

5151 Resolution re. Appointment 31 AUGUST 1956 Central Excises and Salt 5152
of Committee on Working
of Directive Principles of
State Policy
(Amendment) Bill

are a manifesto of human aspirations and ideals. Therefore, I can well sympathise with people who are anxious that these ideals should be as speedily realised as possible. There are also others who are critics purely with a view to carping at.

When I heard the speech of the author of this Resolution, I was a little amazed. Everything that he was saying was with a view to darkening it. He seemed to be seeing everything that was dark, forgetting that things were not dark but his own mental glasses were tinted with dark hues. It is the change of outlook that is required and not that everything that he saw was in fact black.

Dr. Rama Rao: Close your eyes and everything will be dark.

Shri Tek Chand: That is your way of doing things. On the other side, I must warn that everything is not rosy either. If you were to examine it from a correct perspective, the progress achieved is creditable having regard to the fact that the time at the disposal of the makers of the Directive Principles and all those who are called upon to pursue them is short and that the limits of the economic capacity of the country are to a large extent restricted. But within the scope of these limitations, within the pale of practical possibilities, the achievements made within the short time have been remarkable.

4-59 P.M.

[MR. SPEAKER in the Chair]

It is true that a lot more could have been done. To that extent I find myself in agreement with the remarks made by my hon. friend, Shri Raghavachari. He has invited the attention of the Government to wasteful expenditure. He gave an excellent suggestion that care should be taken that every penny of the taxpayer's money should be utilised to the optimum advantage, and any

holes through which the nation's funds are being drained should be plugged. That is a suggestion well worthy of the notice of Government.

But when we turn actually to the various provisions.....

Mr. Speaker: The hon. Member may stop at this stage. I am just now calling Shri T. T. Krishnamachari to move his motion, and after that hon. Member may continue his speech.

CENTRAL EXCISES AND SALT
(AMENDMENT) BILL*

5 P.M.

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): Mr. Speaker, I beg to move for leave to introduce a Bill further to amend the Central Excises and Salt Act, 1944, and I would like, with your permission, to make a brief statement about this Bill.

The House would recall that in proposing an all round enhancement of six pies per square yard of the excise duty on cloth, in the last Finance Bill, the then Finance Minister had pointed out in justification of his proposal, that the steadily expanding demand for mill-made cloth, in spite of a year of record production, had resulted in a substantial reduction in stocks of cloth with mills. He had also referred to the rise in prices of agricultural commodities. These trends have continued during the post-Budget period, and prices have risen even beyond the limits justified by the increase in the duty.

The House is also aware, in framing the Second Plan, the encouragement to the handloom sector in the interest of larger rural employment has resulted in the adoption of a somewhat restrictive policy in regard to

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[Shri T. T. Krishnamachari]

any increase in production in the mill sector. This is another factor which has resulted in the demand for mill cloth running ahead of its supply. Prices have risen and larger profits are being made by the industry and the trade at the expense of the consumer. This has been particularly so in the medium and coarse categories which account for more than eighty per cent. of the consumption of cotton textiles in the country.

These developments have been causing a good deal of anxiety to Government for some time. We thought of various steps to check them. The measure which is now before the House is, in Government's view, intended to meet the situation.

The scheme, as the hon. Members would see from the Statement of Objects and Reasons, is to fix the excise duties for cotton textiles in the statute at certain ceiling levels which are considered sufficient to check any major rise in prices that is likely to occur in the foreseeable future and also to regulate the effective duties in any particular period by the application of a system of executive exemptions considered by the Government to be necessary and adequate for the conditions prevailing during that period.

The House will also observe, therefore, that the scheme has been so designed as to be flexible enough to enable timely correctives to be applied by the Government to any unhealthy symptoms which may manifest themselves at any time. The House will also appreciate the need for such flexibility in the context of an expanding economy, where rapidly fluctuating conditions such as those now prevailing in the textile industry and trade, are likely to persist.

Although the ceiling provided for in the Bill are substantially higher, the effective increases we propose to make are one anna and six pies per

square yard for superfine, one anna and three pies per square yard for fine, one anna per square yard for medium and six pies per square yard for coarse varieties other than *dhotis* and saris. No change is proposed in the existing duty of six pies per square yard (exclusive of handloom cess) for coarse *dhotis* and saris. We have reasons to hope that these increases are sufficient to act as a brake on the rise in prices in the present state of the market.

There is a further argument in support of the measure before the House. As I have sought to explain already, conditions brought about in the process of implementation of the Plan have enabled the industry and trade to make excessive profits at the consumer's expense. This should provide adequate justification for Government seeking to mop up such excess profits particularly at a time when all available financial resources have to be mobilised for the implementation of the Second Plan. It is estimated that the effective rates now proposed would bring in, during the remainder of the current financial year, additional revenue to the extent of Rs. 17.5 crores.

Mr. Speaker: The question is:

"That leave be granted to introduce a Bill further to amend the Central Excises and Salt Act, 1944."

The motion was adopted.

Shri T. T. Krishnamachari: I introduce the Bill*.

BUSINESS OF THE HOUSE

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): Sir, with your permission, I would like to announce that it is proposed to bring forward the Central Excises and Salt (Amendment) Bill, just introduced, for consideration and passing tomorrow after the conclusion of the discussion on the Government

*Introduced with the recommendation of the President.