Madras State. I should say that Madras State is the sick man of India; out of the 20 and odd States Madras State is the worst sufferer, the weakest and the most indifferently treated part of the country. The State Government also is much to blame. I see total inefficiency being exhibited there prominently, which is now developing into chronic. But it is the business of the Central Government to see that it is removed. So far as the Central Government is concerned, the announcement of the Budget, the subsequent utterances of the Prime Minister, the leakage of the Budget and all those things have created an atmosphere in which the poor man has been hit very hard.

2 P.M.

They say the national income has increased. How has it helped the poor man? In some countries it has doubled or almost doubled. India is a country where the national income has just begun to rise. It is a wrong type of principle enumerated by the Taxation Enquiry Commission that a large section of the population has got resources to be taxed. It is very pitiable. The report of that Commission has not been placed before the House. We would have been benefited and the Government also would have been benefited by receiving the opinions of the hon. Members, if there had been a discussion. As it is, Government reserve to themselves the right of interpretation of the recommendations. Whenever it suits them, they will simply say that it is recommended by the Commission. 99 per cent of the people in our country do not pay income-tax. That does not mean that all are to be taxed. On the other hand, it means that they have not got sufficient income and that they should not be taxed. When we compare ourselves with UK or USA or other countries, our population, 99 per cent, is devoid of fair wages and so it could not be made to pay income-tax. So, we shall have to seriously consider the improvement in the matter of purchasing capacity of the rural population and also increased production. The two should be bridged. It shall be the policy. The production in the industrial sphere, production in the rural parts as well as the purchasing capacity of the rural people should be immensely developed. But for that, I will have to envisage a very dark future for this country.

So far as the financial policies and so many other things are concerned, I will put it in a nutshell. What the Government enthusiastically states and speaks and does—they are sometimes adverse and prejudicial to our interests in the peninsular part of the country. After these four years, we in the south feel that we have not been treated fairly. I do not attribute *mala fides* but the *bona fides* which they build are such that they are *mala fides* to us. I suggest that Government must set up an independent non-official committee to make an urgent investigation of the existing state of affairs in the Madras State and the Travancore-Cochin State. I do not want to talk about Andhra because they have got an enthusiasm by which they will seek their own way. If that is not done, it may spell chaos. I do not want to forecast but I may say that it is a very serious situation. In 1953, April or May, Shri T. T. Krishnamachari went to certain famine-stricken areas there and he visited those areas. He had given a first class report. I wrote to six Ministries as to what they have done with it but they say that they have no information about it. That is how they function.

The Finance Ministry is assuming a greater importance and its policy should be such, at least from this moment, to work on our behalf. When one limb is weak, greater attention must be paid to it. In respect of the backward classes, there is a total omission of appreciation. I sympathise with all that should be done for Harijans and tribal people. But, we have got an equally numerically strong section of backward class population in the south. In appointments, education, etc. they have no representation.

There is the report of the Backward Classes Commission but it is not coming up. Under the lure of the promises in the report, they have suffered very much in the Madras State; they have suffered irreparable injuries. In the north, the quantum of backward classes population is not so much; in the south, nearly 65 per cent of the people are backward. Side by side with your energetic and enthusiastic support for Harijans and other classes, the backward classes should also be taken into consideration. Otherwise, it is going to tell upon the welfare of this country.

Another aspect is our domestic happiness; it is the primary thing. There is no doubt that we have got a dynamic policy to suit modern tendencies so that we may be on a par with other nations.

[Shri Vallatharas]  
of the world. But we are placed in a very uncertain position. There is Pakistan; there are other military pacts. They decide the whole trend of trade, commercial relations, national developments, national income and all these things. They may have a different set-up for good or bad.

As for as the kind of relation that exists between our country and certain others, we are not responsible for that. Those things loom large. The Russians are of course our friendly powers. Now, in the context of things, we will have to see what benefit will be served by our remaining in the Commonwealth, either materially or politically. Canada, USA, UK and Australia—all have come out during the last two or three weeks or so with open statements which we do not like. USSR has completed five five-year plans; it is now in the sixth. The whole of the western world was ignorant of its resulting significance. It is about its military strength alone that the USA was very careful. During the recent days, the eminent personalities of USSR visited Asia. They have said that they could supply goods to the countries outside at a cheap price. They have got engineering and technical personalities and they have got so many experts in thousand—I should say in lakhs. During these six five-year plans their technicians have so developed in number and efficiency that the western countries feel that they are miles behind and so their trade has become costly and they are not able to supply cheap goods. We in India think this way. So many others also feel so. Whichever country supplies us cheap goods, we will purchase from them. We will receive aid from anybody without strings. Now, I feel that we are a bit backward than the present Ceylon. Recently, two or three days ago, they suspected or distrusted the situation in which it was placed in the Commonwealth. Regionally, therefore, we will have to form ourselves into groups hereafter with a definite programme of mutual aid so that we can, in our own cultural way, improve our relations. We need not be bound to the Commonwealth which came in under different circumstances. In the present situation, I would submit that we will have seriously to consider whether, within the limited resources of the regional nations here, Asian African nations—we should not have a formula for aids instead of hanging upon others. Six months before, if you say 'Russia' you

may be looked upon with a prejudiced eye. Today it is not so. But the Western powers look at this with suspicion and they say that there is Russian inflation. We are not fools. We know on whom to rely and on whom not to rely. Our financial policy is chiefly based upon international trade, commerce, etc. The production here should be recast in such a manner that all available sensible connection should be maintained and the other connections with the western nations should be analysed and brought on line with the others.

There is one more thing about which I want to say a few words. The hon. Finance Minister has not referred to the dues outstanding or the balance amount which must be paid to us by the Pakistan Government. Two years before, he had said openly that Rs. 9 crores per year would be expected by him to be recovered from Pakistan. Not a single pie has been recovered so far and in this year's Budget there is no reference at all to the dues outstanding against Pakistan.

In regard to Indus Valley Basin, the payments due to us for supply of water has not been made and there are arrears amounting to Rs. 1.75 crores. I would like to know why no effort has been taken to state openly in this House the circumstances that had led to the non-payment of that amount by Pakistan or the non-realisation of that amount by us. It should have also been stated whether such amounts have to be accounted for while calculating our welfare and financial strength.

Another thing that I want to submit is with regard to the rice that is going to be purchased from Burma. The last experiment of purchasing rice from Burma, apart from our friendly relations with Burma and our sincere desire to help Burma in any manner, has shown that purchases were made at rather very high prices, and when the quantities were brought to this country they had become rotten in the Calcutta dock. Now what I would submit is that a non-official committee must be set up to analyse as to how rice is to be purchased, at what price and, as soon as it is received here, how it should be distributed. Further, unless the proposed import of foodstuffs to the extent of two million tons is done immediately and that foodstuff is distributed throughout the country, the spiral of inflation will grow to a great extent and it will have a bad reaction on our people.



श्री टंडन (जि. इलाहाबाद-पश्चिम): उपाध्यक्ष महोदय, मैं इस बंधे हमें समय में कुछ गिनी हुई बातें ही निवेदन करूंगा।

सब से पहले मुझे यह कहना है कि हमारा जितना आर्थिक क्रम चल रहा है जिस के लिए कि यह विधेयक यहां उपस्थित किया गया है उस सब में जो समाज सामने रखा गया है वह अधिकतर शहर का है। हम जितनी बातें करते हैं संपत्ति बनाने की और प्रबन्ध की और शिक्षा की, पठन पाठन की, उद्योग सम्बन्धी शिक्षा की, अर्थात् जिस पर भी हम विचार करते हैं उसमें मुझे ऐसा लगता है कि हमारे देहात के लोगों की और पयोपत ध्यान नहीं दिया जाता है। देहात की आर्थिक समस्या हम हल करें इस की और, मुझे ऐसा लगता है, हमारी गवर्नमेंट का ध्यान बहुत ही कम रहा है। कहने को तो कहा जाता है कई योजनायें बनायी गयी हैं और इन सब का सम्बन्ध गांवों से ही है। लेकिन मैं आपसे कहता हूँ कि आप गांव में जा कर धूमिये, उनको देखिये, आपको चारों ओर दरिद्रता और बकारी ही नजर आयेगी जो बढ़ गई है और बढ़ती जा रही है। मैं पहले भी निवेदन कर चुका हूँ कि हमारा ध्यान उधर होना चाहिये, हमारे रूपये का एक अच्छा भाग, उस रूपये का जो हम व्यय कर रहे हैं, गांवों की दशा सुधारने में लगना चाहिए। गांवों में जो कुटुम्ब हैं उनको हम भूमि दें यह बहुत आवश्यक है। हमें चाहिये कि उनके स्वास्थ्य को अच्छा रखने के लिए तथा उनकी उन्नति करने के लिए हम प्रत्येक परिवार के लिए कुछ न कुछ भूमि अलग रखें और उनको घर बनाने में मदद दें। आपने कुछ करोड़ रूपये घर बनाने के लिए रखे हैं लेकिन मैं समझता हूँ वह बहुत थोड़े हैं। आप को चाहिये था कि आप बहुत अधिक रूपया इस काम के लिए रखते आपको यह भी चाहिए था कि आप देहातियों को घर बनाने में सुविधा देते।

अभी हमारे एक भाई ने चर्खे की चर्चा की। उन्होंने अम्बर चर्खे की भी इस सम्बन्ध में की और उसकी हंसी भी उड़ायी। मुझ को उनकी बात सुन कर बहुत आश्चर्य हुआ। उन्होंने कहा कि कौन पड़ा लिखा आदमी चर्खा चला कर अपनी जीविका कमायेगा। मुझे ऐसा लगता है कि उनको पडे लिखे आदमियों की अधिक चिंता है और जो बेपनाहा आदमी देहात में रहता है, वह किस तरह से अपनी जीविका चलाता है, इसकी और उसका ध्यान नहीं गया। उन्होंने यह तो कहा कि मैं भी खट्टर पहने हुए हूँ। परन्तु इस

तरह की बात भी कही कि चर्खे से क्या लाभ होगा और कितना थोड़ा पैसा मिलेगा उनके खट्टर पहनने से क्या लाभ हुआ। . . . . .

श्री बी० जी० देसायेंडे (गुना) : डिप्लिन्ड (अनुशासन) में रहकर पहनते हैं।

श्री टंडन : उससे तो ऐसा मालूम होता है कि उनका खट्टर में कोई विश्वास नहीं है, खट्टर के आर्थिक शास्त्र में विश्वास नहीं है। हम लोगों को उसके शास्त्र में विश्वास है, गांधीजी को भी इस शास्त्र में बहुत विश्वास था। मैं यह कभी नहीं कहता कि जिस में गांधीजी का विश्वास था उसमें हमारा विश्वास भी होना ही चाहिए। लेकिन यह मैं निश्चय के साथ कहता हूँ कि एज्युकेटेड अनएम्पलायड (शिक्षित बेकारी) की समस्या जो अपने सामने घरी है और आप जिसे अपन ढंग से हल करना चाहते हैं वह उस तरह हल नहीं होगी मेरा विश्वास है कि चर्खे के द्वारा, चर्खे के प्रबन्ध के द्वारा और अम्बर चर्खे के द्वारा यह समस्या बहुत हद तक हल हो जायेगी। यदि आपका मतलब एज्युकेटेड अनएम्पलायड (शिक्षित बेकारी) की चर्चा से यह है कि सी सी डेड डेड सौ, तीन तीन सौ और चार चार सौ रूपये की नौकरियां उनको देनी हैं तो मैं समझता हूँ चर्खा वह नहीं कर सकता। परन्तु करोड़ों की संख्या में हमारे यहां जो लोग हैं उनका ध्यान करके ही गांधीजी ने ठीक बात कही थी, मैं इसे उनकी प्रतिभा कहता हूँ, उनकी बड़ी अच्छी सूझ कहता हूँ। जो हमारे यहां गिरी अक्लियां हैं, उनके लिए उन्होंने चर्खा लाकर रख दिया और आज उसमें जो उन्नति ही रही है, उस उन्नति को देखते हुए हम लोगों को आशा है कि इस चर्खे द्वारा हम गांवों की समस्यायें बहुत कुछ हल कर लेंगे। चर्खे और खादी के प्रचारकों का यह दावा है कि अम्बर चर्खा ७०-८० लाख आदमियों को जीविका दे सकेगा मैं इसे कोई छोटी सी बात नहीं मानता हूँ। मेरा अनुमान है कि जैसे जैसे हम प्रयोग करंगे वैसे वैसे इससे भी अधिक आदमियों को इसको द्वारा जीविका देने में हम सफल हो सकेंगे।

अब मैं एक दूसरी बात की और बहता हूँ। कुछ दिन हुए मैंने यहां पर रिक्शाचालकों के बारे में चर्चा की थी। मेरा निवेदन यह है कि हमें ऐसी बातों को देखना चाहिए कि कहां कहां हम लोगों को काम पर लगा सकते हैं। कहां कहां के काम से लोगों को भ्रलग किया जा सकता है, इसे तो अग्नेजी ने बहुत किया। भ्रलग करना आज भी आसान है। आप जितना भी यांत्रिक क्रम

[श्री टंडन]

बढ़ावेंगे, जहां जहां बढ़ावेंगे वहां वहां यंत्र मनुष्य को अलग कर देगा। अगर आप अमरीका और यूरोप की नकल करना चाहते हैं तो आप कर सकते हैं। परन्तु हमारे यहां प्रश्न यह है कि हम किस प्रकार से आदमियों की काम पर लगायें, तथा किस प्रकार से बेकारी को दूर करें। मेरा निवेदन है कि उत्पादन बढ़ाने की अपेक्षा यह अधिक बड़ी समस्या है। अगर बेकारी दूर होगी तो उत्पादन आप ने आप बढ़ेगा। परन्तु हमारे भाई उत्पादन पर ज्यादा जोर देते हैं। प्रोडक्शन, प्रोडक्शन चिल्लाते हैं, और जब वे इस तरह से चिल्लाते हैं तो मिलें उनके सामने होती हैं, क्योंकि वे तेजी से प्रोडक्शन (उत्पादन) कर सकती हैं। यह बहुत छोटी बात है एक ग्रीण बात है। प्रोडक्शन (उत्पादन) हो या न हो, लेकिन बेकारी अवश्य दूर होनी चाहिये। हर एक आदमी को खाना तथा कपड़ा मिले यह मुख्य बात है। कहा जाता है कि आप २० गज हर आदमी को देना चाहते हैं। लेकिन जब आप २० गज की बात करते हैं तो आपका ध्यान गांवों की तरफ नहीं होता है जहां लोग बेकार हैं। आप यह चाहते हैं कि आपको ५०, १००, २००, और ४०० गज मिले और फिर औसत जा कर २० गज पड़े। आप यह चाहते हैं कि आपके पास तह की तह कपड़ों की हो, आपकी कीबियों के पास बहुत सी सादियां हों। गांव वाला फिर भी नंगा ही रहेगा। मैं इसे अशुद्ध और असत्य बात मानता हूँ। हमारे सामने अर्थ शास्त्र रखा जाता है। प्रश्न यह है कि प्रोडक्शन (उत्पादन) बढ़े या न बढ़े लेकिन बेकारी दूर हो। जब बेकारी दूर होगी तो प्रोडक्शन (उत्पादन) आप से आप पीछे पीछे चलेगा। प्रोडक्शन (उत्पादन) पीछे चले, यह मुख्य बात है। उत्पत्ति पीछे हो, बेकारी की समस्या पहले हल हो। सरकार की ओर से रिक्षा रोकने का प्रश्न छिड़ा तो मैं चकित हो गया। मेरे उस विषय पर भाषण के बाद अश्रम मंत्रालय ने मेरे पास कुछ कागज भेजे हैं और मैं देखता हूँ कि उन कागजों में एक विशेष दलील दी गयी है। वह इस प्रकार है :

"The fundamental fact should not be overlooked—that this type of labour is a degradation of human personality".

बस यह दलील है, और उसमें अन्त में सुझाव दिया गया है :

"The rickshaw-puller of today may be enabled to become a motor rickshaw driver of tomorrow".

उस रिपोर्ट में यह सुझाव दिया गया है कि हाथ से चलाने वाला रिक्षा समाप्त किया जाये ताकि मोटर रिक्षा का प्रयोग हो सके। मुझे यह बिल्कुल उल्टी अकल दिखाई देती है। मैं इसको बिगडो हूँ अकल कहता हूँ। मैं कहता हूँ कि बन्द करो मोटर को और अरबों रूपया जो मोटर पर व्यय होता है उसको मनुष्यों को दो ता कि उनको अधिक रोजगार मिल सके। मेरा विश्वास है कि जिस तरह से चरखा ८० या ९० लाख आदमियों को जीविका दे सकता है उसी तरह यह हाथ से चलने वाला रिक्षा ५०-६० लाख आदमियों को जीविका दे सकता है।

**Shri Velayudhan** (Quilon cum Mavelikkara—Reserved—Sch. Castes): There is no need of rickshaw then. Why cannot you walk? Let us remove all our vehicles.

श्री टंडन: कुछ लोग चल सकते हैं लेकिन बच्च हैं स्त्रियां हैं, वृद्ध हैं, रोगी हैं जिनको सवारी की आवश्यकता पड़ती है। आज जापान में कितने रिक्षा चल रहे हैं। मतलब यह कि यह "डिप्रेशन आफ ह्यूमन परसोनेलिटी" (माननीय व्यक्तित्व का न्हास) की दलील बिल्कुल वाहियात है। हम देखते हैं ऊंची दृष्टि से शहरो की दृष्टि से बड़े बड़े लोगों की दृष्टि से यह ध्यान नहीं है कि यदि यह काम नहीं होगा तो वह आदमी क्या करेगा। मैं ने उस रोज बतलाया था कि जब एक आदमी ने "डिप्रेशन आफ ह्यूमन परसोनेलिटी" की दलील देकर रिक्षा पर बैठने से इन्कार किया तो उससे रिक्षा वाले ने कहा कि पहले आप हमको जहर दीजिये रिक्षा बन्द करने को दलील देने वाले ऐसी बात करते हैं जो व्यावहारिक नहीं है।

अभी तक शिक्षा उपमंत्री हमारे डा० श्रीमाली यहां बैठे थे। अब मुझे दिखाई नहीं देते।

श्री रघुनाथ सिंह (जिला बनारस—मध्य) : आपको देखकर भाग गये।

श्री टंडन : मैं उनसे कुछ निवेदन करना चाहता था। उन्होंने उस दिन अंकों के बारे में कुछ दलील दी थी। उनकी दलील इस प्रकार थी कि जो आज का संविधान है उसमें यह है कि जब तक कि प्रेसीडेंट आज्ञा नहीं देते तब तक हिन्दी लिखने में हमें अंग्रेजी न्यूमरल्स का प्रयोग करना चाहिए। यह उन्होंने इस प्रश्न का वैधानिक रूप बताया। मेरे सामने उनका भाषण है। उनकी दलील इस प्रकार है :

"Keeping in view the clear provisions of the Constitution and the interpretation given by the Law Ministry in 1952, the use of the Devanagari form of numerals for

any official purpose either in the Centre or in the States is unconstitutional so long as the President does not issue a special order to this effect".

बहुत अजीब सी बात है। उत्तर प्रदेश में जितना राज्य का काम हिन्दी में होता है सब नागरी अंकों में होता है। वहाँ कोई अंग्रेजी अंकों को नहीं छूता डा० श्रीमाली की इस दलील के अनुसार उत्तर प्रदेश सरकार का सारा काम अनकांस्टीट्यूशनल है क्योंकि वहाँ हिन्दी नागरी अंकों के साथ लिखी जाती है।

अभी हमारा वित्त मंत्री जीने पोथे के पोथे हमारे सामने रखे जो हिन्दी में हैं और उनमें अंक नागरी के हैं। यह भूलना नहीं चाहिए। रेलवे मंत्री ने भी पहले बड़े बड़े पोथे हमारे सामने रखे जो हिन्दी में थे और उनमें अंक भी नागरी के थे। अभी हाल में फिर रेलवे मंत्री ने एक हजार डेढ़ हजार पन्नों की हिन्दी पुस्तक हमारे सामने रखी है। उसमें भी नागरी अंक हैं। श्रीमाली जी की दलील के अनुसार और सन १९५२ में विधि मंत्रालय ने जो राय दी थी उसके अनुसार यह सब का सब काम भ्रवैधानिक (अनकांस्टीट्यूशनल) है। फाइनेंस मिनिस्ट्री (वित्त मंत्रालय) रेलवे मिनिस्ट्री (रेलवे मंत्रालय) और एक्सटर्नल एफेअर्स मिनिस्ट्री (विदेश मंत्रालय) की रिपोर्टों में नागरी अंकों का प्रयोग होता है सिवाय एजुकेशन मिनिस्ट्री (शिक्षा मंत्रालय) और होम मिनिस्ट्री (गृह मंत्रालय) के और मिनिस्ट्रियों (मंत्रालय) की रिपोर्टों में नागरी अंकों का प्रयोग होता है। तो क्या ये सब के सब मूर्ख हैं जान बूझ कर कांस्टीट्यूशन की अवहेलना कर रहे हैं :

श्री धार० एन० सिंह (जिला गाजीपुर—पूर्व व जिला बलिया—दक्षिण-पश्चिम): पहली ही बात सही है।

श्री टंडन : यह दोनों बातें गलत हैं। वे सब समझ वाले हैं। कोई कांस्टीट्यूशन संविधान की अवहेलना नहीं कर रहा है। लेकिन अगर हमारे डा० श्रीमाली यह कहते हैं कि इन्होंने संविधान की अवहेलना की है तो वे प्रेसिडेंट राष्ट्रपति से लिख कर पूछ लें कि यह उनकी अनुमति से काम किया गया है या उनकी अनुमति के बिना किया गया है। ऐसा करना बहुत आसान है। मैं तो समझता हूँ कि मिनिस्ट्रीज (मंत्रालय) प्रेसिडेंट और गवर्नर के नाम पर काम करते रहते हैं। लेकिन अगर डा० श्रीमाली समझते हैं कि इस काम के लिए प्रेसिडेंट को खुद कहना चाहिए था तो वह उनसे लिखकर पूछ सकते हैं। केन्द्रीय

सरकार में जो इस प्रकार का काम हो रहा है मैं उसको ठीक मानता हूँ। ला मिनिस्ट्री (विधि मंत्रालय) ने सन १९५२ में एक राय दी थी लेकिन जैसा कि डा० श्रीमालीने बतलाया उसने अब अपनी राय बदल दी है और कैबिनेट ने इस मामले में यह तै कर दिया है कि चाहे कोई अंक प्रयुक्त किये जा सकते हैं। परन्तु यदि प्रेसिडेंट की आज्ञा की आवश्यकता है तो मेरा सुझाव है कि तत्परता के साथ उस आज्ञा को मंगवा लिया जाये क्योंकि टाइपरायटर (टंकण यंत्र) का प्रश्न हमारे सामने है। मेरा कहना है कि टंकण यंत्रों में नागरी अंक होने चाहिए। लेकिन अगर शिक्षा मंत्रालय इसमें सन्देह है तो वे प्रेसिडेंट से इस बात का हवाला देकर निश्चय करा लें।

Shri S. C. Deb (Cachar-Lushai Hills): I thank you for the opportunity given to me to speak on this Bill. I was trying for several days to take part in the debate on General Budget & the Finance Bill. I would crave the indulgence of the House, if I take some time on the problems of my State in the course of my speech.

I support the Finance Bill and congratulate the Finance Minister for his able piloting of our country's finances. I have faith in him and I say that the fate of the common man will be safe in his hands. I do not like to say much about taxation policy. My only appeal to the Finance Minister is, firstly, parity should be maintained between low income group and high income group and secondly, small-scale and cottage industries will find suitable opportunities to develop along with large scale industries either in the public sector or private sector so that unemployment and under-employment problems may be solved to a large extent.

Now, I would like to draw the attention of the Government to some border problems and public security. I crave the indulgence of the House to place before it some problems that are growing in severity in some parts of the country. Because of the attitude of the Pakistan Government, the question of border security has come to the forefront. Our border is not fully demarcated so far as land border or water border is concerned. Though it is a small thing, we do not know whether Cachar Tibu Island which lies between India and Ceylon is ours or not. When we do not know the border, how can we take effective measures for border security? We know that some measures have

[Shri S. C. Deb]

been taken recently by the Government. One is declaration by the President describing our water territory up to six miles from the coast and the second is asking Pakistan for demarcation of western border on the line of the Radcliffe award.

We have so many border troubles in recent times with Pakistan and in these cases Pakistan is the aggressor. Recently our Home Minister made some remarks about the attitude of Pakistan on the occasion of a reception arranged in his honour. The remark runs thus as it appeared in the press:

"Anybody who had the temerity to cast an evil eye on India must mend his ways or be prepared to lose the eye."

At that time, he made an appeal to the people of the Punjab to rise equal to the occasion. I also ask him to issue such an appeal to the people of the other states, West Bengal, Assam and Tripura. He also regretted the attitude of Pakistan for not respecting the Pant-Mirza agreement. We do not know the mind of Pakistan. Another important factor is that Pakistan does not honour its pledges, whether in regard to its political or financial obligations to India. By the recent move of the Pakistan Government, border violations and border incidents are on the increase. Their aggressiveness is growing greater and greater. That country is bent upon doing anti-Indian propaganda and it seems to be devising a plan for creating troubles for India. Here, I would like to draw the attention of our Government to a report in the *Ananda Bazaar Patrika* on 21st March, 1956. With your permission, I am giving the purport of that in English:

"From the last part of January, 1956, propaganda has been carried on by Pakistan in Karimganj and Hailakandi subdivisions and in Katigara police station of Cochar district. Information is that Pakistanis have infiltrated in some parts of Cachar. Some such Pakistani Muslims have been convicted in the court for entering India without passport. It is also reported that some Maulanas from Pakistan are carrying on propaganda work in several parts of Cachar district on the Kashmir issue."

I do not know the veracity of the report. But, if it is true, these are serious things and Government should take note

of them. The situation is taking serious proportions. Some days ago, in reply to my question, the hon. Shri Anil K. Chanda admitted receiving information about infiltration. But, receiving the information will not do. Strong security measures are necessary. Infiltration is there and there have been some convictions due to that.

I would also like to refer to border violations by Pakistan in my part of the country. At Bangabazaar in Cachar district of Assam, there was an attack by Pakistan and firing was resorted to by the Pakistanis. One civil Indian was killed. Though it was repelled and peace was restored, the situation there is not without anxiety. I got a report that there is concentration of Pakistani forces on the Pakistan side bordering Karimganj subdivision. In such border attacks, the Pakistanis make their plans previously and take position and resort to firing to their advantage. On our side, our border police find it difficult to take position and repulse the attack because some of the areas are not easily accessible.

For the security of the area, I offer some concrete suggestions. First our security forces are to be strengthened and adequate security measures are to be adopted. Secondly, along the border of Garo hills, Khasi-Jaintia hills, Cachar and Tripura, road communication should be improved or provided for. Thirdly, for the security of the whole of the North-eastern portion of India, the transport bottle-neck already existing should be removed and immediate attention should be given for better transport facilities in that area. That should be taken on a war footing. Fourthly, for unity and better security, the whole of the North-eastern part of India including Tripura, Manipur and Assam should be integrated into one administrative unit in order to have a better picture of the whole of that area. This is essential if you want effective security of that area. Fifthly I suggest that the hon. Minister for Defence Organisation Shri Tyagi may be asked to visit the East Pakistan border to study the conditions as he is also going to the western border. My next suggestion is this. We have friendly and cordial relations with our neighbour Burma. I humbly suggest to the Government to take the permission of the Burma Government to develop a port for ourselves at or near Rangoon and from Rangoon to create a corridor road by the side of Chindwin river right up to the

Stillwell road touching the Lushai hills, Manipur and Naga hills border and thus develop better communication. It will not only improve the supply position, but it is important for both the countries for security measures. I hope our Government will give serious thought to this and arrive at a decision favouring the idea.

Regarding the influx of the minority community, our Government says that it has done all in its power to move the Pakistan Government so that the latter may take adequate steps for better conditions of living in East Pakistan, but all efforts have failed. This influx is not abating but increasing. In that area, our Government should not create a situation obstructing their coming in, for example, by refusing migration certificates, etc., because there is a political reason behind this influx. Our Prime Minister says that this influx is indirectly connected with the Kashmir issue. In this saturated condition, as there is large scale influx in West Bengal, there is also the same kind of influx in my part of Assam. Adequate measures should be taken for their accommodation in some other place as there is no space there and the supply position is also very meagre.

I now come to the question of floods. Almost every year, because of floods the Assam Link Line of the North-Eastern Railway is affected and consequently there is dislocation of the whole transport system for some months together. Train services are dislocated, and goods do not move to Assam with the result that everything becomes to psyturvy. So, I suggest that the Railway Ministry and the Irrigation and Power Ministry should chalk out a plan to check the situation. Collection of data for the study of the rain gauge in the Himalayan region will not do. In collaboration with the Nepal and Bhootan Governments, some concrete plan should be prepared for the construction of water barrage, just as has been done for the river Kosi, in the upper regions of the rivers Tista, Iye and other virulent types of rivers which flow from the high hills. Also, a sum of Rs. 10 crores at least should be immediately given to the Railway Ministry to construct an alternate rail route for the flood-affected area.

I come from a plantation area also. Much has been said in this House about the labour problems. I come from an area where tea plantation labour population is a good part of the total population. Their problems are generally ade-

quately dealt with by the INTUC, but when there is a crisis, the situation becomes serious. There are many problems, regarding tea labour and besides that there is general deterioration in the industry as a whole. The different provisions of the Plantation Labour Act still await implementation, though the Act has been passed some years back. Where there is an appreciable increase in production, fair and higher wages for labour are crying needs. Our plantation labour deserves due consideration by the employers in that direction. Our Government should see that the employers have that frame of mind. Greater participation in the production by labour requires the fulfilment of the demand of labour for higher wages.

**Shri Velayudhan:** I am very glad to speak on the Finance Bill, because I had made some suggestions when I spoke on the Budget earlier. After the Finance Minister introduced his Budget here, he had ample opportunities to know the reaction in the country regarding his Budget proposals and it was our hope that as a reflection of those reactions, there would be some innovations or changes in the proposals. But, to our great surprise, there has been no innovation or change in the taxation proposals given out during his Budget speech.

I am not much interested in the taxation proposals relating to companies or corporations; but, I am very much interested in the tax on consumer articles which are essentially used by the common man, like soap, cloth or even oil. Some tax on non-essential oils was also mentioned. I thought that these taxes would be reduced and there would be some relief for the common man, resulting in greater co-operation for the public for the nation-building activities of the Government. The Finance Minister wants to reduce the disparity between the rich and the poor, but he is trying to equalise the taxes on all the classes, with the result that common people, the majority people in the country, are the sufferers. This has been the nature of Central finance from the very beginning. Central finance is only a part of the finance of the country, because we have another aspect, called the State finance. I should say that the State finance has more control in the people's economic life than the Central finance.

I do not know what is the main principle behind the taxation policy of the Government. It was based mostly on a confused economic approach and it had

[Shri Velayudhan]

no relation to the objective that was being given out by the framers of the Five Year Plans. What is the actual economic situation in the country which is reflected through the economic policy of the Government? Everywhere there is tomtomming of the achievements of the Government under the first Five Year Plan, but the prices of the essential commodities have risen in the country and the common man is more and more under the grip and oppression of an economic system which it is very difficult to resist, unless some remedial measures are suggested by the Government or by the people themselves. That is the position today. I read a Press report today regarding the price of rice in Tamil Nad in the Madras State. The Chief Minister has stated that the price of paddy and rice has gone up 100 per cent. more than what it was a fortnight or a month ago. This is the position with regard to every commodity or food-stuff in the country. I do not know what remedy the Finance Minister has got for this.

I now come to another important factor, namely, the unemployment problem in the country. The more we plan, the more we spend and the more we develop our industries, the more is the unemployment in our society today. I think there is something fundamentally and basically wrong with the economic approach of the Government.

**Pandit K. C. Sharma** (Meerut Distt. —South): That is because you produce more children.

**Shri Velayudhan:** Of course, I am producing more children, because I think India can have more children if my hon. friend who is now supporting the Government will come out with a realistic economy, a kind of revolutionary economy, for the country.

**Mr. Deputy-Speaker:** The hon. Member should not go far away from the subject in his search for more children.

**Shri Velayudhan:** My humble opinion is that the Government has had no fixed financial policy behind it; the whole policy was based on, I think, certain sentiments and emotions and at the same time the Government was trying to keep up the social order of the country. So, there was a contradiction in the approach and confusion was the result. The Government has spent much for the development of the country, but at the same time, there is a kind of reaction which is against

the hopes of the planners. The result is that we are living in a confused state, and it looks as if we are standing on the edge of a precipice.

My own feeling is that the economic policy of Government is based on what is obtaining in the Western economy. I am afraid the economic theory of the London School of Economics does not have any bearing on the economic situation in our country. I know that most of the planners and experts with the Government of India were the students or theorists who were produced by the London School of Economics. That is why when they plan for the future of this country, we find that their plan does not have any bearing on the realities in the country.

If Government want to build a socialist State in our country, then they should try to build up from the bottom. But what we find is that they are building up from the top, with the result that there is a top-heavy concentration of economic power, which in course of time may develop into a dangerous pattern of controlling power in the hands of Government. When that is the position, I am very much doubtful whether they will be able to establish a real socialist State at all in our country.

I now come to the Home Ministry, on which we had a discussion only the other day. When the Home Minister was speaking, I thought he would give a lead to the country so far as the domestic policy was concerned. But I am sorry to find that no reference at all has been made to this. When the Demands for Grants relating to the Home Ministry were being discussed here, the Prime Minister was touring the Karnataka State, and in the course of one or two of his speeches there, he had condemned communalism. At the same time, the RSS leader and the other people who had gathered here in Delhi were speaking about the Hindu Raj. But I was surprised to find that not a single Member from this House had the courage to speak about this great national danger that is lurking in India today. The Prime Minister had again referred to this while he spoke in Delhi also. But throughout the entire budget discussion we have had here, not a single Member, either from the Congress or any other party, had the courage to speak about this social menace which is standing in the way of the basic economic and social progress of the country.

**Shri Feroze Gandhi** (Pratapgarh Distt.—West *cum* Rae Bareilly Distt.—East): The Prime Minister belongs to the Congress Benches.

**Shri Velayudhan:** Including yourself.

I belong to a minority community, in much the same way as you, Mr. Deputy-Speaker, Sir, happen to come from a minority community. We had our common aspirations, and at the same time, we had the feeling of a common unity also. But we are not quite happy over what has happened in many parts of the country. I am not trying to accuse any majority party, but I think the Hindus want to keep the minorities under suppression, and eternal suppression at that. That is the position that we are fighting against.

**Mr. Deputy-Speaker:** The hon. Member should not expect me to join him in this.

**Shri Velayudhan:** I do not say that you should join me in this, but I could tell you that the minorities think in the same way. There is a fear lurking in our minds that the majority wants to dominate over us. At the same time, they want to have the power also with them for all time to come.

**An Hon. Member:** You are in a majority.

**Pandit K. C. Sharma:** The hon. Member is unnecessarily losing himself in this.

**Shri Velayudhan:** I am not talking of a majority in terms of numbers only. I am talking in terms of the economic power that they wield, and the influence they wield in the country. My hon. friend knows fully well that it is the minority community which is holding the reins of power now. Most of the Brahmins, I can say, almost 90 per cent. of them, are holding power, even though the non-Brahmins happen to be in a majority, so far as numbers are concerned.

**Shri Feroze Gandhi:** I am in the smallest minority.

**Shri Velayudhan:** I now come to the problem of the untouchables to which sect I belong. I am very sorry to say that as yet no one has tried to grapple with this problem in a realistic or democratic way. That has been my complaint from the very beginning. I do not want any patronage; I do not want any kind of doles to be given to us; I do not want any

paternal attitude to be shown towards the Harijan community or towards the untouchables or the backward classes. I want that there should be a democratic approach towards them. If the attitude from the other side is one of patronage or a paternal one, I hesitate to accept it; in fact, I hate to accept it, because I want that a democratic approach should be made towards our community.

Coming to the question of reservation of posts for the Scheduled Castes and Scheduled Tribes, I do not know why even the posts reserved for us according to the Constitution are not being filled up from amongst the members of the Scheduled Castes and Scheduled Tribes. We have been enjoying independence for the last eight years, but I do not know how many Scheduled Castes and Scheduled Tribes candidates have become gazetted officers. Hundreds and thousands of appointments are made in the country every day, but it is only very rarely that a Scheduled Caste or a Scheduled Tribe candidate is taken into the services.

**Shri D. C. Sharma** (Hoshiarpur): I think you were one of the gazetted officers.

**Shri Velayudhan:** Of course, I was. But that was not because of your kindness.

So far as the recruitment to the posts of under-secretaries is concerned, I want to point out that even though there were qualified Scheduled Caste candidates available, they were not taken in. There were posts which had been reserved for them through the Union Public Service Commission, and yet no one was chosen. Recently also, there was an advertisement for the post of under-secretaries. And even though there were qualified hands available from among the Scheduled Castes, they were not taken in.

You know there is a Scheduled Caste member in the Union Public Service Commission. But what I have learnt is that when Scheduled Caste candidates are interviewed, he is not even called to be present. He sits on some other board; he sits on the board which is meant for some other unreserved posts only. I do not know why this strange practice should be allowed to continue. Even though we have a Scheduled Caste member in the Union Public Service Commission, we find that he has no voice in the selection of the Scheduled Caste candidates in respect of the posts reserved for them.

**Pandit K. C. Sharma:** Which commission are you referring to ?

**Shri Velayudhan:** I am referring to the UPSC.

**Mr. Deputy-Speaker:** The hon. Member should try to conclude now. If he is entering into a private conversation with other Members, how can I allow him to continue ?

**Shri Velayudhan:** I would like to urge that the Home Minister should be very vigilant in regard to the recruitment of Scheduled Castes and Scheduled Tribes candidates. Every day, hundreds and thousands of persons are being recruited. And there seems to be a competition even among the upper classes with the result that favouritism, nepotism, and various other 'isms' are coming in. The net result is that the Schedule Castes and Scheduled Tribes candidates are not able to get even the quota which is reserved for them.

**श्री विभूती मिश्र (सारन व चम्पारन):** उपाध्यक्ष महोदय, यह जो फाइनेंस बिल आया है उसका मैं हार्दिक स्वागत करता हूँ। इस पर मैं आगे चल कर कुछ कहूँगा, पहले मैं जो कुछ मेरे भाई वेलायुधन जी ने कहा उसके बारे में कहना चाहता हूँ। उन्होंने कहा कि जो भी काँग्रेस पार्टी के सदस्य आये हैं वे सब ब्राम्हण होने की बुनियाद पर आये हैं। यह सरासर गलत है। जो भी काँग्रेस पार्टी के मेम्बर हैं, जो भी काँग्रेस के टिकट पर चुन कर आये हैं, वे इस आधार पर नहीं आये हैं कि वे ब्राम्हण हैं या किसी दूसरी जाति के हैं। जो चार्ज (आरोप) उन्होंने हम पर लगाया है वह बिल्कुल गलत है। कोई भी काँग्रेस का सदस्य इस आधार पर नहीं आया है।

दूसरी बात मैं यह कहना चाहता हूँ कि हर साल हमारा करीब साढ़े चार अरब का बजट आता है। उसमें बहुत से खर्च होते हैं। सन १९०५ से लेकर सन १९४२ तक हमारे बहुत से साथियों ने देश के स्वराज्य के लिये अपनी जानें खपाई हैं और जाने खपाने के बाद हिन्दुस्तान को स्वाधीनता मिली। यह ठीक है कि हमारी प्रान्तीय सरकारों ने राजनैतिक पीडितों के लिये कुछ किया है, लेकिन जो कुछ भी उन्होंने किया है वह बहुत नाकामी है, वह बहुत कम है, फिर भी जो कुछ उन्होंने किया है उस के लिये प्रान्तीय सरकारें धन्यवाद के पात्र हैं। लेकिन इसके बारे में मैं केंद्रीय सरकार से कहना चाहता हूँ।

**Mr. Deputy-Speaker:** The hon. Member may continue his speech tomorrow. We shall now take up private Members' business.

## COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

### FIFTIETH REPORT

3 P.M.

**Shri Altekar (North Satara):** I beg to move:

"That this House agrees with the Fiftieth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 18th April 1956".

This is a Report wherein there are three or four items. The first thing is that there are four Bills which were there for classification. According to the principles laid down, they have been classified in 'B' category and time has been allotted to them as stated in appendix II against each of the Bills.

The next thing that was done was in connection with the Constitution (Amendment) Bill of Shri Dabhi's. The Committee has recommended that this Bill should not be allowed to be introduced, because according to the principles laid down in the First Report, the Constitution should not be lightly touched; there are other provisions to intensify and implement the policy of prohibition, and unless all of them have been properly implemented, this should not be taken into consideration.

Then there was a question about the minimum number of Bills that should be placed on the agenda on a Private Members' day. With as many as 29 Bills which came in the ballot and put on the agenda, hon. Members are at a loss to know which of them will be taken up. Sometimes it so happens that hon. Members are not present to proceed with their Bills. Sometimes, they do not press their Bills. So it is desirable that the House should know which of the Bills are likely to be taken up. From that point of view, it has been decided that six Bills in the order should be there, excluding those the consideration of which has already begun in the House or those which are to be withdrawn. Then in connection with the Bills, hon. Members will be asked whether they are going to proceed with their Bills or whether they