

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

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HOUSE OF THE PEOPLE

Wednesday, 4th March, 1953

The House met at Two of the Clock.
[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

3-7 P.M.

PAPERS LAID ON THE TABLE

BILASPUR MOTOR VEHICLES RULES

The Deputy Minister of Railways and Transport (Shri Alagesan): I beg to lay on the Table, under subsection (3) of section 133 of the Motor Vehicles Act, 1939, a copy of each of the following notifications issued by the Chief Commissioner, Bilaspur (Simla Hills):

- (i) Notification No. TA(AD)25/78/52, dated the 18th July, 1952; and
- (ii) Notification No. TA(AD)25/140/51, dated the 6th July, 1951, containing the Bilaspur Motor Vehicles Rules, 1951.

[Placed in Library. See No.S-10/53.]

GENERAL BUDGET—GENERAL DISCUSSION

Mr. Deputy-Speaker: We shall now proceed to the discussion of the General Budget. I have to announce to the House that under Rule 184 (3), I fix that the time-limit for speeches will ordinarily be 15 minutes for each hon. Member excepting the Finance Minister for whom one hour or more will be allowed, if necessary.

At this stage the House will be at liberty to discuss the Budget as a whole or any question of principle involved therein.

For the benefit of new hon. Members, I would like to draw their attention to rule 184 (1) regarding the scope of the Budget as differentiated from the Finance Bill. During the Finance Bill, grievances may be brought to notice. That will be the occasion for that purpose. So far as the discussion of the Budget is concern-

ed, under Rule 184 (1), the House shall be at liberty to discuss the Budget as a whole or any question of principle involved therein. The discussion will be regarding the point whether the items of expenditure ought to be increased or decreased having regard to the importance of a particular head and also the manner in which the Budget is framed. Grievances not related either to the Finance Minister's speech or not directly arising out of the proposed expenditure will not be in order at this stage. They may be deferred for ventilation at the time of the Finance Bill. Fifteen minutes will be the time-limit ordinarily for every hon. Member.

An Hon. Member: Including Ministers?

Mr. Deputy-Speaker: Including Ministers, except the Finance Minister. So far as Leaders of particular groups are concerned, if they want some more time, they can take up to a maximum of thirty minutes, but this extra time will be accounted against the time allotted to the particular group.

Dr. S. P. Mookerjee (Calcutta South-East): While speaking on the budget, I believe I should say something of the Finance Minister who has been responsible for the introduction of the Budget. Whatever differences there may be—and I believe there are differences—regarding the manner in which the administration of our country is being carried on, or allotments have been made in the Budget for the amelioration of the conditions of the people, I think, I can say without fear of contradiction that one of the assets of the country is the quiet and cautious optimism of our Finance Minister. Whatever differences there may be as I said just now, I think it is safe to assert that the financial credit of our country is sound, and apart from the geographical importance that India occupies, its vast economic possibilities, its potential wealth, and its tremendous manpower are capable of placing our country in a position of great international advantage. Of course, how the Government and the people are capable of transforming

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this huge wealth of this country into practical realities is a different matter and on that performance naturally we will be judged not only by the present generation, but also by posterity.

The Budget shows a surplus of Rs. 42 lakhs, but that includes Rs. 18 crores which the Finance Minister expects to get from Pakistan. The Finance Minister while mentioning this fact himself could not check his inevitable smile, because, I believe, he had his doubts whether Rs. 18 crores will at all be realised or not. Naturally enough there is very little chance of our getting it, unless our overall policy towards Pakistan changes from the present policy of softness to one of firmness and decisiveness, even in the field of diplomacy. In respect of all matters relating to Indo-Pakistan relationship like East Bengal, or evacuee property, or canal water dispute, or Kashmir, unfortunately the initiative has always been in the hands of Pakistan and we have not been able to get what were our legitimate dues. Incidentally, I may draw the attention of the Finance Minister to the position of the holders—Indian citizens—of Pakistani securities to the tune of rupees four crores. They do not represent individuals alone, but represent institutions as well, and somehow the Finance Ministry has put a ban in the matter of exchange of these securities for Indian securities held in Pakistan. With a little endeavour we can easily get these rupees four crores which will be of special advantage to these unfortunate individuals and also to these institutions, a large part of whom have suffered enormously as a result of Partition.

The next major item which naturally attracts our attention is the Defence Budget. The Defence Budget absorbs about 50 per cent. of the Central expenditure and I believe about 25 per cent. of the expenditure of the entire country, including all the States. I, and many others on this side of the House, entirely agree with the Finance Minister and the Government that we should not take any undue risk and slacken our Defence arrangements in the highest interest of the country. Although we are perturbed at the manner in which this figure is mounting up, we also agree that it is not quantity that counts, but quality and it will be desirable for us to explore how easily and quickly we can maintain an Indian Army in all its three branches which will be able to defend the country in case of an emergency instead of adding unnecessarily to the number. I would ask the Finance Minister to consider the scheme which

has been adumbrated by my hon. friend Mr. Patnaik regarding the possible utilisation of the leisure hours of the Armed Forces of the country, as has been done in various other countries. The Prime Minister is himself the Defence Minister for the time being and, I believe, this matter will also attract his attention.

There is one perturbing factor regarding our Defence scheme and that is the slow progress that we are making with regard to the development of Defence industries. Obviously today any defence arrangements worth their name must be dependent on highly technical skill and knowledge and also on the amount of freedom that a country enjoys from its dependence for the supply of essential requirements for keeping its Defences intact. Here we are a backward country in this respect and I feel that much more could have been done. It may be that all the proposals are not available before the House, but there should be some means for Members belonging to all the parties in knowing as to what are the effective proposals of the Government in this behalf.

Another matter which attracts our notice is the comparatively small provision which has been made for education and health and also for the development of small industries. I do not wish to develop this point at this stage, but the disproportionately small expenditure on the social services is certainly a distressing feature of our Budget. I believe that unless we expend more on education in an effective manner, it is not possible for us even to take advantage of the improvements which may be expected as a result of the recommendations of the Planning Commission.

In the vast plethora of pamphlets and other literature which have been showered upon us in the last few weeks, it is very difficult for us to know how exactly the Planning Commission's recommendations are being implemented. Last time I had made a request to the Finance Minister that he should be good enough to supply to us as briefly and simply as possible an idea of the manner in which both the finance side as also the expenditure side are being met in relation to the recommendations of the Planning Commission. So far as regional development of this country goes, unfortunately not much information has been made available. We have accepted the principle that there must be equitable development of the entire country regionwise, both north and

south and east and west, and the Planning Commission also aims at that. But unfortunately it is not possible for us to ascertain how this has been achieved.

Incidentally the Finance Commissions recommendations have not been debated by the House. I am not speaking on behalf of my own province of West Bengal alone, because I feel that that province has not got its due share as a result of the recommendations of the Commission. Bengal and Bombay have suffered equally. It would have been better if none representing those two provinces was on the Commission and then perhaps the two provinces might have got a fairer deal. Of course, I am not blaming the members of the Commission. They proceeded on certain accepted principles. Eighty per cent. they gave on the basis of population and 20 per cent. on the basis of collections. I feel that that is not a fair percentage. Naturally I cannot go into this question in detail now. But at some stage we hope we will have an opportunity of making our observations in this behalf, because as was pointed out by an hon. Member yesterday nothing is sacrosanct and even the recommendations of the Commission may be varied, if really justice demands it. I am willing, and I should be prepared to pay my tribute to the members of the Commission who really discharged a very difficult and delicate task and they proceeded not on whimsical basis, but on the basis of certain accepted principles which they considered to be fair and just, though we may not agree with them in all their aspects.

Two years of the Plan period are over and we are now entering the third year. So it is justifiable for us to ask how exactly is the Planning Commission report being implemented.

If we take the private sector, it was contemplated that about 1,432 crores of rupees would be spent during a period of five years. We get no information whatsoever as to how much of this has been achieved during the last two years and what exactly is going to be done during the coming year. There is no proposal, there is no indication as to how rehabilitation of the existing industries is going to take place or how new development schemes are going to be implemented which will fit in with the entire structure of the Planning Report.

Regarding the public sector, so far as revenue side is concerned, five sources were indicated. One was the revenue surplus of the Central Government and also of the State Governments.

In this respect we know that our anticipations have not been fulfilled. We have not seen the budgets of all the State Governments, but practically all the budgets which have come forward have disclosed a deficit. We would like to know how much of the anticipated revenue from the revenue surplus of the Centre and the States budgets has actually been received in the course of the last two years, how much is expected to be received in the course of the coming year, and how it will reflect on the entire position.

So far as internal borrowing is concerned, as you know, Sir, the anticipations were not fulfilled. This year it is expected that we will be able to raise Rs. 100 crores. What is the basis for this estimate? That also is not clear. I can only put a question mark. Supposing it fails, what next?

Next comes taxation. Well I welcome the appointment of the Taxation Enquiry Commission, and I specially welcome the appointment of Dr. John Matthai as the Chairman of the Commission. I am sure he will be able to bring upon this very huge task his wide experience and, what is more, the independence of his outlook and he will be able to look at this problem, not from the point of view of any vested interests but of the entire national interests.

So far as taxation is concerned, we are not expecting any huge revenues out of this.

Then comes foreign loans. In regard to foreign loans, so far as I have been able to make calculations, up till now we have got eight per cent. of the total amount which we are going to spend for our development purposes. I know that there is a section of opinion which is very loath to accept foreign loan on any conditions. Well, I do not share that fear. If India is to develop, naturally India has to look to all parts of the world; and where we receive foreign loan which is not conditioned by any considerations which will be inimical to the interests of our country I see no objection to receiving such foreign loan. After all, it represents only eight per cent. of the total amount that the public sector is going to spend for development purposes during the next five years.

Still, there are possible political implications, in this regard which we cannot entirely ignore. Suppose war breaks out. Shall we be able to get all the equipments and other necessary supplies on which the continuance of the big projects that we have taken

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in hand will depend? Or a delicate situation may arise. The giving of this help, which will be very vital for our purposes of development, may carry with it some sort of understanding that in case of such a serious conflict India will have to take part irrespective of any other considerations. I am not saying that India will not take part under any circumstances. If it is necessary in India's interests, India will not be sitting idle. But shall we be forced into it? I do not share the view that anybody in the Government, from the Prime Minister to anybody else, is prepared to sell, or even for a moment thinks of selling this country to any foreign country for a mess of pottage. That consideration should not come in the mind of anyone, no matter what political views he may entertain with regard to home politics. Still, this is a matter where we have to be a little careful; because psychologically it produces a wrong atmosphere in the country that for vital things we are looking forward to foreign countries and without such supplies we cannot get going. There is one point which I would like to know from the Finance Minister, that is about the servicing of these loans. Our balance of payments position is somewhat satisfactory. But as he rightly points out, it may be a short-lived affair. It is not due to increased exports, but due to less imports. But if our balance of payments position does not continue to be satisfactory, then obviously the servicing of these loans will fall as an extra burden on us and that will create new complications.

Then comes the disputed question of deficit financing. I do not wish to dilate much on this point. But I generally share the view which has been expressed by the Finance Minister that deficit financing subject to certain conditions is not bad for our country's economy. But certain conditions have to be fulfilled. In other words, the limitations which can be reasonably imposed should not be exceeded. If with regard to other sources of revenue we get much less than our expectations, which are part and parcel of our Five Year Plan, obviously the alternative is that we shall have to fall back upon deficit financing. It may prove a bottomless pit and may mean disaster for the country. Then the only alternatives will be that we either give up the projects mid-way, which of course we cannot do, or we go ahead in a way

which may bring the finances of the country to some serious position.

There is one factor which I believe the Finance Minister will bear in mind and that is that in countries like Sweden, Germany or America, where deficit financing has been resorted to, their economy is entirely different from ours. There is no question of any want of capital or equipments in those countries; the real question there was want of manpower. In our country unfortunately the real question is want of capital and equipment; manpower is there, and we do not know how to utilise it. Therefore, this obvious difference in the economy of our country may play its part in undoing the financial future of this country if we depend too much on deficit financing.

I found in today's papers that certain extra facilities are being offered to foreign companies which would come and do business in India, in the matter of repatriation of the profits which may accrue. With regard to these foreign firms working in this country, there also we should be a little careful in seeing that their activities do not go against the national interests of our country or displace Indian industries. One fact also has appeared in today's papers that out of the higher executives which are employed by foreign firms in India today 75 per cent. are foreigners and 25 per cent. are Indians. Although in 1947, according to the figures published today, the number of Indians employed was only about eight per cent. and from that point of view it may be claimed that the percentage has gone up. If you analyse the number, the number of European employees now imported to this country is much larger than what it was in 1947. Here one question has got to be considered. I am not suggesting that no foreign firms should be allowed to bring any employee belonging to their nationality. But certain conditions should be laid down—if by mutual arrangement, certainly good; but if that is not possible, by legislation if necessary—that foreigners will be allowed to come in only in posts which cannot be held by Indians. Today I do not wish to go into details. But there are a large number of ordinary posts of an executive nature, which are held by Europeans, by young Europeans, which can easily be occupied by qualified Indians. With regard to technical posts they can bring foreigners if not available here. There

also a condition should be added that within a certain stated or agreed period, three or five years, even those technical posts should be held by Indians and proper training should be given to them within such period.

So far as community projects are concerned, here also this consideration applies to a very large extent. I am told that for the purpose of working of the community projects we are importing machinery and also equipment which may be available in this country, and I am told that has been made a condition for the grant of this help which we are getting from America. This point has to be gone into in the interests of our own industries. If those equipments, parts and other materials which are to be used are available in this country or if they can be made available after a little effort, there is no reason why with the receipt of this monetary grant should go the assurance from India that we would be compelled to purchase goods and materials also from those countries.

With regard to the State undertakings, these big projects which are coming up here, I would like to say a few words. During the construction period, in view of our past experience, we must be able to impose checks and restrictions so that there may not be any wastage. We know the estimates grew up, the estimates doubled, in some cases trebled in the past. If that happens again in the future, that will disturb the entire financial structure of the Planning Commission's Report. Therefore, from the very beginning, some financial control must be kept so that the estimates which have been prepared are actually observed and also the work is carried on in a manner which may not lead to any sensations or scandals later on. That is with regard to the precaution which has to be taken during the construction period. The Finance Minister has not given any indication as to how it is going to be done although we raised this question on the debate of the Planning Commission's Report. Afterwards, obviously they are to be handed over to Corporations. We do not want that they should be departmentally managed but what should be the relationship between these Corporations and Parliament? We will be responsible for finding the money. Parliament cannot obviously go and interfere with the day-to-day administration of these institutions. This is not an easy matter. I saw the other day this matter was engaging the attention of the House of Commons and they are trying to evolve

some formula so that the proper check can be kept on the working of these institutions and national expenditure may be saved and protected thereby.

One suggestion which I would like to make to the Finance Minister is that with regard to all these institutions, a system of concurrent audit should be introduced immediately. The Public Accounts Committee has a chance of seeing the working of these institutions later on, after a few years but at that time the damage is done. It is a *post mortem* examination which may give pleasure to some people or a sense of shame to others. If we have a system of concurrent audit from the very beginning, then I am sure 90 per cent. of the troubles which we have to face now will disappear.

Then, with regard to the trained personnel, I thought the Finance Minister would be able to announce what definite proposals are there before Government for having trained Indian personnel for every part of the work that is now going to be taken up, in connection with these big enterprises which India is going to take in hand in the next three or four years. I suppose we should be able to have them managed with Indians and Indians alone and not be dependent on any foreigner. We must be able to create a class of administrators whose services will be available at our disposal for the purpose of carrying on the activities of these institutions on a national scale and in a businesslike manner.

I do not want to go into the details with regard to the several items but so far as the achievements side is concerned, I would like to say a few words. If I may say so, this is a Budget of light and shade. The light can be made lighter, the shade can be made more shady depending on the critic who uses the brush but here, so far as these achievements are concerned, there are many obvious paradoxes. Food self-sufficiency is going to be achieved. If that is attained, that will be the biggest achievement of the present Government. The Food Minister is shaking his head and is saying he meant rice and not food. Of course, the more he goes underground, the greater will be the possibilities of his finding rice from quarters known and unknown. If we are becoming self-sufficient in rice by 1953, that will be a big achievement but simultaneously we have reports of scarcity and famine pockets. We had just now a question about Rajasthan, about pukka wells and Kucha wells and all the rest of them minus of course the food which the people need to keep them going. Simi-

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larly, with regard to Maharashtra, parts of South India, parts of West Bengal, in the Sunderbans area, people are starving. It is not a question of want of foodgrains alone. It is a question of lack of purchasing power and it will be to our utter shame if we talk of food being available for the whole of the country and at the same time allow famine pockets to grow in different parts of the country. Food shortage, if it is due to maladministration, must be checked.

Similarly, with regard to the economic improvement of the country, so far as cost of living index is concerned, well, it has not come down appreciably although, so far as the index of commodities is concerned, it has gone down to a certain extent. So far as middle class relief is concerned, some relief has been given by the Finance Minister but it is not much. I received a representation from the clerks of the Government offices, thousands of them, who are receiving only Rs. 55/- as their basic pay. No doubt it is due to the recommendations of the Pay Commission but these are matters which require special examination because it affects a large number of people who are in Government employment and who cannot make both ends meet.

I would like to draw the attention of the Finance Minister to the question of unemployment and under-employment which is increasing in the country. He said in a passing way that this calls for a long-term measure but what is the position here as we can find out from the report?

In 1951, 13,75,000 applications were registered with Employment Exchanges and placements were 4,16,000. In 1952, registrations went up to 14,36,000 and placements were 3,67,000. For every 100 technically qualified men only 12 could be given appointment. These are in the Report of the Planning Commission. For every 100 clerks, only four could be employed. In the Planning Commission Report it is said that every year about 90 lakhs of people would get employment. It is a very rough calculation but is there any estimate for us to know as to how many of these 90 lakhs actually get employed in the first two years and how many expect to get employment in the coming year. Similarly there is a very fine reference to a scheme for educated unemployed. How many of the educated unemployed have actually been absorbed? The Finance Minister said that the industries are showing larger production but big industries

like jute, tea, sugar, engineering and textiles are disclosing now a situation which is certainly causing anxiety. The Finance Minister said that we are now passing on from the seller's market to the buyer's market. So far as the position of small traders and manufacturers is concerned, millions of them are on the verge of collapse. One of the main principles of the Planning Commission's Report was that Government would see to it that the maximum capacity of the existing industries is utilised. If you allow the existing industries to disappear or to go into pieces, what is the use of putting up a few big enterprises with the help of foreigners and saying that we have made tremendous achievements in these directions.

With regard to the formation of the Andhra Province, I do not find a provision in the Budget with regard to the capital for Andhra. This question by itself is creating lots of difficulties and naturally its omission will further accentuate troubles in that area.

I do not wish to deal with other points like rehabilitation and Indo-Pak relations. Also these will come up in connection with the debate on Grants.

The only point which I would like to bring to the notice of the House is with regard to the situation which is still continuing in Jammu. I feel very much cheered by this sort of laughter—sincere or insincere I do not know, but still there is laughter and that must be very cheerful. The point is this. As the Finance Minister has said repeatedly, nothing can be achieved with regard to the schemes of the Government unless and until there is complete understanding between the people and the Government and the less the opportunities that occur for the purpose of increasing the gap of difference between the Government and the people, the less remote will be the possibility of giving effect to these big proposals which are now being considered in connection with the Budget. Also, from that point of view, we should try to have some sort of settlement on the Jammu issue. I do not wish to go into the details. We will get some time later on when we can refer to it but the point which I would like to emphasise is this that we do not wish to raise any question which might create difficulties for the future. What we wanted to do was that certain doubts and fears which have been raised have to be dispelled. It is no use attributing motives to each other. The correspondence which I had with the Prime Minister has

been released today with his consent. We tried our best to put our view points there because we felt that unless we are able to solve this problem, we will not be able to get along in the future. Here, repression cannot be the only remedy. Certain political, economic and administrative questions have been raised. They have to be considered on their merits. It is a matter of deep regret that while we speak glibly on the need for maintaining peaceful conditions in the country and doing everything possible so that all sections of the people may feel that they are working in a truly democratic set up, in actual administration. Government should be unable to take note of the volume of opinion or the feelings of a section of the people and should hesitate to solve this dispute in a statesmanlike manner or in a peaceful manner. If these things go on in this way, naturally the gap will become bigger and bigger and that will not be to the benefit of the Government and that will not be to the benefit of the people. Therefore, even at this late stage, although the Prime Minister is not here, I can make an appeal to the Government with regard to this question. Let the Government put forward certain proposals either on the lines that we have indicated or on any other line which can bring this movement to a close. The continuance of a repressive policy will create such bitterness and hatred, as the Prime Minister said the other day, that it will be impossible to remove such an atmosphere in the future. We want that this country should grow from prosperity to prosperity. We want that we should have a democratic set-up in this country where both the majority party and the minority party should be able to pool their energies together for the good of the nation.

Babu Ramnarayan Singh (Hazari-bagh West): No parties.

Dr. S. P. Mookerjee: If the majority party, the party in Government, feel that their word is law and whatever they say is the final word, naturally, it will create a situation which will not be desirable for them, which will not be desirable for the country as a whole.

I have tried to analyse the Budget and put forward a few viewpoints on some major issues from this constructive angle of vision. I have not gone into the other points. I might have found many loopholes. I might have found many defects. I have tried to give a certain version of the Budget picture which should receive due attention in the hands of the Finance Min-

ister so that the Planning Commission Report may be put into execution. Although we have not agreed that it is going to create a tremendous popular feeling in the country, yet if certain good things can be achieved, we will be sharers in that. There is no question of taking any obstructive attitude. I am only anxious for the creation of that proper atmosphere in the country which will make real co-operative effort and enterprise successful.

Shri Mahtab (Cuttack): The Budget which has been presented by the Finance Minister has been framed in rather unusual circumstances. Usually, the Finance Minister is the sole master of the Budget and he determines the economic policy and programme.

Dr. N. B. Khare (Gwalior): Is it a debate between an Ex and an Ex?

Dr. S. P. Mookerjee: You are an Ex.

Mr. Deputy-Speaker: The hon. Member is a greater Ex

Shri Mahtab: I think this is the first time that the policy and programme of the Government has been pre-determined by another authority, namely, the Planning Commission. I think probably this is the first time that the Budget has closely followed the recommendations of the Planning Commission. Therefore, the Budget should be judged and discussed from the background of the recommendations of the Planning Commission. It cannot be discussed separately from the recommendations of the Planning Commission. As the House knows, the Plan has been drawn up after a great deal of deliberation, after hard work for two years by the Planning Commission and has been adopted by Parliament after a great deal of deliberation. It has been condemned outright by a section of the House; it has been damned with faint praise by another section. But, nevertheless, the Plan as a whole has been accepted by the country generally and much hope has been created roundabout that Plan. We should judge and discuss this Budget from the view point of that Plan.

Those of the Members of the House who know something about the Planning of other countries must have known that almost everywhere plans were financed by unusual means. In Germany in 1933, for the execution of the Plan, the then German Government took recourse to inflationary financing as it used to be called then. In Russia they financed all their Five Year Plans with the help of compul-

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sory sacrifice of millions of people and probably that process is still going on. In the New Deal in the USA, they took recourse to several steps which practically created drastic changes in the economic conditions of the day. But, here, thanks to the ingenuity of the Finance Minister, he has accommodated our Plan which is larger in size than any other plan of this kind, in comparable circumstances in any other country, in a Budget which might be called a normal Budget. Somehow, he has been able to yoke the dash which is required for the execution of a Plan with the traditional caution of the Finance Ministry. That is a wonderful feat, I must admit.

An Hon. Member: Acrobatic.

Shri Mahtab: I would like to refer to one sentence of the Finance Minister's speech. He said that the manner in which additional borrowings should be secured can be decided only during the course of the year with reference to the conditions as they develop. I am sure that this does not indicate any kind of lurking doubt in the mind of the Finance Minister that, after all, the budgeted money cannot be spent during the course of the year for various reasons. Having some experience as a Finance Minister for some years in a State, I know that unless there are suitable circumstances and a tuned administrative machinery, it is not possible to spend the whole of the budgeted amount. I am sure, as the Plan goes on working sufficient attention will be given to the tuning of the administrative machinery to bear the stress of this Budget and also the stress of the execution of the Plan.

So far as the Central part of the work is concerned, the Finance Minister has provided the necessary funds as recommended by the Planning Commission. But, so far as the States are concerned, I have great doubts whether they would be in a position to find the wherewithal for their part of the contribution. Many States have submitted deficit Budgets before their respective Assemblies and I do not know whether there is any large scope for fresh taxation in all these States. Therefore, the appointment of the Taxation Enquiry Committee is welcome and I hope that they will find out some means by which the States would be able to find the necessary money towards their contribution for the execution of the Plan. The Finance Commission has come to the rescue of the States. This time, they have adopted a new line of approach

to the question of the devolution of the Central Revenues. Its recommendations have not been approved by the previous speaker. But, here, representing as I do an undeveloped province, I should say that the recommendations of the Finance Commission and their acceptance by the Government *in toto* have created confidence in the undeveloped States that their case would not go unheeded, that there is some authority which will give a fair deal to all these undeveloped regions. However undeveloped the whole of India may be, it is a fact that all these regions are not on the same line. Some are quite ahead, some are backward, and it is not the fault of the undeveloped regions that they are undeveloped. As a matter of fact, some areas could develop according to the necessity of the foreign rulers, and these rulers have developed these regions at the cost of what are today undeveloped areas in India. For the sake of political and economic stability, it is necessary that special attention should be paid to the undeveloped regions, and I must say that the Finance Commission has adopted a new line of approach, and I sincerely trust that the next Finance Commission would develop this idea and go further to help the undeveloped regions.

Shri B. Das (Japur-Keonjhar): Five years later.

Shri Mahtab: As regards the Budget, I am told by a section of our friends, that it does not create any enthusiasm. I do not know whether any of us has gone into this question of creating enthusiasm. First of all, the conception of a welfare state does not create that kind of excitement as the conception of a power state. India has chosen to be a welfare state, as distinguished from a power state, which many other countries have chosen to be for the time being, at any rate. They are now building up large industries, as against others, to back up their war machinery and they are bidding to be the first rate powers in the world. But here we have given up that line. We have chosen to give up that line. It was open to us to adopt that line too, but we have chosen to give up that line, and we have chosen to be a welfare state.

Babu Ramnarayan Singh: Is it a welfare state?

Shri Mahtab: Therefore the Plan and the Budget must go the same way. We cannot compare our Plan and our

Budget with the plan and budget of those countries which have chosen to be power states. There must be a fundamental difference between the characters of these two plans. If this fundamental difference is appreciated, then I think none should be disappointed that there is no reflection of that kind of activity, as for instance, large scale industries, war industries etc., in the Budget itself. As a matter of fact, the Planning Commission has rejected that idea and has taken recourse to some other kind of planning, which we are in at the present moment.

A welfare state in a democratic constitution must depend largely on public co-operation. The expression 'public cooperation' has been so hackneyed and it is being understood in so many different ways, that I think it is necessary to think out what it is. Therefore, I wholeheartedly endorse the observations of the hon. Finance Minister, which were made towards the end of his speech. Directions for the public co-operation should be as precise as possible, and at the same time, there should be readiness on the part of the community to obey these directions and to render as much assistance as possible towards the execution of the Plan. Of course, I do not speak here to those who condemn this Plan outright. But I address myself to those who accept this Plan with some kind of murmur. I address myself to those, requesting them to at least keep quiet, for the time being, and see how the things go on. Otherwise, if this Plan is always criticised from various points of view, even with good motives, I do not think it will be possible to arouse that kind of enthusiasm in the country which is required. At the same time, I would request the Government also to devise some means to associate the people with every stage of the administration, so that they may have a sense of responsibility in the execution of the Plan. It is the sense of responsibility which will create enthusiasm, and it is the sense of responsibility which will create the necessary confidence in the people also. That, I think, is bound to come, as the Plan goes on. And the Government will gradually realise that unless the administration is tuned to the wishes of the people, and the people are associated with the administration at important stages it would not be possible to carry the people with them always.

Now, there is one statement which the hon. Finance Minister has made, and which I anticipate, will be very much contested, and that is when he

said that in the course of the last nine months, there has been economic progress in the country. But I do not think that there should be any reasonable protest against that statement. It may be the opinion of some that the progress has not been up to expectation; it may be that some people may say that more progress could have been achieved, but could not be achieved. But I do not think any serious student of economics who is observing the conditions of the country, and who has got the available information, will come to the conclusion that there has been absolutely no progress at all. I am sorry to say that it is asserted in many quarters that there has been reverse progress. I do not think that any serious critic will ever come to that conclusion. If he does, it will only amount to this, that the morale of the public or the progressing nation will be very much adversely affected, which in turn will adversely affect the political parties also, and even the critics themselves, if they go on decrying a progressing nation. In their own interest, it is necessary to feel that there has been progress, but there ought to be more progress. In fact every one demands more progress, and the Government themselves want more progress as well.

I am glad to learn that the hon. Finance Minister is feeling inclined to agree that the system of collecting data for preparing the indices of wholesale and retail prices is faulty. As a matter of fact, the base year which has been taken as 1939, should not be taken as such in the changed circumstances. First of all, the post-war effects, the post-independence effects as a result of partition, and above all the devaluation of the rupee, have created a permanent effect on the economic conditions of this country. And in fact, the economy of the year 1939 has nothing to do with the economy of the country today. I would therefore suggest that the year 1949 or 1950 should be taken as the base year, because roundabout that year, the economic position of the country established itself. Similarly, the system of collecting data also should be revised, and the sooner the hon. Finance Minister takes it up, the better, in order that the statistics may give a more realistic and accurate picture of the economic condition of the country.

With regard to foreign aid, criticism about it has become more or less hackneyed in this House and outside too. I think both the sides know the pros

[Shri Mahtab]

and cons of this foreign assistance business, but I may suggest that there is another point of view also, and as a matter of fact, it is from that point of view that I look upon this foreign assistance. And that is this. During the last war, when India was under foreign rule, without any stipulation, the allied powers, and particularly the U.S.A., were allowed to use this country as one of their major bases of operation against the Fascist countries, and Russia was included in the allied countries then. There was no stipulation whatsoever, and because India was used as a major base, the entire economy of the country was damaged tremendously, and whatever suffering we had later on as a result of the post-war effects, was due to these war preparations in this country by others. India, after Independence, could have demanded reparation for the damage done from the allied powers, but fortunately it has so happened that India has achieved her Independence peacefully, and what would be the harm if the question of reparation is solved peacefully in this manner? It is expected of all the allied powers that they should render India assistance, as a sort of reparation for the damages that they have done in this country against India's wishes. From this point of view, I do not see how there could be any kind of doubt that there is some moral obligation attached to this foreign assistance. On the contrary, the allied powers, and particularly the U.S.A., have discharged their moral obligation to India, for they have used this country as their base of operation, against the wishes of the country, and it was done without any stipulation. Therefore, I do not see anything wrong from any point of view, in receiving this foreign assistance, and it will be certainly good of all the allied powers to come to the aid of India and undo the damage which they have done here some years back.

4 P.M.

Now, the Planning Commission have recommended protection of small scale and village industries. Certainly, I must expect that this policy will be followed in its entirety. Here the handloom industry is a typical village industry today. If that problem is solved, I think the problem of village industries can possibly be solved. But I do not think that that policy is being followed in its entirety. Today an announcement regarding relaxation of the import policy has been published in the newspapers. I was surprised to see that some cotton piecegoods also

have been allowed to be imported. There was a ban on this import since 1949, and I do not see how the handloom industry or any cottage industry can be developed; while there is so much production and textile mill production is being restricted, at the same time foreign piecegoods also are being imported. I do not think there is co-ordination in these policies. That should be looked into.

Development of village and small-scale industries really means decentralisation of industry. As a matter of fact, as I have said at an earlier stage, all the regions of the country are not well developed. In the interest of small-scale and cottage industries, it is necessary that industry and trade should be distributed, as far as possible, region-wise and in that way, the wealth of the country should be distributed in as wide a circle as possible. Unless this is done, the problem of monopolies and combines is likely to arise in this country. Now that the Government have introduced the system of licensing and have got full control over the import and export trade, it would be easy for them to pursue this policy of decentralising trade and industry so that they may not be concentrated in a few hands and in a few places.

The Planning Commission's recommendations can be criticised reasonably from only one point of view, as far as I can think of, and that is, that they have not given top priority to the problem of unemployment. Mere development of agriculture will not solve this problem. As a matter of fact, it has so happened, unfortunately, that agriculture has remained the occupation of only uneducated people. Therefore, as education spreads, unemployment spreads also in the agriculturist class itself. That problem should be thoroughly looked into and, in my opinion, a two-pronged attack should be made. First of all, agriculture as an occupation should be made so attractive that the educated people also should go in for it. Secondly, the scope of small-scale industries should be opened up on a very large scale in all parts of the country to engage the unemployed people. These two steps may be thought out and without disturbing the priorities laid down by the Planning Commission, steps may be taken by using the various kinds of powers which the Government have got and relief afforded to the unemployed.

I agree with Dr. Mookerjee that the Budget is very weak on the point of education. I do not complain so much

because of non-provision of sufficient amounts, but because of non-payment of attention to the problem. Although we are independent today, it is surprising that no attention has been paid to the change of curriculum and the text-books also. Some of these text-books would appear fantastic now after Independence. Similarly, no attention has been paid to effect that much of reform in the educational system. Of course a stir was created over the report of the University Commission presided over by Dr. Radhakrishnan. I do not know what happened to that Report. In every province, the need for reform in education is being keenly felt. Some of the States, as appears from newspapers, are going ahead to make their own changes. It will be a very bad day for the country if the States take upon themselves the reform of education and in that way create differences throughout the country. I think the problem of reform of education from the very lowest level, of reforming the text-books and the curriculum, should be taken up immediately.

Then there is another point to which I would like to draw the attention of the Finance Minister, the Government and the House. That is the training of officers. The Constitution provides for the establishment of a Central Service. The IAS has been established under that provision in the Constitution. But sufficient attention has not been paid to the training of these officers. The fact is that here in this country recruitment to these Services—not only to the Central Services but also to the State Services—is made from all ranks having no academic knowledge of administration; because Public Administration is nowhere a faculty in any University except perhaps Mysore University. Therefore, those who come as recruits to the Services have no previous academic knowledge of administration. If there is no training, then I do not know how the administration of this country will be carried on. It is probably for that reason that the administration of this country is gradually deteriorating and this is admitted on all hands, by the senior officers. Therefore, the training of these officers should be considered as essential and should be given high priority. In the case of the execution of the plans, particularly of the community projects, it must have attracted the attention of the authorities that separate training for those who work there is necessary. In that case, some duplication of work is going on. There are already many in the service who are not

trained and new people are being trained to do the same work. So to avoid this duplication, the question of training for these Central and State Services should be taken up very soon.

Then, with regard to what Dr. Mookerjee said about public cooperation, I have very carefully gone through the pamphlet which he has issued and which I received only this morning. I have nothing to say on the merits of the question, but what I beg to suggest to him is that the method has to be revised. I do not want to say much on that subject now. If necessary, I may have some discussion with him later on. It seems to me there is something wrong in the method which has been adopted there. Let us try to think it out and come to a solution so that there will be an atmosphere of constructive work in this country.

Shri Bansal (Jhajjar-Rewari): I rise to congratulate the Finance Minister for presenting a very bold and courageous Budget which, I think, is drawn after the painters of the Impressionist School. This is a Budget which gives a very good picture if you look at it from a proper perspective. But if you come closer to it, you are bound to find some small blemishes here and there. That, in my opinion, is not the fault of the painter, but of the situation that he is called upon to depict and tackle.

While going through the Budget, one is struck by the imagination which has been shown in tackling the vast developmental problem presented by the Five Year Plan. The Five Year Plan made it incumbent on the Finance Minister to devise ways and means for having a capital outlay of 2069 crores of rupees in five years. In order to obtain this huge amount, the Planning Commission have laid down a certain resources Budget. It was the duty of the Finance Minister to have confined himself to those very broad resources that have been laid down, and I believe that he has succeeded to a very large extent in achieving that task.

But, having said this, I must state that the presentation of the Budget leaves a number of loopholes which could have been easily plugged. Of course, as the Finance Minister says, it is the Planning Budget. But, in my opinion, apart from the general financial aspect that has been tackled from the point of view of planning, and in a very able and bold manner, the presentation of the Budget, does not give any indication that it is really a Planning Budget. Because, even if you

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wade through the Explanatory Memorandum, you are at a loss to find out as to what is the actual developmental expenditure in keeping with the programme laid down in the Five Year Plan that has been devised under this Budget. At one place, in the Finance Minister's speech, it occurs that the Government's outlay on development will be of the order of 225 crores of rupees. But, if you look at the Explanatory Memorandum, Statement IX, the total will come to Rs. 253 crores. To this total one must add the figure of Rs. 39 crores on the developmental expenditure on the railways. Now, I am at a loss to find out as to which of these two figures, namely Rs. 253 plus Rs. 39 crores or the Rs. 225 crores figure is correct.

Similarly, if you go through the Explanatory Memoranda of the previous two years, the same discrepancy occurs. But, I have tried to go through all these in order to arrive at a figure of the capital outlay that has been incurred by the Government of India during the last two years and that is going to be incurred during the coming year and I come to the figure of about Rs. 633 crores. But, from this figure, quite a good amount will have to be deducted. It is very difficult to say from these Budget estimates as to what will be the amount. But, taking it to be the order of about Rs. 100 crores, the Central Government's capital outlay during these three years would be of the order of nearly Rs. 533 crores. As against this, we have no idea as to how much amount has been spent by the State Governments. The Budget is absolutely silent on that. And, this is surprising because the State Governments have to spend about 60 per cent. of the amounts which have to be found by the Central Government. If one is to have any idea as to how much amount is being spent on the Plan as a whole, no one can do so without a correct picture being received from the various State Governments. So far there is only tentative estimate of capital outlays of the States and the Centre and that is by the Reserve Bank of India. In this, the total figure, both for the States and the Central Governments during the last two years is of the order of Rs. 667 crores. The Finance Minister in his Budget speech said that both the Central and the State Governments would have spent about Rs. 600 crores during the last two years. In my opinion this figure has not actually been reached. Now, I can indulge only in guess and the Finance Minister will please correct me. My own idea is that not more than

Rs. 550 crores has been spent during the last two years. For the next year, that is 1953-54, the Government of India's capital outlay, according to this Statement IX of the Explanatory Memorandum, would come to, including Railways about Rs. 293 crores. This includes Rs. 102 crores, which is being given as 'Loans and advances to the State Governments'. That leads to a figure of about Rs. 200 crores. As against this Rs. 200 crores, in my opinion, the State Governments would spend about Rs. 120 or Rs. 130 crores in the coming year and that too, in my opinion, with very great difficulty because most of the State Budgets are showing deficits. Therefore, during these three years, the total expenditure on developmental programme both of the States and of the Centre, would be not more than Rs. 900 or Rs. 950 crores. That means, in the following two years, we will be faced with a figure of more than Rs. 1,100 crores to be spent. Now, according to the speed with which we are progressing, I feel it is highly doubtful if we will be able to reach the target of Rs. 2069 crores. Therefore, my humble advice to the Finance Minister would be to have a continuous check over the amounts that are being spent both at the Centre and also in the Provinces so that our Plan is not held up on account of the sluggishness on the part of the State Governments and the Central Government from spending the necessary amounts.

The second question is that of deficit financing. According to the Finance Minister, Rs. 80 crores have been spent on deficit financing during the last two years. This report of the Reserve Bank, which I have quoted, puts the figure for the last two years as Rs. 212 crores. This, of course, includes the deficits both at the Centre and of the State Governments. To this figure of Rs. 212 crores, in the last two years, we must add the figure of Rs. 140 crores which is going to be incurred on deficit account during the year 1953-54. This will give us a figure of Rs. 352 crores. This is a very high figure. But one thing must be said against this and that is the sum of Rs. 212 crores was not of that kind of deficit financing which is normally understood by my friends on the opposite benches. This 212 crores came from the resources of the Central Government and the State Governments. This also came from the securities which were held by the State Governments. And, the expenditure of this means dipping into your past savings and to that extent its inflationary potentialities cannot be compared to that of

deficit financing proper, which is proposed to be undertaken to the extent of Rs. 110 crores during the coming year. Now, this figure of Rs. 110 crores, in my opinion, is not at all frightening because the Plan itself has laid down that a safe limit for deficit financing during the five years would be of the order of Rs. 290 crores and they also said that for the remaining Rs. 365 crores, the Government of India could also have some more deficit financing. There is one re-assuring feature here. The Finance Minister has said in his speech that it is not necessary that he will issue *ad hoc* securities against this entire sum of Rs. 110 crores. He may go to the market, if the conditions are favourable for borrowing. But even if this entire amount is incurred by offering *ad hoc* securities I do not think the prospect should frighten anybody because after all the price level and the cost of living index have come down and will be within check. I was surprised to hear from Dr. Syama Prasad Mookerjee that the cost of living index had not come down.

Dr. S. P. Mookerjee: Appreciably.

Shri Bansal: I did not hear that adjective. But the figure in his own town of Calcutta has come down from 385 to 346 in December. In August 1951 the peak was 385 and now in December 1952 it has come down to 346, and I think it is quite an appreciable decline.

Then, referring to the rate of developmental expenditure, what surprised me not the least is that in spite of the fact that certain sums are allocated for a number of good developmental schemes, the amounts are not fully utilised. I have no time, Sir, as you have rung the bell, but I would have quoted a number of figures to show...

Mr. Deputy-Speaker: The hon. Member has three more minutes.

Shri Bansal: Thank you, Sir.

For example, for the Steel Plant the Planning Commission has provided a capital outlay of Rs. 30 crores and the Budget provided a figure of Rs. 1.75 crores. As against this in the revised estimate an expenditure has been taken credit of for rupees ten lakhs. I am at a loss to understand firstly as to why we have not made sufficient progress with the setting up of the steel plant and if we go at this rate, how are we going to have the Steel Plant and spend this Rs. 30 crores. More than this, although nothing has been done, we have already spent Rs. ten lakhs on the Steel plant. I know that a mission went to America to negotiate

with some Japanese firm but that certainly could not have cost rupees ten lakhs. Similarly the provision in the Budget was for Rs. 10.9 crores for outlay on industries, the actual disbursement during 1952-53 has been Rs. 1.95 crores. On the Machine tools factory the budgeted amount was Rs. 1.50 crores while in the revised estimate it is Rs. 1.19 crores. On the manufacture of dry core Rs. 70 lakhs were allocated while Rs. 30 lakhs were supposed to have been utilised. The same story is repeated as regards the National Instrument Factory and some other allocations. This is a very bad thing indeed because after all the instrument of the Planning Commission for putting the plans into force is the Production Ministry of the Government of India and if this Production Ministry fails to utilise all the amounts allocated to it, I do not know how we are going to implement the Five Year Plan. Therefore, I would suggest with all the earnestness that at least the Central Government and particularly the Production Ministry of the Central Government should keep to the schedule of expenditure as laid down in the Planning Commission's report.

Then from the purely budgetary point of view, that is, for the use of layman like ourselves, who are neither auditors nor great financial experts, the manner in which the Budget is presented and the Explanatory Memorandum is prepared require certain fundamental changes. The analysis in my opinion is very out-moded. If you go through the general statement of revenue and expenditure you will find an item 'Irrigation'. For 1953-54 the figure budgeted is Rs. 18 lakhs. One would have thought that in these days of huge irrigation schemes the amount would be very much larger running into crores, if not hundreds of crores. The same is the story about electricity schemes, under which an item occurs of Rs. 11,000. This may be correct from the purely audit point of view but for the layman the presentation should be in such a manner that it will be possible for us to understand at a glance as to what the items are and what is the expenditure which is being incurred.

I will take two more minutes.....

Mr. Deputy-Speaker: No, no. I have allowed sufficient time to the hon. Member. I gave him a warning three minutes in advance.

Shri Bansal: I will just sum up, Sir, in a minute.

[Shri Bansal]

My concrete suggestion would be that the Planning Commission should provide along with the Budget a White Paper indicating the progress of the Plan and the relation of the Budget to the Plan. If it is found difficult to cover the State budgets also at the time that the Central Budget is prepared, another document may be prepared in the mid-year which would review the Central and State Budgets in relation to the Plan, particularly focussing attention on spheres in which the Plan is not being fulfilled. The Commission should also present a supplementary demand for grant so that the unspent balances could be utilised on the next best alternative sources. That is the only way we can fulfil the targets laid down in the Plan. Then the form and contents of the budget should be looked into with a view to make it less complicated and more informative and more useful as an instrument in analysing economic policies.

Shri H. N. Mukerjee (Calcutta North-East): I confess to a certain weariness of spirit as I take part in this debate and this is because in this talking shop or perhaps, I should say this gas chamber, following an expression used by an hon. friend from the other side of the House, whom I shall not name, the fumes which are exuded.....

Mr. Deputy-Speaker: I do not know whether any hon. Member said so. It is very wrong to indulge in such words. I am sorry that the expression 'gas chamber' used by an hon. Member was not brought to my notice. Let us respect our Chamber in which we are all sitting as hon. Members here.

Shri H. N. Mukerjee: Is it unparliamentary?

Mr. Deputy-Speaker: I consider that whatever other Parliaments may say, we need not call our Parliament a 'talking shop'.

The Minister of Finance (Shri C. D. Deshmukh): Is it right to call Parliament a talking shop?

Mr. Deputy-Speaker: I do not wish that hon. Members should refer to Parliament as a talking shop. I do not want to copy any other Parliament. If they have used such words, that is a different matter. This is a supreme institution functioning for the whole country and all power flows from that, though the power flows into Parliament from the people.

Shri H. N. Mukerjee: I am sorry. I will accept your ruling. I was saying that I do have a great weariness of spirit because I find it rather difficult to be crossing swords over and over again with the members of the Treasury Benches who do have, according to my way of thinking, a certain amount of unendurable complacency about what they are doing. I would have liked the candour of the Finance Minister, if he had presented his Budget thus: "An ill favoured thing, but mine own", if he had said about the Plan, for example, that it was not a prize to be won but a predicament to get through, I could have understood it. He did nothing of that sort. He gave a speech which was very clear, very cold and so completely dead. You may differ, but that was the impression I got. I am sorry for my country, because its destinies are in the hands of people who do have this kind of feeling, but I know that this capital city of Delhi for which the Finance Minister in his Budget is shelling out Rs. 1.59 crores as capital outlay, this city has been the historic graveyard of vainglory. Like the Railway Budget the General Budget is a Budget of *status quo*. This is not an expression which I am manufacturing. This statement has been made by that eminently respectable liberal paper, the *Hindu* of Madras and the stock-exchanges which leap up with joy when they see the rainbow of a possible war in sight, are very happy over the Budget which the Finance Minister has presented. The *Times of India's* correspondent from Calcutta reported "marked stimulation was provided by the Budget proposals which were regarded as more favourable than anticipated".

Most of the world's good men do not know the difference between "Tata deferred" and a "tram ticket", but it seems the Tata deferred had a very big rise and all sorts of complicated things happened in Calcutta, Bombay, Madras and Kanpur and other places.

What I fear is that the Finance Minister's Budget's barometer is not the people of the country, the barometer is the 'Bourse', that is, the stock-exchange and those who gamble with money and with the destinies of the people are buoyant. They are so very happy because they know, as far as they are concerned, the melodies which they have heard from the Finance Minister are sweet but those unheard are perhaps even sweeter. The Government and especially the Finance Minister has made up his mind to pander

to the interests of big business, foreign as well as Indian big business. Perhaps I could say "let me not to the marriage of true minds, admit impediment", but I am afraid my people will not allow him to get away with that sort of thing. It is exactly the interests of the people which have been given the go-by in this Budget which we are discussing. This self-proclaimed Welfare State about which my hon. friend Shri Mahtab was so eloquent a little while ago spends, as the figures appended to the Finance Commission's Report show very eloquently, barely one-third of its total Central and State revenues on social service items. Its pattern of budgeting is inherited from the bad old days of imperialism and except for bravado, it makes very little change.

Now, who exactly are the friends of Government can be seen from a comparison of the proportion of direct taxation to indirect taxation ever since the Congress took office. I have got here some figures from 1947-48 to 1953-54, and the proportion of direct taxation revenue to total taxation revenue in 1947-48 appears to have been 47 per cent., while the proportion of indirect taxation revenue to total taxation revenue was 53 per cent. In 1952-53, the proportion of direct taxation revenue to the total taxation revenue was 30.4 per cent. and the proportion of indirect taxation to the total taxation revenue was 69.6 per cent. In 1953-54, as far as we can make out, the proportion of direct taxation revenue to total taxation revenue is 28.3 per cent. while the proportion of indirect taxation revenue to total taxation revenue is 71.7 per cent.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

This means that the lightening of taxation is happening as far as big business interests, foreign as well as Indian, are concerned, while there is a progressive increase of taxation as far as the common people are concerned. We also find a softness on the part of Government for quite some time for big money interests.

We saw that in 1948-49 the rates of taxation on business profits, Super-tax and corporation income were reduced. In 1949-50, we saw the complete abolition of the Capital Gains Tax and a further reduction in the rate of Super-tax. In 1950-51, there was a further reduction in the rate of taxes on business profits, and incomes of corporations and individuals with incomes of over Rs. 15,000 a year. On

the other hand, not only were indirect taxes on the common people steadily increased, but the railway rates, and postal rates, were systematically enhanced, and in regard to postal rates, this year also we have had some sample of the way the mind of the Government is working.

Now, apart from this, we find that the total revenue in the General Budget which stood at a little over Rs. 250 crores in 1948-49 stands today at over Rs. 400 crores. How do the common people get real advantage of this increased taxation? The defence expenditure which stood at about Rs. 146 crores in 1948-49 has increased progressively—Rs. 149 crores, Rs. 161 crores, Rs. 171 crores, Rs. 192 crores and so on—in succeeding years, and today we are having in our Budget an allotment of roughly Rs. 200 crores, that is, 45 per cent. of the Budget.

The cost of collection of taxes which stood at Rs. 7.7 crores in 1948-49 has progressively increased and now it is Rs. 28.39 crores in the coming year. And we are told that this is a Welfare State.

We saw in the papers the other day a reference to the Budget of People's China which was presented on the 12th February, and there, in spite of the fact that China is engaged in a war as far as the people of Korea are concerned—because the Chinese Volunteers have gone to participate in the war—59.24 per cent. of the Chinese Budget is being spent for economic and cultural development, while 22.38 per cent. of the Budget is being spent on defence.

In regard to defence, naturally we are proud of our Army, because we know that our men are a magnificent corps. There is no doubt about that. But we know at the same time that, as far as the apparatus, the mechanism of the Army, is concerned, we continue the bad old inheritance of the British days, and as far as our equipment is concerned—I am sure we shall have a great deal more to say about it when the detailed discussion takes place on the Demands for the Ministry of Defence—but as far as our military equipment is concerned, we are hopelessly dependent upon something like junk from British and American sources. In regard to our Squadron of Destroyers what we find is that those ships which were going to be scrapped after World War II were re-painted and renovated and sold to us. God knows at what price. We have also nothing like a real defence in-

[Shri H. N. Mukerjee]

dustry, and about this I would quote from the *Eastern Economist*, which said:

"It has been a melancholy thing that since independence, no constructive plans for extending our defence industries have been put into operation. At the slightest provocation, defence purchasing missions are sent abroad and the dependence of the Indian Army on foreign industry is greater today than it was at the termination of World War II. The Government must see to it that our military potential is not placed at the mercy of foreign suppliers. This is a curious contrast between our independence in foreign industrial dependence in foreign policy and our dependence upon foreign industrial supplies on which in the last analysis our capacity to be independent must be based."

Also, in the Army we find a perpetuation of the old class and hierarchical divisions based particularly on racial discrimination. Now, racial discrimination is not there, but the class and hierarchical discrimination operates in a most disastrous fashion. I find, for example, that in regard to Junior Commissioned Officers all kinds of discriminatory practices are there. Of course, they are not the only people who are suffering from discrimination, but I have got here an order sent by the Officer Commanding, Army Headquarters, National Stadium Camp, New Delhi, dated August 1952, in regard to the observance of certain duties in connection with the *Vanamahotsava* Day. This is a sample of the fashion in which the J.C.Os. are treated and I shall read to you the kind of instructions that they got:

"The J.C.Os. who are allotted trees but who fail to look after them will be liable to disciplinary action, which may amount to vacation of married quarters by them and sending their families away to their homes."

It is in connection with *Vanamahotsava* Day. *Vanamahotsava* is a very good thing to do, but this is the way in which they were treating their Junior Commissioned Officers. They were threatening them that if the trees did not happen to be planted, they would have to vacate all their married quarters and they would have to send away their wives and children, if they happened to be staying with them.

We find that as far as even the common people are concerned, the grossly under-estimated and sometimes rather hypothetical indices of the working class cost of living now something of the lot of the commonman. Shri Bansal who spoke earlier referred to the fact that there was an improvement in the working class cost of living, but he had to concede that Dr. S. P. Mookerjee was right when he said that there was no appreciable improvement in the working class cost of living. But I would say that there is no improvement when you really take into consideration the standard of life to which our people have been accustomed and to which our people have a right of expectation.

I would like to quote some figures from the Republic Number of the Economic Weekly of Bombay—quite a respectable publication as far as I can tell. In the President's Address we had a reference to living is computed in regard to Bombay, Calcutta, Madras, Kanpur and Delhi. We find that in November, 1952, which is the latest year for which figures are given, the index in Bombay was 330; in Calcutta 357; in Madras 335; in Kanpur 459 and in Delhi 374. Actually, this is a condition of things which certainly gives cause for very great anxiety on our part. Surely, we cannot be self-satisfied on the score of the cost of living of the working class showing certain so-called signs of improvement.

To cover up the bankruptcy of six years of Congress administration, the Finance Minister has tried to paint a very rosy picture. As in the President's Address we had a reference to all-round improvement, so has he referred to marked improvement in economic conditions. Now, this marked improvement in economic conditions appears to be a myth, which certainly should be exploded on the floor of the House. As far as the people are concerned, they know very well that it is a complete myth. The Finance Minister began his statement with the formulation that the last nine months have witnessed a marked improvement in the economic conditions of the country. The index number of wholesale prices of industrial raw materials which stood at 688 in June 1951 began steadily falling and came down to 580 by January 1952. Then followed the February-March slump, when the index came down to 424 by March 1952 and in December 1952 it stood at 421. This means that industrial raw materials fell by 39 per cent. from June 1951

and by 27 per cent, from the June 1952 level. On the other hand—and this is important—the index of whole-sale prices of manufactured articles stood at 405.6 in June 1951 and came down to 400.9 in January 1952. In December 1952 they stood at 367.6. This means that they fell by nine per cent. in December, 1952 as compared to June 1951 and by eight per cent, as compared with January 1952 level. So, the fact of the matter is that our peasants who grow cotton, tobacco and other commercial crops, have to part with their products, the products of their hard labour, at 39 per cent. less prices to those who have the monopoly control of the market. These monopoly controllers of the market were getting cotton, tobacco and other commercial crops at 39 per cent. lower price. Actually, however, this means that our peasants have been selling it at still lower prices, because, as you know, there are the middlemen who enter the bargain and as a result of it the prices which an actual producer gets are absolutely unrelated to the standard of life to which at least he has some little right of expectation. This is what I call plunder of the peasants: but our Finance Minister calls this in very respectable language as stabilisation of prices at lower levels.

He also spoke of the growth or increase of production. Textile mills, he said, produced 4,600 million yards. In the same breath he said that "the continuous maintenance of production at this level will, to some extent, depend on the quantity of cloth which can be exported". Now foreign markets are available for only one thousand million yards and then and then alone can our wonderful textile industry do something about their own interests. In general, consumption cannot be increased to more than nine yards or so per head.

He also referred to the food situation. Already reference has been made to famine conditions prevailing all over the places and the Finance Minister as a very good Maharashtrian is certainly very conscious of what is happening. The Finance Minister when he actually saw the famine conditions made a statement which already appeared in the Press. As far as I remember, it possibly was derived from his experience of famine conditions. He has said that he could get along with his planning operations better if his friends the Rajpramukhs behaved a little better and surrendered something of their dues so that he could get a few crores of rupees for the purpose

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of financing those operations which are absolutely essential in the interest of our country.

I must say in all sincerity that the Finance Minister also struck a note of warning. He said:

"While the all round increase in production has been encouraging", He has to say it—after all he must, put a feather to his cap, "it would be rash to assume that all these trends will continue in the future."

Shri Syamnandan Sahaya (Muzaffarpur Central): He puts no cap.

Shri H. N. Mukerjee: Metaphorical cap.

That is his warning. Sugar production is expected to fall by three lakh tons or so. A number of other industries, he said, are also facing similar difficulties. Then, there is the increasing spectre of unemployment.

In the last session certain questions were asked in regard to unemployment, and it came out that things happen which are, to quote a statement of the expression of which the Prime Minister is very fond of, absolutely fantastic.

The Minister of Revenue and Expenditure (Shri Tyagi): I hope it is a parliamentary term now.

Shri H. N. Mukerjee: You are experts in parliamentary phraseology.

Shri Syamnanadan Sahaya: Well could the Prime Minister cry aloud: "You hate me, but you imitate me".

Shri H. N. Mukerjee: I do not mind the Prime Minister crying aloud; but when he cries havoc, it is exactly then that I say the time has come to put our foot down.

A look at the statistics supplied by the Employment Exchanges will convince any one. It came out during question hour last session that there are engineering graduates, there are medical graduates who are applicants, who want jobs, and yet jobs are not available. The hon. Mr. Giri said: "We shall look into the matter". Of course, they are looking into the matter. In the meantime millions of our people are unemployed. There is no getting away from the fact that the problem of unemployment is going to assume even bigger dimensions than it has done so far.

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We find in this context that the Finance Minister is presenting his Budget. Unemployment is stalking the land, but at the same time the talk about Welfare State is flourishing, just as it has been for the last five or six years.

The Finance Minister of course could not conceive that on account of our tie-up with foreign imperialist interests, as far as our external trade is concerned we suffer a great deal. For example, our imports show an excess over exports, an excess of Rs. 6.5 crores for the whole of 1951. In the eleven months of 1952 ending with November imports exceeded exports by over Rs. 170 crores. The Finance Minister stated that this curtailment of credit facilities combined with the general decline in the international prices of a number of raw materials and other commodities tended to reduce the level of prices in the country, particularly in the early months of 1952. He said India's exports therefore showed a fall, while large payments had to be made for imports of raw cotton and food-payments for the former amounting to Rs. 79 crores and for the latter, that is food, to Rs. 121 crores.

In other words, if I may make my own commentary, the imperialists compelled us to sell our products, industrial raw materials at tremendously low prices, while they made us pay through the nose for their raw cotton and wheat. This is the much boosted American aid of which the Finance Minister had to give a kind of advertisement in his speech.

About the future he made a prognosis: "I think the coming months will not be as favourable as the last six months of 1952". And yet, in spite of this, in spite of the contraction of trade our Government will not explore the possibilities, for example, of developing our external trade with China, Soviet Union, with the People's Republics of Eastern Europe and certain other countries. You will laugh because you are flourishing in spite of the fact that we live in a crisis-ridden economy, and that crisis-ridden economy is reflected in the Budget.

I must have a few more minutes. Half an hour was the definite understanding.

This year there is no provision for any subsidy for imported food. We all remember how last year the Bombay working classes had to compel the Government to restore the food subsidy. This year it is already admitted that large wheat exporting countries, led by America, are demanding a price

of 2.2 \$ per bushel as against the maximum price of 1.8 \$ that was in vogue as per agreement which is to expire on the 31st of March next. Government admits that imported rice is likely to cost them at least ten per cent. more than last year. So let us consider and imagine the condition of things which is facing us.

Secondly, the Finance Minister has taken credit for the recovery from Pakistan of two instalments of post-partition debt to India, one instalment representing a carry-over from this year. What I do not understand is when this sum of Rs. 18 crores has been transferred to the revenue Budget in this year from the capital Budget where it was credited last year. If this is a misconception, I would like it to be corrected.

Thirdly, the Finance Minister admits that the prospects of external trade, particularly exports are very much more gloomy than they had been before. The net result of the analysis which I am trying hurriedly to give you is that while the common people have to pay through their nose the monopolists have to be subsidised and all sorts of special concessions have to be given to these interests which are hostile to the interests of the public. For example, exemption will be given from income-tax to the income earned by parent companies on their investment in other companies. Now we know very well that a few British companies and a few Indian monopoly houses, which are their auxiliaries, control the entire industry of this country and they act as firms of managing agents. They invest their funds in the shares of different companies and make fantastic profits. Exactly these people are reaping the tremendous benefits of this kind of exemption.

We find, therefore, the same bureaucratic administration and we find a niggardly sum of rupees two crores provided for so-called basic and social education. A magnificent sum of rupees one crore has been provided for the development of small-scale industries! The Economic Weekly of Bombay has in its latest issue compared this allocation of rupees one crore to small-scale industries to the allocation by the East India Company of Rs. five crores to the famine areas in 1776. It is not my comparison: you can verify it from the Economic Weekly of Bombay, latest number. The Finance Minister would say that the most important part of his Budget is the capital Budget. He said that the capital Budget has been framed with a view to the implementation

of the Five Year Plan. A total outlay of Rs. 208 crores is budgeted for. Rs. 132 crores would be by way of loans to State Governments.

Here there are certain snags to which I want to make a reference. We find that the total outlay for the entire five year period is Rs. 2,069 crores, or Rs. 417 crores per year. Up to now we have spent Rs. 1,031 crores; 1950-51: Rs. 285 crores, 1952-53: Rs. 346 crores, 1953-54: Rs. 400 crores—including Rs. 225 crores from the Centre. In three years the expenditure, on the basis of an average should have been Rs. 1,242 crores. So already there is a gap of Rs. 211 crores being carried over. And the writing on the wall is not particularly pleasant for the years 1951 to 1954.

In the matter of small savings the figure for the three years is Rs. 135 crores. The Plan expects a total of Rs. 260 crores, or Rs. 52 crores per year. Already there is a gap of more than Rs. 15 crores as far as this particular item is concerned.

Then again the difficulty is there because you are not planning in the proper way, because you are not proceeding to control the profiteers, to prevent inflation. And that is why we find that the perspective is by no means pleasant. If you had real courage, a kind of guts, if you are to push the Plan through, a real plan, a plan for which the people would give their lives, then of course you can go forward in a different fashion than you have chosen to do. Crores of rupees are drained away by these foreign companies that supply these materials. I will give one example of how they operate. One of the coal companies, operated by Andrew Yule & Company, Calcutta, has a paid-up capital of Rs. 1,20,00,000. In five years, 1945-49, they made a net profit of Rs. 3,10,00,000. We do not proceed against them as expeditiously and as effectively as we ought to; and the result is we are in the soup and we are not in a position to push through our plans.

As far as interest charges on public debt are concerned we are paying a sum of rupees nine crores. In regard to public debt I shall quote the *Eastern Economist*, dated the 9th of November, 1951. There it is said:

"India's record in international dealings and foreign loans is of the highest. Although we have power to discriminate against countries which discriminate against our people we have not always evoked such retaliatory measures. We have never de-

faulted on our foreign borrowings. Before our freedom our politicians frequently questioned the justice of many public loans, internal and external, and went so far as to think of repudiating them. But when they came into power, they did nothing of the sort. They quietly accepted them as liabilities of the country. India has paid every cent of external borrowings"—and you, Sir, have been in the Assembly for umpteen years, and you know it very well—"not only the amount used for economic aid, but also the amount spent on the wars of its own conquest and of even those waged for the conquest of other countries, with which India had nothing to do."

This is what the *Eastern Economist* of the 9th of November, 1951 said. We go on paying interest on public debt to the tune of rupees nine crores, and the rate will increase, because the world Bank is now asking for such rates of interest as 4½ per cent. and 4¼ per cent. I read yesterday a statement by the President of the Indian Council of Economic Affairs who said that not even a single loan in recent years—loans guaranteed by Government—has been raised at a rate of interest higher than four per cent; but in respect of loans taken from the International Bank, with the Government guarantee, for the Indian Iron and Steel Company Limited and the Damodar Valley Corporation, interest is being paid at 4½ and 4¼ per cent, respectively. This is what comes from a very orthodox businessman, and, I suppose, a supporter of the Government.

I would say this is the kind of Budget we have got. We have got a plethora of foreign experts. I have nothing against them as foreigners, but we have had our own scientific people, our own Jagdish Bose, C. V. Raman, P. C. Ray, Mathur—who proposed the idea of setting up a factory where patterns could be copied and all kinds of devices could be multiplied. We do not give any thought or assistance to them. We have M. Visvesvarayya who constructed the Sivasamudram Dam and people who constructed the Mettur Dam. We do not look upon them as people whose valuable services we ought to requisition. But we go out of the way and get phoney experts from outside.

That is why I say this is a Budget on which I possibly cannot say a good word. With all his Sanskrit learning the Finance Minister does not remember at least one adage which I wish

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him to remember all the time. That is:

“ नात्प सुखमवस्ति, भूमेव सुखम्

That is, happiness is not in petty things; it is in plenitude. Why do you not plan imaginatively, with real spirit? In that case, and that case alone, can you go ahead. That is why I tell you it is necessary for us to tackle things imaginatively. It is necessary for us to remember those days of our past which were really days of glory. I am reminded suddenly of those days when Mahatma Gandhi was our leader in the fight for freedom. They may laugh, but the real mantle of Gandhiji has not fallen on them. I have read—I did not have opportunities of first-hand information, which many of my friends might have had—but I have read that in the Sabarmati Ashram, at a time when Gandhiji was our man to match the mountains and the sea, at a time when he really represented the dignity of our country, it is that time I am speaking of—I am not speaking of the ugly little days which have come in-between—in those days, in the Sabarmati Ashram every morning would begin with the incantation of the sloka which says:

न त्वहं कामये राज्यं न स्वर्गं न पुनर्भवम्
कामये दुःखतप्तानां प्राणिनामार्तिनाशनम् ॥

That is: “I do not want heaven; I do not want a Kingdom I do not want rebirth; what I want is the elimination of the suffering of the people.”

What is it that these men of clay, of putrescent clay, are doing under the mantle of our freedom? They are small men. Because, if they had really been otherwise, they would have done other things, very different things, very heroic things, and would have produced a Budget very different from the Budget which my hon. friend the Finance Minister has presented.

Shri Jhunjunwala (Bhagalpur Central): This is the time of the year when we take stock of what we have done in the past year and make programme for what we are going to do in future. The Finance Minister has in his concluding remarks said that the budget for the coming year has been framed against the background of the Five Year Plan. And I am sure the House would like to know to what extent progress has been made by the end of the Budget year, in the matter of the achievement envisaged by the Plan. I take it when he says that this Budget has been framed against the background of the Five Year Plan, that this is a step towards a Welfare

State—from a regulatory State. The President in his speech said:

“We aim at a Welfare State in which all the people of this country are partners, sharing alike the benefits and the obligations. So long as there is poverty and unemployment, a section of the community derives no benefit from this partnership.”

This Five Year Plan has been described as a realistic Plan. I shall dwell only upon one point, that is, from the yardstick of the speech of the President that we aim at a Welfare State in which all the people of this country are partners, sharing alike the benefits and the obligations. When I examine this Plan from this point of view, I feel this Plan is not going to give benefits alike to an overwhelmingly large number of the population. I shall not give any figure or statistics but most of the people of our country will remain unemployed, will remain under-fed, will remain under-clothed even after the Five Year Plan is implemented. After 25 years it has been said that the national income will be doubled. Now what is the national income? This national income is taken on the basis of the income derived from all classes of people and then per capita income is arrived at and we say the per capita income of the country is so much. There is a great lacuna and a great snag in this because here in India, when we take the per capita income, the overwhelmingly large number of people have got practically no income. They have got no employment. They remain even under-fed. They became a burden on other people. When we find this state of affairs, we cannot say that this national income can be a yardstick to measure how far our country has developed in giving at least to meet the minimum requirements of all.

There has been great discussion on this Five Year Plan. Scholastic exposition had been given on different matters but the point which I want to make out is how it has benefited, how it is going to benefit in future and at what time it is going to give at least food, clothing and employment to all our people. This is the main point on which I would like to invite the attention of the Government. Let them acquaint us as to when and at what time that will be achieved. I had put a question in Parliament as to when all the people will get employment. I did not mean thereby that each and every man should be employed but that the overwhelmingly large number of people should be employed. That was the idea of my question and the answer I got was that it will all

depend upon how we progress. The Planning Commission were sitting for two or three years and they made out this plan. This is the most important point which should have been foremost in their minds and on which they should have come to a particular conclusion that within such and such time, we shall be able to give employment to the overwhelmingly large number of our population and that they will at least be fully fed and clothed, other amenities apart. There is nothing by way of achievement in this Five Year Plan during the last two years. They had given no idea as to what we shall achieve after 25 years when it is said that our national income will be doubled. From this it appears that so far as the Planning Commission is concerned, they have not been able to find out any solution of this problem. It seems that we have adopted ourselves to this state of affairs and we have shut our eyes to the suffering millions who remain under-fed, under-clothed and unemployed. Apart from eating and clothing, employment is also a most important item in the life of a man. If a man who is employed gets half a meal, it is better than one who is idle and even gets full meal. I will quote one instance. When there were famine and flood in Dharbanga district, our Prime Minister had gone that side. At that time we had imported food and some help was given by the Centre to that area. Our Prime Minister had gone there to see as to how those things were being distributed. In certain places some arrangements were made to show the Prime Minister as to how these things were being distributed. At that time, I also went that side. I also went into the villages where no such arrangement was made and there were many people who did not get any help at all. I shall give you an idea of two different places. In one village I found that people were working. They were making their own clothes. Some were weavers. Others were spinning and weaving. They said that they were not getting their full meal with this labour but still they were getting something, and I found some cloth also on their bodies. In some other village where I went I saw ten members of a family. All of them were lying naked. Three or four children were suffering from smallpox. I went at about 10 p.m. In that village they had no work. I asked some people, "Why do you not go there and take something?" They said they had no money to purchase. Then I said, "Well, they are selling at a very concessional rate and they are distributing also free." They replied that they felt ashamed to

go there without any occupation. They said that they would like to get some permanent work, whereby they can remain employed and even get half meal thereby.

Sir, I do not want to go further with this story. You have rung the bell. The point which I want to make out is that unless some employment is found out immediately on a mass basis by whatever means it may be—we may not like the *Sarvodaya* plan, we may not like the *khadi* programme—but if we do not find any plan to give employment we should give trial to the programme which has been given by the Father of our Nation. In the speech of the President it has been hinted that an All India Village Industries Board has been established and legislation undertaken to raise a fund for technical development and research for the village and cottage industries. In this respect I want to point out one thing. It has been said that funds have been set apart and legislation is going to be undertaken and that that fund will be utilised for research for village and cottage industries. This is a very good thing; and we should find out some means by which these village industries can be made to stand on their own legs and produce competitive things. But we should not forget one thing. We have been slaves for the last 300 years. (An Hon. Member: Much more than that.) Our people have forgotten all their hereditary occupations. You will remember that when the Britishers wanted to introduce their goods here, they went to the extent of cutting the hands of our most excellent spinners. Therefore, merely starting a *Khadi* Board for mere research will not help us and will not do anything. We must immediately start giving employment on main basis and use their products, be they of inferior quality and expensive. I remember the *Swadeshi* days of 1905 and 1906. Whenever there was a cry for the *Swadeshi* movement and these things, Government used to start something and do something for *Swadeshi*. In Patna also, I remember, a cottage industry was started and it is still going on as a show. This time I had an opportunity of going there to see whether any State trading can be done for that. Nothing has been done to increase its production and consumption. Simply it is a sort of a show. So I do not know what this *Khadi* Board will do. If you really want to introduce village and cottage industries, you must take drastic measures. It is said that the believers in *khadi* must prove its utility and that it can stand on its own legs. It is said that our military people cannot use our own

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products, especially I refer to *khadi*. If that is the case, the work of the Cottage and Village Industries Board will remain as a show exhibition. It will not develop; it will not do anything. If at all you want to develop cottage industries and village industries, we must use their products in preference to others. Just as Mr. Mahtab said just now, on one side we are trying to develop our own cottage industries and this and that; on the other hand, we are importing even foreign cloth today. In *khadi*, we can prepare the best mulmul and other things; but we shall not take it.

An Hon. Member: It is not good for the military.

Shri Jhunjunwala: We can prepare coating and other things; underwear, etc., for the military. I would like to know from the Finance Minister and the Government how long these conditions will continue and we should have an idea when this distress will go. This problem of unemployment is a serious one. Apart from giving them no bread, it is a great mental distress to them.

Within this short space of time, one cannot develop all the points. But, I just want to impress upon the Government one thing. In the Five Year Plan, Government should give the top priority to full employment by whatever method it may be. If they have no plan with them, let us go back to the plan of 1920 and work according to that. In 1905 when we used to purchase *swadeshi dhoti* and mill made *dhoti*, they were so coarse and so difficult to wear. But, if we had not worn those things, paying a higher price for them, this mill industry and other things would not have prospered like that. If you really want our village industries and cottage industries to prosper, we must use those things and those things alone in preference to others.

Shri Mulchand Dube (Farrukhabad Distt.—North): I thank you for calling upon me to participate in this debate. I congratulate the Finance Minister on the Budget that he has presented to the House. The Budget has been well received by all sections of the people. That itself is proof of the fact that it is a very good and satisfactory Budget. The estimates of expenditure for the current year exceeded the estimates of revenue receipts by several crores. In this state of affairs, one would have expected that the Finance Minister would maintain a sort of *status quo* so far as income-tax was concerned. But, then, he has come out with relief to the

middle class people who have been the greatest sufferers during recent years. As regards imports, he has raised the duties on articles of luxury, and reduced the duties on export of articles which were suffering because of lowering of market prices. The export duty on jute sacking has been reduced from Rs. 180 to Rs. 75 per ton. That would stimulate our export trade and affect our trade balance also. Relief has also been given in other matters. So far as I can see, the Budget is one which gives satisfaction to every class of people and to every part of the country.

A great deal has been said that it does not make any provision for giving employment to all classes of people and that there is no provision in it for the relief of unemployment. An approved method by which unemployment is reduced is either to start big industries or generally help the industrial development of the country. But if you start big industries, that also creates a certain amount of unemployment. If we do not start big industries, some method has to be found for giving employment to a vast number of people. Now there are the river valley projects which are large scale projects, and so will provide employment for a large number of people. Similarly the community projects also will give employment to a large number of people living in the rural areas. These are the only methods by which the problem of unemployment can be solved, and I do not see any other method for solving it.

My hon. friend who spoke just before me impressed on us a great deal the necessity for the development of *khadi*. That certainly is one of the factors which will enable a considerable number of persons to get employed, but then it provides only a partial remedy, because it affords only part-time employment. If every man began to spin and make *khadi*, he would be able to produce *khadi* which will be sufficient for his own use. So, if that is done, it will be a sort of part-time employment, but it cannot solve the problem of the country. The problem of the country at present is not cloth only, but shortage of food, industries, machinery, equipment needed for defence, etc. The solution that I would like to suggest for the solving of this unemployment problem is that there should be manpower planning. Government should start on a census of manpower planning. In every village a census should be taken of the various persons who are capable of doing any particular kind of work. There will be technical men amongst them, and

there will be non-technical men as well; there might be educated men, and there might be labourers. If we could assess the manpower available, then the chances are that we shall be able to solve most of our problems. If we can persuade people to devote at least two hours a week, of their spare time, for public purposes, then we shall have at least 20 crores of hours per week, and in this way most of the problems facing the country can be solved. And to a certain extent, the deficit that we find in the Planning Commission's Report, could be resolved, and the country could go on and become more and more prosperous. *Khadi* can help to a certain extent, in solving the unemployment problem, and the small and large industries are also solving it to some extent. But it cannot be wholly solved, unless we resort to a plan for manpower utilisation.

We have staked a great deal on the first Five Year Plan that we have produced. The Planning Commission is to be congratulated on the great pains they have taken in evolving this Plan. I feel that the Plan is being implemented. At least one dam in the Damodar Valley Project is ready, and has succeeded in irrigating about 5,000 acres of land. In other river valley projects also, much progress has been made, and so far as I can see, we are proceeding according to the Plan. It may be that we have not yet got the exact details as to what extent we have succeeded in the implementation. But then the overall picture that is presented to us, in the Explanatory Memorandum shows clearly that so far as the great river valley projects are concerned—they are perhaps the biggest in the world—we are proceeding according to the Plan, and all the schemes are well under way.

In the case of large industries also, we have made good progress, and we are producing goods which we had never been able to produce before. Small industries are also succeeding, and so far as the over-all picture of the industrial sector is concerned, it cannot be said that the industries are not doing as well as they were doing before. Certainly, we are producing more and to that extent, we are solving the unemployment problem.

A great deal is being said that the Five Year Plan has failed to enthuse the people. It is true that the matter has not been presented to them in the way it should have been, with the result that most of the people do not actually know how the whole thing is working, and what it is going to do for them.

In Uttar Pradesh, there was a scheme in which every person was required to give two hours of his spare time, for public purposes, for one week beginning on the 26th January. I had occasion to visit one of the villages, and we were about 20 men. We went to the village where certain things were to be done. When we started doing them, the villagers just stood by and looked at us. They did not seem to realise that they had any part to play in the work. The next day when we went there, the same thing happened. The day after that, we found that only a few men came up to join us in the work. Then we thought that we must devise some other means in order to enable some people to understand what really was expected of them. We accordingly decided to hold a meeting the same evening, and at that meeting there were about 40 to 50 villagers present; we explained to them the spirit underlying the scheme, and then they understood it. When we went for the work the next day, we found that there were about 135 men coming up for the work. Of course, this spirit did not continue for the rest of the week. On that day there were 135 people, but on the next day, there were about a hundred only, but then this had really caught the imagination of these people. I think the first thing that is required to enthuse the people is to have some enthusiasm in yourself. If you have some enthusiasm in yourself, then it will be possible to enthuse others. Besides, I do not think that there is great need for any great deal of enthusiasm to be created or persuasion to be done. The villager knows which side of the bread is buttered, and once you tell him that he is going to get good seed, sufficient water, good advice, good manure, etc. which he really needs, then the gain or the profit motive will be induced, and he will acquire the necessary enthusiasm. And the result will be that the enthusiasm which is now so much lacking will be there for the asking. The same is true in the case of the community projects as well. If once this is done, I do not think there will be any difficulty in kindling up their enthusiasm any further. So, the talk that is going on about the lack of enthusiasm etc., among the people is mostly by people who do not have any enthusiasm in themselves, and it is therefore that they think that the enthusiasm will be lacking. My submission is that the Plan is going to succeed; no doubt, there may be some difficulties for some States to provide the necessary funds, but I do not think the Plan will suffer for lack of funds, because the Centre has provided all the funds of its share for the purpose. My experience is

[Shri Mulchand Dube]

that once you start a good thing going, the chances are that it will be carried through, in spite of the fact that there may be no funds available or visible at the moment.

There is one other point, which I would like to touch upon, and that relates to the district from which I come, namely Farrukhabad, which is connected with Shahjahanpur by a road which is about 45 miles long. There are two rivers intervening, the Ganga and the Ramganga. These two rivers run in the State, almost parallel for a considerable distance. The area between these two rivers is just about a few miles wide, and its length is about 25 to 30 miles. There is an area of about 75 or 100 miles which is at least every alternate year flooded by both these rivers, the Ganga and Ramganga. The result is that hundreds of thousands of tons of foodgrains are wasted and damaged every alternate year, if not every year. The Planning Commission's Report says that they are going to build about 43 bridges throughout the country. If they could build two bridges—one on the Ramganga and the other on the Ganga, in Farrukhabad and Shahjahanpur, the chances are that this area would be considerably developed and foodgrains would be easily moved from this area to Farrukhabad and Shahjahanpur, and the food problem also would, to a certain extent, be solved.

Shri Raghavachari (Penukonda): I wish to state at the very outset that I am not an expert or an economist, but only a layman. I just wish to place before this House a few points as to how this Budget has impressed me as serving the purposes which the framers have kept before them.

I found as I was listening to the speech of the Finance Minister that he has been kind to the overburdened middle class people and has raised the exemption limits to Rs. 4,200 and Rs. 8,400. Well, I really wish, personally, that he had made it into a round sum of 4,500 and 9,000 at least. Possibly it would have added a few more hundreds of cases resulting in some loss to the State. But what surprised me was one sentence which he uttered. Well, I do not really mean that there is anything wrong in it, but it did not appear to me to be in the proper spirit. He said that he does this not so much to relieve the trouble or the weight of taxation, but to give more time for his own officers so that they will be able to go to richer assesses and then increase the State revenue. The words 'give greater

attention to the cases of the bigger assesses and improve the revenue from income-tax' are liable to be misunderstood, as a policy in favour of a drive for more income. That is, more taxation, not necessarily unjust. But that is a very strict way of looking at that matter. That is the only thing that surprised me. I do not wish to find fault with it, but I thought it was unnecessary.

Then, I wish to say that so far as the appointment of the Taxation Enquiry Commission is concerned, it is really welcome. We have seen by experience that the incomes of all States as well as of the Centre are not as of old, but multiples of the old incomes—twice, thrice and so on. Therefore, you would find that the taxation has been very heavy in the country. An enquiry into that matter would certainly be welcome, because the taxation structure may be examined, and a rational and proper incidence of taxation might well be the result of it. The Finance Minister naturally thought that the labours of this Commission or Committee would take two years. But as we know, the way in which Government goes on, the recommendations to be made and the matter being constantly considered, the recommendations cannot really be given effect to within the Plan period. There appears to be a design to delay the thing. The process of coming to a decision to appoint a Commission has itself taken time and we know that it is not likely that the benefit will be enjoyed by the people, even if it should recommend....

Shri Tyagi: It must be a thorough enquiry.

Shri Raghavachari: Very, very thorough!

I only wish to say that I am not all happy about that matter, as it is not likely that within the Plan period you will be able to give effect to this. That is the only thing.

Then, we go to another aspect. One thing that struck me was this deficit financing. As I said, I am not an economist. But I have only a few impressions gathered by the experience of life. After all, the orthodox view appears to be that this is a dangerous experiment. Probably under certain circumstances when unemployment is rampant in the country or when things cannot be produced because there is dearth of money or there are certain other circumstances justifying it, Governments may resort to it. But now why has it been resorted to? The Planning Commission, as some friend was saying, has set the standard or the

limit, that is, of about 290 or 300 crores. That is not a Bible—because the Planning Commission has set this standard, therefore, the Finance Minister may roam about within this limit! The real thing is a fall in the level of prices. In fact a Government, and the Indian Government particularly, as I understand it, should welcome a fall in prices of commodities consumed by people. In fact the cry in the country has always been that things have gone up in price and we are really in trouble because of that. I do not find in this Budget speech anywhere that there has been a policy to bring down the prices. In fact, the attempt made now by this inflation by treasury Bills or something like that, is calculated to proceed in the other direction. I am afraid probably things may still go further up in price.

The other point that I wish to submit is that in spite of the fact that so many crores may possibly be spent, it is not that it is going to be uniformly spread over the whole country. You are going to spend these crores of rupees in small pockets or particular places or regions. It is concentrated on these little pockets, and not necessarily spread over the whole country, and you do not really expect that it is meant to procure or secure employment to all people, unemployed or under-employed, though it may result in a portion of relief being afforded to them.

Then the fall in the prices, it appears to me,—though of course, they are fluctuating—according to the figures that we have, is more a symptom of the coming depression after the war. That is my own impression. The Finance Minister has cautiously said that he will be constantly watching the position and that other measures will be taken to prevent suffering. But once you start this way, possibly before you take steps to set the matter right, in the interval, suffering will be the consequence. That is the only point I wish to stress.

I now come to our policy of industrialisation. I only wish to state one particular point and it is this. Though Planning Commission talks of encouragement of small scale industries, it has not really been doing anything serious in that way. Only one crore of rupees has been provided in this year's Budget and other friends have commented that it is very little. Apart from that, as far as the small scale industries are concerned, the only action that is before Parliament is that you have introduced a Bill about handloom and *Khadi*. If you examine the purpose for which the amount is going

to be spent, you see that it is for new researches and some reliefs and so on. These things appear more to be a process of appearing to be busy. A man might satisfy himself by saying, 'I have done something; I have brought this Bill'. He does not really bring any benefit to the country. In fact, when compared with the amount of unemployment that prevails throughout the country in our villages, what is the aid that your one crore could do for the *Khadi* and handloom industry? It is just to give some satisfaction to your conscience that you have done something. What I wish to say is that the industries are so being developed in the country that you are simply helping the concentration of these production centres and the concentration is in the hands of the few capitalists only. I do not want to adduce arguments. The whole thing is fashioned after other countries and not peculiarly fashioned to suit the needs of our country. In fact, war or no war, production or no production, the ordinary man wants some occupation which gives him something with which he could purchase his food and his clothing. We find that this important requisite of the country is not satisfactorily concentrated upon. My own humble impression is that the gentlemen in charge of this department may not have the absolute belief that the small industries must really be helped. The feeling of sincerely following it up or the urge to do so could come out of men who are really convinced of it. I wish to stress that this should be done with that determination.

What is the meaning of making researches today? There are other countries which have solved this problem and you have today practically a mania for experts. You are bringing them from all parts of the world. But why do you not go to Japan, a country which has specialised in village industries, in small scale industries, in cottage industries, in agricultural industries? Our Agriculture Minister, is spending large time over advertising the Japanese methods of paddy cultivation. Why not the Industries Minister go on doing something about the Japanese method of small scale industry? I personally like to appeal to the Government that it is worth while for them to spend money in inviting some experts from that cheap country rather than go to the costly West.

This is so far as industries are concerned. Then there is one other point which I should like to stress and it is this. The fundamental basis on which you have located the community projects is to start them at places where

[Shri Raghavachari]

there are facilities for increased production of agricultural things and other commodities. In fact, that is one point of view. You are anxious that the money you spend must give some results, which you must be able to show to the people to gain their confidence. I am not finding fault with that. But you must devise some other kind of community project meant for scarcity areas. I come from a scarcity area, that is, the famine-stricken Kayasthaseema. Famine has now spread all through the country. It is in Maharashtra, here in Rajasthan, in Bengal and other places and even in Mysore. My request to the Government is, please do concentrate upon improving those areas where there is need for improvement. What is the use of your improving a place where there are facilities already? Therefore, you must concentrate on scarcity areas and get more funds. My suggestion is that you have provided so much for minor irrigation, so much for backward classes, so much for scarcity areas and other kinds of things; pool all these sums together and then think of some kind of project for these scarcity areas. It will be an insurance against the recurrence of famine. You do not know how many crores of rupees you are wasting over temporary relief. I say, think of having a long range policy.

Then, one word more and that is this. I want to give my impressions as I have listened to the proceedings of this House that there has been an amount of wasteful expenditure in administration. I want to suggest economy. I do not want to suggest this economy with a view to finding fault with the administration. My only desire is that you must be aware of what is going on. I have found that whenever criticism comes from this side,—sometimes it is irritating no doubt, but as Members in charge of the Government you must feel that you should give no room for such a feeling in the country that money is being wasted. You must not only appear to be doing something, but you must really do something to stop it.

Last year—I do not know in what connection—Mr. Tyagi told us that 2½ to 3½ crores of retrenchment is going to be effected. This year there is nothing about this retrenchment at all. I have been reading the reports of various Committees. Horrible disclosures are made. It is no doubt *post mortem* examination. The patient cannot be brought to life. But still why do you not take action against people found to have mismanaged the affairs? During the course of the

Committees' investigations, every time, we find some obstacles thrown in their way.

The other day I was reading about the Railway Board. I was shocked to find that the Board is screening people rather than handing them over.

I will finish in a minute, Sir.

Mr. Chairman: The hon. Member has already taken 17 minutes.

Shri Raghavachari: Therefore the whole thing appears to be your unpreparedness to look into things and correct them. I want to appeal to the Finance Minister, with his administrative experience, 'You please give a little more attention and your time, if you can spare, to block these leakages and this wastage. You may find crores for the Budget and in this process crores are slipping and not being effectively used'. I would particularly stress upon the Government to take care and not feel touchy on this. Do not promote officers, against whom action is really due, to higher posts of more responsibility, and make the people feel that you are serious about public funds. You can only win the confidence of the people and the public when you are known to have not sympathised with a man who is found playing with the funds of the public.

Shri Bogawat (Ahmednagar South): I must thank you, Sir, for giving me an opportunity because I got this opportunity after a very long time since last June. I congratulate the Finance Minister for he is really a 'Chintamani' of India and he is taking one bold step after another. We find in the present circumstances, the present Budget is a very satisfactory one. If you look to the economic condition of the country, you find that we are facing so many difficulties. After partition, there were so many natural calamities and if we go through the record of the past four or five years, we do find adverse balance of payments, and, except one year, every year there was deficit. If I can give these figures, the House will be convinced that the Finance Minister in spite of so many difficulties and odds has put his Budget before the House in a very satisfactory way.

I shall now give some figures. The deficit on account of adverse balance of payments in 1948 was Rs. 36 crores. In 1949, it was Rs. 135 crores. Only in 1950, there was a surplus of Rs. 57 crores, but in 1951 it fell down to Rs. 30 crores. Only in 1950 there was surplus of 30 crores and there have been so many calamities of nature. In

1952, the Finance Minister took a bold step in stopping the subsidy. This year, he has taken the bold step of raising the income-tax limit. He has also given other reliefs to several classes. This year there is no burden on the common man, and about 70,000 families are saved from income-tax. These belong to the lower middle class. Similarly, the Finance Minister has given relief in regard to corporation tax.

But my main point is that only about Rs. 34½ crores are proposed to be spent on the backward classes, refugees, the handloom industry and the khadi industry etc. If we are to decentralise our economy, such steps should be taken year after year. It cannot be done all of a sudden. We must pay more attention to basic education. Unless we do that, our culture cannot be improved. Only Rs. two crores have been allotted for this purpose this year. Some more money ought to be allotted.

As regards the handloom industry, the weavers are in a pitiable condition. In many places, they are begging. Their condition is going from bad to worse. More attention should be paid to them. If we do not save these people, and do not give them more facilities, they cannot lead a proper life. My humble submission therefore is that we want to encourage cottage and small-scale industries. Government should as a duty make all purchases of cloth in khadi. No other cloth should be bought by the Central or State Governments. We are not still doing this, and in spite of the recommendations of several persons, khadi is not encouraged. Similarly, the money allotted for backward classes and for basic education should be increased.

Then I come to our economy. It cannot be sound unless there is increase in production. Only when this happens, there will be better standards of living. The Finance Minister has referred to increased production of jute, cotton, steel, coal, cement, paper, caustic soda, power alcohol, plywood etc. I want to say that our economy depends on production. Unless we increase production, our economy cannot be sound. The Finance Minister has taken a bold step in regard to jute by reducing the duty from Rs. 175 to Rs. 80. But let me point out that our export and import policy has a very material bearing on our economic growth. The Finance Minister, I have been noting, has been very careful in this respect, I have here figures of exports and imports for several years, but I do not want to take up the time

of the House by quoting them. My simple point is that unless we increase our exports and decrease our imports, we cannot have a sound economy. The Finance Minister has taxed luxury articles. It pains me to see in this capital city that so many of our ladies wear luxury articles imported from foreign countries. My eyes are sore with seeing ladies wearing lipstick. We should ban import of these luxury articles. Otherwise, there will be no improvement. Not only should the duty on foreign luxury articles be increased, but the articles themselves should be banned, so that we can meet our requirements from our own country. In some hotels in Delhi, I find that in addition to males, females also drink wine. It is a very painful thing.

As regards the Five Year Plan, it will of course develop our industries and bring about an improvement in regard to food and other articles. But I want to suggest that as regards Maharashtra, which has been subjected to famine, not much care has been taken. It is completely neglected. Famines occur there year after year. During the last thirty or forty years, there have been a dozen famines. Ahmednagar, Sholapur, Bijapur etc. have had a very bad time. There are many projects there—to mention only one, there is the Kokdi project—which if put through will be very useful, particularly as regards Poona, Ahmednagar and Sholapur. It is called "the granary of the Deccan", but the State Government has not taken up any of the important projects in Maharashtra. I request the Centre to exert pressure and see that they are taken up. Due to famine, several crores of people suffer. The damage is more than Rs. 15 crores in Ahmednagar itself. There is also death of cattle. Cattle are sold to butchers. The people there are like moving skeletons. Several thousands have deserted their villages. If they are to be saved from misery, hunger, disease and death, they should not be neglected. They have been neglected up till now, but the Finance Minister should do his best to see that the projects are taken up very soon.

6 P.M.

I want to make one or two suggestions regarding our Defence. After partition we have got very long Defence coastlines, for the protection, of which a powerful Navy is very necessary. We are not masters of our own waters. We should also develop our Air Force, which is very essential in modern warfare. We have not sufficient numbers of aeroplanes or jet fighters and unless we have them, we cannot be very sure of our Defence.

[Shri Bogawat]

I had to say much about Defence, but as time is short, I have to summarise it by saying that unless we build a strong Defence Force, it is not possible to save our country.

With these few suggestions, I humbly submit that the present Budget is a very good Budget and the Finance Minister has done his best.

INDIAN TARIFF (AMENDMENT) BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

The broad points covered by this Bill are two: the main point is that it seeks to replace Section 3A of the Indian Tariff Act, 1934. The scheme is much the same, but there is a slight difference. Section 3A of the Indian Tariff Act expires on the 28th of March 1953. The life of it is only for two years and the two years will expire on the 28th of March. The present intention is that the provision of this particular section should be part of the statute permanently.

I know, that it raises in the minds of some hon. Members certain doubts as to whether Government is seeking to depart from an established precedent laid down and take more powers to be exercised in a manner which will prejudice the consumer interests in this country. After all if Government seeks to give protection in advance of the permission that this House would extend to such protection, it might not have the advantages of canvassing the benefits or otherwise of the protection to be granted, which is only possible in a House of this nature. It is also agreed—it is a thing with which I totally agree personally—that the consumer interest is a paramount factor in the granting of protection.

I might at once admit that when this provision was brought in first two years back, I did have serious misgivings. For one thing, the Government policy in regard to protection was not very clear at that moment. Whatever might be the personal views of individual Members of Government today the policy of protection has come to be accepted. The statement

made by the authors of the Fiscal Commission, that it was not a matter whether Government was wedded to a policy of protection, but all that was necessary was only to examine the quantum of protection, is coming to be more true even in the policy of Government. I think it is a policy which the House has more or less been insisting on that our industries must develop and whatever sacrifice we should make for that purpose should be made.

Speaking for myself, I am a very strong protagonist of the consumer interest. I do feel that while we want development and we want development very quick, in a country with notoriously low standards of living, the consumption propensity being what we call a matter of very high marginal rate, the moment purchasing power diminishes the standard of living goes down rapidly. A country with a backward population has got a very high marginal rate of consumption propensity. That being so, we should safeguard the consumer interests.

After all, all these plans that we now envisage are only for one purpose, namely, to raise the standard of living and anything that the Government or this House does in depressing it, though it might be for very good reasons, will defeat the very purpose of all our plans and efforts. Therefore, looking at a proposal of this nature from the consumers' point of view, I quite agree with any hon. Member that might make that proposition before this House that the consumer interests must be safeguarded.

However, as I said there is the accepted policy of Government to encourage industries. The position has slightly changed since the amendment of the Tariff Act two years back in that while at that time we had an *ad hoc* body called the Tariff Board with a very temporary existence, its life being extended from time to time, Government having accepted the recommendations of the Fiscal Commission, we have now a Tariff Commission which is a statutory body and which has come to stay for all time. That puts a slightly different emphasis on the need for Government implementing the Tariff Commission's recommendations as quickly as possible. Today the Tariff Commission has on hand a number of enquiries and a number of reviews. The House has complained in the past whenever we brought a measure of this nature that the proceedings of the Tariff Commission have been extremely dilatory and