

[Mr. Speaker]
the practical reasons may be set out so that hon. Members can look into the matter and come prepared.

Now, we will go to the next item :
“Bill to be introduced.”

Shri Datar: Sir, that follows the previous one. That also will have to be postponed because a new Bill is sought to be introduced.

Mr. Speaker: All right. That will also stand over.

The House will now take up the discussion on General Budget.

GENERAL BUDGET—GENERAL DISCUSSION

Shri A. K. Gopalan (Cannanore): Mr. Speaker, this Budget is a Budget which is cleverly manipulated. It is an election-year Budget laying more burdens on the people than visible at first sight. This Budget is a Budget which aims at national development at the cost of the common man. You can call it national advance only when there is no constant threat of unemployment or retrenchment, when multitudes of people do not starve and suffer and the rich people do not prosper at the cost of the country and the people.

Sir, nobody will deny that there had been an increase in the national income and that there had been an increase in industrial and agricultural production also. But, the question is, how far this increase in the national income as well as the increase in both the industrial and agricultural production have helped the producers and how far they have been able to raise their standard of living?

I shall first take up agricultural production. 4.2 million tons over and above the target had been produced. This is due to the Japanese methods of production and also other technical methods. Though the increase in production is relatively less there had been an increase this year also and it is said that it is due to the Japanese method of production. It has not been said whether the monsoons had anything to do with that increase in the production.

Anyhow, in spite of the increase in production of 4.2 million tons, *per capita* per day availability of food consumption comes to only 16.3 ounces.

Last year it was 14.8 ounces. We need not be satisfied with this. The report of the Food and Agriculture Ministry shows a very good picture and I think such a complacent picture should not be given.

As far as agricultural labourers are concerned there had been fall in prices for the last two years and due to the fall in prices they have lost about Rs. 1000 crores. These prices are now going up. There is fluctuation in the prices, the prices going up and prices coming down. Unless the Government checks it up both the sectors will suffer. When the prices go up one sector will suffer and when the prices come down another sector will suffer.

The next point that I would like to bring forward is about the agricultural labourers and their minimum wages. In 1948 the Minimum Wages Act for the agricultural labourers had been passed. It is not implemented in many of the States and where it is implemented it had been implemented only in some of the localities. On the plea that the prices have fallen down in 1952—1955 wages have been decreased in some of the States. Therefore, the increase in production has not helped this section of the population which constitute 50 per cent of the rural population. It has only increased the income of a few other sectors.

Coming to the Second Five Year Plan and the Report of the Planning Commission, as far as the tenants are concerned it is very clearly said that very little has been done to provide land for the landless agricultural workers. The intentions of the land reform legislation have not been fulfilled to the extent hoped for because of inadequate administrative action and weakness in organisation at the village level. It is also said that during the past two or three years there had been instances in some States of large-scale ejection of tenants and voluntary surrenders of tenancies. Most of the voluntary surrenders of tenancies are open to doubt as *bona fide* transactions and it is desirable that reviews of cases of alleged voluntary surrenders over a period of three years should be taken and to the extent necessary action should be taken to restore it to the tenants.

It is recommended that action should also be taken to stay the ejection of

tenants and sub-tenants except on the ground of non-payment of rent, etc. They also say :

“Ejectment of tenants which may have taken place during the past three years should be reviewed with a view to restoration wherever circumstances justify”.

It is on the background of this report that I want to point out that all the legislations that are passed have not been implemented. The Government have admitted that between 1952 and 1955, 57 per cent of the total number of persons holding land under tenancy have been evicted. In Punjab also eviction has taken place in a large measure. The Planning Commission has admitted that land reforms had not given the relief intended by the legislation. Here, it is very clearly stated, on page 78, that not only the Government is planning to stop the evictions but it should also see that the lands that had been taken away two or three years ago are restored to the tenants. But, what is the practice of the Government itself? Government are the biggest landlords, and in Andhra, Kerala, Assam and Maharashtra, evictions are being carried on by the Government itself, in several places. In Assam they do it under the forest laws in the name of development of the forests. In Andhra, it is done in the name of assigning lands to political sufferers. In Maharashtra, it is done by evicting the tribal people, and it is given to others in the name of better cultivation. Not only this. I have also written to the Planning Ministry about the instances where the land which has been given for grow more food campaign, it has been taken back, because it was said that now there is no need for growing more food, and that the food position is satisfactory. So the land that had been given for this purpose had been taken back by the Government. These are instances where the Government themselves have evicted the persons from the lands. It is not a question of one or two or even hundred cases. Thousands of persons in all these places had been evicted by the Government. The Government on the one side says that there had been large-scale evictions not by Government but by the other private landlords and that therefore it is their intention to see that such evictions are stopped. But, on the other hand, Government themselves, in practice, have evicted and are evicting thousands of persons from the lands. What I have to

say is, unless Government comes forward and says that no such evictions shall take place, the situation will not improve. As far as the development of forests is concerned, I know in Kerala, in the name of the development of forests, people are evicted from the land. I saw the place. Where they had large acres of land and where they could have developed the forests, they evicted about 500 to 600 persons. As far as land reform and eviction are concerned, what the Government has been doing for the last so many years—and it is even continuing today—is that, Government, as the biggest landlords, are evicting even today a number of persons from the lands. This is a thing, where, I think, one has to question the sincerity of the Government. As far as the evictions are concerned, again it is admitted that 67 per cent of the lands that had been under cultivation in the hands of private persons have been taken away, by evicting those persons.

Take the question of ceiling on land. In Hyderabad, the Government is thinking of having a ceiling in the Kumbam district, during the Second Five Year Plan. They are beginning with a ceiling there. But, the partition of land in the name of minors also is also accepted by the State Government, with the result that not a single acre will be left for ceiling. The Government, at the same time say that there will be a ceiling. The State Government have accepted the partition of land even in the name of minors. That means there will be no land for ceiling.

Now, the total area of cultivable waste land in our country is 5 crores and 82 lakhs acres, and that of fallow land is 6 crores and 81 lakhs acres. In Andhra, there are about 40 lakhs acres of cultivable waste land, of which 13 lakhs acres can be brought under cultivation immediately. A scheme had been drawn up by the Prakasam Ministry, but now, they have stopped the distribution of those cultivable lands. So, as far as the question of cultivable waste lands and the fallow lands are concerned, certainly, if all those lands that are available had been under cultivation, even with a land revenue of Rs. 2 per acre, the amount will come to about Rs. 25 crores. If all these lands, according to the figures of the Government, are brought under cultivation, even collecting land revenue at Rs. 2 per acre, the Government would have got at least Rs. 25 crores per annum. Not only that. As far as the increase in the national

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income and also agricultural production are concerned, it is the duty of the Government to see that all these fallow lands are brought under cultivation. After all, it is known that 60 per cent of the lands is in the hands of the landlords and the rest is in the hands of the Government. Government has not given the lands which are under its control. Not only that. Government has not made any legislation till now, when we are starting the Second Five Year Plan, to see that all those lands that are available in India today are brought under the plough and are given to those who are willing to till the soil.

As far as the agricultural labourers are concerned, the Government themselves have admitted that they have no land and that as far as the wages are concerned there was no increment in the wages.

The next point is about the debtors. The Rural Credit Survey has told us that in the year of its investigation, agricultural indebtedness has gone tremendously. It was the highest in the last ten years. It is not the common peasant or the agricultural labourer that has benefited by the increase in the national income and the rise in production.

The next question is unemployment. I do not want to repeat what has been already said here by the other hon. Members. The Minister himself has agreed that unemployment is a very grave problem. The Economic Adviser to the Planning Commission has said that after all this increase in industrial production, there has been little improvement in the factory employment. So, this is not a matter of joke. When we talk of a tremendous increase in industrial production, there has been little improvement in the factory employment, and middle class unemployment is mounting. In West Bengal and Travancore-Cochin, the middle class unemployment is increasing. In West Bengal it is said that in every 100 persons employed in Calcutta 47 are job-seekers. The Study Group of the Planning Commission has also said that there are 5½ lakhs of people above matriculation standard. So, as far as the problem of unemployment is concerned, it is quite essential, especially in those places where there is much middle class unemployment, that the Government has to do something immediately. So, on the one side, there is the question of unemployment, and on the other side there is the question of retrenchment. In 1954 due

to the decontrol measures both in the State Governments and in the Central Government, 65,000 people had to be retrenched. I do not know how many of them have been given re-employment. 50,000 people had been working in the private sector and they also lost their jobs. So, 65,000 in the Central and State Governments and 50,000 in the private sector were retrenched. Those coming under the Government had been working in the rationing establishments.

In the defence establishments, while there is an overall increase in the budget estimates for the defence services and also separately for the Army, Navy and Air Force, in the defence capital outlay, we cannot understand how more than 10,000 defence workers are likely to be retrenched as they are declared to be surplus. It is a strange phenomenon that skilled men and useful machines are declared surplus and kept idle in an area where industrialisation is said to be the keynote of the Second Five Year Plan.

Shri Bogawat (Ahmednagar South): All those persons are again re-employed.

Shri A. K. Gopalan: I want an answer from the Finance Minister and not from the hon. Member. The Finance Minister has got the time to reply. I know they have been retrenched but I do not know how many of them had been taken back. Let not my friend, give me an answer. Let him wait for the Finance Minister to give me an answer.

Then, there is a threatened retrenchment of 18,000 people working in the Damodar Valley Project. There is also unemployment due to the closure of some minor industries like beedi factories and others. If the idle capacity in the defence industry is used to manufacture civilian goods, then these people in defence would not be surplus. So far as the food and D.V.C. employees are concerned, Government should take the direct responsibility and absorb them in some other projects or the industries which we will be starting under the Second Five Year Plan.

As far as industrial production is concerned, it has been already explained and I have only to repeat that the productivity of labour has increased, and the profits also have increased, but there is no corresponding increase in the wages of the labourers employed in many industries. As far as the coal mines are concerned, I have got here the figures. Production and profits during

the period 1951—55 do reveal that there has been no increment in the real wages of the workers employed in the coal mines. As far as the industrial production is concerned, I will compare the relative share of the workers and the employers. During 1950—54, productivity rose by 43 per cent while the workers' real earnings increased only by 14 per cent.

I have another important point to make. The Government wanted to confer certain benefits on the workers by passing certain Acts, but there has been no implementation of many of these Acts like the Plantation Act and the Minimum Wages Act. This prevents the worker from getting the benefit which is supposed to be conferred on him on paper. Will the Finance Minister please say in how many States how many of these Acts have been implemented and in how many they have not been implemented? Unless the administrative machinery to implement these Acts is found out, there is no use of increase in production. The man who produces will never be able to enjoy it. A wage board in each industry to go into the question of wages and an interim increase in wages by 25 per cent had been demanded by us not now, but even when we had been talking about labour.

I know of rubber plantations in Malabar and the South where the Minimum Wages Act and the Plantation Acts are not implemented. As far as the Plantation Act is concerned, in many places like Nilgiris, I personally understand that the Plantation Act has not been implemented in some of the plantations.

As far as middle-class employees are concerned, it is known that their basic pay is from Rs. 50 to Rs. 100, apart from the allowances. For the last one or two months, there has been a cry from the middle-class employees that a second Pay Commission should be appointed, because they feel that if a second Pay Commission goes thoroughly into their pay structure, certainly there will be a case for more increments in their wages. So, they are now agitating for a second Pay Commission and I think that is also a matter which should be looked into immediately.

Coming to small industries, while the Industrial Finance Corporation of India finances only the big concerns the Government was telling that the State Finance Corporations would support small

industries. But now we see that there were very serious flaws in the rules of the State Finance Corporations which prevent the small industries from getting the benefits from them. For example, the Corporation has been designed mainly to provide capital for the expansion of the small-scale industries. Now what the small industries require is not mainly capital for expansion, but working capital and that had been left to the mercy of the commercial firms. They can supply only raw materials and finished goods as securities, but the Finance Corporations would not accept them. It may be argued that the Finance Corporations are not totally debarred from giving this capital, but the point is that the advances purely for working capital are not looked upon with favour by the Finance Corporations. Therefore, as far as the small industries are concerned, in many of them there is no scope for expansion.

Coming to taxes, I do not want to deal with them in detail, because that point has been discussed in the speeches of many hon. Members. I only want to say that though in the Budget, proposals had been made for some new and welcome taxes, the major feature that stands out is deficit financing and excise duties. Other hon. Members have dealt with the bonus shares and taxes on dividends, which are new and welcome.

As far as excise duties are concerned there is a very great protest from the people all over the country. From the oil millers as well as from the ordinary people, there is protest against the imposition of excise duties on coconut oil. I will read out a telegram I have received from the Quilon Oil Millers and Exporters Association; it is as follows:

“Proposed Central Excise Duty on coconut oil extremely harmful to oil milling industry. Already this industry heavily overburdened with purchase tax coconut cess and sales tax. Coconut oil main commodity in Malabar area. Proposed levy cause considerable rise in cost of living index in the general public. Further the general economy of the country will be badly affected. Hence request do needful to exempt this commodity from imposition of new duty.”

Even from the soap merchants—the Banaras Soap Makers Association, Julundur and from other parts of the country—there have been protests

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against the excise duty. It has been imposed in the name of protecting small and village industries. But, it could have been done in another way by levying differential excise on Lever Brothers in soap, on Wimco in matches, on National Carbon in batteries and on all such monopolies in the respective industries. You could have got revenue, leaving alone the small units. Then it would not have hit the small units and the common man. These non-essential vegetable oils are most essential for the common man, especially cocoanut oil, mustard oil, groundnut oil, etc. There is a widespread protest and I request the Finance Minister to exempt these edible oils from excise duties.

There is also protest against the increase in the registration fees. It will hit the common man and I request that in the interests of the common man that should also be withdrawn.

The State Governments are also taxing the common people, that also should not be forgotten. As far as this year's Budget is concerned, in Madras, West Bengal and other States, there is some tax or other which hits the ordinary man. The burden of indirect taxes is more than that of the direct taxes. As far as the common man is concerned, he is already paying taxes and this year he has to pay more considering the excise duties imposed by the Centre as well as the duties imposed by the States.

As far as the resources are concerned, first tap all the available resources from those who have and who can pay. Regarding ordinary resources, my colleague has already explained and I do not want to spend time on that. My request to the Finance Minister is this. Impose taxes on the rich people and relieve the poor from the burden of taxation. Take the money from where the money lies. Increase the wages of the working class by 25 per cent and appoint a Pay Commission to go into the structure of their wages, at the same time giving an interim relief to middle-class employees. Stop all retrenchment. Give a fair price to the agriculturists and give land to the tiller of the soil. Let this be the slogan of the first year of the Second Five Year Plan. If it is done in this way, then certainly the Budget which aims at national development will be able to achieve something.

Shri Shriman Narayan (Wardha): In the course of his Budget speech, the Finance Minister has given a general background of the economic policy of the Government of India. He has also tried to enumerate the achievements of the country during the first Five Year Plan and has given us a picture, an outline, of the Second Five Year Plan.

So far as our achievements during the last five years are concerned, we have every reason to be proud. We have achieved our targets in a number of cases. We have been able to make the country self-sufficient in food. We have tried to spread a network of community projects and national extension services in over a lakh of villages. We have also tried to set up a number of basic industries. But, as the Finance Minister himself has said, we cannot rest content and we must continue to put in harder labour and try to do many things which still remain to be done.

12 NOON

In the Second Five Year Plan, so far as we have been able to study it as it is published in the form of a draft outline, in order to achieve a socialistic pattern of society two things are of paramount importance. One of course, is the problem of unemployment and the second is the achievement of greater economic equalities.

So far as the first question is concerned, that is, the question of unemployment although the target fixed in the Second Five Year Plan is 10 million or a crore, I must confess that I am not satisfied about the target. The Finance Minister himself stated on the floor of this House some months back that he will try to provide 12 million jobs. Then it came down to 8 million and then two million has been added in the agricultural sector. We also know that during the next Five Year Plan period 10 million people will be added to this army of people seeking employment. And if we are able to provide only jobs for this 10 million, if at all, then it means that after the Second Five Year Plan we will be where we are today. That is not a position over which the country can feel very enthusiastic and I would, therefore, appeal to the Finance Minister that he should not be satisfied with this target. He should try to explore all avenues of ways and means of providing greater employment. There are a number of suggestions. Fortunately for us, a type of new spinning machine,

Ambar Charkha, has come in to the picture. The people are still sceptical about it. But from all I have heard about it, it has immense potentialities. It is also possible to develop such other machines for rice hulling, for oil, leather works and other small-scale industries. A time has come when we must not treat these methods, these decentralised methods with some mental reservation. We have to look from the economic point of view, purely from the point of view of giving full employment to the people. We must work these schemes with the fullest vigour and determination. If that is done, I have no doubt that it will be possible to provide jobs at least for 15 million people. It is not difficult provided there is the will to do it.

So far as the achievement of economic equality is concerned, that is also of supreme importance. If we want the country to put in its best by trying to make available all the resources with small savings and austerities, we must try to explain to the people how, in terms of the recommendations of the Taxation Enquiry Commission, within the next five or ten years we will be able to achieve the target of 1:30, if not even lower, in order to reduce the disparities in income.

So far as the Government servants are concerned I would make a positive suggestion and that is that the Government should proceed to appoint a Pay Commission to go into the question of salaries. So far as the Government servants are concerned, there are disparities between the salaries of the Central Government and the State Governments. There are disparities even among the various categories of servants in the States and in the Centre. I think the time has come when we talk of the socialistic pattern to first begin with the machinery of the Government. Then only we can ask people and expect people to do their job.

The other point which I would like to stress is that while dealing with this question of economic inequalities we should not try to do anything which will give the slightest impression that we are harder on the rural people than on the city people. We have, of course, tried and we are determined to go ahead with radical land reforms by putting ceilings. On the non-official side there is bhoodan movement. But there is a feeling, and justified to some extent, that we are trying to be more hard on the rural

people than on the city people. I do not say that we have done nothing in the urban sector. We have imposed death duties. We have tried to raise the income-tax rates.

Shri S. S. More (Sholapur): Does death duty operate only in urban areas?

Shri Shriman Narayan: It affects urban areas more than rural areas. We have to nationalise life insurance. We have nationalised the Imperial Bank and we have now a State Bank. I hope we will go further in due course. But it is necessary that we take some other steps to see to it that these disparities in the urban sector are reduced considerably and quickly. In spite of the rise of income by 18 per cent on an average, how much it has risen in the cities and how much in the villages?

As the Finance Minister has himself stated, we should not be satisfied merely with these statistical figures. We want that during the next Five Year Plan our national income should go up by 25 per cent. Now the relevant point is: how much per cent will it go up in the lowest income group and how much per cent in the higher income group? I am sure that the Finance Minister will try to adjust his taxes and also his general economic policy in such a way that the lowest income groups get the highest rise in incomes and unless it is possible to touch these lowest groups visibly and tangibly, it is no use our merely telling the country that the general average income has gone up by so much per cent.

So far as the targets are concerned, I want to say a word about education. I find in this country everybody is giving a very low priority to education. In the Second Five Year Plan, I find only 6.7 per cent of the total outlay has been allotted to education. Now I am not for propping up the existing educational system. I am not very enthusiastic about it because I feel that it is not in tune with our developmental schemes. On the one hand we have these lakhs of educated unemployment and on the other hand we require hosts of technicians and trained personnel without whom our works and projects are suffering. Therefore, it is not for me to say that the educational system has to be completely overhauled on the basic pattern and on technical and other lines. But the budget allotment is very meagre. And I would say that while the Finance Minister is trying to deal with the facts and figures, trying to balance

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things and trying to find our resources, we cannot afford to forget that while we plan in terms of material value we have also to plan the national character and if we do not do that and if we only think all the time in terms of rupees, annas, pies and do not try to understand whether the character of the people is going up or going down, specially of the younger generation, things will happen as they are happening today. The budget leakage is a very serious matter. It is not merely a matter of handing over to the police a few clerks here and there. It requires serious thinking.

Shri S. S. More: Hear, hear.

Shri Shriman Narayan: Where are we going? How is it that our budget, which is the most sacred thing in the country, goes out into the market before this Parliament knows it. There is something very wrong somewhere and that you cannot check merely by Ordinance or by Rules and Regulations. We have to see to it that the general moral tone of the country improves. If you want to educate and if you want to get the money from the people and if you all the time think in terms of the material standards of living, people will try to snatch money from wherever they can. That is the only value that is left for the people in this country.

I feel therefore at present that education must be given high priority; and good education, I want good education, not bad education. Good education must be given the highest priority. And we must see to it that the new generation that comes up is worthy of this country and its ancient heritage.

We talk of spiritualism and religion and all that. But I can say with great regret, after I had the opportunity of going to many countries some years ago, that our standards have fallen very low even in the religious sphere. Therefore it is very necessary to do a lot of re-thinking in this matter of economic planning, so that we may be able to set up a higher standard of conduct, moral conduct, public life before our young men, and so that at least the new generation that comes up in our country will be able to behave much better than we do.

So far as the resources are concerned, the Finance Minister has rightly laid great emphasis on small savings. And

the Congress Working Committee, you might have seen, Sir, has set up a Sub-Committee for this purpose. Because, we are all very eager that we should be able to harness these small savings from the common people as much as we can. Unless the millions of our people participate in this national venture it is not possible to get all the resources mainly from some rich people. They are not many after all, although they are quite vociferous and create a lot of noise. But these resources can be found only if we are able to make the people feel that the extra resources that they put in the hands of the exchequer are used for their benefit and not for some benefit which goes to the general pool and a lot of leakage takes place. Therefore some system has to be found by which we can earmark these small savings for specific local projects in the rural areas for the benefit of the common people. And if they feel that the money they save in the form of small savings certificates or any kind of small savings is used under their very nose in their villages, then they will come forward. Otherwise I do not expect that we will have a very enthusiastic response. Of course, they have been responding, and very creditably. But if we want to make this a sort of national movement, it will be necessary to integrate the local development projects with small savings.

The other point rightly stressed by the Finance Minister was about austerity. We have no doubt in our mind that if the Second Five Year Plan has to go through, we must have the resources. In spite of all the calculations there is still an uncovered gap of about Rs. 400 crores. The Finance Minister has emphasised in the course of his speech the need for austerity in all walks of life, because unless the rate of investment and savings goes up from 7 to 12 per cent or even more it will not be possible to cover this gap. In this connection, again, I say let us not talk about austerity to the millions of our people who have so much austerity already. We have to begin from here, from New Delhi, for example. During the last four years, the number of receptions, the number of cards that all the M.Ps. get daily, has created an atmosphere in the city which cannot enthuse anybody for small savings.

Shri Gadgil (Poona Central): And Conferences.

Shri Shriman Narayan: Anybody goes out to the foreign countries, comes back, and there is a round of receptions. Of course I do not say this with respect to foreign visitors who come; certainly we have every duty to welcome them properly. But the round of receptions in Delhi, Old Delhi and New Delhi both, cannot enthuse anybody; and Conferences also as Kaka Saheb says.

Shri M. P. Mishra (Monghyr North-West) : And night clubs.

Shri Shriman Narayan: Of course business conferences are good. But it is very necessary to improve the tone of Delhi City.

Take prohibition, for example. I read in the papers controversies about prohibition in Delhi. Wherever I went as the Chairman of the Prohibition Enquiry Committee, the one question that was asked everywhere was "What about Delhi?" They say, "Delhi is wet to the extreme, and you expect other States to become dry." Recently a Commission on Prohibition from another country came, from Ceylon. And their impression was this : as soon as they came to Delhi they were told "Oh if you are coming from Bombay, there is plenty of drink here."

Dr. Lanka Sundaram (Visakhapatnam) : "You can drown yourself!"

Shri Shriman Narayan: How is it possible to create an atmosphere for austerity if we go on dealing with problems like this? It is therefore very necessary for us to begin from New Delhi before we talk of austerity elsewhere.

So far as the need for toning up the administration is concerned it is, I think, admitted by all that if we expect people to gird up their loins and to tighten up their belts, it is necessary for us to make them feel that the administrative machinery is both efficient and honest. Of course I know that a number of steps have been taken, but I do not think they are adequate, especially, as I said, this leakage business and such things that are going on. It is very necessary to tighten up the whole thing. And if you do not create this confidence among the people that all that they are able to save and put in your hands is being properly utilised and spent, it will be very difficult for us to face them and ask them for more sacrifices. Therefore I would like the Finance Minister to tell us positively

what are the steps that the Government of India is contemplating to put the administrative machinery in order.

About nationalisation of insurance we are all happy that the Government has taken steps, and I hope it will be possible not only to nationalise life insurance but also to utilise these extra resources for giving adequate facilities of insurance to the rural areas. I know the percentage of insurance business in our country is very low as compared with other countries. But we must try to see that the extra savings, through our development projects, that are put in the hands of the millions of our people are properly utilised by them through insurance policies which will be specially suited to the rural areas.

I would also like to clear some misunderstanding here. Some hon. Members mentioned in this House that the A.I.C.C. and the Economic Review people knew about this Ordinance before. That is, I think, very unfair, because I can assure this House that we did not know the slightest about it. It is true that we thought it was necessary, we created an atmosphere for it. Well, the Government came out, and we were happy and rather surprised that they came out so quickly. But if there is the slightest suspicion that we got any inkling into things to come, that will be entirely wrong.

One word about tax evasion. The Finance Minister has pointed out that he hopes that the House would invest the Government with full powers to enquire into old cases of Income-tax evasion, eight years for example and earlier. Well I think the House will join him in that hope, because unless we are able to show to the people that all this tax evasion has been wiped out and we are trying our best to get all the taxes that we have imposed on the richer people, till then it will be hardly proper for us to expect people to pay more taxes—so far as the common people are concerned, they must be convinced that the taxes imposed on the richer sections are being realised, and strictly. Only then we will have the moral right to go to the lower sections of the people; and they of course, will pay gladly, I am sure, because the heart of the people is sound.

The Finance Minister has often said that he deals with facts and figures and is not a philosopher. Here I am glad to

[Shri Shriman Narayan] see glimpses of philosophy in his budget speech. For example, he says that the sanction behind the Plan is not the will of the Government but the will of the people or *jan shakti*. Now, that is a point which requires some detailed thinking. By preparing these plans are we trying to generate this *jan shakti* or the will of the people or the initiative of the people?

Shri C. D. Pande (Naini Tal Distt. cum Almora Distt.—South-West cum Bareilly Distt.—North) : *Dhan shakti*.

Shri Shriman Narayan: Or are we trying to create a kind of bureaucracy which will take away all initiative from the people?

The community projects are good in many ways. But, I have a feeling that the people are only looking to Delhi and the C.P.A. They feel that some officer will come from Delhi, and then he will go to Patna, Nagpur or Bombay and then something will trickle down to us. This is a very serious matter. If there were less initiative and resourcefulness of the people themselves, if they do not feel that they are doing the things and the Government is only helping them, if they feel, on the other hand, that the Government is doing it and they are only expected to give some public co-operation, that would be a sad thing. That would not be the correct way of creating this *jan shakti* in this country. Therefore, it is very necessary that, in the Second Five Year Plan at least, to the greatest extent, power is decentralised both economic and political. Give the panchayats some freedom to work these things out. They will make mistakes. Do we not make mistakes? Certainly, they will also make mistakes. We should not get upset about it. After all, did not the British people tell us, if we give you freedom, you will make mistakes? The same arguments could be applied here also. Multipurpose co-operative societies, village panchayats and other local self-governing bodies should be given the initiative and a definite lead in these matters. Otherwise, a day will come when we will feel that we have set up a new type of bureaucracy in this country which will not create conditions that the Second Five Year Plan was planned to give. It will be more or less a Government machinery business and not anything of the people.

There is another point which I noted with satisfaction in the Finance Minister's speech. He said :

"The problem is not merely one of raising the statistical average of *per capita* incomes which could easily be a will o'the wisp; it is one of raising the lowest incomes and of opening out to the younger generation avenues of growth and advancement. . . ."

We have been saying that one of the major considerations in all our planning should be the principle of what Gandhiji used to say : unto this last. That is, the last man in the ladder should feel that the Government is paying first attention to him. What does this actually mean? Take the cities. In all cities, in Delhi and elsewhere, there are slums. I have had occasion to see these slums during recent months. The sight is shocking and astounding. It is difficult for us to believe if we do not see in what horrible conditions some people live in the city of Delhi. The same is the case in other cities. This is a problem that faces the other countries in the world also. I do not say that this is something which is here only. I would like to ask pointedly what specific things we are going to do for liquidating these slums under the Second Five Year Plan in Delhi and elsewhere. It is not enough to provide a few lakhs of rupees here or there. We must know in how many years, these slums will disappear from the face of this country. In cities and smaller towns, we know the condition of the sweepers. Do we not know in what condition they live, with what instruments they work and clean? What are we going to do about it. Do we only try to raise those people who have some resources? In the community projects,—I have visited a number of projects—the project officers have admitted this—only those who have, have got a little more, because loans are given to those who have either a house or some land. The poor man who has nothing gets nothing. He is just where he was. Is that going to be the picture in the Second Five Year Plan also? What are the changes which are being suggested from this point of view in the community projects? I would like to ask, we must know definitely, how the poorer sections would improve in the cities and in the rural areas. That must be mentioned in the final Plan. It is not merely enough to keep all these things vague. The time has come when

we must tell people where they are and where they are going to be. That is a point which, I am glad the Finance Minister has stressed in his budget speech. I hope he will follow it up with details.

I do not want to take more of the time of the House. I would only say that we have fulfilled the First Five Year Plan satisfactorily and with credit and we are now taking up the Second Five Year Plan. We must work it more frankly and sincerely and try to see that conditions are created in this country which will not only be satisfactory to us but which will give a model for other countries also. The other countries are not looking to India merely for some reports here and there about how much money has been spent or what we have done. Panch Shila is the basis of all international politics and we get all applause for it. Similarly, people expect that in the economic sphere also we will be able to produce a picture in this country which is regarded as Gandhiji's land, a picture which will be a model to other countries also. America does not expect us to imitate them in their type of planning. Nor does Russia. They expect something new in this country, something which will be not merely in terms of money and materials, but in terms of moral and cultural values of life. If we are able to do that, if we are able to show that our planning is not materialistic, but spiritual and moral also, we would have achieved something of which we could be really proud.

The Deputy Minister of Education (Dr. K. L. Shrimali): In the course of debate some points have been raised with regard to the work of the Ministry of Education. I would like to take a few minutes of the time of the House in answering some of the criticisms.

The first point that has been raised is that education has not been able to solve the problem of unemployment and that this has resulted in loss of discipline in the Universities. The problem of unemployment is a much wider problem. The whole of the Second Five Year Plan is being directed to tackle that problem, education cannot by itself solve all problems of unemployment. It is true that education has to take some responsibility in producing people who may be able to take their share and responsibility in producing productive citizens in the society. But it is not possible for education alone to

solve the problem of unemployment. It is a much wider problem which our whole Plan has to tackle and it is being tackled in the Second Five Year Plan. In a limited way, the Ministry of Education tried to find employment for the educated unemployed. In the First Five Year Plan, it was proposed to employ 80,000 rural teachers and 8,000 social education workers. The reports received from the State Governments indicate that more than 78,000 teachers have actually been appointed and the remaining 2000 are expected to be appointed by the end of the current financial year. As I said, this was only a very limited approach to the whole problem of educated unemployment. As far as the work of the Ministry is concerned, it has been able to realise the target which it put before itself. It has also employed 1000 social education workers by the end of March 1955 and I expect that by the end of March 1956, —I have not yet received the reports— many more people would have been employed.

The greatest problem in education which we have to confront is the unplanned rush of students to the Universities.

Shri A. M. Thomas (Ernakulam): Do Government propose to continue these single-teacher schools?

Shri Gadgil: First plan parenthood, then plan education.

Shri Dhusiya (Basti Distt.—Central-East cum Gorakhpur Distt.—West—Reserved—Sch. Castes): The Minister stated that more teachers have been employed. I would like to know how many new teachers have come up by that time.

Dr. K. L. Shrimali: I do not have the figures of educated unemployment, but it is a very grave problem which we have to tackle. As we find employment for the educated people, more and more university students are coming out, who are unable to find employment. So, this is a standing problem which Government have to tackle.

The real problem that we have to face is with regard to the unplanned rush of students to universities. In order to go into this question, Government appointed a committee some time back which was to examine the qualifications for recruitment for public services. This committee is examining the question as to how far and at what levels the possession of a university degree is necessary for recruitment for public services.

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It is also examining the type of tests which should be instituted to measure the relative merits of candidates in an objective manner in the absence of a university degree. We are hoping that this committee will submit its report by the 31st of March, and Government will give full consideration to this report.

Shri Gadgil: Will it be the last, or the precursor of something more?

Dr. K. L. Shrimali: The question has to be examined by Government as it comes before it. I do not think in education and in all kinds of social planning we can come to any finality at any stage. As the problems come before us, they will have to be tackled.

Shrimati Ammu Swaminadhan (Dindigul): Are Government thinking of a certain kind of education to be imparted to our young people, which will fit them into some kind of work that Government have in hand? For, the trouble that we are having today is that the students after they pass their B.A. or M.A. examinations find that there is nothing that they can get. If they are given some training for which Government have openings, then I think it will be easier for them to have a little more employment opportunities.

Dr. K. L. Shrimali: I shall come to that point a little later.

Another point which has been raised with regard to education is that the present system of education is not suited to the needs of the country, and that a reorganisation of the whole system of education is essential. I am in personal agreement with this criticism. The whole educational system has to be geared to the social objectives that we have put before ourselves.

I would however like to tell the House what Government have already done, and what has got to be done in this direction.

Shri M. P. Mishra: Close two-third of the arts colleges.

Dr. K. L. Shrimali: During the last few years, the main task before Government has been to draw up a plan of national education.

I am glad to say that by this time we have been able to draw a general framework of the national plan of education. The next stage is the implementation of this plan. This is not a very

easy task. It is not a very easy task because if it were a totalitarian society, the whole national system could be transformed overnight; it is easy for a totalitarian society to dictate from the top and change the whole social structure and the whole educational plan. That was done in Germany; that has been done in Soviet Russia. But it is a little difficult. . . .

Shri S. S. More: Is not our planning for the top?

Dr. K. L. Shrimali: But it is a little difficult, as far as a democratic society is concerned.

In the field of education, we have to take along with us not only the State Governments but the people as a whole. Take, for instance, the case of elementary education. The Government of India and the Central Advisory Board of Education in its various committees and meetings, have decided that basic education will be the national pattern of education. But a mere decision by the Central Advisory Board or a mere decision by the Central Government does not carry us very far.

As the House is aware, education is a State subject, and it requires a lot of persuasion, and conviction on the part of the State Governments and the people in order that they might adopt this system. It only means that we have to continue this method of persuasion, in order to convince the people about the utility and the soundness of the new system.

This is the problem with which the Central Government are faced. Having decided that basic education will be the pattern of national education, what have the Central Government got to do about it? The State Governments are sometimes apathetic towards this problem; sometimes they are not willing to change the existing system as it prevails. We cannot give up our attempts, but we cannot dictate to the State Governments that they should adopt the system which has been laid down by the Central Government.

Shri Shree Narayan Das (Darbhanga Central): In the Central Advisory Board of Education, the Education Ministers of all the States are members. And when a decision is taken by the Central Advisory Board of Education, what is the reason for the Education Ministers of the States not following it up?

Dr. K. L. Shrimali: That is really the problem before the Central Government. In the Central Advisory Board of Education, all the Education Ministers are represented.

Shri K. C. Sodhia (Sagar): How long will this problem remain before the Central Government without being solved?

Dr. K. L. Shrimali: The problem is not so simple as sometimes we imagine it to be. The Central Advisory Board is a very representative board; all the State Governments are represented on this board, and decisions are taken. In spite of those decisions, sometimes the State Governments are not able to carry out the programme which is laid down by the Central Advisory Board of Education. The reasons are various. I am not blaming the State Governments. There are certain inherent difficulties in the situation. Partly, as I said, it is due to some kind of apathy, and partly it is due to financial reasons.

Shri V. G. Deshpande (Guna): Impracticable decisions are taken.

Dr. K. L. Shrimali: Take for example the conversion of ordinary schools into basic schools. We require a large army of qualified and competent teachers in order to convert the elementary schools into basic schools.

Shri D. C. Sharma (Hoshiarpur): The Minister is accusing the State Governments, when there is nobody here to rely on their behalf.

Dr. K. L. Shrimali: I am not saying anything about them. I am only trying to put before the House the difficulties that the Central Government have to face in order to reconstruct the whole national system of education.

Shri M. P. Mishra: You are trying to shift responsibility.

Dr. K. L. Shrimali: It is not a question of trying simply to shift the responsibility. I am only trying to place before the House the difficulties that the Central Government have to face in the matter of having a national system of education.

An Hon. Member: What is the method to solve it?

Dr. K. L. Shrimali: The method that we have to adopt is the method of persuasion. As long as education remains a State subject, and as long as the

Central Government do not get more powers, as long as we do not change the Constitution, I do not think it is possible to dictate to the State Governments.

Some Hon. Members: Change it.

Dr. K. L. Shrimali: The Central Government will have to adopt the method of persuasion and the method of reasoning, and as far as education is concerned, that is a sound method. (*Interruptions*).

Mr. Speaker: Order, order. Let the Minister go on. He is trying to explain his own position so far as this matter is concerned.

Dr. K. L. Shrimali: We have not only to convince the State Governments, but we have also to convince the people as regards the utility and the soundness of the new methods.

During the First Five Year Plan period, with the help of the State Governments, the Ministry of Education took up certain pilot projects. It was our intention to set up pilot projects in every State, in order that educational development might take place on certain intensive lines. And I am glad to say that in spite of the difficulties that I have enumerated, we have been able to set up a few pilot projects where experiments in basic education are being carried on.

In addition to that, we have taken various measures. We have been converting existing teachers' training institutions into basic teachers' training institutions. We have been opening new basic training institutions with the help of State Governments. We have been opening new basic schools. Crafts have been introduced in various primary schools. Craft teachers are being trained and production of literature in basic education has also been attempted. I agree that this appears to be a very humble attempt, considering the magnitude of the problem, but this is an attempt which will have its results in course of time.

Shri M. P. Mishra: In how many years?

Dr. K. L. Shrimali: We have to have patience as regards the results. It is not possible to get results within a day or two; it is a question of generations.

With regard to secondary education, the Government appointed a Commission. The Commission submitted its

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report in 1953. Since then, Government have been trying to implement its recommendations. By the time the new sessions begin in July, we are hoping that there will be a network of multi-purpose schools in the whole country. This is another example where the Central Government with the co-operation of State Governments, though it has taken some time, have been bringing about some measure of reform. The chief defects of secondary education, to which hon. Members referred, were that the courses were too academic, that there were not diversified courses and that there was a tendency on the part of students to take up only academic courses. In order to remove those defects in our system of education, the Secondary Education Commission had recommended the establishment of multi-purpose schools. We have already sanctioned the conversion of 425 schools all over the country. This, again, is a small number, considering the large number of schools existing in our country, but as the plan progresses we are hoping that all over the country there will be a network of multi-purpose schools. Once these multi-purpose schools are set up, the tendency of students to proceed to Universities will, to a considerable extent, be minimised. We are hoping that after finishing their courses in the multi-purpose schools, the students will find employment in decentralised units of production in various kinds of professions and will not run to Universities. This, I think, is going to be a great reform in the educational system. We cannot realise its importance at this stage. As I said, it will take some time before the results of these reforms are brought to our notice. But these are going to have far-reaching consequences in our educational system. If the multi-purpose schools succeed—and I hope if we run them properly, there is no reason why they should not succeed—that will to a great extent, solve the problem of educated unemployment. Of course, we have to look at the problem of unemployment from a wider vision and angle. Education alone cannot solve the problem, but through these multi-purpose schools we shall prepare students who will be able to find employment for themselves after leaving the secondary stage.

In secondary education, we are taking up various measures as regards improvement of teaching, improvement of school

libraries, introduction of craft in middle schools and so on. There are various miscellaneous schemes through which we hope that the secondary schools would be improved. I am not doing anything to defend the system of education that exists in our country; I am only informing the House of what the Ministry of Education is doing in order to reconstruct the educational system which is a very difficult task, a task of great magnitude.

As regards University education, we have had a lot of difficulty in introducing the University Grants Commission Bill. If hon. Members remember the whole history of the Bill, they would know that there was a lot of opposition from various quarters to the setting up of the Commission itself. The Universities felt that their freedom and autonomy was being encroached upon; the State Governments felt that this was their field and the Central Government should not come in. But as a result of persuasion, as a result of understanding we have now been able to pass the legislation, and the University Grants Commission which has already been functioning will now be reconstituted. I think they will look to the reorganisation of University education. Funds are being placed at the disposal of the Commission and I hope that the Universities, with the financial assistance the Commission is able to make available to them, will be able to put their houses in order.

Shri N. M. Lingam (Coimbatore): All colleges will not be its beneficiaries.

Dr. K. L. Shrimali: This is a gradual process.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

We cannot solve the educational problem all at a time. If the Planning Commission had agreed to our original proposal for giving us Rs. 1000 crores for the whole Five Year Plan period, we could have tackled the educational problems of the country. But unfortunately, our resources are limited; we have to cut our coat according to the cloth that is available. With the limited resources that are being placed at our disposal, we have been attempting to bring about these reforms.

Shri M. D. Joshi (Ratnagiri South): Is anything being done to give special aid to colleges which are situated in rural areas and catering for the needs of the rural population?

Dr. K. L. Shrimali: That is a problem which the Ministry of Education is tackling. We had appointed recently a Committee on Rural Higher Education. That Committee made certain recommendations on the development of higher education in rural areas. In fact, a National Council is being formed and it is expected to meet sometime in the first week of April. This Committee will give certain financial assistance to higher education institutions in rural areas.

Dr. Lanka Sundaram: What is the performance of the single teacher schools in villages?

Dr. K. L. Shrimali: As I said, there are so many problems in education. It is not possible for the Central Government to tackle all the problems at a time. I am trying to give a broad picture of how attempt is being made to co-ordinate efforts all over the country.

Shri N. M. Lingam: How many Committees have been appointed so far?

Mr. Chairman: This is not question hour. Questions are showered on him in such quick succession that it will not be possible for him to reply to all of them.

Shri Gadgil: We have been sufficiently educated by now.

Dr. K. L. Shrimali: Then there has been criticism that much progress has not been made in the spread and promotion of Hindi. The efforts made appear to be inadequate. With regard to this, the Ministry has prepared terms in science, technology and administration to suit our national requirements and that process is going on. I am hoping that by 1960, we should be able to complete the major portion of the work. Various Hindi organisations have been given subsidies for bringing out dictionaries of various kinds, like *Hindi-Hindi dictionary*, *Standard English-Hindi dictionary* on the lines of the *Concise Oxford dictionary*, *Hindi-Urdu*, *Urdu-Hindi* and multi-lingual dictionaries. Prizes are also being awarded by the Ministry of Education every year to authors of the best Hindi books to encourage the development of good Hindi literature in various categories of subjects.

Shri K. C. Sodhia: Other Ministries have been able to publish their reports in Hindi. Why is the Education Ministry still going on in English?

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Dr. K. L. Shrimali: This Ministry has also been publishing it in Hindi. If that report is not available, I think it will follow.

Shri V. G. Despande: He is also not speaking in Hindi.

Dr. K. L. Shrimali: Grants have been given to the Akhil Bharatiya Hindi Sahitya Sammelan, and the Dakshin Bharat Hindi Prachar Sabha, Madras, for the spread of Hindi in non-Hindi speaking areas. Hindi schools were started to teach Hindi to non-Hindi knowing Central Government employees in Delhi.

Now this is the work which the Ministry of Education has done. In this matter also, we have to work with the co-operation of the State Governments. The responsibility for the propagation of Hindi is of the Central Government but the task is of a delicate nature and we have to have the full co-operation of the State Governments.

Some time ago the Ministry of Education decided that as far as the propagation of Hindi is concerned, all the work should be done through the State Governments themselves. Schemes were invited and programmes were launched but the fact is that the State Governments were not able to utilise the funds which were placed at their disposal. We are hoping that by 1960, we shall be able to introduce Hindi in the administration side by side with English so that it will give us 5 years to watch the development of Hindi as the language of the Administration. The House is already aware of the programme as regards the development of Hindi and we are doing our best to implement that programme.

Then there was also a point raised with regard to the scholarships, that there should be larger provision for scholarships, to the Scheduled Castes and the Scheduled Tribes, so that every applicant gets an award. With regard to this, I would like to tell the House that the provision for scholarships has gone up from Rs. 3 lakhs per year to Rs. 150 lakhs, nearly 50 times and this the House would consider as phenomenal.

Shri B. S. Murthy (Eluru): What about the demand?

Dr. K. L. Shrimali: We are all very happy that the scheme of scholarships which the Government of India has launched has gone on so successfully.

[Dr. K. L. Shrimali]

For the year 1955-56, a provision of Rs. 130 lakhs was made which was raised to Rs. 150 lakhs in view of the large number of applications which came to the Ministry.

Pandit D. N. Tiwary (Saran South): What about the other poor students?

Dr. K. L. Shrimali: That scheme also is under consideration and we are hoping to widen the scope of scholarships.

Shri N. M. Lingam: About 25,000 applicants went without scholarships; you have not mentioned that.

Dr. K. L. Shrimali: I am coming to that; the hon. Members must have some patience.

Shrimati Ila Palchoudhury (Nabad-wip): After funds have been allotted to the Scheduled Castes and the refugee students, what funds will Government have left for students who are neither refugees nor Scheduled Castes?

Dr. K. L. Shrimali: That is a different scheme. I am at present referring to the scholarships for the Scheduled Castes and the Scheduled Tribes and other backward classes.

For the year 1955-56 a provision of Rs. 130 lakhs was made which was raised to Rs. 150 lakhs as we found there were a large number of applications and for scholarships for the year 1956-57 we have made a provision of Rs. 150 lakhs on the basis of the expenditure of 1955-56. I would like to assure hon. Members that if a larger number of applications are received, we shall try to secure additional funds for this purpose during the course of the year.

Shri Achuthan (Cranganur): What about foreign scholarships?

Dr. K. L. Shrimali: It is proposed to extend the scope of the scheme in the Second Five Year Plan. During 1956-57 provision for an additional 6700 scholarships has been made, the total for the year being 37,700 for the following year 1957-58, 11,800 additional scholarships, the total number being 42,800. At this progressive rate of increase the total number of scholarships in 1960-61 may be of the order of 52,000.

Shri Boovaraghasamy (Perambalur): Are these number of scholarships increased for backward classes or are they general?

Dr. K. L. Shrimali: I would further add that the scholarships have been awarded to each eligible student belonging to the Scheduled Castes and Scheduled Tribes.

An Hon. Member: Studying in which classes?

Shri S. S. More: Studying in Parliament.

Dr. K. L. Shrimali: I do not know of any eligible student who has not got a scholarship. Of course, it has not been possible to accommodate every backward class candidate as the number of those applying for scholarships is very large. But we have been able to give scholarships for all students who have passed in the first division and some other selected students from other backward classes.

Shri Achuthan: How does the percentage work out with regard to the number of applicants?

Dr. K. L. Shrimali: I cannot give the figures offhand.

Shri N. M. Lingam: I have got the percentage; I shall give them.

Shri V. G. Deshpande: Yes; on behalf of Government.

Dr. K. L. Shrimali: A point was raised with regard to the holding of conferences at hill stations. It has been said that it involved too much of expenditure and it should be avoided. With regard to that, I would like to say that during the current year a conference of Vice-Chancellors was held at Srinagar for the formulation of general education courses.

Shri A. M. Thomas: It must be in a salubrious climate.

Dr. K. L. Shrimali: As the University Grants Commission was holding its meeting there, the Ministry took advantage of the presence of the Vice-Chancellors and called a conference of the Vice-Chancellors at Srinagar. I would further like to add that the holding of this conference at Srinagar was in conformity with the Government of India's policy of giving a fillip to the economy of the Kashmir valley.

Certain seminars have been held at hill-stations, the seminars of headmasters and teachers. I am quite sure that the House will not grudge giving

a little good time to these headmasters and teachers for recreation at the hill-stations.

Shri B. S. Murthy: What about seminars of students?

Dr. K. L. Shrimali: I do not know to which seminar the hon. Member is referring.

Shri Velayudhan (Quillion *cum* Mavilikkara—Reserved—Sch. Castes) : Why should they be in hill-stations; why not they be in some colleges or universities?

Dr. K. L. Shrimali: As I said, the very purpose of this seminar of headmasters and teachers was for giving them an opportunity for study and discussion, at the same time, for some recreation also. If these seminars are held in the natural and beautiful surroundings they give them some opportunity for recreation also. I am quite sure that the money we spent was well utilised. All the time we have been saying that the standards of these teachers should be improved. This is one of the ways in which you can give some opportunity for recreation to the headmasters and teachers.

An Hon. Member: We should not grudge that.

Dr. K. L. Shrimali: There was a point made that we should make budget provision only for such amounts as we have the capacity to spend and that the Ministry of Education budget position indicates much unutilised amount. It is quite true that the Ministry of Education had to surrender certain funds. But the main reason was that some funds were not utilised by the University Grants Commission. In this also we have to consider the machinery and the way in which it works. The Government transferred certain funds to the University Grants Commission and the University Grants Commission allots grants to the various Universities. Sometimes, the Universities are not able to utilise these funds; they are not able to finalise their schemes and, therefore, they have to surrender certain grants.

With regard to the funds that were surrendered by the State Governments I must admit that there was some defect in planning. There was no proper co-ordination between the Central schemes and the schemes of the Ministry of Education. On account of this, when the schemes of the Ministry of Education were sent to the State Governments,

they did not have adequate funds to make use of these schemes. All the grants that were given by the Ministry of Education were on a matching basis and since the State Governments did not have matching funds they were not able to utilise those grants. That difficulty has been remedied in the Second Five Year Plan and I am sure that there would be greater co-ordination between the State Governments and the Central Government.

One hon. Member raised the question of the resignation of the Secretary of the Ministry of Education. Every officer of Government has a right to resign and seek election to Parliament. Shri Kabir resigned at his own instance; he was not asked to resign by anybody and seek election to Parliament. This is a question of the freedom of a citizen; and I think Shri Kabir has a right to exercise his freedom.

Shri Velayudhan: Nobody questioned it, I believe.

Shri B. S. Murthy: The question is like this. The Secretary has resigned not only to become a Member of Parliament but also to become a Minister. That was what Shri Ramachandra Reddy said. He said that if this is the understanding on which a Secretary is to resign, then it is a bad precedent and such a thing should not be encouraged. He did not object to anybody becoming a Member of Parliament.

1 P.M.

The Minister of Defence Organisation (Shri Tyagi): Every Member of Parliament has the privilege of becoming a Minister.

Shri S. S. More: Why should the Minister of Defence Organisation be so aggressive in offering his explanation?

Dr. K. L. Shrimali: I have, in brief, attempted to lay before the House some of the work which the Ministry of Education has done. It is a difficult work. In spite of the fact that education is a State subject, in spite of the fact that we do not have power to implement the decisions that are taken at the Centre, some progress has been made in the field of education. The stagnant waters of Indian education have been stirred. If one goes round the country one will see that everybody is deeply concerned about educational reconstruction. If the Members of the House go round and visit some of the institutions, they will see for themselves the new spirit that

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is being created. That in itself is a sign of hope in sense of educational reconstruction.

It is a colossal task. As I said it would be easy for a totalitarian society to reconstruct the educational system overnight. The method of democracy has to be slow. In education we cannot impose our will on the people and on the State Governments. People have to be convinced; people have to be persuaded.

Shri Gadgil: Have you not incorporated in the Constitution to have compulsory primary education? It is not merely voluntary.

Dr. K. L. Shrimali: I am afraid I am being misunderstood. What I was referring to was the pattern of national education.

Shri S. S. More: The Constitution is being misunderstood.

Dr. K. L. Shrimali: We have committed ourselves to provide people compulsory primary education and Government will do everything that is possible to implement that guarantee when funds are available.

Shri V. G. Deshpande: When will it be available?

Dr. K. L. Shrimali: The main point that I was making was that the task is not easy as it sometimes appears. In education we have to carry the will of the people and unless people themselves are convinced, unless people themselves voluntarily accept the new system of education, education does not change. As I said, the Government of India have evolved a national pattern of education in all stages, basic stage, secondary education and the university stage and we have now to gradually implement the recommendations that have been made by various committees and commissions. We have to do it with the co-operation of the State Governments and with the co-operation of the Universities and the people in general. In education, though the progress may be slow it is better to carry the will of the people.

I am quite at one with members when they say that unless we reconstruct the national system of education we cannot realise all the social objectives that we have put before us. I may assure the House that the Ministry of Education is fully aware of the importance of the

task that we have before us. I can only assure the House that we shall do our best to implement the various suggestions that have been made during the course of the debate.

It is always welcome to have criticism about education. In fact, in education there is no finality. In education the methods change, the ideas and ideals change and that process of reconstruction must continuously go on in our society if democratic objectives are to be realised.

Mr. Chairman: Shri Lanka Sundaram.

Shri S. S. More: May I know whether any chits are to be supplied to the Chair for being qualified to get a chance. I have qualified myself by sending my chit. We do not know where we stand—we cannot catch the eye of the Chair nor the list.

Mr. Chairman: It has been pointed out very often by the Chair that the Chair is free to call any member, whosoever catches his eye. There is no question of sticking to any list. At the same time every member cannot expect to catch the eye of the Chair as soon as he stands or sends a chit.

Dr. Lanka Sundaram: This debate is being carried on under the thick pall of anxiety caused by budget leakage, even as my hon. friend Sri Shriman Narayan, who happens to be one of the Secretaries of the Congress, has just now said. As the person, Sir, who has raised this question of budget leakage repeatedly, both last year and this year, I am here to say freely that the Finance Minister has my deepest personal sympathy. I have not at any stage suggested lack of integrity on the part of the Finance Minister; nor am I aware of any feeling in any section of this House suspecting the integrity of the Finance Minister. The question of budget leakage is one specifically related to the competence of the present Government to keep official secrets. Sir, that is a problem which will now be taken up, I understand, to be disposed of according to the instructions of this House and I will not belabour it any longer.

Having said this, Sir, I would like to make two preliminary observations. In the first place, I regret to say that the budget statement of the Finance Minister, including the taxation proposals, have not been drawn up with the care which should have been bestowed upon them. I will show when the occasion

comes in the course of the discussion on the Finance Bill, that if only the tax proposal, for example, on cloth, had not been put on a square yard basis, but on loomage basis, several lakhs of rupees would be saved to Government in terms of reduction of administrative expenses for the collection of the tax as now imposed on the square yard basis.

On the other hand it will also avoid the contingency of the 450 odd textile mills in this country incurring additional expenditure to keep corresponding personnel to enable the Government to collect the taxes on square yard basis. Only one example to show how haphazard this position is.

Now, Sir, on the question of what you call the attempt to limit dividends, there again, I find the tax proposals have been made in the most haphazard manner imaginable. I have here before me, Sir, a comparative statement of the capital structure, the dividends paid and the percentage of the tax of the balance to the paid-up capital as proposed in the Finance Bill. Take Bombay Dyeing: Capital Rs. 250 lakhs; dividend per cent 10; tax sought to be collected $\frac{1}{2}$ per cent. Kohinoor: Capital Rs. 100 lakhs; dividend paid 18 per cent; tax sought to be collected 2 per cent. Tata Steel: Capital Rs. 963 lakhs; dividend paid 14 per cent; tax sought to be collected $1\frac{1}{3}$ per cent; Associated Cements: Capital 1,271 lakhs, dividend paid 10 per cent; tax sought to be collected $\frac{1}{2}$ per cent. Belapur: Capital Rs. 47 lakhs; dividend paid 32 per cent; percentage of tax sought to be collected 4.75. Shivrajpur: Capital Rs. 7 lakhs; dividend paid 80 per cent; tax sought to be collected 14 per cent.

I am only showing here—I wish I had time to go into greater details, the lack of equality in the tax proposals of the Finance Minister. In other words, I am here to repeat what I said a little while ago, the lack of proper examination of the implications of the taxation proposals of the Finance Minister before he brought them before this House. I would say here that prudence is being sought to be penalised in the taxation proposals, whereas improvident spending is let off easily. These are the observations I would like to make preliminarily on the question of taxes.

Now, Sir, I come to an aspect of the budget which, I regret, to say, has been almost uniformly ignored in this House

during the first four years of our Republic. Twice, last year and the year before I sought to raise the question of the manner the budgets have been sought to be cast. In fact, Sir, I think I was almost guilty of framing a sort of slogan when I used the phrase “dangerous, dexterous, manipulation” of the figures by the Finance Minister before he attempted to frame the budget and present them before the House.

I have here before me the Memorandum, from which no Member of this hon. House, much less the country, is in a position to understand the figures placed before the House in that thousand-page document circulated along with the Budget Speech. And here is a letter from the Finance Minister with regard to my complaints last year, and in one page it says that the official reporter here, poor man, could not possibly catch what he said, and thus he has tried to escape from one of the points I sought to make last year. His letter is dated 6th May 1955.

The other point is that at my repeated insistence, a statement was laid on the Table last year, and I would like to draw your attention to two passages only at the present moment. In one place he says: “There has, however, been an inadvertent omission in Annexure VII of the last two items appearing in Annexure XII, namely, Grants from Khadi and Handloom Fund (Rs. 4.05 crores) and Grants for Small Scale and other village industries (Rs. 4.5 crores). This discrepancy will be rectified in the final edition of the Explanatory Memorandum.” I do not wish to comment on the significance and the manner in which the Finance Minister has sought to explain away the lack of consistency in the figures sought to be circulated to the House in the same document for one year’s budget. In another place he says: “An attempt is made in this statement to show as far as it is possible at the time of framing the Budget Estimates to allocate the provision for grants by States.”

My whole argument during the past two years I am going to repeat now with reference to the figures of the current year’s Budget. There must be an immediate budgetary reform. The fiscal year has got to be altered. Revenue comes into course of payment towards the winter of every year, not towards the beginning of summer. These are matters of behaviour of taxes which any student of finance can easily understand.

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I say that the time has come when in order to bring about reliable estimates of revenue and expenditure, you must change not only the fiscal year but also the method and the manner in which budgets are sought to be cast.

I come now to this year's Budget figures and I shall also be brief. However, I request the indulgence of the House to my arguments which deal with a series of facts relating to the figures as presented to the House in one single memorandum called the Budget Memorandum.

Shri Deshmukh has stated that for the year 1956-57 the capital expenditure is estimated at Rs. 316·7 crores. He has also told us that the amount of loans to State Governments and others mostly for the execution of projects in the Plan would come to Rs. 386 crores. There is no figure mentioned, however, as to the amount of grants to be given to the States during the year 1956-57. My point is this. Both under the First Year Plan and under the proposed draft of the Second Five Year Plan, increasing amounts, phenomenal amounts of financial assistance in so many ways are to be given to the States, and this hon. House could not find in one single place any figure as to the gross total of capital expenditure in the Budget Memorandum and we are asked to make through hundreds and hundreds of pages of statistics and still not arrive at a conclusion. I will give one or two examples of this and I hope the House will bear with me.

In Annexure VII—here I must say that as a result of my repeated demands for the reform of the composition of the Budget Memorandum, the Finance Minister was good enough to include at least three appendices which were not there before, and I am here to pay my tribute to him—I see in the current year's Budget Report at page 220 the following, though suggestions, have been made in a constructive manner as to how this House should be informed about the manner in which funds are sought to be allocated.

So far as the Grants to be given to the States under the Financial Award are concerned, they are stated to be Rs. 72·71 crores. You will see in the same Memorandum that only Rs. 53·35 crores and Rs. 2·32 crores have been deducted from Revenue. That is the revenue side. So far as Rs. 17·04 crores against the Union excise are con-

cerned, the sum is not deducted from the Revenue. It will, however, be noted that at page 10 of the same Memorandum, this demand of Rs. 17·04 crores has been provided on the expenditure side under the demand for Union Excise Duty. It is difficult for me to understand why a different practice is adopted in regard to the grant of the Union Excise Duty to the States under the Financial Award. In other words, I repeat again—I would not say *mala fide* manipulation of accounts—it is a sort of a runaway horse. These figures! Hundreds and hundreds of crores of rupees are spent or sought to be spent and there does not seem to be any control, much less integration of the manner in which these accounts are sought to be presented to the House.

Again, at page 220, there are 59 items listed. They refer to grants and subventions. The first six items deal with the statutory grants. They come to Rs. 39·75 crores. It will be noted that this is provided under the heads of expenditure shown on page 5 as "Contributions and Grants-in-Aid to States", Rs. 38 crores in round figures against Rs. 37·95 crores. This is no discrepancy. But these grants and subventions from Revenue come to Rs. 107·01 crores (page 225). Deducting Rs. 37·95 crores given as statutory grants, the remaining grants come to Rs. 69·06 crores. I presume they must have been debited under certain heads of expenditure given on page 5. Like this I can go on giving you instance after instance as to the manner in which the grants to the States are sought to be presented to the House which will not lead any hon. Member to any logical conclusion. I put a question to the Finance Minister and I want him to examine it and see the feasibility of a more clear picture, which this House is entitled to, being made available to us. The point I wish to emphasise is this. As crores and crores of rupees would be given away as grants in the future, it is necessary that the heads of expenditure on the Revenue side should clearly indicate the amount of all these grants other than the statutory grants referred to under these heads of expenditure. In other words, if these heads of expenditure were to indicate that Rs. 69·06 crores were given by way of grants to the different States, they would give us a clear picture firstly about the grants under the Financial Award, secondly about the grants under the Constitution, and thirdly about grants other than

the above two given to the States. I will develop these points in some detail at a later stage.

Let me take the summary of capital transactions and I will give you one composite example where the House will be wearied with a series of facts which have got to be culled with the greatest amount of labour. You will notice that there is a provision of Rs. 12·39 crores against Development Grants—this is at page 73, Summary of Capital Transactions, of the Budget Memorandum. This is much less than Rs. 26·67 crores mentioned on page 225. The difference between Rs. 26·67 crores and Rs. 12·39 crores comes to Rs. 14·28 crores. I am unable to trace the place at which I can find a statement explaining the manner in which this discrepancy of Rs. 14·28 crores is cleared. I have quoted the Finance Minister's letter about the discrepancy of Rs. 4·05 crores. I am not here to repeat again or to suggest any *mala fides* anywhere, but I am here to demand a more thorough, correct and lucid picture of the manner in which budgeting is to be done. In fact, I would go straightaway and say that the time has come when this House will go into a thorough examination as to the manner in which budget is cast before it is presented to the House. The principles have got to be altered.

The same arguments hold good in respect of loans given to the States. I will not have the time to go through the whole thing, but I will say that the figure given is composite. At pages 224-225, you will notice that there is a provision of Rs. 294·45 crores to be given as loans to the States. But after wading through all the figures which are related to this particular question, you will find that they come to a staggering total of Rs. 592·22 crores. I will read out the figures.—Grants under the Financial Award Rs. 72·71 crores, Grants under the Constitution Rs. 37·95 crores, Other Grants and Subventions Rs. 69·06 crores, Amounts met out of Capital Rs. 26·67 crores, Loans given to the States, Rs. 294·45 crores and Other Loans and advances Rs. 91·38 crores. It goes on like this. None is in a position, I regret to say, to arrive at concrete composite figures phase by phase, item by item, as to the manner in which this budget is sought to be cast.

I will draw the attention of the House to another aspect of the matter, again relating to the manner in which budget-

ing is sought to be presented to this House and this is in regard to the investments of the Central Government in public undertakings. Here again I confess I am at sea. You will find at page 73 of the Memorandum the figure is given as Rs. 79·60 crores under the head 'Industrial Development'. I am here to say that this cannot be the total accurate figure for the entire quantum of investments by the State since 1951-52 to date. In fact, I could not trace, in spite of whatever research I could bring to this question, figures for the earlier years of the First Five Year Plan. I think the time has come when, especially in view of the fact that the Second Five Year Plan seems to be mostly or almost totally related to the public sector, Rs. 4800 crores in all, the Parliament should be in a position to know exactly at one single place the total amount of money of the taxpayer invested in the public sector and the manner in which it is being processed.

I am sure the House will consider it a very reasonable request, and I am making it here in order to draw the Finance Minister into making some sort of a statement about the manner in which he proposed to alter the Budget Memorandum in the sense that it will make available to the House at one glance—a sort of a snapshot—the varied phases of the Government activity—grants, total investments, yields and so on and so forth.

There is another point and here again I am at considerable difficulty. Let us take the ways and means position as indicated by the Budget Memorandum. What do we find? Under railway funds on the receipts side, you will notice that there is no mention about the dividends payable by railways to General Revenue. That is considered purely as an item of revenue and is included under "railways net contribution" on page 4. There again it will be observed from page 14 that while the estimated contribution for the year 1956-57 is Rs. 39·66 crores, the actual net contribution is shown as Rs. 6·57 crores. It is mentioned on page 14 that the balance of Rs. 33·09 crores have been taken in deduction of expenditure under 'Interest'.

Again I repeat. I do not say there is any deliberate intention on the part of the Finance Minister or his colleagues in the Ministry to withhold information from this House. But I do say that this sort of what you may call a haphazard

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system is not what this House is entitled to. It wants a clear picture as regards ways and means position. I will content myself by giving only one example.

In the debit side, it is natural that the grants given to the States from revenues will not come under this statement because the amount of Rs. 51·83 crores shown as revenue deficit is the result of the revenue and expenditure shown on pages 4 and 5 which must include grants of all descriptions. Under loans by Central Government to States and to others it will be noticed that the sum of Rs. 8·80 crores paid from special development fund and other funds shown on page 86 are not included. One would like to understand the *raison d'etre* of this particular position, and of giving figures in this manner so that they are not comparable to each other. After all these Rs. 15·57 crores are paid as loans by the Central Government to States and to others.

It is the same story. These figures are bound to confuse everybody including myself. The time has come when the House has to make a specific demand and assist the Government to arrive at a proper manner—the most suitable manner—of budgeting. And I hope my plea—which I have been repeating for the past three years consecutively that the Budget must be properly cast and that the Budget figures must be lucid and consistent with each other—will be accepted. I am not here to score a debating point against the Finance Minister by saying that on page 41 there is a figure whereas in page 42 for the same item the figure is completely different, and that there is discrepancy. That is not my intention at all. My intention is to pinpoint the major demand of budgetary reform. I am sure that I will have done my duty to the House, to my constituents and to the country, if I should bring the Finance Minister to a realisation of the immediate necessity for the appointment of a competent enquiry committee. I am not enamoured of committees. You, Mr. Chairman, and I have been in the Estimates Committee and other committees for years together. These by themselves would not serve my purpose. My demand is for a competent enquiry taking the assistance of all the people available in the country. It should be a small and compact body and should attempt to recast the Budget in a manner which will give a clear picture of the revenue and expenditure

and which will enable the Finance Minister and others to come to right conclusions.

Shri Tulsidas (Mehsana West): It has been Shri Deshmukh's unique honour to have presented to the country five consecutive Budgets. I think it is a rare opportunity for a Finance Minister to be in charge of the finances of a country for a long time. In our country at least, I believe it is a unique honour for the Finance Minister to have been in charge of the Budget for a long time. He has been shaping the country's financial policy for five years, including a pre-planning year, all the years of the First Plan and the first year of the Second Plan. In his time the country has taken long strides during this dynamic period and he has shown remarkable skill in adapting financial policy to a rapidly changing socio-economic structure. Not only have the ravages of the Second World War and the Partition been obliterated, but new ground has been broken in the sphere of agriculture and industry....

Shri Gadgil: Ground or grave?

Shri Tulsidas: For us or for you? I will come to that later. The country is rapidly advancing towards self-sufficiency in agriculture as well as industry and I am sure you know that our prestige, both internal as well as external, is very high because of our achievements in the First Plan. I am sure that even in the Second Plan period he has to draw up a plan in such a manner which will bring forth the best that is in every man.

The Government has certainly to take the lead and play the major role but Government efforts alone would not suffice and popular initiative and enterprise must be stimulated to obtain maximum results. Accordingly, our financial policy must aim at not only mobilising resources for the developmental effort of the Government, but must also afford appropriate incentives to stimulate popular effort and to enable the non-Government sector to obtain the necessary funds and other resources. From this point of view whereas we might congratulate the Finance Minister for having given the country a stable financial policy, and for having succeeded in obtaining for the Government more funds than they can use, we cannot say that this Budget has much in it that will stimulate popular effort or leave with

the non-Government sector financial resources commensurate with the task with which it is beset. I find the Budget proposals relating to direct taxation particularly objectionable from this point of view. I shall revert to this later; in the meanwhile, I shall only express this view that the changes he proposes in the taxation of income will retard popular initiative and enterprise and make for a slower rate of national progress. To maximise the rate of progress, it is necessary to strengthen both the Government effort as well as the popular effort; the Budget proposals this year will help the Government effort at the cost of the non-Government effort, and thus will not draw forth the best from every section of the country.

Something has been said in this House as well as the other regarding loose budgeting. I know that the Finance Minister has replied to this in the Upper House. The differences between the Budget Estimates and the actuals during the last few years are as follows: Rs. 102 crores in 1951-52; Rs. 35 crores in 1952-53; Rs. 8 crores in 1953-54 and Rs. 49 crores in 1954-55.

The difference between the budget estimates and the revised estimates for the year 1955-56 is Rs. 30 crores. Even in the last revised estimate the difference has exceeded already by Rs. 30 crores, that is to say, the average difference of each year comes to Rs. 45 crores. This is surely an excessive margin amounting to about 10 per cent of the gross revenues. To the extent of 10 per cent of the gross revenues there has been certain amount of adjustment. To this the Finance Minister has already replied in the Upper House, and also in his speech, that there are certain amount of estimates which cannot be met and the Finance Minister, has been fortunate enough to get more revenues, namely, customs and so on which were not predictable and, therefore, these adjustments could not be avoided.

My point is this. It has always been—or, rather I must say that the Finance Minister has been very clever with most of these adjustments or most of these loose budgeting—in his favour. It has never gone the other side. It has been always in favour of the Treasury or the Finance Ministry. Sometimes it may happen that he could not give out the correct estimates, but it has always been in favour of the Finance Ministry. That shows that there has been a certain

amount of deliberate padding with regard to customs and taxation because it is only in these two figures that a lot of changes have taken place.

He has also said that there are a certain amount of shortfalls in the expenditure. My friend the Minister for Defence has done very good things by which he has made certain amount of economies in the defence expenditure.

Shri S. S. More: No. They are not economies.

Shri Tulsidas: We appreciate that. But, apart from this expenditure, on account of the deficit shown in the estimates the Finance Minister has put some taxation. In his speech he has definitely said that this taxation is not for implementing the Plan. He only says that this taxation is to balance the Budget. He has, if I may quote his words in the Upper House said :

“...if the budget is not what it pretends to be, professes to be, then obviously it has a bearing on the question of the quantum of taxation.”

In reply to an hon. Member who raised a question he says :

“...there is no deliberate over-budgeting merely to justify the raising of unwanted revenue.”

He further says .

“Therefore, hon. Members must not run away with the impression that heavy taxes are being imposed on the public for the sake of implementing the Plan. That would be a wrong idea.”

He says that he believes in the balancing of the Budget. If that is so, having got nearly Rs. 225 crores in five years more than his estimates which have been presented in this House could he not, at least for an year, avoid fresh taxation to the extent of Rs. 30 crores? Again, I would point out that I have gone through most of the estimates and I must say—you will also see that—when the actuals come up next year the figures will go much higher in spite of the fact that lot of care has been taken according to the Minister. I do not know whether the attempt has not been, year after year, to create an illusion of deficit as a subterfuge, in my opinion, for stepping up tax rates especially the income tax and customs. It must be remembered that the main purpose of increasing tax rates during

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the First Plan period has been to finance development and since there has been a shortfall in Government development expenditure to the extent of more than 10 per cent, the tax-payers may be said to have been penalised for mostly millusory benefit by way of economic benefit. That is one of the points which I wanted to suggest, because, after all, this is an illusory way of saying to the country: "Well we are short and we must have some more taxation". When ultimately even the expenditure on the development side has also shown a shortfall and the taxes have been collected, this is an illusory benefit that has been done to the country.

Now I come to my next point. Shri Deshmukh's budgeting technique need not have caused any anxiety, had there been no need for stimulating the effort to produce and save on the part of the people. But the First Five Year Plan and also the Second Five Year Plan have placed a great responsibility on the people in matters of investment in industry, trade and housing and other fields. The Second Five Year Plan expects an investment by the business sector of about Rs. 620 crores in industry. As against this, as much as Rs. 300 crores is expected to be raised by way of retained profits or what are known as corporate savings. This would naturally require sufficient resources with the people to finance new capital issues, and adequate reserves of corporate savings. But the way the financial policies have been framed, it is certain that the necessary funds will not be available to industry, and that the business sector of industry will have to rely more and more heavily on the Government and Government-sponsored institutions. We have not got in this country banking institutions or financial institutions as in other countries to help the industrialists in getting their requirements. We shall have to rely more and more on the Government institutions or the Government. My point in making this is that the new impost introduced in this Budget is justified on the grounds of equalitarianism.

Shri B. S. Murthy: Equalitarianism.

Shri Tulsidas: Equalitarianism or egalitarianism, whatever it is: I have no objection to that. The point is that there should be less and less disparities in the country. I would like you to please realise that it means persons who are more productive to the community should not

receive an income more than those who are less productive. Is it fair that you do not want people to receive more even if they are productive than people who are not productive? Has the Government been....

Shri S. S. More: May I know, Sir, what is the meaning of the word "productive"?

Shri Tyagi: Wage-earners.

Shri S. S. More: Are the middle-men productive in a country?

Shri Tulsidas: Anyway, if you are a more productive person I will give you more to earn and you would be entitled to keep your income.

Shri S. S. More: You are not the Government here.

Shri Tulsidas: I would be quite willing to—I never said that I am the Government.

Human nature being what it is, there is no driving force to economic actions more potent than income incentives and income differentials are used in each and every country of the world, much more so in Russia and other Communist countries. Even in Russia the income incentives and income differentials are kept up. Here we are trying to have an equalitarian society. We want everybody to be saint. We do not want any income incentives and the whole policy has been to remove these incentives. Every country will try to elicit the best effort on the part of the individuals. The ideal of an equalitarian base of distribution should be, in my opinion, that every individual must get a guaranteed minimum income and there should be a system of effective functional differentials, that is, income differentials which lead to greater efforts and which can be justified on grounds of more productive work. We must be clear about this that in our over-enthusiasm for equalitarianism we should not sterilise income incentives lest our economy should shrivel for want of an effective driving force. If an equalitarian measure dries up productive measures, then there can be no justification for it. Social justice requires that those whose work is more beneficial to society should be entitled to a greater proportion of its income and production.

Shri S. S. More: Who is to judge it?

Shri Tulsidas: That is for the people to judge. There is no social justice in paying the same income to a first class worker and the third rate worker. If

I may say so, it is social injustice. Therefore, this is unjust and negligible—to carry the equalitarian ideal to the excess of suggesting that even those members of the society who are more productive should not be allowed to enjoy incomes in excess of those who are less productive.

I shall come to the next question. The Government have always represented to us that they are not interested in following a doctrinaire policy but that they adopt a pragmatic approach to all aspects of national life. The Finance Minister, in my opinion, has reiterated these views, but the action taken by the Government from time to time goes to disprove what they profess. If the Government were sincere about a pragmatic approach, they would not be so careless with the people who really contribute to the wealth of the nation as they have been in matters of financial policy and certain aspects of industrial policy. The business sector of industry has fulfilled the task allotted to it under the First Five Year Plan to the extent of over 90 per cent. of the targets, whereas Government investment in industries has fallen behind by as much as 40 per cent. of the target. Despite the better performance of the non-Government sector of the industry, there is a clear tendency on the part of the Government sector,—on the part of the Government—to favour State ownership and operation.

The House knows very well that we have passed the Act regarding nationalisation of life insurance business. I cannot understand one thing. We have hon. Members saying about the neglect that Government has shown in respect of education. Several Members have always said that Government neglect their duties towards education, medical aid, sanitation and so many other things, which are really the work of the State. But the tendency at present has been to create, and to have more and more power, by having nationalisation, and nationalisation with a monopoly, they do not want any competition with anybody, because, only then, the power can remain with them. In the plea of removing the concentration of economic power from the hands of a few, absolute power is brought in through the State monopoly. It is only with that monopoly that the whole State sector functions. Look at this nationalisation of life insurance business. Everyone talks of co-operative movement, saying that we must

have co-operative societies. But in life insurance business, even the co-operative element has been nationalised. They want monopoly. Even the co-operative life insurance companies have been nationalised. That is the extent to which the Government sector wants to expand.

You will also see that in most of the nationalised industries there is always a monopoly. Take, for example, railways and the air services and life insurance. On the one hand, the Government neglect their most important duty in respect of education, medical aid, a certain amount of sanitation, etc. They are the real duties of the Government. On the other hand, they take up nationalisation. In the sphere where it is possible for people to run industries in a better way, Government wants to have complete control of those industries. Let us realise the point made by Shri Shriman Narayan. He told us how bad it is to see the things when anybody goes to the villages, or for that matter, anywhere. Schools, medical aid, everything—they are all neglected, and the people have no enthusiasm. On the one hand we want our Plan to succeed with everyone co-operating. On the other hand, we have created an atmosphere in this country that there is a State sector which is entirely a separate sector. It is separate from everything else. The Government or the State wants to wield—and it wields—a tremendous power by having these monopolies in the country.

Then I come to accountability of State investment in the corporations. There have been a number of occasions when this House, as the real representative of the people, stressed a certain amount of accountability for the State corporations which are run by the Government. This House is the real representative of the people. Whether you may call it so or not, this House consists of the real representatives of the people, and the House wanted that accountability. But then Government feel shy. Though they say that the corporations, without Government control, would become inefficient, ineffective and that they cannot function, yet the Government feel shy about accountability. There have been demands in the House for the formation of some committees to go into the working of the corporations and to see that these corporations, which are now going to function as monopolies, must have accountability to this House. But no: the Government is

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feeling shy on that issue. What has been the policy till now? It is that in the public sector, or, if I may call it as the State sector, there is now greater privacy than in the private sector, or, if I may call it, the people's sector. You will see that in every Government corporation there is privacy, more privacy than in the other sector. In the Company Law, a number of things have been exempted in the case of the Government corporations. So many things have been exempted from the Government corporations. So, the privacy is in the public sector, it is not in the private sector. The public sector is becoming much more of a closed house. I am afraid the tendency is going to be, if I may say so, more of bureaucratisation. Of course the politicians feel that with these powers they can wield more and more power. But what will happen? A time will come when even the politicians will have to eat from the hands of the bureaucrats. That is what is going to take place, because we are giving so much power that nothing will be able to function. Everybody must come to the Government! I have said last time, and I say it again now, that if we accept democracy in this country, let us have decentralisation. Let us have the co-operation of the people and let us enthuse our people to co-operate and rally round the Government. Let them work in the best interests of the country. Let the Government make the people rally round the State.

Instead of doing that, if the Government finds something wrong, it says: "Let us nationalise it." They cannot do anything else; in spite of the powers they have got they cannot even improve things. The only way to improve things is to nationalise them! Shri Gadgil or Shri More will then say: "Oh, give bouquets; all the sins are finished". There are no sins in the public sector. Everything wrong is finished. Of course my friends to my right will not object to it. After all, the Government have no sins! They cannot commit any sins! That is the view that has been taken.

I have said already that this idea of concentrating all absolute power in the State sector—I would call it not as the public sector but a State sector because it is now becoming a State monopoly—is one of treading, in my opinion, the path of totalitarianism. It is nothing else. It will end up in totalitarianism. As I said last time, the snow-ball in one's boot is gathering momentum, and you

cannot help it. Therefore, unless and until you allow a certain amount of competition against the State sector, it is going to be bad. You have the control, you have the power, you have all the controls in your laws and your legislation. You administer those laws. But if you cannot do those things, how do you expect the people to function? But then, if you have complete powers, that is the only way which will perhaps end up not in a welfare State but a super-police State. That is what you are heading for.

I will not say much on the proposals, because I know there is ample opportunity for doing so while discussing the Finance Bill. Still, I would like to touch on one or two points.

I am referring to the corporation tax, tax on dividends and bonus shares. The Finance Minister has said that this is an integral part of the system of corporate taxation. My friend, Dr. Lanka Sundaram, has already pointed out how inequitable it is that these dividends should be taxed. I can understand if you do not want the Corporation to distribute more dividends. But to have this sort of taxation on dividends will be a premium on inefficiency because inefficient people will not have to pay this tax. This is an absolutely inequitable tax that has been proposed. If the Government feels that there should be no dividend declared more than 6 per cent., they can certainly have a sort of measure which would be equitable. You say paid-up capital. What is paid-up capital? Supposing an industry has been started with borrowed capital, do you mean to say that that borrowed capital should not be considered as capital? Paid-up equity capital has no meaning in that case. That is what I cannot understand.

I now come to the question of tax on bonus issues. I understand from what the Finance Minister replied in the Upper House that the tax on bonus shares is an integrated part of the system. To a certain extent, I think, he has said correctly. But, I say that the whole of the integrated part is entirely inequitable. The Taxation Enquiry Commission has not evidently recommended any of these taxes. We refer to their Report as the Bible when it is advantageous to us, but when it comes to new taxation, it is something much beyond what is recommended in the Report. I would like that this also should be examined. What is the revenue which

the new taxation on bonus shares is going to yield? It is only Rs. 8 crores. As I have said before, during the last five years, the difference between the budget estimates and the revised estimates has been Rs. 45 crores on an average per year. Therefore, if the Finance Minister does not get Rs. 8 crores in one year there is not going to be a deficit. Why put this additional taxation on the community in that case? According to him, this tax is not required for implementing the Second Five Year Plan. It is only for balancing the Budget, according to what he said in the Upper House. Regarding the implementation of the Plan, he has already said that it is to be done on the basis of credit. This is what he has said:

“So far as the development expenditure is concerned, which is generally imagined to be for productive purposes, we have already agreed and we have practised it, that credit should be created to the extent necessary by resort to what is described as deficit financing.”

If that is so, why should he put this extra burden? Even if there is a little deficit, the first year of the Second Five Year Plan may start with a certain amount of deficit. It is not going to make much difference.

If the Finance Minister wants revenue, there are sources where it is possible to get it imposing the least possible burden on the entire community. But, there again it will come under the question of doctrinaire. You will say you cannot have the salt duty. Where is the need for a prohibitive approach to salt duty? If you impose salt duty, it will yield Rs. 10 crores and there is nothing wrong about it. It will impose the least burden on the entire community.

I only hope that the Government's policy, which has been towards State monopolies, would be restricted. There is no country in the world where life insurance has been nationalised on the basis of State monopoly. Only in India it has been done.

Sardar A. S. Saigal (Bilaspur): We are advancing.

Shri Tulsidas: I only like to say that the Government should realise how dangerous these moves are and how difficult it will be to maintain democracy in the country by adopting these methods.

Shri Gadgil: I am very glad to note that this time there has been much more

free and frank criticism from this side of the House on the Budget proposals. Further, the election being in the offing such a change in the atmosphere of the House is inevitable. From the speech made by the General Secretary of the Congress, I feel that the consciousness is drawing on everybody concerned that there is a greater need to improve character in the country and to raise not only the material standard of living, but the moral standard as well. For that purpose, it is necessary that no political party in this country should be the first refuge of the opportunist. Further, since a party in a democratic philosophy represents the repository of certain ideals, it should not be considered as a bazaar for speculation of the money changes. The sacred character of that party must be maintained. If this atmosphere is made available, then I am certain that it will gradually trickle down and the objective to which a reference was made by Shri Agarwal will be possible to be realised.

This year's Budget is an important Budget not from the point of view of its methods or its mechanics. Whether those things are correct or not is a matter in which I am not interested. But, I am interested in the present Budget because, for the first time, it has a definite relation with an economic philosophy which is embodied in the various proposals made. The country, through the highest tribunal, namely, this honourable House, having accepted unanimously that socialism or a socialist State is our ideal, it now remains how quickly and how best we can achieve the realisation of that object. If I understand socialism, it means three kinds of equalities: political, social and economic. For the present we are confined to the aspect of economic equality...

Shri Tulsidas: Not political equality.

Shri Gadgil: . . . and it will be no socialism if the disparity of wealth and income is so great as to leave the economic surplus in the hands of the few to the detriment of the many. Our country, as it has often been said, is a contrast of a rich country with a poor people. We have to resolve this contrast and not only make our country richer, but we must make our people richer. The poverty in this country is not relative poverty. There are poor and rich in every country, but the poverty in this country is absolute poverty. In fact, it has been a landmark of our economic atmosphere for so many years. If after the attainment of freedom, we are not

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able to take long and quick strides towards removing poverty and ignorance in this country, freedom is not worth having. After all, freedom is an objective till it is won. Thereafter, in the words of Lord Acton, it becomes an instrument for the realisation of certain high social objectives.

2 P.M.

We have, therefore, to realise those objectives by revolutionary use of our Constitution if we are anxious to avoid a straight revolution. From that point of view the present budget certainly does not go far enough. But, as I said immediately after the budget was presented, good is not the enemy of the better. I am willing to accept the budget not so much for what it does but for what it promises. After all, when we have to achieve a certain programme and it has to be achieved in a period of time which exceeds one year, one cannot put the one year programme or part of the programme to such criticism which we may otherwise put the same to. I am therefore looking at this question not as the budget proposal for the next year but I am looking at it in the context of the next Five Year Plan. If we have to remove inequality and disparity in income and wealth, we have to do it in two ways. One way is to tax more and more those who have and we must evolve a policy of expenditure whereby we can make available social services at no cost or at cheaper cost so that those who are below will rise and those who are above will come down and the social field will be a field where equality is available. For this purpose one has to see what has been done so far and what has got to be done hereafter. The aim of all economic activities is to find gainful employment. If we want to judge whether the present budget is good or bad, there are certain tests by which we have to judge how far not merely production has increased but how far the system of distribution has worked which is the measure now for social justice and equality. The third stage in economic progress is consumption that is, whether it is of a type in which there is a fair parity between the rich and the poor. I examine in this light the first attempt made by the Government in the First Five Year Plan and I note with satisfaction that production has gone up in the industrial sector and much more in the agricultural sector. I may say the country has become a little more

rich. The point is: have the people become less poor?

An Hon. Member: No.

Shri Gadgil: And if we go a little more critically into the working of the First Five Year Plan, Vinobaji has said that the net result of the First Five Year Plan has been to make rich people richer and poor people a little more poorer. I do not know what has happened to the middle classes who are neither here nor there.

Shri A. M. Thomas: The lower middle class is the worst sufferers.

Shri Gadgil: Now we have to see if the same story is going to be repeated in the Second Five Year Plan or are we going to be a little more wise by the experience we have secured in the working of the Plan during the last five years. Therefore the emphasis must be much more on the distributive aspect in the economic sphere, and not only on the aspect of production. There is plenty of production. I am quite a good lawyer but no clients; a good doctor but no patient; a good engineer but no contract. What does it mean?

Shri S. S. More: A good leader and no followers.

Shri Gadgil: Mr. More, I am glad, is in the same category in which I am. The modern definition of a leader is one who follows the followers in the world. In a democracy, the character to leadership is determined by the character of the followers. Therefore it is no good the kettle calling the pot black.

Shri S. S. More: I am the only follower of Mr. Gadgil.

Shri Gadgil: I am glad. The great founder of Islam started with one follower. But now that religion extends to one-fourth of the globe.

Shri Tyagi: But that follower was not disloyal.

Shri Gadgil: That is neither here nor there. The point is if the people are not finding opportunities for development, are not finding employment and if they are willing to work and the State cannot provide, surely unemployment is not a personal sin; there is something wrong, something rotten about the economic organisation in the country and we must find out what it is. After five years of working of the first Plan we are told that unemployment has increased. And even the prospects that are awaiting us after the working of the Second Five Year Plan are not very

rosy. We are told that there will still be unemployment to the extent of 5 million people. Now how much unemployment is there in the country? Three years ago many people from the Treasury Benches were not willing to accept that there was any unemployment. Two years ago when there was some discussion in the AICC meeting at Ajmer, the Chief Minister of a certain province was not willing to accept that there was any unemployment. From yesterday's papers I find that the Minister for Labour in the Bombay State says that there is so much unemployment that if the burden of solving this problem is thrown on the States alone, they will not be able to do it adequately. And much more to the point was this criticism that everybody who is unemployed comes to Bombay. That was exactly our argument when we asked not to keep Bombay City as a separate State because the impact of unemployment will be so great. He has suggested dispersal of industries. That is exactly what we suggested. But one of the capitalists says that this suggestion is to make Bombay useless for certain capitalists. It was not so. If you are to be governed by modern standards as regards working conditions, then you cannot have so much concentration in a city so far as industries are concerned and when we talk of decentralisation of industry it is absolutely necessary that there must be some regional justice in this respect. The point is that unemployment has to be solved and if unemployment has to be solved and employment is to be provided for, then it is obvious that if the matter is left to a policy of *laissez faire* it cannot be done. If we have to meet unemployment today it is because we have a big private sector functioning in this country; it is because of it and not because the Government has taken over something, that unemployment has increased.

Now in order to remove unemployment we must have a big plan in which employment will be made available to everyone or at least to the maximum possible extent and for that purpose taxes and loans and this, that and the other are necessary. I find in the present budget and in the Finance Bill that is already introduced that there is a change after the year 1947-48 when Liaqat Ali Khan in his budget taxed 15 annas 6 pies in the rupee beyond a certain amount. From the year 1947-48 one finds that one direct tax after another direct tax being removed. Last

year there was some change in the atmosphere—increase in direct taxes. I am glad that what was initiated last year is being maintained. Although my idea of putting a ceiling down-right on the income has not been accepted, something has been done over income of Rs. 1,70,000.

The point is when we move towards a socialist society, the significance of a direct tax or an indirect tax loses much of its value. When industries, big industries are owned by the State, they are of public ownership, naturally the income from this source is bound to be less to that extent, direct taxation naturally will dwindle in its significance. In the State of U.S.S.R. we find that direct taxation is only 10 per cent.

I am not bothered, because I am of the view that if we are honest to the ideal which we want to implement we must accept the responsibility that will flow naturally as a consequence of that. Therefore I have been saying all along that the responsibility for capital formation is not that of a few people or a small important social group, but it is the responsibility of the community, it is the responsibility of every citizen. In the success of the Plan, obviously, I see the private sector *walshs* are not very much interested. That is the reason why they have been directing all their criticism against management in the public sector. I am interested in the successful working of the public sector and its extension. What is socialism if it is not the ownership of society over the principal means of production? I am not satisfied with the nationalisation of insurance only. As I said the other day, like *Oliver Twist* I ask for more. It may be that in the immediate future it may not be a good election strategy to nationalise banks or some other institution. But the first step is taken and nobody can now reverse the course. If not tomorrow, day after tomorrow the public sector is bound to grow more and more. And the sooner the private sector is over the better.

Look at the situation as it has developed. We have accepted a planned economy. And with a private sector, the result has been that there is no open, free, unrestricted competition in the private sector, because we do not license additional factories that may come in conflict or competition with existing ones. The result is that those who are already there are gaining more, and as

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a result the First Five Year Plan economy had been that the rich have become richer and the poor have become poorer. And the standard of life, except of a small minority of organised workers has not been bettered at all.

We have therefore to see whether we can tolerate this state of affairs. We want capital. Therefore we allow X-Y-Z to earn more. He will earn a hundred rupees, will contribute five rupees and pocket ninety-five rupees. And if you scrutinise the Second Five Year Plan a little more in detail you will find that the consumer industries are kept for the private enterprise because the returns are quicker. And you give them five or ten years' time or, as my great friend from commercial Bombay, Shri Patil, has suggested, give them twenty years—because it should be a gradual process. If I were to give them twenty years, it means endowment of life peerage on the present rich.

Shri S. S. More: He meant twenty years' imprisonment.

Shri Gadgil: I wish he said so, and if he is prepared to accept your interpretation nobody will be more glad than myself.

The point is, I can understand that in an undeveloped or under-developed country, with so much illiteracy and so much lack of technical skill, this, that and the other, there must be an element of gradualness. Its inevitability is appreciated by me. But if it is a question of extending it for a period of twenty years I am dead against it. Because, I cannot visualize socialism coming if we were to follow a policy of this character.

Therefore, by the end of the Second Five Year Plan the private sector must be so reduced that thereafter it may just function in tune with the general plan policy but in a smaller sphere and nothing more.

I am told that the taxation proposals are going to affect capital formation. My own submission is, as I said just, now that the responsibility for capital formation is on the community as such. What is capital formation? Supply of capital is a different thing. Foreign aid is a different thing. It is not capital formation. Capital formation is a process; and whatever you may inject in the industrial sphere of the country by way of foreign aid will merely act as a catalytic agent, but it cannot be a part of the

process. The process is something different. And therefore in an undeveloped country or under-developed country you have to be more careful of private enterprise. In a developed country private enterprise can be trusted to some extent; but to allow private enterprise to function in such a manner as we are doing is nothing short of a crime. Therefore, adequate steps must be taken in this regard. That is the reason why I said on one occasion that if you are allowing the private sector to function, see that what they earn is mopped up. Even the smallest economic surplus left in the hands of an individual or a company means an order on social labour, and to that extent they are really the owners of the community. They are to that extent very powerful in the political set-up of the country. Therefore it is a dangerous thing. If you want a really democratic socialism to function, then you must broad-base your political set-up, and the economic progress you want to achieve must be such as will secure hundred per cent. co-operation from the people.

Now, can I co-operate? When I find that a sector is left to earn more, can I co-operate with it? Can I call this as my own Plan unless there is equality of sacrifice? You have to save, I understand. In a modern State of a welfare character, it is stated by one of the experts that the expenditure of the Government works out to 15 per cent. of the gross income. And if it is going to be a socialist State, not only a welfare State but a socialist State anxious after the development of a socialistic pattern in a democratic manner, you have to add 20 per cent. And according to a U.N.O. Expert, 35 per cent. of the gross national income is necessary for proper, adequate, efficient functioning of the whole thing.

Now, what is our percentage? In 1950 the expenditure of our Government bore a relation of 8 per cent. to the total national income. Today I am told it is about 9 per cent. That only shows how much progress we have to make if we want democratic socialism to function.

In an under-developed country we have good potential for capital formation. The first potential is that in the present circumstances we find so much surplus in the hands of a few and they do not spend it in a manner which is social or constructive or in a manner which will achieve national progress. It:

is therefore necessary that all that economic surplus must be mopped up and must be at the disposal of the Government for investment in beneficial projects which will result to the benefit, not of a few, not of a class, but of the community as a whole.

Now, there is another potential in an under-developed country, because technically they are far behind. And it is no good merely swearing by old ideas, that because a particular method of production is labour-intensive, this, that and the other, we should continue to have it. If we adopt the modern technique, if we remove the technical slack immediately we increase production, and that is increase of capital. That is how the process of capital formation functions or ought to function in an under-developed country.

Then, we have plenty of manpower. That is a proposition which nobody will challenge. This population can be used for certain purposes. Whether it should be through *shramdan* or some other thing, whatever it is, if every hour that is spent by an unemployed person is utilised, it means an addition to the capital. That is how the process of capital formation works. A great economist said that it is much better to dig holes and refill them than to keep men unemployed. Because, to keep them unemployed is to immobilise their talent, so to say, to do away with their initiative, apart from the psychological consequences that may result therefrom. These are the three latent things which we can use for capital formation.

As regards the actual measures by which we can finance the whole thing, there is the private sector, there is the Government sector and we can also use created money or deficit finance as also something in the way of actual work in kind. Take the private sector. The moment you charge them with responsibility to supply capital, that moment you have to yield that there must be a society in which there will be unequal distribution of wealth. Unless you pay them more than what others receive, there cannot be any saving. Therefore, it is a contradiction in terms. It is double injustice. To the proletariat and the middle classes, this is a double injustice. We allow them to fatten and if we are certain that the fattened calf will be available for the yagna to which reference was made by Shri C. D. Deshmukh, I can realise that there is something in it. They are going to escape it.

Dr. Lanka Sundaram: You want the *vapa*.

Shri Gadgil: They will fatten at our cost. Hence, to say that we must allow the private sector to function and allow them opportunities for capital formation or for supply of capital means acceptance of a society in which inequalities in distribution of wealth are accepted. I am not prepared to accept this: neither on the theoretical ground nor on the practical ground. Therefore, the sector that remains is the Government sector.

Coming to taxation, are we really so heavily taxed? Suppose we are heavily taxed, what does it matter? After all, if we are interested in the success of the Plan, no sacrifice is too great for that. If the present generation follows a policy of denial, the next generation will have abundance. We must pay for tomorrow's happiness by undergoing today's misery. If I am asked or only a few individuals are asked to follow a particular policy, that would not work. I am therefore of this view that the private sector should be done away with as early as possible. Whether and to what extent capital formation is really affected by taxing bonus issues and on other matters, I shall certainly speak if you or the great Speaker gives me an opportunity to speak on the Finance Bill, both as a man of commonsense and a man who has a little knowledge of economics. For the present, I am of the view that it is not going to affect it at all and if it is going to affect, I am prepared to give private enterprise Government capital and ask them to manage and allow them to fatten and create their own capital for financing their own proposals. That is my considered view.

There is a proposal for reopening certain income tax cases. I find some people have taken objection to it. They say past things are past. There is no law of limitation in the matter of political and economic crimes. I am of this view that if anybody does a wrong today, if he is in office and if he refuses to be judged, any lapse or efflux of time will not help him. When people come into power, they will have justice done and they will punish the guilty. Suppose 10 years ago they have managed; tax dodging is an art and a science, (*An Hon. Member: Magic*) I am told, in this country. Many people may be knowing—the Chairman of the Income-tax Investigation Commission

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whom I knew, told me—that experts were engaged for the purpose of tax-dodging and they were imported from England.

Shri S. S. More: That is slander on India.

Shri Gadgil: On a section of India.

Shri S. S. More: It means that experts are not available in India. That is a slander on India.

Shri Gadgil: My answer to Shri S. S. More is that there were certain people from this country engaged. It will not be proper or parliamentary to mention their names.

Shri Tyagi: With apologies to Shri S. S. More.

Shri Gadgil: He defended a black-marketeer. He did not advise him.

Shri S. S. More: You are my guru.

Shri Gadgil: We may leave it at that.

The point is, whatever be the lapse of time, this must be gone into.

I shall conclude with a sloka from one of our puranas. When Bhagwan Shri Krishna was asked what are the things he holds in the highest esteem, he said:

दुःमिक्षे अन्नदातारं सुमिक्षे हिरण्यदं
चतुरोहं नमस्यामि रणे धीरं ऋणे शुचं ॥

I bow to four people: the one who gives *annadan* when there is famine, the one who gives gold when there is prosperity, the one who is a *deera* in war and the one who is pure in the payment of debts. Here is an opportunity for those who have indulged in all these things. They will not escape punishment. People are coming into their own. If the present Government cannot do it for one reason or the other, the Government will have to change its policy or the Government will change. The people will not tolerate it. If the General Secretary of the Congress says that the character of the people must improve, he has not opposed this proposition, whatever be the time-lag, I am glad that there is no time-limit mentioned. I am therefore supporting the Budget, not so much for what it contains, as I said, not so much for its performance but for its promise. I am glad to find that Shri C. D. Deshmukh, in spite of his 'misdeeds' according to capitalists, is still welcome. If he continues for

the next five years, I am sure that he will not rest on his oars, on what he has done this year, but progressively, more and more....

Dr. Lanka Sundaram: He will honour his own post-dated cheque?

Shri Gadgil: Most certainly. He will not only honour his post-dated cheque, but he will give something more to the common man. He has compared this to a yagna. For this yagna, the *hota* must not be a single individual, but the whole *praja* must be the *hota*.

Pandit Fotedar (Jammu and Kashmir): With your permission, I take this opportunity of congratulating the hon. Finance Minister for having given to the country a balanced and a purposeful budget....

Shri N. M. Lingam: It is not a balanced budget.

Pandit Fotedar:... it may not be according to your estimation it is according to mine.—Food for one may be poison for another. This budget which in collaboration with the National Budget as envisaged in the Second Five Year Plan, in its different ways and forms, aims at the creation and development of a society which would assure freedom from privation, freedom from want, freedom from unemployment and under-employment, freedom from disease and ignorance, and above all freedom from unequal distribution of wealth. I can understand the criticism of many hon. Members on the opposite but I feel concerned to observe that some of them have done less than justice both to themselves and the Government when they made a wholesale condemnation of the activities of the Government to develop the country. After having combated the ravages of nature and the mischief of man, the record of our achievements during the First Five Year Plan has been one, over which any nation of the world, during the comparable period, would feel proud of. I know it, and everybody in this House will agree with me that perhaps India is the first example—and history cannot record a parallel—of how an under-developed country inhabited by poverty stricken teeming millions, only within a period of seven or eight years of its independence, from thralldom, from slavery, from political suffocation and from poverty, emerged on the world stage as a power to be

reckoned with, because of the achievements at home, and because of the approach towards international problems, abroad.

I know there are lacunas. I know that we cannot rest on our oars. We have to work hard, and work incessantly till India could come to her own and occupy its deserved place in the comity of nations. Briefly speaking I would insist on only three things here. The first is that the Finance Minister should pay his attention to the fact that taxes should not be so levied that the poor man or the underdog is taxed, as it has been done in the case of coarse cloth and the essential oils. We have to see that the colossal unemployment is eased and effective arrangements are made for the clearance of slums. There is a pathetic paucity of housing accommodation in many parts of the country to house the Government Servants both Civil and Defence. This deserves top priority in our Second Five-Year Plan. Ours is a programme of dynamic movement, we cannot run away with a comfortable assurance that we have achieved everything. We have to proceed with a certain amount of optimistic caution, to quote the words of our worthy President.

Having said this, I would take this opportunity now to make a reference to a very important issue, which is looming large in the eyes of the world today and that is the Kashmir question. With your permission, Sir I would like to submit to the wisdom of this great parliament a certain facet of the Kashmir question, and trust that it will have the necessary and deserved attention and consideration from this august House.

I feel that a stage is reached, in the light of international developments and because of many compelling and irrepressible circumstances here, there and everywhere in the world, when this great Parliament of the Indian people and the Government of India are called upon to take a decisive, conclusive and final decision in a most unequivocal, formal and regular manner regarding Kashmir question, consistent with the decision that has been taken by the Kashmiris themselves, decision taken time and again and energetically demonstrated to the world by the Kashmiris, that Kashmir is an integral part of India, and that Kashmir's accession was finally ratified in the Constituent Assembly of Kashmir by the representatives of the people. After all, who is

to decide? Everybody says that the Kashmiris have to decide the Kashmir question. Everybody says that the Kashmiris are to determine the destiny of their own future and nobody perhaps seems to mean anything definite by it. We do it, and time and again we have done it. But unfortunately there are tremors going on, and there is a sort of stupid talk going on in SEATO, in the Baghdad Pact, and in the Commonwealth Prime Ministers' Conference and elsewhere about the settlement of the Kashmir question, which is no longer any question with Kashmiris now. Who is to decide? If after the arbitrary dismissal of the Pakistan Constituent Assembly some form of Assembly which was smuggled in, and which came on the surface neither from the back-door nor from the front-door, but suddenly appeared from the trap-door and bewildered the whole world into acceptance 'This is the Constituent Assembly of Pakistan', had the competence and the authority to take a decision regarding momentous issues pertaining to Pakistan, could decide the future of Pakistan, could devise the administrative divisions of Pakistan, and could make Pakistan a republic and pass its Constitution. If Sudan which originally decided to have a referendum under the auspices of the International Supervisory Commission, to which India was also invited to be on the personnel of that commission, afterwards surrendered the idea of Referendum and passed the Act of Independence as a result of which Sudan became a republic and an independent country. If all this could be constituted, legal and regular, then if the Kashmiris who are sovereign to determine their own destiny, have done a similar thing, through their Constituent Assembly, consisting of the accredited representatives of the people, why should our decisions be allowed to be toyed by the SEATO, by the Baghdad Pact powers and others and why this mischievous noise about Kashmir?

I sound a note of warning to this great Parliament and the Government of India—it is unlucky that the Prime Minister is not here—that if they do not rise up to the occasion and take an immediate final decision posterity will record a decree that their ancestors, their great statesmen who are sitting in this Parliament of India today, and who are sitting on the Treasury Benches, committed a political suicide while of

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an unsound mind. That is my warning. And many other complications also will follow if we do not decide this point now and the result may become formidable. The whole of Asia today appears to be in a state of siege. There is a cease fire line in Kashmir, in Korea, in Indo-China and in Israel. All these lines are under the supervision of United Nations observers. After all how long the world can afford to hang on like this in a state of insecurity and suspense. The Gordian Knot must be cut some where and let us do it from Kashmir.

After all, what is wrong? Who says that Kashmir is not your integral part? I have decided. I am the sovereign supreme factor to decide my own fate. I have come to India of my own sweet will.

Although the Kashmir question was not discussed in the SEATO in the council of Ministers there yet the manner in which they smuggled in Kashmir in their references and in their pronouncements shows which way the wind blows, and shows also how these prominent permanent powers of the Security Council are insidiously becoming a party to the Kashmir question, and how because of the SEATO, the Baghdad Pact and the military alliance with Pakistan they have forfeited the complexion and character of impartiality. In my estimation, and for my purposes—I am drawn to this irresistible conclusion—that there is no difference between the SEATO and the Security Council. It is no longer a Security Council; it is an insecurity council. The reference to Kashmir, besides smacking of constitutional and legal impropriety, besides being a transgression of the aims and objects of the SEATO is an outrage against international code of political morality. It is an insult to the dignity and the authority of the United Nations who are still in some form or other seized of the Kashmir question; and it exhibits a colossal ignorance and disregard of the sentiments and feelings of the Kashmiris who have taken a decision, not only once but several times. They took it in 1947. They took it once again, and they have been taking it every now and then. When Mr. Bulganin and Mr. Khrushchev visited Kashmir, they made a reference to Kashmir and said that Kashmir is an integral part of India and the Kashmiris themselves have taken a decision. Not that they

were tutored or inspired. I may tell you that the whole route from the airport up to Srinagar over a length of 12 miles, hundreds of thousands of citizens, full of cheering crowds, demonstrated energetically their accession to India and their happiness over the friendship between Russia and India. When Mr. Bulganin and Mr. Khrushchev said this, they said what they saw. I extend an invitation to Mr. Eisenhower, I extend an invitation to Mr. Dulles, I extend an invitation to Mr. Eden and Mr. Selwyn Lloyd to come to Kashmir and to see things for themselves. They will not only endorse what Mr. Bulganin and Mr. Khrushchev said but they will say something more which after all may not be very palatable to their ally, friend and protege, Pakistan.

Mr. Chaudhuri Huq Foreign Minister of Pakistan in his magnanimity and in his generosity referred in the SEATO council to the Kashmir question and said that he wanted to seek the right of self-determination for Kashmiris. May I put this question to him? Did he want that type of self-determination for Kashmiris, which he gave them in 1947 when the Titanic hordes of mediaeval barbarism were let loose on the innocent Kashmiris, by Pakistan, when sin and perdition were carried into the innocent homes of Kashmir, hillmen when huge areas of land were devastated, when thousands of persons, Hindus, Muslims and Sikhs were put to the sword and thousands of homes were reduced to ashes and women were molested and brutally assaulted? Was it that type of self-determination that he wanted to give to the Kashmiris? Let Pakistan know it; let Pakistan and her Imperialist masters understand that Kashmir is not a no-man's-land, and that the Kashmiris are people possessed of political integrity and resolution.

Kashmiris are the people who in 1947, before Indian troops came over there when under the storm and stress of circumstances—even our great leaders had to bow down before the partition theory,—stood in solitary glory challenging the venom of the Two Nation Theory. Kashmiris, under the leadership of the National Conference hurled back the enemy beyond Uri. If now the decision that we have taken is bypassed or any attempt from any quarter is made to impose a decision on Kashmiris, Kashmiris will resist it with their lives and in the same way, when they resisted Pakistan aggression in 1947. Besides, that, I may assure you Sir that

any disturbance now of the arrangements which the Kashmiris have done for themselves and for their future would be fraught with dangerous consequences which may imperil not only peace in India and Pakistan but may imperil peace in the whole of Asia and may endanger the peace of the entire world. Kashmir is a sort of spot you have to think about. It is indissolubly linked up with the world politics today. It is rather disquieting to observe that no reference has been made to this most important issue, so far in the Parliament. All the papers are full of matters about SEADO. Even the British Labour Party has taken up the question in the Parliament. Certain other Parliaments are doing it. But somehow we do not propose to break the conspiracy of silence.

The House will be interested to know about one thing, that after the Kashmir Constituent Assembly, which consists of the accredited representatives of the people of Kashmir, had taken a decision, Kashmiris, instead of uncertainty, instability and fear of the morrow, set themselves on a path of peaceful constructive progress. We have got every reason to feel very thankful to the Government of India, to the Parliament and to the Indian people, as a whole for the invaluable assistance and guidance that Kashmiris have got from them. And I may assure them that Kashmir today is forging ahead with confidence, and a sort of earnest desire to develop Kashmir into a Welfare State is visible and discernible in different spheres of administration, in education, in health, in rural departments, in tourism and everywhere. I do not subscribe to what Shri Kamath said. Shri Kamath's approach to the Kashmir problem is anything but helpful, and comes in the very way of the objective that we pursue.

One more point and I would have done....

Shri Bogawat (Ahmednagar South): Who instigated the Afridi Tribes?

Pandit Fotedar: I would like to say one thing, that somehow some colonial powers in the world deliberately or otherwise are suffering from a painful conception that all the Muslims of the world believe in the two-nation theory and that all the Muslims of the world are religious fanatics, and banking on this self amazing and deluding consciousness, they feel that in Kashmir since there is a Muslim majority and

therefore, if a plebiscite is held, the Muslims would vote for Pakistan. To disillusion them of this great mental adhesion, which is creating much mischief, I would like to refer this House to a few incidents which happened in Kashmir from the year 1939 onwards right up to date which will prove conclusively. The way of life, that a Kashmiri Muslim had chalked out for himself in Kashmir, consistent with an illustrious past and a progressive heritage based on the principles of humanism and also prove its temperamental predictions for India of which Kashmir is and has been an integral part from times immemorial saturated with the spirit of secular democracy. I would like to refer you Sir to the year 1939. It was the Muslims of Kashmir who converted the Muslim Conference of Kashmir into the National Conference, after having come under the influence and the inspiring guidance of the National Congress which stood for the emancipation of the down trodden people of India on the basis of secular democracy.

Shri Velayudhan: Who is that Muslim?

Pandit Fotedar: I said there was a Muslim Conference in Kashmir from the year 1931 to 1938. In the year 1939 when the leaders of the Conference felt that Congress was the potent factor in achieving responsible Government to the different States, that Congress was an organisation proceeding on the basis of secular democracy and progressivism and believing in the dignity of an individual, the leaders of the Muslim Conference were very much influenced by that ideology and they converted the Muslim Conference into the National Conference and had the blessings of the Indian National Congress.

In the year 1942, when the "Quit India movement" was started, the National Conference held parades, mass demonstrations and all types of agitations in sympathy with the movement started in India. You will be surprised to know, Sir, that in the year 1944, when the late lamented Mr. Jinnah of revered memory visited the capital of Kashmir, when that great religious, pontifical potentate of Muslims, who believed in the two-nation theory and believed always in exhorting Muslims to come under the flag of the Muslim League, visited Kashmir, we offered him the traditional hospitality. And after that what happened? He actuated by his

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own habit, once addressing a huge, mammoth public gathering, told them that the National Conference was working under the influence of the Hindu Congress, and it would not do well for the Muslims of Kashmir to be with the Congress but they should come under the banner of the Muslim League. All of a sudden there was tension, pandemonium, brickbats and all sorts of things happened. The position of Mr. Jinnah became very tight. The police had to intervene and Mr. Jinnah was with the greatest difficulty rescued, against the onslaught of an angry mob put into a car and delivered under police escort at Kohala, beyond the frontiers of Kashmir.

Then in the year 1947 (early August) when after partition power was transferred to Indians on the Independence day, in spite of the communal halocaust and unprecedented communal upheaval, elsewhere, Kashmiris celebrated the occasion with great jubilation and eclat, although there was no talk of the complete accession to India then and the leaders of the National Conference were still behind the bars. The whole country beamed with mirth and all the important places and buildings were hedecked with tricolour flags.

Again in the year 1947, when the tribesmen, under the influence and the inspiration of Pakistan, invaded Kashmir, they had reached almost the doors of the city of Srinagar were battering at the gates; where were Muslims inside and Muslim invaders outside; the administration collapsed from within, not a single sentinel was to be seen anywhere, and the Mohra Power House was damaged; it was all wilderness and darkness—at that time, who saved Kashmir? Kashmiris under the banner, and under the leadership of the National Conference stood up like one man and gave a slogan which acted like a spark in a powder magazine. The whole nation, Hindus, Muslims and Sikhs burst up like a dynamite and hurled hand the invader. If the Muslims then would like to fall into the lap of Pakistan, they could, but instead they fought the Pakistanis and acceded to India. It was after that that the Indian troops came to our assistance at our request and at our invitation.

Then I come to the year 1954. Pakistan never wanted a decision on Kashmir. Pakistan always wanted to use the

Kashmir case as a trump-card for diverting the attention of the Pakistan masses from colossal economic and social distress. It is in this context that the Kashmir case was used every time by Pakistan, manifesting some times is the slogan for "Jehad" and "raising the Fist." In the Security Council, we found that Pakistan which in my estimation, as in the estimation of all the nationals of Kashmir, as also accepted and declared as an aggressor by Mr. Dickson, the U.N.O. mediator is the aggressor, was very cleverly smuggled in as a party to the Kashmir case. We waited for full six and a half years. But the international powers used Kashmir as a pawn on the chess-board of international politics for their own benefit and to the detriment of India and Kashmir, against an aggressor who had referred the case to the United Nations for justice. They never cared for the sentiments of Kashmiris; they were completely callous to the patent facts of the case. And when the principle permanent member of the Security Council—my reference is to America—entered into a sort of military alliance with Pakistan, there was no other alternative for us, but to exercise our right to take a decision. I can understand the *bona fides* of the Government of India, their respect for their commitments and all the values that they lay by their commitments and obligations. But those commitments were against a certain specific set of circumstances. Now the whole basis has altered, and I make an earnest appeal to this great House, the great Parliament representing the teeming millions of India, and to the representatives of the Government on the Treasury Benches, that this is the time that they should take a decisive, conclusive and final decision on Kashmir and tell the world, 'Hands off Kashmir'.

श्री एच० एल० अग्रवाल (जिला जालोन व जिला इटावा—पश्चिम व जिला झांसी—उत्तर) : सभापति महोदय, सब से पहले मैं आपको इस बात के लिए धन्यवाद देना चाहता हूँ कि आपने मुझे बोलने का मौका दिया। मैं बहुत देर के बाद आज बोलने जा रहा हूँ।

मैं वित्त मंत्री जी को भी जी बजट उन्होंने पेश किया है उसके लिये धन्यवाद देना चाहता हूँ। आज हम उस जगह पर हैं जबकि हम फर्स्ट फाइव ड्यर प्लान (प्रथम पंचवर्षीय योजना) को पूरा करने जा रहे हैं और दूसरे प्लान

को हम शुरू करने वाले हैं। फर्स्ट फाइव इयर प्लान में हमने काफी कामयाबी हासिल की है। इससे सभी ने माना है और चारों तरफ से इस बात को स्वीकार किया गया है कि जो हमारे टारजेट्स थे उनको हमने पूरा किया है, चाहे बे खेती के मामले में हों चाहे इंडस्ट्री के मामले में हों। हमारा खेती का प्रोडक्शन इतना बढ़ा कि जो हमारी अन्न की कमी थी वह अच्छी तरह से पूरी हो गयी। हमारे यहाँ सन् १९५३ में खेती की इतनी पैदावार हुई कि हमको कंट्रोल्स को कायम रखने की जरूरत नहीं रही। इस लिये हमने कंट्रोल्स को हटाया। इसके बाद सन् १९५४ में थोड़ी गड़बड़ हुई, कई जगह बाढ़ें आईं लेकिन फिर भी हमारी पैदावार में कमी नहीं हुई। इसी तरह से हमको खेती से जो रा मेंटीरियल की, जैसे जूट की और रई की, जरूरत थी वह भी पूरी हुई। हमारी इंडस्ट्रीज के प्रोडक्शन में भी काफी तरक्की हुई, चाहे वह कपड़े का प्रोडक्शन हो या और किसी चीज का। आज हमने बिजली की पावर भी बहुत ज्यादा बढ़ा ली है। हमारी कोयले की पैदावार भी काफी बढ़ी है। इस तरह से अगर आप देखें तो आपको मालूम होगा कि फर्स्ट फाइव इयर प्लान में हमारी काफी तरक्की हुई है और हमने काफी कामयाबी हासिल की है।

इस कामयाबी के साथ हमारे सामने एक दिक्कत भी आयी। जिस समय खेती के पैदावार की कीमतें गिरने लगीं तो गांव वालों के सामने एक बड़ी दिक्कत उपस्थित हो गयी और उनको यह अनुभव होने लगा कि जो कुछ उनकी थोड़ी बहुत तरक्की चीजों के दाम बढ़ने से हुई है वह सन् १९५४ में दाम गिरने से खत्म हो जायेगी लेकिन सरकार ने कुछ ऐसी मदद की और ऐसे तरीके अस्तित्थार किये कि हमारे वह दिक्कत हल हो गयी। लेकिन मैं आपके मार्फत एक बात की तरफ सरकार का ध्यान दिलाना चाहता हूँ। वह यह है कि देहातों में लोग बहुत ज्यादा गरीब हैं। इस वजह से जो पैदावार होती है उसको उन्हे फौरन बेचना पड़ता है और वह उसको रोक नहीं सकते और इसका नतीजा यह होता है कि वे अपने उचित लाभ से वंचित हो जाते हैं। इसलिये जबतक कि किसानों को इतनी ताकत न हो जाय कि वे अपनी पैदावार को रोक सकें, चाहे ऐसा उनकी गरीबी को दूर करके किया जाय या सरकार ऐसा करने में उनको किसी और तरीके से मदद करे, तब तक वे आपनी पैदावार से पूरा फायदा नहीं उठा सकते।

सबसे पहली बात यह है कि हमें इसकी ओर ध्यान देना चाहिये। मुझे मालूम है कि सरकार की तरफ से वेन्नर हाउसेज (गोदाम) और मल्टी परपजेंज सोसाइटीज (बहुप्रयोजनीय समितियाँ) कायम करने की बात कही जाती है। ऋजं की बात भी कही जाती है। ऋजं के बारे में वास्तविकता यह है कि आज भी देहात में दो रूपये सैकड़े सुद पर लोग रुपया उधार लेते हैं। इसकी वजह यह है कि कोम्पारटिव सोसाइटियाँ इतना कम रुपया उधार देती हैं कि उससे लोगों का काम नहीं चलता और उनकी जरूरत बाकी रह जाती है। इस जरूरत को पूरा करने के लिये उनको ऋजं देना वालों के पास जाना पड़ता है जो बहुत व्याज ले कर ऋजं देते हैं। जब तक सरकार इस कमी को पूरा नहीं देगी और जब तक इस कमी को पूरी तरह से दूर नहीं कर देगी तब तक व्याज की दर कम नहीं हो सकती। जब तक व्याज की दर कम नहीं होती और किसानों के पास लगाने को रुपया नहीं होता तब तक उनकी हालत अच्छी होनी मुश्किल है।

दूसरी बात में यह कहना चाहता हूँ कि देहातों में बहुत ज्यादा बेकारी है। शहरों में भी बेकारी है। सवाल यह है कि हमारी यह हालत क्यों है। हमारे यहाँ मेचुरल रिसोर्सेज इतने हैं कि शायद ही दुनिया में और किसी मुल्क में होंगे। मुझे पता चला है कि हमारे यहाँ आयरन और इतना ज्यादा है कि जितना रूस और अमेरिका दोनों में मिलाकर नहीं है और क्वालिटी में भी हमारा आयरन और अच्छा है। फिर भी हम स्टील और आयरन के लिए दूसरों पर मोहताज हैं। इस तरह से अगर हम देखें तो हमारे नेचुरल रिसोर्सेज कम नहीं हैं। हमारे यहाँ इतनी नदियाँ हैं कि उनसे हम बहुत ज्यादा बिजली का उत्पादन कर सकते हैं। हमारी खेती की जमीन भी बहुत ज़रखेज है। लेकिन दूसरी तरफ हम देखते हैं कि हमारे यहाँ करोड़ों आदमी बेकार हैं। एक तरफ हमारे देश की जमीन में खजाने भरे पड़े हैं और दूसरी तरफ हमारे यहाँ इतने आदमी बेरोज़गार हैं और उस दौलत को इस्तेमाल नहीं कर पाते। यह एक बहुत बड़ी कसर है। मैं तो कहूँगा कि सरकार के लिये यह कोई गौरव की बात नहीं है कि हमारे यहाँ इतनी दौलत रहते हुए भी हमारे यहाँ गरीबी बाकी रहे। मैं समझता हूँ कि यह गरीबी एक प्रकार से आसानी से मिट सकती है। ऐसा करने के लिये जरूरत इस बात की है कि हम एक ऐसा बातावरण बनायें ताकि सब लोग इस काम में सहयोग दें। यह ऐसा काम नहीं

[श्री एल. अग्रवाल]

है जो कि कुछ थोड़े से लोगों के सहयोग से पूरा हो सके। जब तक जन साधारण के मन में मदद करने की भावना नहीं पैदा होती और जब तक सब लोग इस काम में एक हो कर नहीं जुट जाते तबतक यह काम पूरा नहीं हो सकता। मैं आपके मार्फत सरकार को यह बता देना चाहता हूँ कि इस समय वह जो तरीके इस्तेमाल कर रही है उनमें नुकस है। अगर ऐसा न होता तो इन आठ सालों में हम इससे कहीं ज्यादा आगे बढ़ गये होते। यह सही बात है कि हमने इन सालों में काफी तरक्की की है, लेकिन यह भी सही बात है कि अगर हमारी सरकार का परसोनेल (कर्मचारी) और तरीके ठीक होते तो इससे ज्यादा कामयाबी हो सकती थी। मसलन, यह कहा जाता है कि हमारे यहां पूंजी की बहुत कमी है और बिना पूंजी के न हम नेचुरल रिसोर्सिज का विकास कर सकते हैं और न पूंजी के बिना लोगों को जुटा कर फायदा उठा सकते हैं। यह बात सही है कि आजकल के जमाने में बिना पूंजी के कोई काम नहीं चल सकता। लेकिन इसके साथ ही साथ मैं कहूंगा कि जो तरीके हम इस्तेमाल करते हैं वे अच्छा नहीं हैं। मैं आप को जिलो का कुछ तजर्बा सुनाता हूँ। अगर आप लोगों को यह बतलाये कि सेविंग्स बैंक में रुपया जमा करने से, बांड खरीदने से उनका ही फायदा होगा तो मैं समझता हूँ कि लोग काफी रुपया दे सकते हैं। आप थोड़े से बड़े आदमियों से रुपये ले कर इतनी पूंजी जमा नहीं कर सकते जितनी कि जन साधारण से थोड़ा थोड़ा रुपया ले कर जमा कर सकते हैं। लेकिन ऐसा होने के लिये इस बात की जरूरत है कि पहले उनको यह तो मालूम हो कि यह रुपया उनके फायदे के लिये लगेगा। मैं आपको बतलाना चाहता हूँ कि जिलों में क्या होता है। वहां सरकारी अफसरों द्वारा यह रुपया जमा किया जाता है। वह यह करते हैं कि अगर किसी को बन्दुक का लाइसेंस लेना है तो उससे सौ दो सौ रुपया का बांड खरीदने को कहा जाता है और जब वह ऐसा करता है तो उसको लाइसेंस दिया जाता है। इसका नतीजा यह होता है कि लोगों के दिल में यह बात नहीं बैठती कि यह रुपया उनके फायदे के लिये लगाया जायेगा। लोग दबाव में आ कर रुपया दे जाते हैं। लोगों का जैसा ध्यान इधर जाना चाहिये वैसा नहीं जाता। जैसा कि कल पाटिल साहब ने कहा था, मैं तो चाहता हूँ कि इस विषय में सरकार की ओर से कोई आन्दोलन चलाया जाये और लोगों को बतलाया जाये कि ऐसा करने से उनका फायदा होगा। अगर

ऐसा किया जाये तो मुझे विश्वास है कि बोग जेवरों में रुपया न लगा कर सरकार के सुपुर्ब कर देंगे। लेकिन जरूरत इस बात की है कि इस तरह की कोशिश की जाये कि लोगों के दिल में यह बात बैठ जाये कि यह काम उनके फायदे के लिये है।

एक माननीय सदस्य ने यह कहा कि श्रमदान की भी एक तरह की पूंजी है। इसे कानून बनाकर जबरदस्ती लेना चाहिये। मैं कहता हूँ कि हमारा हमेशा से यह तरीका रहा है कि हम कानून बनाकर जबरदस्ती करके कोई चीज नहीं कराना चाहते। हम तो लोगों को समझा बुझाकर, उनका फायदा बतला कर उनसे काम करवाना चाहते हैं। श्रमदान और बेगार में केवल इतना ही अन्तर है कि श्रमदान वह काम है जो कि तबीयत से किया जाता है और बेगार यह काम है जो कि जबरदस्ती से लिया जाता है। जो काम जबरदस्ती से लिया जाता है उसमें वह असर नहीं रहता जो कि तबीयत से किये हुए काम में होता है। हमको बेगार से उतना फायदा नहीं हो सकता जितना कि वालंटरी काम से हो सकता है। इसलिये मैं नहीं चाहता कि ऐसा कोई कानून बनाया जाये जिसमें जबरदस्ती लोगों से काम लिया जाये। लोगों को उनका फायदा बतला कर आप उनसे श्रमदान ले सकते हैं। ऐसा होगा तभी हमारी कामयाबी आगे बढ़ेगी।

3 P.M.

डेवलपमेंट (विकास) के बारे में और आपने विभिन्न प्लान्स (योजनाओं) के बारे में हम जो प्रचार करते हैं, वह बहुत ही कम और अपर्याप्त होता है। अगर ठीक तरह से प्रचार किया जाये तो मुझे पूरी आशा है कि देश के करोड़ों नर नारी उनको चलाने के लिये चल पड़ेंगे। मेरी समझ में श्रमदान और स्वेच्छा से बहुत से काम सफलतापूर्वक सम्पन्न हो सकते हैं लेकिन अगर आप इसके लिये एक कानून बना करके टैक्स के रूप में जनता से वह काम करवाना चाहते हैं तो उसमें सरकार की बड़ी बदनामी होगी और सरकार की तरफ से लोगों का विश्वास हट जायेगा। यह हमेशा देखने में आया है और अनुभव बताता है कि जो काम जबरदस्ती कराया जाता है वह कभी सफल नहीं होता। मैं यह मानता हूँ कि रूस आदि देशों में रेजिमैंटेशन करके इस तरह से काम कराया गया और वहां किसी हद तक उसमें वे कामयाब (सफल) भी हुए लेकिन मेरा यह विश्वास है कि भले ही थोड़े दिनों तक इस तरह से काम हो जाये लेकिन अन्त तक, अन्ततोगत्वा वह चीज नहीं रहने की है और उससे हमारा काफी नुकसान होगा।

अब थोड़ा सा मैं आपके जरिये बजट के नये कर प्रस्तावों के सम्बन्ध में सरकार से कहना चाहता हूँ । नया टैक्स लगाने के पहले सबसे पहली जरूरत इस बात की है कि सरकार को यह देखना चाहिये कि कहीं कोई वेस्ट (अपव्यय) तो नहीं हो रहा है, किसी क्षेत्र में ज्यादा और अंधाधुंध खर्चा तो नहीं हो रहा है । इस सम्बन्ध में मेरा अपना पक्का ख्याल है कि सरकार के जरिये से जितने काम होते हैं, उनमें प्राइवेट (निजी) तौर से काम कराने की अपेक्षा कहीं ज्यादा खर्च होता है । चाहे आप सड़कों के बनाने में देख लें, या मकानों को बनाने में देखें, सरकार द्वारा चलाये जाने वाले इन कामों में अंधाधुंध खर्चा ही रहा है और जनता के धन का अपव्यय हो रहा है और मेरा अनुरोध है कि सरकार को इस दिशा में काफ़ी ध्यान देना चाहिये और इस अपव्यय और अंधाधुंध अपव्यय को रोकने के लिये सक्रिय क्रम उठाना चाहिये । इस सम्बन्ध में जो एक सुझाव इस सदन के कई एक माननीय सदस्यों ने दिया था कि इसके लिये पार्लियामेंट के मेम्बरों की एक कमेटी बनाई जानी चाहिये जो कि इस बात की निरंतर जांच करती रहे कि सरकारी कार्य के किसी क्षेत्र में अपव्यय और फिज़ूलखर्ची तो नहीं हो रही है, मेरा विश्वास है कि अगर इस तरह की कोई एक पार्लियामेंटरी कमेटी बन गई तो सब लोग समझ जायेंगे कि अगर कहीं उनके काम में कोई गड़बड़ी पायी जायगी या कोई नुक़स पाया जायेगा तो वे बचेंगे नहीं और उस के लिये उन्हें समुचित दंड दिया जायेगा तो वे ठीक तरह से काम करेंगे । मेरा कहना यह है कि अगर अपव्यय रोकने के बाद भी ठीक से काम नहीं चलता तब सरकार को प्रतिरिक्त नये कर लगाने का हक़ पैदा होता है ।

दूसरी बात में यह कहना चाहता हूँ कि सूती कपड़े पर यह जो दो पैसे प्रति वग़ गज़ की उत्पादन शुल्क में वृद्धि की गई है, इस का असर और बोझ देश के गरीब आदमियों के ऊपर पड़ेगा और गरीब आदमियों को ही इस कर वृद्धि का भार ज्यादा अख़रेगा । यह ठीक है कि सुपरफ़ाइन कपड़े पर ड्यूटी ढाई आना प्रतिवग़ गज़ तक हो जायगी लेकिन यह वग़ गज़ पर होने की वजह से यदि गौर से देखा जाय तो वह टैक्स दोनों किस्म के कपड़ों पर करीब करीब बराबर पड़ जायगा । कोर्स (मोटा) और मीडियम (मध्यम) क्लास (कपड़ा) बहुत कम कीमत का होता है जब कि सुपरफ़ाइन क्लास ज्यादा कीमत का होता है इसलिए रुपये के परसेंटेज (प्रतिशतता)

के हिसाब से देखा जाय तो मेरा ख्याल है कि उसमें कोई ज्यादा फर्क नहीं होगा । इसलिये वित्त मंत्री महोदय से मेरी प्रार्थना है कि कम से कम कोर्स और मीडियम किस्म के कपड़ों पर यह ड्यूटी कुछ कम होनी चाहिये ।

इसके अलावा मैं एक बात और अर्ज करना चाहता हूँ और वह यह है कि कोर्स धोतियों और साड़ियों को जो इस उत्पादन शुल्क से मुक्त किया गया है तो आखिर कोर्स धोती और साड़ी के मानी क्या हैं ? मुझे एक मिलमालिक ने बतलाया कि कोर्स धोतियाँ और साड़ियाँ मिलों में बहुत कम बनती हैं, बहुत ही थोड़ा परसेंटेज उनका मिलों में बनता है क्योंकि १४ काउंट से ऊपर की मीडियम में आ जाती हैं । मेरा ख्याल यह है कि जहाँ कोर्स धोती व साड़ियों को एक्ज़ेम्प्ट (मुक्त) किया गया है वहाँ मीडियम किस्म की धोती और साड़ियों को भी एक्ज़ेम्प्ट करना चाहिये ।

मैं इसमें एक बात अच्छी देखता हूँ और वह यह है कि हमारे करघों और खादी के व्यवसाय को इससे प्रोत्साहन मिलेगा क्योंकि जो टैक्स मिलों के बने हुए कपड़े पर लगेगा, उसकी बजह से खादी और गाढ़े को उनसे बाज़ार में प्रतियोगिता करने का अच्छा मौका मिलेगा ।

एक बात में इसी सिलसिले में और कहना चाहता हूँ कि प्राइवेट सेक्टर की तरफ से यह कहा गया कि हमें एक्सपोर्ट (निर्यात) करने में काफ़ी दिक्कत अनुभव होती है और हमारी और बहुत सी दिक्कतें बढ़ गई हैं और अगर इस तरह से कपड़े की नई मिलों को खोलने से व आगे बढ़ने से रोका गया और उनको इस तरह से ज्यादा कपड़ा बनाने से अगर रोका जायेगा तो उनको विदेशों में प्रतियोगिता करने में दिक्कत पड़ेगी, इस सम्बन्ध में मेरा सुझाव है कि हम इस तरह की एक्साइज ड्यूटी (उत्पादन शुल्क) लगायें कि वह एक्सपोर्ट होने वाले माल पर न लगे, और अगर एक्सपोर्ट पर हम एक्साइज ड्यूटी न लगायें तो फिर हमारे कपड़े के लिये दूसरे बाज़ार अच्छी तरह से सुलभ हो सकते हैं, और यहाँ हिन्दुस्तान में खादी और गाढ़ा भी खूब विक्रान्त चूँकि यहाँ तो हमें खादी और दूसरी चीजों को प्रोत्साहन देना है, इसलिये हमें मिल के कपड़े पर उत्पादन कर लगाकर उसे करना है ।

एक बात यह कहीं गई कि खादी और से किसी तरह से भी हमारे कपड़े की मांग पूरी

[श्री एच. एल. अगवाल]

नहीं हो सकती। मैं यह अर्ज करना चाहता हूँ कि ऐसी बात नहीं है। हमने पिछले दो तीन साल में देखा कि ६० करोड़ गज से बढ़ कर अब १ अरब और ५० करोड़ गज कपड़ा करघे से बनने लगा है और थोड़े से समय में हमने देखा कि उसका उत्पादन पहले की अपेक्षा थोड़े से भी ज्यादा हो गया है और मुझे तो इसमें कोई शक नहीं है कि अगर हम इस व्यवसाय को प्रोत्साहन दें, उसको आगे बढ़ने का मौका दें और नये तरीके निकालें और नये नये डिजाइन बनायें तो हमारी कपड़े की आवश्यकता इस करघे की व्यवसाय से पूरी हो सकेगी और हमें मिलों के कपड़े की जरूरत नहीं रहेगी और इस तरह गृह उद्योग की उन्नति करने से हमारे लोगों को काम भी मिलेगा और बहुत हद तक उसके द्वारा हम अपनी बेकारी की समस्या को भी हल कर सकेंगे।

Shri N. Sreekantan Nair (Quilon *cum* Mavelikkara) : At the very outset let me express my resentment at the remarks passed by the hon. Member Shri Matthen, in the House the other day. Our State of Travancore-Cochin certainly is not a State which would accept any administrator however highly he may be placed, however honest he may be and however efficient he may be. We believe that a good administration is no substitute for self-administration. So any attempt to impose an administrator there will certainly be opposed and fought out by the people of my State.

Another point Shri Matthen made out was that we sitting on this side of the House are criticising the policies of the Government out of a frivolous attitude. I would like to say that Shri Matthen knows certainly, though many of the new congressmen may not know, that many of us who sit on this side of the House have spent 15 or 20 years of our life strengthening the Congress and fighting the battle during the days of our freedom movement. And we have crossed the floor only after the Congress came into power after our Independence was secured. Instead of sharing the plums with the Congress, we chose to cross the floor because we had fundamental differences in the ideology and practice of the Congress in power, of the leading figures of the Congress. Therefore, our criticism has to be taken much more seriously. At least, the sincerity of our purpose must be accepted without question.

Coming to the question of the budget, I want to make the position very plain as it was only hinted by Shri Gadgil. I consider it as an election budget but the stress on this election budget is on the support which Government expects from the capitalists and not from the common man. A very ambitious programme of the Second Five Year Plan has been launched. We are told that India wants about Rs. 4,800 crores for the next five years. But the first year of the Second Five Year Plan does not convey in these budgetary proposals any idea as to what are going to be basic principles by which this amount is going to be realised. It gives a completely uncertain picture of the future. Almost the *status quo* is maintained in this budget. Only a very small increase in income, that is, about Rs. 34.15 crores, and a deficit of Rs. 17.86 crores have been left to resolve themselves. Why all this strategy? Why all this camouflage? I would like to know whether it was very difficult for the Finance Minister to find the finances to bridge the gap between actual income and actual expenditure, at least on the revenue side.

If we look into Part A of his budget speech, we will find that all the important principles in framing the budget have been enunciated there. It has been said that we want huge sums in future and so the increase in taxation must be proportionate to the increase in the national income. It has also been said that the revenue Budget should be balanced and that the recommendations of the Taxation Enquiry Commission were far below the requirements of the present and that Government has to go beyond them. But none of these principles have been followed in practice in the recommendations made in the Budget. Out of the total income of about Rs. 34 crores derived by additional taxation, about Rs. 25 crores are from indirect taxation and only Rs. 9 crores from direct taxation. In the context of deficit financing with visible trends of inflation, I think this indirect taxation is going to affect poor people very seriously. We find that the prices of cloth, edible oils and soap have all increased. Naturally the common man who needs all these things in his daily life is the sufferer. I would have congratulated the Finance Minister if the tax on edible oils had been so adjusted that it would touch only the capitalists who deal in them. But the duty on coconut oil, for instance, would benefit the oil barons much more than do any injury

to their interests because they gain doubly. They can raise the price of coconut oil on the one hand and they can lower the prices of copra and coconut on the other and thus they gain doubly. It is the poor people of Travancore-Cochin who would suffer very seriously. I am saying this from practical experience.

An Hon. Member: People in Malabar also are affected.

Shri N. Sreekantan Nair: Yes. The people in the would-be State of Kerala would suffer. Their crops have not been fetching higher prices as has been claimed by the Government regarding other parts of India. There has been a steady fall in the prices during the past few years. Our agricultural labour, as pointed out by Shri Gopalan, is suffering much more than in any other part of the country. Originally when the crops used to fetch high prices, they used to have a human existence. Now it is impossible for them to make both ends meet with the price of paddy falling steadily. With their present income they are miserable. They are the people who have to buy the coconut oil, soap and cloth. All these indirect taxation is on them. From the year 1947-48 to the year 1954-55, the excise and customs duties have risen from 42 to 64 per cent of the total income while receipts on income-tax have gone down from 64 to 37 per cent. In the immediate past three has been the increase in the railway fare for short distances and in freight charges and the multi-point sales-tax imposed by the State Governments. With all these additional taxation we can fairly guess what the burden of the common people is.

As for the proposals with regard to personal taxation, the Finance Minister did not succeed in camouflaging his budgetary proposals. It has been recommended definitely by the Commission that a surcharge *cum* compulsory deposit at a graduated rate on incomes above Rs. 25,000 should be levied, the maximum being 5.6 per cent as surcharge and the same amount as deposit. But the Budget proposal actually start with Rs. 70,000. In the intervening grades of income come the vast majority of the income-tax paying people, rich men in the country who are getting between Rs. 25,000 and Rs. 70,000. It is these people who had been benefited by the increase in the national income

due to the First Plan. This section have been exempted. I should not be considered to attribute motives when I say that it is in this intervening scales that most of official nawabs of the Government of India, including Ministers, come. It may be his desire to exempt Ministers and the high-salaried officers. But he forgot that the vast majority of the businessmen in this country who really contribute to the income-tax come from this section. They have gained doubly because they need not pay the surcharge, nor the compulsory deposit. Even with regard to people with more than Rs. 70,000 income, they do not pay at the rates recommended by the Commission. The Finance Minister himself said that their proposals were made with a smaller Second Plan in view and long before this Parliament accepted the socialist pattern of society as its objective. So, he admits that these limitations prescribed by the Commission have to be superceded but in his proposals he falls far short of it. I think it is because of his policy of 'help the rich'.

Even with regard to the higher income group of over Rs. 1.5 lakhs, there is no compulsory deposit scheme and he tried to explain that he had done something which was extraordinary and revolutionary. For the higher group of people who get about Rs. 1.5 lakhs per year as income, this deposit need not be paid back in the normal course of things except in extraordinary circumstances. It should not be done as a general rule and we would have utilised this amount for at least 45 years as had been suggested by the Commission.

In this connection, I may say that in the Soviet Union in spite of the vast development and improvements they had in their economic life, they insist that every member who earns must pay six per cent of his income for the national development schemes. We cannot go so far because the lowest strata of our people do not get sufficient to keep their body and soul together. We can at least insist upon people who get incomes above Rs. 25,000 to pay six per cent more as super-tax or surcharge. We can also insist that people who get above Rs. 70,000 should pay another six per cent, as compulsory deposit. They or their families may draw from this when there is absolute necessity. Their children also can utilise it for other purposes. I think he has not done all these so that their influence may be with the Congress for the next elections. As has

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been pointed out by Shri Gadgil, taxation should be in proportion to the increase in income. He has explicitly stated that, and it should be done.

Just to understand the reactions of the capitalist section in this country, I need only read out to you the first few lines in the front page article of *Capital* dated the 8th March 1956.

The headline is "First Budget of the Second Plan", "Levy on Betterment in Profits. Middle Classes escape Fresh Direct Taxes". According to this paper naturally people between Rs. 1,50,000 and Rs. 20,000 are middle class people. It is said:

"The most encouraging feature of Mr. Deshmukh's 1956 Budget proposals is that with one exception they are not as socialistic as had been expected."

So, the expectation was there that it would be more socialistic and that expectation did not materialise. Even the expectation of the capitalist that he would be taxed, that he would be duly asked to pay to the Exchequer, that expectation has not materialised. For a socialistic pattern, ceiling on total wealth, much higher Estate Duty, taxation on wealth and other radical measures may be required. But to get sufficient funds for our development purposes even in a capitalistic welfare State the middle class and the upper middle class should be and could be taxed. Instead of doing that by raising indirect taxation the burden has been shoved on to the shoulders of the poor sections in the country.

Referring to some of the other features of the Budget we find that the gulf between the estimates and the actual expenditure has been every year getting more and more widened out. This year in the revenue Budget there is a margin of about Rs. 30 crores and about Rs. 53 crores in the capital Budget. Though Rs. 16.42 crores have been almost spent for industrial development, an amount of less than Rs. 1 crore remaining, the fact remains that out of an allotment of Rs. 5 crores for the Hindustan Steel Limited not a pie has been spent. Such important programme have been left over and though the expenditure has come almost to the budgeted amount it is the expenditure that has risen up from unexpected sources.

I cannot understand why the Government do not take more seriously to building our own defence industries especially when they have given notices of discharge to more than 8000 Ordnance workers and especially when the Defence Ministry complain that they could not purchase stores to the tune of Rs. 17.61 crores from outside. I do not understand why we should not expand our very basic defence industries so that we need not depend on any foreign country for our arms and ammunitions. The Finance Minister has already admitted that there is unemployment and it is growing in the urban areas. This unemployment would also be to a certain extent mitigated and our freedom can also be laid on solid foundations if the defence industries are more and more expanded. I would request the Minister for Defence also to look into this question much more earnestly and seriously, in view of the fact that imperialistic powers like America and Britain are more and more siding Pakistan as has been pointed out by my friend from Kashmir. When we find it very difficult to find arms, ammunitions and materials for our defence we have to develop our own industries and a good amount of the total wealth that we spend in the development programmes may be diverted to that.

Sir, before I conclude I only want to point out another reaction in another paper, the *Indian Express* dated 1st March, 1956, which concludes its leading article like this:

"But the Finance Minister can hardly claim to have broadened the basis of taxation so as to ensure an increase in yields *pari passu* with the growth of the national income. One cannot help feeling that in Mr. Deshmukh's eyes the revenue budget has dwindled in importance by the side of the capital budget with its facile reliance on Treasury bills. A surprising but noteworthy fact about the new budget is that the tax proposals were widely known in market circles in a form which does not suggest mere intelligent guesswork."

In this connection, Sir, there is a fear in the minds of the people throughout the country, and in the minds of some of the Members of the Parliament also, that some scape-goats have been penalised and it is the men really at the helm of affairs—Ministers, Secretaries, Personal Assistants to Ministers and all

these people—who have been to a very great extent responsible for all kinds of sins of omissions and commissions but have gone scot-free. This matter should be looked into very seriously otherwise the integrity of the Government offices will be questioned much more. A thorough police investigation is called for and I hope the Chair and the Speaker will take necessary steps to implement this promise made before the House.

Shrimati Tarkeshwari Sinha (Patna East) : The Central Budget introduced by the Finance Minister on 29th February came as a calm after the storm; rather, it was one of the mildest documents placed before the country since independence and it became conspicuous, as much for the taxation it did not levy as for the wide cast of the net. Though it is true that like an expected but unwelcome guest who fails to turn up at an appointed hour it has given tremendous relief to the private sector, but the question is how far this budget has laid the ground for the launching of the Second Five Year Plan. We have no idea as to how the targets fixed under the next Plan, of which we have received a copy of the draft outline, are going to be financed. We do not know how the finances are going to be provided for those targets, from where the needed resources are to come, what will be the shape of the coming economic development of the country and what will be its basis.

We had been listening to the discussions of the Planning Commission preceding the Budget and as far as we have understood, the suggestions put forward for finding out the resources for financing the next Five Year Plan were quite progressive and ambitious in their nature. The suggestions in themselves are not wholly unwarranted or unexpected in the new economic climate that has been created in the country—but many had and have their doubts about that—and, as you know, those suggestions related to the use of taxation as an instrument of reduction of inequalities by enhancement of income tax, by enhancement of estate duties, by levy of a tax on total wealth and expenditure tax on higher incomes, and so on and so forth. Therefore, we had expected to have at least a clear understanding as to how the mind of the Government is working in this direction and how the Government propose to finance the whole of next Five Year Plan which is

so elaborate and ambitious. But we are surprised to find that the Finance Minister has been very very cold and silent on this aspect in the Budget.

Sir, until the 29th February the country had very high expectations regarding this Budget because this is the year which is to see the start of the next Five Year Plan.

Dr. Lanka Sundaram: . . . which is waiting to see.

Shrimati Tarkeshwari Sinha: Thank you. Sir, India's destiny has turned the second page of its history. That at such an important time, at this crucial moment, the Finance Minister should be so silent about the most vital need of the plan, that is its financial resources, I am very much surprised about that. We are not aware how he proposes to start the whole concept of the Plan of which we have the draft outline and which is so ambitious. On the other hand I am afraid that the feeling that has been created after the presentation of the Budget has been of a constant and successful expectation in the future. It has created a mood of perpetual uncertainty about the future, about the coming years and it is this mood of perpetual uncertainty that is very very fatal for the launching of such a gigantic economic Plan in the country. One is rather surprised—I am not able to understand it—why the Finance Minister has presented such a calm and quiet picture about the next Plan in the Budget and I am not very sure whether this picture is a temporary picture of the coming realities or whether it is a confession of the coming events and whether he is going to do something about it in future. That is why in my remarks about the Budget I said : "It is a wait-and-see Budget". We are not able to see anything in the Budget about the next Five Year Plan. Let us wait and see what he is to provide in future for this ambitious scheme that is before us and before the country.

It is very surprising and is a little paradoxical, that the Finance Minister, as a member of the Planning Commission, has gone very, very bold in his conception while as Finance Minister on the floor of this House—he becomes an incarnation of moderation.

Dr. Lanka Sundaram: Dr. Jekyl and Mr. Hyde.

Shrimati Tarkeshwari Sinha: As a member of the Planning Commission, he

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is signatory to a document which is very ambitious and progressive in its tax proposals, while as a Finance Minister here, he has not at all shown himself ready to make even a beginning, to start to implement those proposals of the Planning Commission.

The Minister of Finance (Shri C. D. Deshmukh): May I ask, where the signature is?

Shrimati Tarkeshwari Sinha: It is obvious as he is a member of the Planning Commission.

Dr. Lanka Sundaram: It may be a thumb impression, if not signature!

Shrimati Tarkeshwari Sinha: The country thinks that the views of the Planning Commission are the views of the Finance Minister as a custodian of finances of the country. That is why I said I am not quite able to understand this display of double personality.

Dr. Lanka Sundaram: Schizophrenia.

Shrimati Tarkeshwari Sinha: It is really paradoxical that the Finance Minister, being the same person, having two voices, one in the Planning Commission and the other in Parliament. But I am afraid this is a time when a more solid and a more stable background for the next Plan should have been created, and this was the opportunity to do so. This budget is not just the budget for a year. Every year a budget comes and is placed before Parliament and the country feels that something has been done, but this budget has a special significance in connection with the next Five Year Plan. We must have a psychological approach to this budget, a tremendous psychological approach towards the problems of the country. But we find nothing about it. Though I accept that the Finance Minister, in regard to the draft outline of the second Five Year Plan, has made the remark that every tax proposal will be examined in the nature of its revenue yield, its administrative implications, its effect on economic incentive and its net contribution to the reduction of economic inequalities. So in the present budget, we find either the Government or the Planning Commission has not been able to make up its own mind about the serious justification of those tax proposals or they have left these tax proposals as they are, thinking that they are rather impracticable. Whether it be this or that we think that a due sense of responsibility has not been shown

in this regard, because certain half-baked proposals advanced before the country have created a certain psychological atmosphere. At this stage, if we back out from those proposals, it will create a terrible feeling of frustration in the country. Everybody feels that, and perhaps you also may be having the same feeling about this. I want to ask this question, and I hope he will reply to it at the end of the budget discussion or during the Finance Bill discussion. I think we have a right to ask clarification on the things that have been left unanswered. One of them is, what are the different phases of the economic development that he is planning for. We must have at least some indication of the phases by which he wants to finance the Plan—the different phases one after another. We must be given at least some idea and it is our right to expect a fuller picture of the whole thing from him. For, without some reasonably accurate picture, we are unable to understand what will be the extent of taxable capacity of the people, and tax yields, and how far they will respond to planned development in the country. That is one of the most important things. Without understanding the taxable capacity of the people and the taxable yields, and how far they are going to finance the Plan, we are not able to plan anything, because, here ultimately comes the question of deficit financing. If we do not plan our taxes properly, ultimately we shall have to fall back on deficit financing. That figure is growing, and there is now more and more of deficit financing in the country, because there is no clear picture about the other financial resources that the Planning Commission have in mind for financing the targets fixed under the plan. Therefore, I would request the Finance Minister to check this undue fear about deficit financing and its effect on inflation. I would request him to give us a clearer picture about the proposals when he comes to this House in the future and when he speaks on the subject of economic planning. We feel that all the State budgets that have been laid before the country give an indication that almost all the brunt of expenditure will fall on the Central Government and if the central finances does not show a clear sign of profit by the increase in the national income, the central finances cannot go on providing revenues for the expenditure of the various State Governments. Almost all the State Governments, except very few, have framed deficit budgets and they

depend for their expenditure on the Central Government. Therefore, unless and until the Union Government shows us clearly a picture, saying "Here, we are getting benefit out of our increase in the national income", we are not sure how the Central Government is going to meet the demands of the States. I think for the last five or six years we have been seeing that the Finance Minister has not really been able to increase the taxable capacity of the people. Rather, all the time he is making good the decrease in customs revenue by increasing the excise duties. Our customs revenue is decreasing, because we have decreased our export duties, and all the time, the Finance Minister is making it good by the increase of excise duties and other taxes in place of the customs revenue that we have lost and we are losing day by day.

The Finance Minister was very eloquent about the curtailment in the expenditure, that is, an economical approach to the expenditure, but I am very much afraid if he will be able to fulfil those aspirations. For, day after day, the staff is growing; the departments are growing; more and more people are employed in Government services. I do not know how he professes to have an economical approach to the whole aspect when the administrative system has become so very heavy and it is growing heavier—the staff is increasing—day by day. So I do not put much weight on it. I know the Finance Minister will have many arguments on this point, but as for me, in my individual capacity, I do not have much faith on that plea of the Finance Minister.

Coming to deficit financing, so many arguments have been put forth. And I also want to add my little voice to them. I am also afraid about the deficit financing. The overall deficit of the country is Rs. 390 crores. It is not a joke; it is not a small sum and the whole of this amount, as usual, is going to be covered by the treasury bills. This heavy deficit financing, I think, is the largest attempt that has been made under the present Indian conditions. The sum that has been set apart for deficit financing is Rs. 170 crores more than the deficit financing incurred in the current year. What is going to be the likely effect of the deficit financing be on our economic picture? This is a very vital question. Every serious-minded person is thinking on this aspect, and it cannot pass so lightly as the Finance Minister thinks. The Finance Minister gives the picture

that no untoward incident will happen in the country by resorting to such a heavy deficit financing. But it is very difficult to anticipate the effects of deficit financing at present, because we do not have any picture of the rate of real output that will increase and increase of our imports in the coming year. Are we going to have an adverse balance of trade of Rs. 150 crores in order to meet deficit financing? I do not think anybody can claim that we are going to have an adverse balance of trade to the value of Rs. 150 crores. Nobody can claim to have that exposition, and nobody can say, with a definite stand, that we are going to have an adverse balance of trade to the value of Rs. 150 crores. Mind you, if we are able to get Rs. 150 crores as our adverse balance of trade, then only the net effect of deficit financing in the coming year would amount to almost the same that we had last year when the overall deficit was Rs. 222 crores and when we had a favourable balance of payment of Rs. 35 crores.

I think that it is an utter impossibility for us to comprehend a fuller picture about this. The Government might do something to increase the imports and they might succeed in having an adverse balance of payment to the tune of Rs. 60 or Rs. 70 crores, but I am sure that to have an adverse balance of payment of Rs. 150 crores is an impossibility.

This question raises the point as to how large will be the gap in the foreign trade and how large will be the gap left in the deficit financing in order to balance the economic picture of our country. As I said, Rs. 100 crores worth of adverse balance of payment may bring the deficit financing to the level of what we had last year.

The Finance Minister has tried to show that deficit financing to the extent of Rs. 222 crores in the current year did not show any indication of increase in prices. But, I have got some figures and I may very humbly point out that we have felt that an increase in prices has been there in the current year also. Even with a deficit financing of Rs. 222 crores, there was an increase of 10 per cent in the prices. Since last June we find that prices have increased by 10 per cent, and this cannot be called a normal feature of a normal economy. This has shown that there is an indication of inflation in the country. Now,

[Shrimati Tarkeshwari Sinha]

we are going to resort to deficit financing to the extent of Rs. 390 crores and as we have no clear picture of the adverse balance of trade and of the output of consumer goods, that will be created in the country during the next financial year, I am afraid that if they do not come to our expectation, it will add another 10 per cent increase in the prices. With this amount of deficit financing, the prices will increase ultimately by 20 per cent, if not more than that. Therefore, in order to avoid inflation, all these factors must be taken into account and I would appeal to the Finance Minister to take proper precautions. He must take a very serious attitude about added imports. I would ask him to keep the background ready for adjusting the added imports so as to maintain an adverse balance of nearly Rs. 100. Only then we can have a balanced approach to the whole problem.

I would also request the Finance Minister to maintain the real output of consumer goods at least 5 per cent above what it is in the current year. By keeping it 5 per cent above, we shall be able to check the prices of consumer goods from going up. These are my requests.

Lastly, I would say that deficit financing to an extent greater than Rs. 240 crores is always inflationary in character and we should always take this into account when following the principles of deficit financing, namely, that deficit financing beyond Rs. 240 crores is likely to add to the inflationary conditions in the country. Let us hope that the Finance Minister will take proper measures on imports and also on the production front to redress the growing fear about inflation and increase in prices as a result of deficit financing.

Shri Morarka (Ganganagar—Jhunjhunu) : The hon. Member from Bhandara who initiated this debate made a demand for our budgetary reform. According to him, the present structure of the Budget, which is an accounting budget, must be changed and a performance budget should be introduced. I also join him in making that demand, I think I owe an explanation to the House as to why this demand is made.

The present structure of the Budget, as you know, was evolved by the foreign rulers who were not responsible to this Parliament, who were not responsible to the people, who were not concerned to explain the economic poli-

cies underlying their Budget, but who were only concerned with maintaining law and order. They were not concerned at all with any sort of economic development. They had *i.e.* their budget structure had only one purpose in mind, namely, to ensure some sort of legislative control over the reckless or extravagant spending of the executive. But now, since we have got a development programme before us and since we are undertaking huge projects and spending lot of money on the development and economic prosperity of the country, I think the whole structure of the Budget requires to be changed. We must have a new performance budget which can give us some idea of our objects, activities and achievements.

This problem of budgetary reform is not peculiar to us. It has been considered in various countries. It was first considered in the United States of America, where as late as 1949, a Commission was appointed to suggest a budgetary reform. I will only read out one paragraph from the report of that Commission on the budgetary reform :

Even in the introduction to this report it is said :

“Present budgeting and accounting procedures confuse the Congress and the public and make effective administration almost impossible of attainment.

With this unfortunate situation in mind, this Commission proposes a radical revision in the Federal Government's budgetary presentation and in its methods of accounting for past expenditures.

The new structure we propose is intended to tell the Congress and the public two things :

What is the money wanted for and what do the taxpayers get for it?

These two questions lie at the root of any fiscal system. The present budgeting and accounting system of the Federal Government either does not supply answers to these questions or supplies ‘half answers’. A good system would supply the right answers.”

My humble comment is that even our present budgetary system does not supply the answers to both these questions. It may provide for some sort of legislative control and some sort of authority of the Parliament over the spend-

ing of the executive, but it does not enable us to examine the economic policies underlying the Budget.

This question was considered at the ECFAFE Conference held recently at Bangkok. The Chairman of the Conference, Dr. Lokanathan, admitted that the present structure of the Budget was very useful so far as the control of the legislature on spending was concerned; but so far as the economic policy was concerned, it was seriously wanting. The Conference admitted that in the present method of accounting of the Government, there is a lot of information and valuable information too, but unfortunately, the method of classification of the accounts is such that that information cannot be interpreted or made use of for proper economic analysis or for forming any fiscal policy. It is not presented to the public in a way that the public can make any use of it or even understand it. Our accounting Budget gives only the figures showing how much we get and how much we spend. But, there is no information to show how much money we have spent for achieving particular objects or for getting a particular problem solved. We do not know how much money has been spent for achieving a particular target or performing a certain task.

The main difference between an accounting budget and a performance budget is this. Take for example, the Ministry of Education. From the accounting budget, we would only know how much money we have spent on education; we would know how many secretaries, joint secretaries and clerks are there in total. We would know very little more than that. But if it is a performance budget, we would know how many schools and colleges are there; how many teachers and professors are employed; how many students have been educated; how many new schools will be started each year and so on. That will provide some sort of comparability both within and without the country. We would know whether we are spending per head more on education or less as compared to others, if we have a performance budget. I hope the Finance Minister would examine this problem and some steps would be taken in this direction.

This demand was made by the hon. Member, Shri Asoka Mehta, even last year and the Finance Minister at that time said that the matter was worth

persuing. I am sure this matter has engaged the attention of the Finance Minister. He must have taken some steps, but so far as we are concerned we do not know what has been done.

Another point on which I want to speak is deficit financing. The lady Member who preceded me just now said that the Finance Minister is taking a very complacent view, a very optimistic view, of the deficit financing. I cannot give a better answer to her than repeat what the Finance Minister said in his budget speech. In paragraph 72 on page 35, this is what he has stated :

"I think it is important to bear in mind the limitation I mentioned earlier in regard to deficit financing. There is not, at the moment, any great slack left in the economy which would justify anything more than a reasonable amount of deficit financing. Up to a point deficit financing is not only permissible, but even desirable in a developing economy. Experts differ as to the permissible limit, but it would be quite unrealistic to assume that deficit financing of this order can be maintained for any length of time without inviting inflation. The road to inflation is easy enough, but it opens flood-gates which it would later be impossible to close. We are, in fact, taking a measure of risk with the deficit financing proposed for 1956-57 and we shall have to watch its effects carefully and adjust subsequent programmes in the light of these effects."

The Finance Minister is quite aware of what risks are there and he is going very carefully about this deficit financing.

But even here I would like to mention one or two things to the Finance Minister. The indices which he gets of the price level in the country on the basis of which he forms his judgment—the price index and various figures which are quoted year after year—are sometimes realistic and sometimes unrealistic. I will give one example to make my point clear. I will take the case of cement. The controlled price of cement today in the country is Rs. 71 to Rs. 75. Added to this the cost of packing, at the most, comes to Rs. 91 per ton. But in Calcutta one can't get cement for less than Rs. 200 per ton and in Bombay for less than Rs. 180 per ton.

[Shri Morarka]

This shows that there is an inherent tendency for the prices to rise not only to a small extent but to 100 or even 150 per cent. The Finance Minister must take note of this inherent tendency for the prices to go up. Cement is in short supply and the demand is great. It is going to be in demand for years to come. Our production is not going to rise overnight. I am not an advocate of physical control. But when it comes to a question of choice between physical control or development, I take it that we will have to err on the side of development even at the cost of inviting physical controls. The type of control that exists on cement is the most ineffective control. The control is only on the prices. There is no effective control on distribution. There is no control at all on production. This type of partial control has not succeeded any time. They have only promoted blackmarketing and they have only encouraged people to keep stocks back from the consumers.

Cement is a commodity which is ideal for the purpose of State trading under the existing circumstances. Either there should be State trading or the Government should completely de-control it. If there is complete de-control then the shareholders of the company will take care of the interests and they would compel the management and directors to sell it at the proper prices. If either of these two suggestions is not acceptable, then let there be complete control both on distribution and prices. Then at least the Government can sell and the consumers would benefit. The control price of cement is, as you know, fixed on the recommendations of the Tariff Commission. The companies are making huge profits. More than that, these people, that is, the directors or the people who are in charge of these companies, are making profits.

The same is the condition, I am told, so far as iron and steel and paper are concerned. My point here should not be misunderstood. I am not advocating that there should be controls on everything. That is not my point. My point is that these are the realities of today and one cannot ignore them while launching on the project of deficit financing. You have to look at this deficit financing from the point of view of the over all picture. The deficit financing of Government will go up to at least Rs. 1200 crores. It may be even Rs. 1600 crores. It will be not only for one year or two

years but for all the five years to come and for that purpose you have to take precautions. It is no use treating this problem on a yearly basis. You have to take action right from now. You have to create and maintain that economic climate for deficit financing for all the five years and for a sum of Rs. 1200 to 1600 crores and not merely Rs. 340 or 360 crores.

Shri Matthen Thiruvellah: May I know what deficit financing has to do with the black market price of cement?

Shri Morarka: I think Mr. Matthen who is supposed to be an economist will take some time to understand that black market price of cement has everything to do with deficit financing. It is a simple thing. Even an elementary student of economics knows that deficit financing cannot go on when the prices start rising. Rise in prices beyond certain limit is always followed by controls and these controls create blackmarketeers.

Anyway, coming back to the point I was making I say that so far as deficit financing is concerned, Rs. 1200 crores is our target. We have to look at this problem in the light of this Rs. 1200 crores. For one year it may be Rs. 340 crores or so but we must take the over-all picture into consideration.

Now having said this, I want to say something about one department of the Government, namely the National Sample Survey. Two years back I said something about this Department and at that time the expenditure on this Department was Rs. 45 lakhs. For the year 1954-55, that is, last year the revised expenditure would be Rs. 81 lakhs and the budget provision for this year is Rs. 97 lakhs. Very good. I have nothing against increasing the expenditure on a Department like this if it serves any purpose. But look at the performance of this Department. What has this Department achieved? I am not aware of all the activities of this Department. We are not informed of it. The Department must be doing wonderful work of which we do not know. But what we know is this: the Department has carried out in all, I am told, about 10 surveys. And till today the report of the third survey is in our hands. This report of the third survey relates to the period August-November 1951. Now in 1956-57 you are going to be told how much salt a person in a particular area consumed in the year 1951. In 1956-57 we are going to know

what was the monthly expenditure of a particular household in a particular village in 1951. It passes my comprehension what use one can make of these statistics? If the staff is less, if the field workers are less, it is up to them to come forward to the Finance Minister and ask for more and put their house in order. Criticism has been made time and again, questions have been put in Parliament again and again and assurances have been given again and again that this will be looked into. But what do we find here? We have received only the third round for the period August-November 1951, and we are talking today in March 1956. I do not know when these remaining figures would be published.

This year there is an extra item over and above this Rs. 97 lakhs, of Rs. 35 lakhs, which is going to be granted for statistical purposes to various States. Again, Sir, I am very happy that these things are being done. But what is the guarantee? Are the performances of the States going to be as good as of this N.S.S.? There should be some change. The Finance Minister will have to take care to see that the data which are collected are processed in time and presented to the public so that some use of that can be made.

Now I have something to say about the new taxation proposals which the Finance Minister has made. There is a lot of criticism about the tax on dividends and the tax on bonus shares. I do hope that I would have an opportunity at the time of the Finance Bill to say something in detail. At the moment I must say that tax on dividend without a tax on bonus shares would be a failure. Similarly, a tax on bonus shares without a tax on dividend would also be a failure. In order to make a success there must be tax on both. For example, if you only put tax on dividend and do not put any tax on bonus shares, then all the accumulated dividends would be given to the shareholders in the form of bonus shares. Similarly, if there is a tax only on the bonus shares and there is no tax on dividend, then all the accumulated reserves would be distributed in the form of dividends. Therefore, if you want to tax the dividend then there should be some tax on the bonus share also and *vice versa*. When I have a chance to explain that both these taxes are justifiable, I hope to point out that after all the tax on

the bonus share is nothing but an advance tax paid in one lumpsum on an amount of dividend which you are going to gain in future. The moment you pay this tax on the bonus share and if the bonus share is for example of Rs. 100 then you pay Rs. 12-8 on that share. But then for this tax payment that you make you would get 6 per cent dividend tax-free on this amount of bonus share for all times to come. Therefore, while you pay at one time, for all times to come you would have a certain amount of dividend tax-free, which otherwise would have been taxable. If you analyse this position, ultimately the tax which you pay on the bonus share today is going to give benefit in the long run by way of exemption from tax on that dividend, on those bonus shares.

Then it was stated that it would kill incentive and this type of tax will take away the incentive from the joint stock enterprises.

4 P.M.

At this stage I would not like to say much upon it. But just look at the share market—how it has reacted. There is no better indicator, there is no better index to the reactions to the budget than the share market. To give the House one example, one of the most popular scrips, the Tata Iron and Steel was quoted on the day of the budget on the eve of the budget at Rs. 223; today it is quoted at Rs. 236. This is the way how incentive has been given and those people who argue here that this type of budget proposals, this type of tax on bonus and dividend has killed the incentive, are only closing their eyes to the realities.

The Deputy Minister of Finance (Shri B. R. Bhagat): Mr. Chairman, I rise to intervene in the debate with a limited purpose. During the course of today and the last two days many points have been made and it is my purpose just now to give some factual explanation, or to remove certain misconceptions that have occurred in the minds of some hon. Members.

Sir, the hon. Member who preceded me and also the hon. Member from Bhandara who opened the debate day before yesterday referred to cement, the latter in connection with the question of State-trading. So, I think I should begin with this question. Although the question of organising a State-trading corporation is under consideration, I think bringing cement under such a

[Shri B. R. Bhagat]

State-trading corporation will not serve any useful purpose just now. We are aware that cement is in great shortage and it is likely to be more so during the course of the second Five Year Plan when construction activity will grow more and more; yet I think for some time to come it is better that some early arrangement is made for importing cement.

The hon. Member from Bhandara asked why the arrangements for the import of cement was made through the A.C.C. This has been done exactly with a view to importing cement early to meet the short supply in the country. I must disabuse him about the misconception, he might have that there is no profit in the cement, firstly because the imported cement is costlier and secondly because the arrangement with the A.C.C. is such that they will derive no profit from this transaction: it is on a no-profit no-loss basis. So I think his fear that the A.C.C. has been shown some favour does not arise. I leave this point at this stage.

I next come to postal rates. Quite a few hon. Members have spoken about this and it has been repeatedly said that increase in postal rates amounts to a taxation on knowledge, because books will cost more. The increase in registration fee from six annas to eight annas is designed to reduce the loss that is now being incurred by the Postal Branch of the Posts and Telegraphs Department. Perhaps it is not known that the cost per post of handling one registered article works out to about eleven annas and the rate of eight annas does not thus cover fully the estimated cost.

Shri Matthen: May I know how the Deputy Minister calculates the cost of handling?

Shri B. R. Bhagat: That is a matter of detailed accounting, and I think the hon. Member should accept the figure I have given.

This is about the economics of it. The point has been made that it is a tax on knowledge, because books will cost more. I think it has been estimated that books probably form only 12 per cent. of the total traffic of postal packets and if you take the registered articles, it is only 3 per cent. On account of the anxiety shown by hon. Members, I must in this connection bring to the notice of the House that the Ministry of

Communications has already set up a committee to go into the question as to whether any concession in the matter of postage can be granted to *bona fide* book packets, that is packets containing books, proper, as distinct from pattern samples, etc. The committee will also recommend suitable description of books for this purpose. The recommendations of this committee will be available to the Government very soon. The question of revision of rates for *bona fide* book packets will be considered in the light of the recommendations of the committee.

It was pointed out that the students in villages particularly if they get a book by registered post will have to pay very high price. I think that is not particularly relevant, because generally in villages no student asks for one book. Usually, they order for bulk of 30 or 40 books through schools or some institutions. I think it is a good practice that instead of ordering for one book it should be ordered in 30s or 50s, so that the overhead registration could be reduced. Booksellers generally get their books through railway parcels and not in registered packets. So, there is no case for any acute hardship. Anyway the committee will go into all this and will suggest some way to meet the difficulty, if there is any.

Now, Sir, I come to housing. It was observed that the allotment under housing in the Second Five Year Plan is very inadequate and there is no proper appreciation of the acute shortage of housing in rural and urban areas.

An Hon. Member: Particularly rural.

Shri B. R. Bhagat: The problem of housing shortage in the country as a whole is a colossal one; but the funds available are limited and the provision for housing can be made only after taking into account the claims of various competing demands. It is essentially a matter of priority and allocation in the Plan itself. In the first Five Year Plan a sum of Rs. 38.5 crores was provided for housing. In regard to the second Five Year Plan there has been considerable discussion in the Planning Commission and in spite of the fact that the Ministry of Works, Housing and Supply have asked for a much larger amount, the Planning Commission has been able to allocate only a sum of Rs. 120 crores. If you view it from the point of view of the colossal demand,

I concede the sum allotted is inadequate. At any rate it is much higher than the amount set apart in the first Five Year Plan under which it was only Rs. 38 crores.

Certain Members pointed out that there is not enough provision for slum clearance, or industrial housing. I think the break-up of this sum of Rs. 120 crores will provide an explanation as to how the appreciation of the various problems connected with housing has been made. Rs. 50 crores have been provided for industrial housing; Rs. 40 for low-income group housing; slum clearance Rs. 20 and rural housing Rs. 5 crores. In regard to the last, it has been said that the sum is almost meagre. I think rural housing is the concern of the States and the amount provided is only for pilot projects in model villages, to demonstrate the type of house that could be built out of local material, so that people in the rural areas may take to that type of construction.

Another point was made that there should be subsidy for low income groups or for rural housing. The enormity of the problem itself defeats that argument, because you cannot subsidise where it is such a big question. But certainly the question of subsidy for slum clearance and industrial housing is under consideration, and I think something will be done.

Now I come to certain misconceptions in the minds of some hon. Members that have introduced an element of confusion in the debate itself. One of these was the misconception in the mind of the hon. the Deputy Leader of the Communist Party. He quoted certain figures from the *Indian Labour Gazette* about the productivity of factory workers and he said that during 1950-1954, that is four years, the productivity of factory workers rose by 43 per cent. while the real earnings of workers rose by only 14 per cent. According to him the situation causes worry and justifies some radical steps.

So far as the figures quoted are concerned, they are correct so far as they go. But the point is that he has taken an older index from the *Indian Labour Gazette*. Recently a new index has been compiled, and it is an improved one in the sense that the new revised index of industrial production takes 88 items whereas the older one takes only 35 items. And what is the index under

these two heads in the new one? It includes some of the new industries which have been started in recent years. The increase in industrial production as reflected in the new index is significantly smaller than that recorded in the old index. Unfortunately, the new index starts with 1951 and not with 1950. So it is not exactly comparable. But if you compare the corresponding figures for 1951—1954 it may be noted that according to this index, between 1951 and 1954, industrial production increased by only 13 per cent. as against by 25.6 per cent. according to the old index.

In an index of productivity which is worked out on the basis of the new index of industrial productivity, it is found that productivity increased by 12.1 per cent between 1951 and 1954. Real earnings increased by 10.3 per cent in the same period.

Thus the disparate movement of productivity and real earnings to which the hon. Member referred reflects largely the inadequacy of the old index number. In the new index number the two figures are very much comparable.

It has also to be borne in mind that the real earnings of factory workers increased faster than productivity between 1946 and 1950, and later on the movement was reversed. It generally happens. During this period the productivity of labour increased by 5.6 per cent. only, whereas the real earnings increased by 23.1 per cent. And then follows reverse picture. So it has to be compared with the earlier trend also.

It is also incorrect to assume that the distribution of incomes becomes unfavourable to workers whenever the increase in real earnings is at a somewhat slower rate than the increase in productivity, as defined in the index under consideration. Productivity per worker can increase on account of greater use of capital.

As capital-intensive industries or projects, such as heavy engineering industries, become more important, the productivity of labour will increase on an average more than in proportion to the increase in productivity which can be attributed to the efforts of labour alone.

I would like here to compare the position in the latest Five Year Plan of Soviet Russia. It is interesting to note in this context that the Sixth Five Year Plan of the U.S.S.R. which has been published recently, envisages that workers' wages will not increase as fast as

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labour productivity. That is in the plan of Soviet Russia. They recognise this fact. Because, as more and more technological progress goes on, the proportion of wages will come down, and this has been recognised. Similarly, the same trend may occur in certain industries where the technological progress is more. Thus, national investment is expected to increase by 60 per cent during the Sixth Five Year Plan of the U.S.S.R. But workers' wages will go up by only 30 per cent. Does capital formation even in Soviet Russia come from surplus value, one may ask. But whatever that may be, the relation between real earnings and productivity in the period 1950-1954 in India is, as I have stated, not of any great imbalance in terms of the new index.

Then, the hon. Member Shri Chettiar, who is not here, referred to certain figures of national income which go to the different sectors. He said that 18 per cent, of the increase has gone to agriculture and allied pursuits, 14 per cent, to small enterprises and to commerce and transport, etc., the largest amount of profit has gone to factory establishments, the figure being 43 per cent. And from this figure he concludes that the new taxation proposal must be examined with reference to this allocation.

Shri Chettiar has perhaps misread the figures given in the Draft Outline of the Second Five Year Plan. The percentage figures he has given, namely 18 per cent, 14 per cent. and 43 per cent. refer to the increase in national income generated from the respective sectors over the First Plan period, and not to the share of these sectors in the additional income generated. So that is the mistake. These are the national income generated from these sources, not the share of profit to these sources. And the conclusion he draws from this premise is also wrong and vitiated. The correct position is that as against the increase of 18 per cent in national income as a whole, the income generated in agriculture increase by 18 per cent. that generated in factory establishment by 43 per cent. Thus the national income increased from Rs. 9,110 crores in 1950-51 to Rs. 10,800 crores in 1955-56, that is by roughly Rs. 1,700 crores. Incomes generated from agriculture and allied pursuits increased from Rs. 4,450 crores in 1950-51 to Rs. 5,230 crores in 1955-56. Thus nearly 46 per cent. of

the increase in national income is accounted for by agriculture. And the other two figures are for commerce and transport and communications, that is 13.3 per cent, and small enterprises, that is 5.9 per cent.

So the whole logic that the tax burden should fall on those sectors which provide the greatest increase in national income becomes different now because the figures are different.

I shall now refer to the important question of regional development. Many Members referred to it, and I also attach sufficient importance to this. The Second Five Year Plan has also made reference to this, and it is an important aspect of everyday planning as a whole. There has been too little development in Indian economy so far, and it has been concentrated in a few areas. I must emphasise at the outset that in the beginning of any developmental activities, such lop-sided development is bound to take place. Some areas which are advanced, where industrial activity for historical reasons has taken place, they start with what they call the gravitation of location of industries, because of the overheads in transport and communication; and these areas attract all industries towards them. And that is why areas like Calcutta, Bombay and some other places have had their development. So in the earlier stages it is bound to happen. But a definite step has been taken in the Second Five Year Plan that industries in which there is some freer scope for location can be dispersed. Similarly, the plan provides for the setting up of industrial estate or trading communities. Lastly, there is such a provision of good deal of industrialisation through small-scale industries.

Shri A. M. Thomas: But, the difficulty is, it does not take place. Always it is concentrated in Bombay, Calcutta or Madras.

Shri B. R. Bhagat: That is what I said. That is the general trend. The gravitational forces of location draw these industries to areas which are heavily industrialized. There is a definite attempt now to disperse new industries throughout the country. Particularly, some industries have advantages in certain areas. For example, the steel industry or some other industry can be located in a particular area where raw materials, transport and other facilities are there. There are other industries in which there is more scope for choice about its position

or site. These industries can be dispersed throughout. The depressed areas should come up, I think it is a difficult problem. But, I have no doubt that as development programmes gather momentum, the initial handicaps of certain regions will diminish. Once the process starts and an industrial nucleus is built up, it grows rapidly. It is through planning on these lines for 2 or 3 Plan periods that the problem has to be solved.

[SARDAR HUKAM SINGH *in the Chair*]

This is mainly a long term problem. If you view it in a short term aspect, it is there. In a long term view, it is bound to disappear.

After dealing with these specific points I now come to one or two general points. The hon. Member Shri S. K. Patil, in his forthright and forceful manner, pleaded for turning small savings into what he called national savings. I have no quarrel with him on the name. My only point is that it is at present small savings gathered from small people, who have no other avenues or to whom other avenues of borrowing do not reach. I think it has to be made into a national savings programme. This can be done only if each one of us in our constituencies takes it up and every Indian takes it up as a national programme. I fully agree with him about the potentiality of this scheme. What he says is, the uncovered gap in the plan can be wholly or partially made up if we raise the income from this source. Already a figure of Rs. 500 crores has been put in the Second Five-Year Plan. I think it is the duty of all of us to see that this is realised. If it goes beyond Rs. 500 crores, to 700 crores or 1000 crores, to that extent the pressure on other sources, that is taxation and credit creation will be lightened. It is a question of organisation, and making it a mass movement. The Congress in Amritsar has passed a special resolution asking every Indian to put his weight into this programme. I think each one of us should do this. There is no difference with the hon. Member on that point.

He referred to the progress made in the U.K. in the matter of national savings and mentioned that the postal savings bank alone had accumulated Rs. 2200 crores. The U.K. have, no doubt, made great strides. They have formed saving groups in each locality which sustained the national savings movement there. We are also trying to

intensify our movement on similar lines here. It might, however, interest the hon. House to know that between 1948 and 1954, there was a net dis-investment in England to the extent of Rs. 50 crores. But, during the same period, there has been a net increase in small savings in India of the order of Rs. 263 crores. We achieved a net increase of Rs. 30 crores in 1948-49, Rs. 55 crores in 1954-55. We are confident of increasing the total net savings for the year 1955-56 to not less than 65 crores. I agree that our record so far cannot be said to be satisfactory. But, we are far from being complacent. All efforts would be needed to achieve the target we have set for ourselves, Rs. 500 crores for the Second Five-Year Plan.

About organisation and the need for expansion and strengthening of the movement, I fully endorse the views expressed by Shri S. K. Patil.

I assure him and I assure the hon. Members that this is receiving our full and immediate attention. We are also alive to the need of reopening our publicity methods. I want to correct one small mistake made by the hon. Member. He said that only Rs. 2 lakhs have been provided for this movement. I think he has confused the figures. This sum of Rs. 2 lakhs is only for the office and direct expenses on the officers of the Savings department. There is a provision of Rs. 6 lakhs annually through the Information and Broadcasting Ministry for this work. This expenditure covers largely press advertisements, posters, folders, cinema slides, etc. We have a variety of investment. We have got the Seven Year and Twelve Year National Savings Certificates. They give a handsome yield, income-tax free. We are also thinking of starting a scheme shortly of gift coupons under which attractive cards can be purchased from post offices for presentation on auspicious occasions which can then be exchanged for certificates by the recipients.

Shri A. M. Thomas: We do not follow.

Shri B. R. Bhagat: There are gift coupons which can be purchased from the post offices and which can be exchanged later on for certificates. These can be given as presents on auspicious occasions.

Shri A. M. Thomas: Amount of the coupons?

Shri B. R. Bhagat: This is a scheme under consideration.

[Shri B. R. Bhagat]

The amount will be small, of course. The amount will vary. The amount may vary from Rs. 50 to Rs. 9950. I cannot just now tell the hon. Member the exact amount.

Shri C. D. Deshmukh: Like savings stamps.

Shri B. R. Bhagat: I shall now deal with one or two points referred to by hon. Members opposite. Shri U. M. Trivedi, I think said that the co-operation of the Members of the opposition is not taken. I think he is entirely mistaken. This is a national work. We welcome fully and with a full heart any co-operation which the hon. Members from the opposition may give.

The hon. Member Shri Ramachandra Reddi referred to official pressure. I do not know of any such thing. If he has anything in mind, he can point it out to us and we will take action.

Shri Ramachandra Reddi: He may not know; he may make enquiries about it.

Shri B. R. Bhagat: We will, of course. It will be easier if he supplies some information.

Shri A. K. Gopalan: We did point out. But, no action had been taken. If you want any such instances, I shall give.

Shri B. R. Bhagat: I want to know. I will take it gladly. If it is a genuine grievance, it will be corrected.

Mr. Chairman: Let us hope both will co-operate.

Shri B. R. Bhagat: The other point mentioned refers to official pressure, because of which people buying certificates had to guarantee interest to the insurance companies and banks and the money came from those banks, etc. I think, from their very nature these savings certificates cannot be transferable. The interest cannot be drawn by somebody else. It can be drawn by the person who buys. It cannot be guaranteed. If it is actually done, it is highly objectionable practice and we will . . .

Shri Ramachandra Reddi: I would only request the new Deputy Minister to make further enquiries and fuller enquiries about it before he makes a statement like that.

Shri C. D. Deshmukh: Does he mean bonds or savings certificates?

Shri Ramachandra Reddi: I spoke about savings certificates.

Shri B. R. Bhagat: Then reference was made to the important general

question of prices. The hon. Member from Bhandara who spoke about it said that the country is ushering into an era of what he described as secular inflation. I do not know what he means by this comparatively new term. I think he means that as against galloping inflation, slowly the prices are moving up and their impact will be felt over a longer period.

Shri C. D. Deshmukh: Creeping inflation.

Shri B. R. Bhagat: He said that he wanted to know about the policy, about inflation hedges and how to control them. I leave that big question to the hon. Finance Minister who will deal with policy. But, certainly, I would like to analyse the position of prices as it has been referred to by so many hon. Members.

The general index of wholesale prices has recorded a continuous rise of about 8 per cent. since about the middle of 1955, after an almost continuous decline amounting to 15 per cent. since April 1954. It is interesting to see the trend of price-movement and how it has behaved during the First Five-Year Plan period or to be more correct since 1950. The movement has been almost a zigzag one. During the period between June 1950 and April 1951, there was a rise of 15.6 per cent., during the period April 1951—February 1952, there was a fall of 19.8 per cent., during February 1952—August 1953, there was a rise of 11 per cent., this continued up to April 1954, and as I said earlier, from April 1954 to April 1955, there was a fall of 15 per cent. and during the period from May 1955 to December 1955, there has been a rise of about 7.7 per cent.

Shri A. K. Gopalan: That is more dangerous.

Shri T. B. Vittal Rao (Khammam): Inflation has begun.

Shri B. R. Bhagat: But let us see what the recent trends are. Let us see what the reasons are. Why have the prices gone up recently, and why did they fall after the second half of 1954. From April 1954, decontrols came in. There was pressure of larger supplies. In this instance, I must say that the supplies have always exerted a greater influence on the prices than the demand. Of course, certain exceptions are there. The elasticity of supplies has been greater than the elasticity of demand, which has been more or less near to unity. The sharp increase in supplies

was chiefly due to larger agricultural output during 1953-54 and 1954-55. Then the controls were removed. Then there was the practice of dishoarding of the accumulated stocks consequent upon the removal of controls. In some cases, increase in agricultural production even exceeded the First Five-Year Plan targets, for example, in the case of foodgrains by 17 per cent., in the case of oilseeds by 17 per cent., in the case of cotton by 27 per cent, and so on.

Added to these, the hoards which the growers and traders had built up during the control period appear to have poured into the market when controls were removed. Then, there were higher imports, because all the import allocations had been made earlier, and these imported foodgrains were coming. These added on to the supplies further. Further on, there was the buyer's resistance. The buyers thought that the prices were going down, and therefore there was resistance on the part of the buyers. The internal demand or consumption also did not show a marked increase in relation to the increased supply. So it was the accumulated effort of all these various forces which led to the decline of agricultural prices.

Then, you would recall that there was a cry in the country that agricultural prices were going down. And Government followed a policy of price-support. In 1954, it was started a little late, when the agriculturist had already parted with his crops, which were in the hands of the traders. So, there was no marked effect on the downward trend. But in early 1955, although the actual quantity purchased by Government at a higher price was not very much, yet it had an effect on prices, and the downward trend reversed, and the upward trend started.

The continuation of the upward trend during the last quarter of 1955 and the beginning of 1956 appears to have been due mainly to the expectations of lower production—this is the present trend—due to drought in certain parts of the country and flood damage in others, the larger expenditure contemplated under the Second Five-Year Plan and the sharp increase in money supply to the extent of Rs. 200 crores in 1955. The cumulative effect of all these factors have led to this present trend.

So, firstly the rise in prices is selective rather than general. Secondly, it is a zigzag movement every year. Whether it is secular inflation or whether in-

flation hedges are to be controlled, I do not know. But Government certainly attach a good deal of importance to this matter. The Finance Minister in the course of his budget speech has said that he is keeping his watch over the economic indicators, and I am sure he will pounce upon it at the earliest opportunity when he finds that the prices are going out of control and the indicator is giving a red sign. I am definite about it.

Government have recently taken measures to control these prices. They have taken measures to check rises in prices, such as banning of exports, releasing of stocks to the markets and increased imports in the case of some commodities. Government released wheat from their stocks for Bombay, Calcutta and Delhi in December 1955 and January 1956 at a price lower than the ruling market prices in these centres. Imports of wheat to the extent of 250,000 tons during the early months of 1956 were also announced. Then, exports of *atta*, *maida* and *sooji* were also banned. Then there was the price-support policy, and exports were banned from U.P., Bihar and other places.

Similarly in regard to cotton prices, according to the directive issued by the Forward Markets Commission to the East India Cotton Association, the trading in the February and May contracts was closed.

All these would show that Government are very active, and that they are taking steps to see that the prices do not go out of control; and certainly, I think, it is the essence of planning that the prices should not be allowed to go beyond control; in fact, that is one of the basic objects of our Plan. Our Plan is not only an employment-orientated Plan or a production-minded Plan, but a Plan with a motto "development with stability". That is the essence of our Plan, and we are very much conscious of it, and we shall therefore not allow things to go beyond our control.

My hon. friend Dr. Krishnaswami said that he feared that there would be a 40 per cent. rise in the prices of commodities during the next two or three years. If such a thing happens, then certainly all planning will finish within a year. I am definite Government would not be slack enough to allow such a situation to arise. We are determined, and we shall not allow such a situation to arise.

[Shri B. R. Bhagat]

I now come to my last point, which is very important; and that concerns employment. Leaving aside the policy part, I only want to place before the House the magnitude of the problem. Some hon. Members have referred to this and said, "What is the use of this Plan? The basic question of unemployment has not been solved at all. Therefore, the Plan is nothing."

One hon. Member spoke rather with a sense of anger. I think he should have some patience.

Shri A. M. Thomas: It is despair, not anger.

Shri B. R. Bhagat: I stand corrected. It may be despair. But why despair at this moment? The hon. lady Member referred to the mood of uncertainty. It is high time that we put an end to this mood of uncertainty or despair or even expectancy and move on to an era of joyful bliss of achievement.

Shri Bhagwat Jha Azad (Purnea *cum* Santal Parganas): Give us some figures of employment.

Shri B. R. Bhagat: We should rather be in a happy mood of achievement. I think we are going into it gradually. In fact that is the message of the Second Five-Year Plan. We have to view the unemployment question in this background.

The nature of this problem is such that it is a phenomenon of all underdeveloped countries. Although in the Second Five-Year Plan the twin objective is to provide 10 million jobs, I must however plead that the problem is neither chronic, nor cyclical nor even frictional. We hear all these terms in the industrialised and developed economy of the west. The problem is none of these. It is a problem which is a result or a phenomenon of the arrested economic growth. And it is endemic in character. Unless we march ahead and we make the leeway, we cannot solve it. So, it cannot be viewed in its short-term aspect, although I do not for a moment minimise the short-term aspect.

Some hon. Members have said that when they go to their constituencies, the educated young men come to them and ask for some jobs. They have referred to this matter in a woeful manner. I myself have seen such a thing; when I go to my constituency, the educated young men come to me and say, give

us some jobs. What are we to do with them?

The Deputy Minister of Food and Agriculture (Shri M. V. Krishnappa): But they cannot do manual labour.

Shri B. R. Bhagat: The short-term aspect is important; the psychological aspect is important. But we should not get lost in it. We must plan ahead; we should look ahead, and we must link it up with the long-term aspect, although whatever is possible should be done to meet the problem in its short-term aspect.

The Plan will create employment opportunities for about 10 million people, some 8 million in occupations other than agriculture, and the rest in agriculture.

Shri Shree Narayan Das: We want to know the achievements under the First Five-Year Plan in this regard.

Shri C. D. Deshmukh: Five million.

Shri Bhagwat Jha Azad: How many are left unemployed at the end of the first five years?

Shri B. R. Bhagat: I think the hon. Member will have a little patience because I am just closing in and I will give some stimulating thought. It is not possible in the immediate five year period to reduce in absolute terms the numbers dependent on land, but the rate of increase in population which depends upon agriculture will be less than previously. Sir, now I am reading from certain extracts from the report of the Economic Adviser to the Reserve Bank of India who has provided certain stimulating thought, particularly relating to the agricultural sector. According to him, in this Plan which provides for 10 million jobs—8 million in the agricultural sector and 2 million in the non-agricultural sector—the estimate in the agricultural sector is an underestimate. According to him, the presentation of the employment potential is a partial or under-statement as it leaves out of account the employment effects not only of the considerable volume of investment in agriculture but also the indirect employment, effects of irrigation, reclamation and other measures for extending the acreage under cultivation.

An Hon. Member: Fine phrases.

Shri B. R. Bhagat: He considers the objective of finding non-agricultural employment for the entire increase in working force very desirable; but he stresses that this should not lead to ignoring the employment potential of the large planned expenditure in the largest single sector of productive activity, namely, agriculture. Then he gives certain quantitative figures. While cautioning against any complacency about the magnitude of unemployment and under-employment, he stresses the need to appreciate and represent properly the significance of the considerable agricultural development with direct and intimate bearing on employment. He argues that if the proportion of population dependent on agriculture was 70 per cent in 1951, would remain at much the same level in 1956, that is, no change, and goes down to 67 per cent, by the end of the Second Plan with much greater acreage under irrigation, it is evident that the Plan would have more than succeeded in stemming the drift to agriculture. Further, if the process is only maintained, we should be able to see the proportion reduced to 63—64 per cent in ten years from now. So this is a very encouraging study. The manifestation of the problem of unemployment or under-employment is that the pressure on land is more. Now, it gradually goes down to 63 from the high figure of 70. This should be taken note of. As I said, it is only the long-term aspect which is important. But now, I am also coming to the short-term aspect of the educated unemployed. What are we going to do? Of course, the emphasis on small-scale industries, the introduction of Ambar Charkha will lead to more employment for this particular class of people. The Planning Commission have set up a Working Group to study the problem and to suggest some steps to meet it immediately. The Plan will undoubtedly create a large demand for educational labour, for skilled technicians, supervisors and the like. In addition, special programmes may be needed to alleviate the situation. The problem has many aspects and it has been examined and reported upon by the Working Group. The report of the Working Group is under examination in the Planning Commission. The Second Five Year Plan has a small provision under this head, and schemes for helping the educated unemployed are being worked out. The provision in the Plan is intended to initiate some programmes recommended by the Working Group. The educated

unemployed have varying capacities and aptitudes. There are questions of regional and occupational immobilities. Just now one hon. Member referred to the fact that in the DVC, lower engineering staff are in surplus. But there is greater and greater demand coming in Kosi. These immobilities have to be removed. Even at present, there are shortages in some directions along with surpluses in others. The problem cannot be solved by making larger financial provisions only; the task is one of enlarging training facilities, of promoting greater mobility and of devising suitable measures in each sector and for each category of the educated unemployed. Only a continuous assessment of the efforts made in these directions and a readiness to readjust programmes in the light of experience can provide an answer to this problem.

Dr. Suresh Chandra (Aurangabad): May I know whether the original target of employment for 10 million people has now been reduced or does it stand?

Shri B. R. Bhagat: It is the same.

Shri Jhulan Sinha (Saran North): I rise to offer certain observations on the General Budget and the principles involved therein. I want to make it clear that I have never approached this question from a doctrinaire standpoint.

I have been an active worker in the cause of the uplift of this country for about a quarter of a century, and I have viewed this Budget in that light. You will find that I never quote from this book or that pamphlet, but whenever I make a quotation, I will only quote from the book of my own experience during all this period.

You know the backgrounds against which this Budget has been drafted. One of the backgrounds is the First Five Year Plan that is fast closing. The success achieved during this period constitutes a record for any country that has been placed on the road of freedom. The second background is the firm determination of this country to proceed with the progress that was begun during the First Five Year Plan. Viewed in this perspective, this Budget is an excellent one. I confess that beyond attempting to cross the 't's and dot the 'i's here and there, we cannot improve upon it very materially.

With these preliminary observations. I want to discuss about the resources available for the implementation of this

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Budget. The Finance Minister has disclosed, and we all know, that the funds have to be found either by direct taxation or from borrowing within the country or from assistance from countries outside or by deficit financing. I have my strong views in regard to all these aspects concerning resources for the Budget. I will place them one by one as briefly as I can before the House.

So far as the question of taxation is concerned, I feel very strongly that in the perspective of the socialist pattern of society that we have adopted as the ideal, the system of taxation is not quite satisfactory. I feel there is enough money still in the country to be taxed. I also feel that the lowest people in the country—I mean the lowest income group, the common man as he is called—have not so far been appreciably benefited by the effects of the independence we have achieved. Viewed in this perspective, the policy of taxation should be in a descending manner, descending only to a stage where the common man does not come in the picture. What I mean to say is that the common man should be absolutely free from any taxation. That trend is missing in the present Budget. As against that, I find there is provision in the Budget for taxing coarse cloth. Where does the coarse cloth go? It does not go to the rich man, to those who can afford to buy better cloth. This shows the trend in which the mind of the Finance Minister is working.

I am fully conscious of the limitations under which I function as also those under which Finance Minister works. I have, therefore, thought it necessary to make a suggestion that he should spare the common man as far as he can. I know he needs enormous finances for implementing the Plan that is being put into force from the beginning of the next financial year. But I know also that the common man should be shown that the independence that we have achieved is meant more for him than for those who have been leading a better life even during the period when we were under the foreigners. Broadly speaking, this independence is meant for all; but it should be primarily intended to lower the burden from which the common man, the underdog, the under-privileged, the lowest income group has been suffering all these days.

So far as the second resource, *viz.*, borrowing from inside the country is concerned, I am at one with the Finance

Minister and with all those who think that all the resources available in the country should be mobilised to finance the Budget. In this respect therefore I do not want to join issue with the Finance Minister or with anybody on this side or the other side of the House.

So far as the third thing, assistance from foreign countries is concerned, I intend to say briefly that the less we depend upon this assistance, the better for all concerned. I know this country cannot accept any assistance from any country outside with any strings attached thereto. That I know, and there is no doubt about that lurking in the minds of any of us here. But the fact is that the spirit of independence present in our minds is weakened a little when we have to rely on assistance from others. I feel this feeling should vanish and the sooner it vanishes the better it is for all of us.

As for deficit financing, I clearly believe that within the restricted limits as the Finance Minister has proposed, this is not a bad thing. Only this money injected into the economy of the country should be utilised for productive purposes and especially for the production of consumer goods. On the one hand, this additional money goes into the market and tends to create inflation; and on the other hand, the additional commodity produced with the help of this money equalises the inflationary trend created by it. I feel, therefore, that the step that the Finance Minister has proposed or is proposing in respect of deficit financing is perfectly justified and I am at one with him.

The Budget, speaking as a whole, has very clearly struck a balance between agricultural, industrial and other sectors of expenditure. During the course of the first Five Year Plan, we have seen the achievements this country has made. I do not want to quote here the figures given by the Finance Minister in his speech here or in the pamphlets issued to this House from time to time. I will quote from my own experience and from the experience of every hon. Member in this House, in this city of Delhi and also in the constituency which I have the honour to represent in this House.

When we came here in the early part of 1952, we had to face enormous difficulty in getting our requirements not only of food but also of cloth. I come from a State where rice is consumed more in quantity than wheat. Here, when we came, on the ration cards that were

issued to us, we were given only one *chatak* of rice. A man of my health who used to consume more of rice than of wheat had to resort to a market which was commonly known as the black market but which does not exist now. Now when you go into the market you find enormous quantities of rice and wheat everywhere. This is not the position only in Delhi. I belong to a rural area and there and elsewhere also, wherever I have gone, I have found no complaint of scarcity of foodgrains. I confess the purchasing power of the common man has not increased but the quantity available in this country is so enormous that nobody can ever have any complaint in this respect. This is one of the achievements of the first Five Year Plan. Not only this question of food, but the question of raiment has also been very satisfactorily solved. We vividly remember the days when we came here. Not only in the streets of Delhi but also in other places, we found people, especially women wearing all sorts of clothes, the names of which we have now forgotten, cloth of one yard width worn by women, sometimes sewn together, sometimes alone. This scarcity with regard to raiment has now gone and vanished. I wish this vanishes once for all.

In this background, if the Budget makes a slight shift in the emphasis from agriculture to industry, I think it is quite justified. The country has, as everybody knows and as the figures quoted in this House have shown, has now become almost self-sufficient in respect of food and clothing. Not only that, we have begun to export that once rare commodity—rice—to other countries and the amount of cloth exported every year is rising. In this background, as I have said just now, a shift in the emphasis from agriculture to industry is perfectly justified.

I have one suggestion to make to the Finance Minister, and through him to the House here. We have just heard the emphasis laid on regional development. We have found regional parity being bandied about not only in the Planning Commission Report but elsewhere also. I want to tell you that I very strongly disagree with this regional parity, not only because my State of Bihar has suffered in any way by regional parity but also the nation as a whole, as I see it, has suffered a good deal. I will cite instances, as to how the nation has suffered by this principle of regional parity.

During the first Five Year Plan, we placed before this House, before the Planning Commission, before the Prime Minister and before all others concerned in the matter, a scheme known as the Gandak Valley Irrigation scheme. That scheme has been estimated to cost Rs. 31 crores. The area to be benefited intensively by that scheme is about 30 lakhs of acres and the amount of electricity to be produced by that scheme is about 25,000 kw. That scheme was admitted by the Planning Commission and by all those who are in the know of things as the cheapest scheme in this country. But that scheme has had to wait all these 5 years because there were the Kosi and Damodar schemes already working in the State of Bihar. We know—and everybody who has anything to do with the affairs in Bihar knows,—that this Kosi has been a source of tremendous devastation in that State. Saving from devastation has certainly a priority with which I cannot quarrel.

5 P.M.

But the Damodar Valley Scheme has benefited Bengal more than Bihar and with due regard to feelings of fellowship and cohesion, all along we have contributed our share of it. The Gandak Valley Scheme is the only scheme in Bihar, the announcement of the acceptance of which has been made. If that scheme had been implemented by now, it would have produced more than a crore maunds of foodgrains every year. According to me, this is the scheme, which if implemented properly, will make Bihar, quite independent in respect of its food requirements. Bihar is a deficit province and even in normal years, we have to import foodgrains from outside.

This principle of regional parity is a dangerous thing. According to me, for the benefit of the nation, projects should be executed wherever the climate and circumstances are more suitable. Take the principle of regional parity and the location of iron plants. My State is rich not only in the raw materials, but also in all facilities like cheap labour, cheap transport etc. Bihar, with all these facilities, has so far been denied the location of a steel plant, because there is one plant *viz* the Tata factory already existing in that State.

In concluding, I would say that the Government should start the various schemes in the areas which are best

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suit-ed for them, irrespective of the regional considerations. Regions best suited for anything should be given preference over regions which are less suited.

We have accepted the idea of the socialist pattern of society. That term, I confess, has confused the people a good deal. All of us who have been associated with Gandhiji for so many years know what it means. We also know that this has a different meaning to others who were not associated with Gandhiji or with the spirit he represented. Talking of a socialist pattern of society, we have to concentrate on two things. The first thing will be more production in the country and the next thing will be more equitable distribution. With that end in view, we have to begin the process of levelling down the rich and levelling up the poor. The poor man should not be adversely touched in any way. He has only to be levelled up; no tax should be imposed on him which may cause him to go down. I feel that the levelling down process is not very quick. I do not intend to say that the whole thing is to be done in one year or within one Plan. I however feel that the place has to be increased at least by about 20 per cent.

Shri Pocker Saheb (Malappuram): Mr. Chairman, I am very thankful to you for giving me this opportunity. The first thing I would like to refer to is the so-called socialistic pattern of society about which so much has been said, but I am afraid, very little is being done. I do not know what exact plan is available for carrying out this slogan.

I do not want to spend my time in criticising the Budget on theoretical grounds. I only want to confine myself to certain matters which concern my State particularly. In the first place, as regards the second Five Year Plan it is being exhibited as the saviour of the nation; but my State—Madras State—is treated in a step-motherly fashion.

And much more than that, the Malabar district has been treated in a very callous manner by even that Madras Government which itself is treated very badly. Absolutely nothing is provided for Malabar in the Second Five Year Plan, evidently under the impression of the Madras State, which is run by a Tamil Government—purely Tamil Government—that the Kerala State is about to be formed and, therefore, that is all the

kind of attention that Malabar deserves. This is very unfair. Sir, Now Malabar is under the Madras Government until it is separated, and if Malabar is starved now when the Second Five Year Plan is being given shape, it will be starved for the next five years. After that what will happen God alone knows.

Last year, during the budget discussion, I was pleading for the establishment of some industries in Ernad where unemployment is very high. I particularly suggested the starting of a paper mill. But Malabar has been allotted no amount for the starting of any industry, because this Plan has been formulated by the Madras Government. And it is very curious that the present Ministry of Madras State which was formed some years back does not include any Malayalee at all, even though Malabar is a very important part of Madras and I would say on account of its traditions it is a very important part of the whole of India. On historical grounds also..

Mr. Chairman: Does the hon. Member feel that this is a fit subject to be discussed in the General Discussion?

Shri Pocker Saheb: I submit that that is a reason for not ignoring Malabar in the Second Five Year Plan. It should not be looked upon merely as a district. It has much greater importance than as one of the hundreds of districts in the whole of India. In any case, this starvation of Malabar under the Second Five Year Plan is a very grave injustice and I would request the hon. Finance Minister to look into the matter and see that justice is done.

Now, Sir, one other point I would like to emphasise is as regards the land policy of the Government. It is time that steps are taken to decide one way or the other what the land policy of the Government is going to be as regards the extent of the holding of lands in giving effect to the socialistic pattern of society. It is a matter on which there should be an all-India policy, with particular modifications according to the circumstances which exist in each State. In this connection I would like to mention that it is absolutely necessary that there must be a limit to the area which should be held by individuals or families. That has to be given effect to, and this should be done on an all-India basis, subject to such modifications as may be necessary for each State.

On this subject I have to mention one fact which the Government should bear in mind. And that is, of course there are millions and millions of people who have no lands at all while there are a large number of people having lands to a very large extent and equalisation is certainly very necessary. But in doing so Government should not adopt a policy of confiscation. Of course people who have got larger area of land will have to be deprived of their excessive area of land which should be distributed to the landless according to a definite plan. But in doing so I submit Government should take care that proper compensation is given to the owners of land who are to be deprived of the excessive portion of their land. It may be in certain cases the excessive areas of land which people possess are inherited or in many cases they are lands which they have acquired by the sweat of their brow. In either case it is only essential and just that they should be given compensation.

In this connection it has been once mentioned by the Government that, "Oh, it will not be possible for the Government to compensate for the acquisition of these lands which are possessed by people in excess of the limited extent". Well, I say it will be possible, and the Government need not in any way undergo any difficulty in that matter. The lands which the owner is deprived of will have to be valued and the amount fixed; and the payment of the compensation for that should be by easy instalments with reasonable intervals of a certain number of years. The Government need not pay the amount at once. These instalments ought to be paid by the people to whom such land is allotted making that amount a charge on that land. So that, the people to whom such lands are allotted will be liable to pay to the land-owners who are dispossessed in course of time by easy instalments. And it will not be a hardship on those landless people also when they get such lands. When they get such lands they can cultivate and make their earnings out of it, and out of that they can pay this amount to the land-owners by instalments, easy instalments which will not be a burden that they cannot bear.

There are one or two other points which I would like to mention. Government no doubt have to decide their policy in what way they ought to give effect to the socialistic pattern. On this matter I would just like to refer to the policy of the Government in this

connection, that is, under the pretext of giving effect to socialistic pattern as an economic programme, Government is interfering with the religious laws of the people under the guise of social reform. That is very much to be condemned. Under the name of socialistic legislation, to interfere with the religious laws of the people is interfering with their fundamental rights, and it is absolutely unnecessary for carrying out the economic policy.

That policy of regimentation of social laws or religious laws of the people is absolutely wrong and against the fundamental rights of the people. I also warn the Government that such a kind of legislation is very dangerous and it will be disrupting society and disrupting the country, if the Government goes on with this kind of legislation.

Some Hon. Members: No.

Shri Pocker Saheb: I say there is what is called the Hindu Succession Bill.

Mr. Chairman: Let us not decide all our conflicts of opinion by resorting to direct action. Let us hear the hon. Member. The hon. Member may continue.

Shri Pocker Saheb: What I am submitting is this. Under the guise of giving effect to a socialistic pattern of society, the Government's idea seems to be that there should be regimentation so far as the religious laws of the people are concerned. That, I say, is wrong. It has nothing to do with economic development and it is not necessary that there should be such a regimentation of the religious laws in order to advance the economic interests of the country. For instance, I say, one piece of legislation is pending, namely, the Hindu Succession Bill.

An Hon. Member: It has nothing to do with this.

Shri Pocker Saheb: It has everything to do with what I am saying.

An Hon. Member: What about Pakistan?

Shri Pocker Saheb: If you want to know about Pakistan, go to Pakistan and enquire. I am not a spokesman of Pakistan.

Mr. Chairman: The hon. Member will address the Chair. I would also request hon. Members to see that such references are not made.

Shri Pocker Saheb: To the question what about Pakistan, I am saying that if people have got to acquire any knowledge about Pakistan, let them go there and acquire. I am not a spokesman of Pakistan. So, that question is absolutely irrelevant.

I am mentioning this Hindu Succession Bill for this reason. It is for the Hindus to say whether they require any reformation of their law of succession. I no doubt agree with that. My reason for particular reference to this is, in one of the interviews by the Law Minister, he was asked whether it is advisable for a secular state to interfere with the religious laws of a particular community and he said, "No, you are under a mistaken impression; this is only in consonance with the general policy of the Government to introduce uniform legislation in civil matters for all communities. Hindus form 85 per cent of the population. After this is done, it is an easy thing to apply it to the 15 per cent constituting the other communities." It is in this background that I am making this reference. Many a time it has been said that these social laws and customs stand in the way of economic development. This is an absolutely fallacious idea. The social laws have nothing to do with the economic development of society.

There are one or two other points that I have to mention. I would request the Government to take note of one fact, namely the position of the Laccadive Islands. I am very glad that when the President visited the Laccadive Islands, he was kind enough to promise them a steamer service for communication with the mainland. But, it has not even now been given effect to. I would request the Government to expedite the matter and not leave it for years in that stage of promise alone. Not only that. It is not enough if the matter is left there. These Islands are occupied by people who are treated as if they are aborigines.

The laws that apply to other parts of India do not apply to the Laccadive Islands. It is only Regulation I of 1912 that applies to these islands. None of the civil laws and none of the statutes that apply to the other parts of India are applicable there. There is hardly any provision either for education or for medical aid. These matters have to be attended to.

It is against the Constitution to discriminate against these people as compared with those in the mainland. It is high time these matters are attended to, and they are enabled to have all the privileges that are enjoyed by the people in the mainland.

Of course, owing to shortage of time, I do not want to dwell on the proposal to take it over under the Central Government, but I do submit that such a proposal would certain mean denial to them of the rights which they have now.

My next point is this. There are so many Indians in Burma who are carrying on business there, and earning money. So far as income-tax is concerned, they are taxed here on the world income; and the Burma Government tax them for their income there also. Under the laws of the Burmese Government, they do not allow these people to send money here. In the meanwhile, Government here resort to coercive processes against lands or whatever other properties they have here, with a view to realising not only the amount which is payable to Government in respect of any business done here but also in respect of their world income including what they earn in Burma. But they have no money to pay. Whatever is earned by them there is not allowed to be brought here. Still, coercive measures are taken against them here for realising the tax dues. Even time is not allowed for them to pay those amounts. What are they to do? No doubt, they do make some profits, in Burma and they are bound to show that profit in their returns here in respect of world income. But they are not able to bring the money from Burma to India and pay our Government. Yet coercive processes are started against them. Many representations have been made to Government already on this matter. I would request Government to see that at least some time is allowed to them to enable them to get the money from there and then pay, for without getting their profits from Burma, they cannot pay.

Mr. Chairman: The hon. Member's time is up.

Shri Pocker Saheb: May I have a minute more?

Mr. Chairman: He can have one more minute, but he should conclude within one minute.

Shri Pocker Saheb: That one minute is an English expression, which means a short time....

Mr. Chairman: If one minute is used in that sense, then the hon. Member should conclude now, and he cannot have any more time.

Shri Pocker Saheb: I shall conclude by referring to just one point. I hope you will permit me to make out that point.

Mr. Chairman: That is also another indefinite thing.

Shri Pocker Saheb: It is left to you to allow me to dwell on one point.

Mr. Chairman: I want to call another hon. Member to speak before we rise for the day. At least he should be able to begin his speech today and have one or two minutes. The hon. Member can have a minute more, and he should try to conclude.

Shri Pocker Saheb: The only other matter on which I want to speak is in regard to the way in which the proceedings of this august body are conducted. I have dwelt on that point many a time. It is really impossible for many Members of this House to understand what is spoken by other Members in Hindi. Hindi and English are the two official languages recognised by the Constitution. I have appealed to Government that provision should be made for simultaneous translation of Hindi speeches in English and English speeches in Hindi, they should be allowed ear-phones to be used. This is the method that is adopted in the UNO and other international bodies. It is not at all prohibitive as regards the cost. It is very disgraceful, for a foreigner who visits this Parliament, to find that we are carrying on our proceedings in such a manner that we do not understand each other. I would appeal to Government to make provision for this.

श्री आर० के० गुप्त (महेन्द्रगढ़) : इस साल का बजट एक खास अहमियत रखता है क्योंकि यह सैकंड फाइव इयर प्लान (द्वितीय पंच वर्षीय योजना) का पहला बजट है। जहां तक बजट का तात्लुक है इसमें कोई ३६० करोड़ का डिफिसिट (घाटा) दिखाया गया है जिस में से तकरीबन ३३८ करोड़ १७ लाख कैपिटल एकाउंट (पूंजी लेखा) पर और बाकी ५१ करोड़ ८३ लाख रेबेन्स्यू एकाउंट (राजस्व लेखा) पर है।

5-24 L. S.

टैक्सों के जरिये सिर्फ ३४ करोड़ १५ लाख की रकम वसूल करने की कोशिश की गई है। मेरी यह राय है की अगर ज्यादा टैक्स लगाकर इस डिफिसिट (घाटा) को और कम करने की कोशिश की जाती तो ज्यादा अच्छा होता। यह मैं इस लिये कह रहा हूँ क्योंकि सैकंड फाइव इयर प्लान के लिये हमें कोई ४,८०० करोड़ रुपये की जरूरत होगी और जिन सोर्सस (साधनों) से इस रुपये को हासिल करने का जिक्र किया गया है, उन पर हम ज्यादा डिपेंड (निभर) नहीं कर सकते। उदाहरण के लिये एक सोर्स (साधन) यह बताया गया है कि फारेन एसिस्टेंस (विदेशी सहायता) के जरिये हमें कोई ८०० करोड़ रुपया मिल जायेगा। मेरा कहना यह है कि हम इस पर ज्यादा विश्वास नहीं कर सकते। साथ ही साथ दूसरे मुल्कों से मदद लेना हमारी आन और शान के खिलाफ भी होगा। इस फारेन एसिस्टेंस (विदेशी सहायता) के बारे में मैं यह भी कहना चाहता हूँ कि इस का ज्यादातर दारोमदार आने वाले स्यासी हालत पर भी डिपेंड (निभर) करता है। इस लिये मैं माननीय विन्न मंत्री जी से यह प्रार्थना करूंगा कि वह इस डिफिसिट को पूरा करने के लिये और सैकंड फाइव इयर प्लान को कामयाब करने के लिये ज्यादा से ज्यादा टैक्स लगायें।

जब हम सैकंड फाइव इयर प्लान को देखते हैं तो उसमें यह लिखा हुआ हम पाते हैं कि इसका एक मकसद यह भी है कि इनकम्पज (आयों) के अन्दर जो अन्तर है उसको कम किया जायेगा, अनएम्प्लायमेंट (बेकारी) को खत्म किया जायेगा, स्टैंडर्ड ऑफ लिविंग (जीवन स्तर) को ऊंचा किया जायेगा। लेकिन जब हम इस बजट पर नजर डालते हैं तो हमें महसूस होता है और हमें सन्देह होता है कि अगर हमने शुरू से ही इस ढंग से काम किया तो हो सकता है कि हम सैकंड फाइव इयर प्लान को कामयाब न बना सकें। मेरा खेयाल है कि जिस वक्त यह बजट बनाया गया था उस वक्त माननीय मंत्री जी के दिमाग में यह था कि जिस तरह से भी हो सके ज्यादा से ज्यादा लोगों को खुश करने की कोशिश की जाये। इस पालिसी को मैं गलत समझता हूँ। इसका नतीजा यह होता है कि इससे कोई भी खुश नहीं होता। इस लिये मैं अपील करता हूँ कि नये टैक्सिस के जरिये आमदनी को बढ़ाने की कोशिश की जाये और इसी चीज को सामने रखते हुए मैं माननीय मंत्री जी के सामने चंद तजवीजे पेश करना चाहता हूँ और मुझे विश्वास है कि वह इन पर ध्यान देंगे।

[श्री आर० के० गुप्त]

सबसे पहली मेरी तजवीज यह है कि एस्टेट ड्यूटी (संपदा शुल्क) को बढ़ा दिया जाये। दूसरी तजवीज यह है कि इनकम और प्रापर्टी पर सीलिंग (आय और संपत्ति की अधिकतम) मुकर्रर कर दी जाये। तीसरी तजवीज मेरी यह है कि जो रूलर्ज के प्रिवी पर्सिस (राजाओं की निजी धैलिया) हैं उनको कम कर दिया जाये। प्रिवी पर्सिस को कम करने की तजवीज मैं इस लिये पेश कर रहा हूँ कि क्योंकि आप जानते ही हैं कि जिस वक्त कांग्रेस हिन्दुस्तान की आजादी की लड़ाई लड़ रही थी उस वक्त इन राजाओं और महाराजाओं ने जो पार्ट प्ले (काम) किया उसको किसी भी हालत में सही करार नहीं दिया जा सकता है। आज हिन्दुस्तान को आजाद हुए आठ नौ बरस हो गये हैं और आज भी हम यह देख रहे हैं कि इन राजाओं और महाराजाओं के पास जो सरमाया है वह पहले से भी ज्यादा होता जा रहा है। इस लिये मैं अपील करूँगा कि उनके इन प्रिवी पर्सिस को काफी कम कर दिया जाये ताकि जो रुपया इस तरह से हमारे पास आये उसको हम नेशन (राष्ट्र) की भलाई के कामों में खर्च कर सकें।

इसके साथ ही साथ मेरी यह भी राय है कि बैंकिंग को नेशनलाइज (बैंकों का राष्ट्रीयकरण) कर दिया जाय। ऐसा करने से आपको सब से बड़ा फायदा यह होगा कि आज जो स्माल सेविंग (अल्प बचत) की स्कीम चल रही है यह कुछ हद तक कामयाब हो जायेगी। बड़े बड़े सरमायादार लोग आज अपना रुपया प्राइवेट बैंकों में जमा करवाते हैं और अगर बैंकिंग गवर्नमेंट के कब्जे में आ जायेगा तो उसमें जो भी रुपया जमा हुआ करेगा उसको गवर्नमेंट सेकिड फाइव ड्यर प्लान को कामयाब बनाने में खर्च कर सकेगी।

अब जो बात मैं कहना चाहता हूँ कि वह यह है कि

5-30 P.M.

Mr. Chairman: The hon. member might continue tomorrow.

The Lok Sabha then adjourned till half past ten of the clock on Friday, the 16th March, 1956.