

Shri Jawaharlal Nehru: The whole object of this is to give the House fuller opportunities of discussion, not restrict them. The matter appears here as there being a restriction; it is just in order to give the House much fuller opportunities of discussion. That can only come if there is no guillotine of the type on the 31st March. If there is that guillotine period, we have to push some out. Therefore, to give a full month, this device was adopted, that an *ad hoc* one month's vote on account should be passed.

The whole question is going to be discussed as fully as possible later. As for that, you have been pleased to say that more particulars should be given. I am perfectly agreeable. In fact, particulars are given. Maybe they have not been circulated. But the broad thing is, one month's vote on account. The rest are things which are not normally voted upon, the debt, etc. But I have got here the fullest particulars which I take it have been distributed to the Members.

Shri Naushir Bharucha (East Khan-desh): We have not to pay Rs. 522 crores in one month. Why have you put that down?

Shri Jawaharlal Nehru: I do not know what the hon. Member says.

Mr. Speaker: The point is whether he had this note with him.

Shri Naushir Bharucha: That point is clear. We have read the note and we have digested it. But, Rs. 522 crores for debt repayment is not going to take place within one month. Why has that been put down?

Shri Jawaharlal Nehru: I cannot argue this matter at this stage when you are going to vote. But I do submit, Sir, that once the convention has been there, it is one thing for hon.

Members to say, and it is for you, Sir, to point out that fuller particulars have to be given. I am entirely to be guided by your advice in this matter. But, if we have a convention, a convention followed year after year, I do submit that it is a serious matter to challenge a convention. and every-
tion. After all, the whole matter will become a little difficult to work, as I hope we should work, in this House.

Mr. Speaker: I entirely agree. Only so far as Rs. 522 crores are concerned, these matters should have been raised by way of questions and answered by explanations. That is all. There is no intention to go back on the convention. After all, the whole matter will be thrashed out.

Shri Braj Raj Singh: In view of what has been said, we do not press this.

Mr. Speaker: The question is:

"That the Bill be passed".

The motion was adopted

GENERAL BUDGET—GENERAL DISCUSSION

Mr. Speaker: The House will now take up the general discussion of the General Budget.

For the benefit of hon. Members, I would like to draw their attention to rule 207(1) regarding the scope of discussion on the budget as distinguished from the discussion on the Finance Bill. The rule lays down that during general discussion on the budget, the House will be at liberty to discuss the budget as a whole or any question of principle involved therein. The scope of discussion at this stage is thus confined to the general examination of the budget, i.e., the proper distribution of the items of expenditure according to the importance of a

particular subject or service, the policy of taxation as it is expressed in the budget and in the speech of the hon. Finance Minister.

Members may, therefore, make observations in regard to the general scheme and the structure of the budget. The general scheme of the budget will include considerations of revenue, surplus or deficit, revenue and expenditure account and the overall surplus or deficit. So far as the revenue account is concerned, Members may take into account the method of estimation, whether the revenue is over-estimated or under-estimated, whether the expenditure is pitched too high, etc.

As regards general grievances, these may be deferred for ventilation at the time of considering the Finance Bill. That will also be the proper occasion for going into details of taxation and matters related thereto. Similarly details of expenditure may be discussed when demands for grants come up before the House.

Under rule 207(3), I fix that fifteen minutes will be the time-limit ordinarily for every hon. Member, excepting the Finance Minister for whom one hour or more will be allowed, if necessary, for reply.

So far as the leaders of particular groups are concerned, if they want some more time, they will be allowed by the Chair time up to a maximum of 30 minutes.

Shri S. A. Dange (Bombay City—Central): Mr. Speaker, Sir, the opening paragraph of the speech of the Prime Minister, who is also in charge of the finance portfolio, says that he is very unhappy in regard to those events which landed him in the Finance Ministry. So far as we are concerned, we thought that the matter is quite happy, that the change was for the better, when the Prime Minister took over the finance portfolio. But then he says that he is not only unhappy but he is unfit for the job. There are rumours that we are going

to have another change. I hope the change does not prove unhappy for the people. Let a happy change come about if you must have a change.

With that perspective before us, let me now turn to the other contents of the speech. It is already commented upon that there is nothing much to discuss in the speech. It is the old story; no new sensational taxation; nothing sensational in the budget to discuss. In fact, the Finance Minister himself put it as a pedestrian budget. Of course there is a joke around that it is a budget which hits the pedestrian more. But it has nothing new. The hits, if they are there, are just inherited from the last year. Therefore, I will point out in brief what continues as from the old. For example, the same old features of last year continue in the present budget. We thought there might be some relief for people who deserve the relief, but there is none.

For instance, I shall list seven points as being inherited from the old with one or two new items. Take taxes; they remain as before. Expenses—they do not remain as before. They jump from Rs. 719 crores to Rs. 796 crores. This jump is not due to any dearness allowance payment being made to Government servants, which is just about, I am told, Rs. 1 crore. So, the jump from Rs. 719 crores to Rs. 796 crores cannot be ascribed to the demands of the poor Government employees.

Then, coming to prices, they are also up; six per cent higher than last year. The index of profits, though not given here is, also up. Food shortage is also up. So, these things continue going up, though the people's efforts have put the production also up. Though the rate of production has slightly slowed down, yet the production is going up. What has not gone up but has gone down is the relief to the people and settlement of claims of the working class, the middle classes and the toiling people, who

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are helping to produce all these things. But that also can be put up as an old story continuing from last year.

If you take these seven features of the budget, well, the budget is as it was; it is a heavy burden on the people. But, then; one should not come to the conclusion that there is nothing new in the situation. Almost a feeling has been created in the country that it is all normal; whatever sins were committed were committed last year in imposing taxes; so far as this year is concerned, it is all normal. No, Sir. Some new factors have arisen in the situation, which might disturb the whole structure of the body and the whole perspective that is presented in the budget. The disturbance may be sometimes on the good side, may be partly on the bad side.

What are the two new things in the situation. One is—and some people are very happy about it; and I am not unhappy about it also—that the dollar has begun to smile on India. So long it was frowning and now it is rushing to the help of this country. So, there is tremendous praise in the press, tremendous jubilation in the ranks of the investors and tremendous jubilation in certain sections of perhaps the Congress party and, perhaps, other parties also.

However, if the dollar has begun to smile and wants to come to our country for our aid, well let us have it. I do not mind, provided, of course, the goods they supply in exchange for the dollar aid are really good, the wheat is really wheat and eatable, the machinery is really machinery that will function, the prices will be reasonable and the interest rates will not be the usual interest rates that are being charged. I think they should charge us not more than 2½ per cent as some other people are doing.

Therefore, the dollar aid coming to India is not bad. Along with it, there is, the French help, the Japanese help

and there is, of course, the Soviet help and all that. But there is nothing new in the Soviet help. What is new in the situation is the tremendous shouting in certain circles that since the Americans are coming to our aid, now at least the governmental policies with regard to America, with regard to foreign policy, might be influenced in some other direction and so on and so forth. Then, over and above that, a conclusion is slowly being injected in the minds of the people that it is really philanthropic aid, the tremendous riches of America are being poured into our lives just philanthropically without any selfish interests and so on and so forth.

Now, I do not mind building up friendship with American people, as we should be friendly with other people also. But I do not want the friendship to be built up with American investors and bankers. That is my point. And in order to illustrate this point and to stop this praise in the wrong quarters being shown, I would like the House to pay some attention to one factor. Why is the American dollar smiling? Because at home he is in difficulty. Recession has started coming in America. Therefore, the inventories of goods are piling up. They have got to be cleared out, and the best way to clear it out is to hand over dollars, and along with it the goods, to India in the form of aid. It is certainly a legitimate aspiration for American capitalism to unload its goods on India when they have got recession and to palm it off as philanthropic aid for love and so on.

It is a fact that recession has come there. Therefore, the dollar aid is coming to us. Let us take it. But let us also take note of the recession and say: "Gentlemen, what about the price?" For example, even today when oil prices in America have fallen by 15 per cent or more, we have not yet got reduction in our oil prices. So, if the dollar comes to aid, do take it, but with caution.

As regards philanthropy, here is something which the House might note. There is a publication called *World Economic Survey—1955* published by the United Nations. Though the aid from America is stated to be philanthropic grant, charity, desire to feed poverty-stricken millions of Asia for no reward, the United Nations' Publication says:

"In recent years, United States/ have been receiving substantially more in the way of income on past investments than it has, on balance, lent abroad, either on private account alone or on private and governmental accounts combined....." (Page 82)

People think they are giving loans and receiving back very little, perhaps even abuses; they are mistaken. American loans sent out bring in more profits than what is invested. For example, the annual averages for the years 1948—54 of private United States net capital outflow is 1,639 million dollars. Investment income on private U.S. investments is 2,196 million dollars. And the publication goes on to show that United States direct private investments in India, Indonesia and the Philippines total 66 million dollars for the years 1953—55, while the earnings total 241 million dollars, of which 203 million dollars were transferred to the United States. 66 million dollars they gave as philanthropy and they took back 241 million dollars. That also is philanthropy, but only for the investors.

Shri Naushir Bharucha (East Khandesh): We must take into account the prior investments also.

Shri S. A. Dange: Let us take the period when dollar is smiling on us, and not when it was angry with us.

So, that is the new situation. And the newness casts on us the duty to be more cautious about taking loans. I do not say that they should not be taken. However, I want to press

upon the attention of the House and you, Mr. Speaker, that when you negotiate and send missions to buy things, well, they should not be sent under the chairmanship of the enterprising and celebrated Mr. H. M. Patel or people like that. Let those negotiations be on proper basis, with proper prices and proper terms. That is something new which the country is taking and so we should consider that as a new element in the situation.

But there is another thing which is disquieting and quite new. If the recession helps us to get more aid, by all means let us have it. Why should we be sorry about it? Let there be more recessions in America, if we can get cheaper steel, cheaper oil and other things. So far as their people are concerned, well they will look after themselves, and we shall help them in that.

But then there is another new factor that has been indicated in the Finance Minister's speech. He says, "The prolonged period of boom, which started in 1953, ended in 1956." Though the production is going up, the rate has slowed down and the boom, as the Finance Minister says, has ended. Then, what are the steps proposed in order to cushion the effects of the end of the boom? The only indication given is the decline in equity prices, as measured by the Reserve Bank's index of variable dividend industrial securities. That is the only indication in the market.

There are already indications that production rate has gone down. There is an indication that textile mills are closing. The excise duties are becoming a little unbearable. Just financing the Ambar Charkha with crores from the excise duty on cloth will not give us much good. And it is my opinion that a lot of money is being wasted on it for nothing. The excise duty had been imposed on the composite mills. Now the power looms are also brought within the purview of the duty.

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Here let me point out that the Ambar Charkha plan cannot be a substitute for unemployment benefit. There must be certain subsidy for handicrafts in the villages, and I am for it; but not in the way in which it is being done; that is, at the cost of an industry, whose production is closing down. Not only that, it also causes unemployment. Therefore on this question of cushioning the effects of the boom, the Budget Speech or the budgetary figures do not give us any indication as to how we are going to meet this problem. For example there is an Economic Survey. It goes on arguing this way and that, that though the boom might end this side, the inflationary pressures continue and that recessions on that side might harm our export market. But what is the net effect on the people—the working class, the middle class, their consumption, their incomes, their wages, their disputes, their strikes? What is going to happen to that if the boom has ended and is already having a certain effect? Therefore this Budget requires not so much discussion of the quantum as the discussion of policy, because the quantum are more or less inherited from last year. But how are these new factors of recession there, aid coming here and the boom ending here, are going to be co-ordinated with the development in future, i.e., in the next year, and with the developments which are already taking place? Textile mills are already closing down, some because of fraud and some because of genuine difficulties. All are not closing down because of frauds, nor are all closing down because of genuine difficulties, but there is a certain difficulty in the matter of meeting taxations and combining them with the demands of production and the price mechanism. Therefore here is the question of the newness in the situation and I hope hon. Members will pay more attention to this new factor than merely to the quantum figures in the Budget which we do inherit from previous years.

There is another thing which is also new. That newness was very visible yesterday. The hon. Prime Minister was invited to a meeting of the Federation of the Indian Chamber of Commerce and the big bourgeois there made straightforward direct demands on him. And what an emboldening we find in the situation on the part of private capital. I will not call that meeting of yesterday a meeting of man-eaters. That will not be quite correct. Though it may not be very rude, still, it would not be quite correct. Here the cream of the finance of the country meets. They should provide to the hon. Finance Minister and the Prime Minister solutions for overcoming the difficulties of production in the country, for overcoming other difficulties in the matter of our economy. But what do they do? Their first demand is "denationalise?" That is their central slogan. If that is the central slogan of the big bourgeois and the monopolists in this country, then the whole nation will have to mobilise along the slogan: "Stick to nationalisation and more nationalisation". If they are going to proclaim a battle on our economy, we will take up that battle. They had the cheekiness to come and tell us, "Divide L.I.C., destroy its monolithic structure" so that these gentlemen can create holes in it and sink themselves in it and hand over a part of it to private capital and then for some time keep something for the State sector. They are in fact coming to a point when they would say, "Hand over everything, all your steel plants, all your other plants. You give us the money, give us the loans and let us have the profits." That is their simple slogan. And what are their proposals? You should read the demands that they have made. "Income-tax is very high, dividend tax very bad, investment in new securities should not be taxed, bonus issues should not be taxed, dividend tax should be withdrawn, expenditure tax should be withdrawn, wealth tax should be withdrawn." Everything should be withdrawn and they should be let loose on the country. These

are their demands. Are they serious, this body of the cream of finance of the country? And these are the gentlemen who are given praise, that they are helping very well in the development of the plan. The only abuses that are hurled are the abuses at the working class, which goes and demands higher wages, bonus payments, application of laws, hospitals, sickness insurance. They are said to be obstructing production. These gentlemen of Capital have put forward wonderful seven demands before the Prime Minister. "Cancel all taxes and we will help the economy,"—to sink further in the ditch perhaps. If this is the way the big monopolists in this country are going to react, then let me tell them that so long we have been having restraint on our demands. If that is their demand, then we will say: nationalise more and more, nationalise all the key industries. And the first thing to be nationalised should be the banks. Again, I repeat that demand. It is through this institution that they are running away with all the things. And what gentry had assembled there? They are the captains of industry. They are the philanthropists who are helping employment to grow, and they are very moral. The only immoral people are the workers, petty middle class, always creating troubles and always making demands.

And what is the morality of this gentry? I am sorry that they did not pass a resolution against the Budget speech and certain of its implications. But here is the morality of this gentry which wants all this. What is it? Here it is found that they are evading by all sorts of ingenious methods their moral duty towards the nation. What is the moral duty of the bourgeois to the nation? That they take their normal profits, develop production, pay normally good wages and normal taxes—and good taxes—to the country so that investments grow, they get loans for their own development and that they are honest about it. But what is the history of the last three years? While they are alive they evade and while they are dead then also they evade. What is the picture of

the estate duty, death duties? Government expected something like Rs. 2-3 crores and got only Rs. 12 lakhs. Where is the money going? When the man died we knew he had enough. Then how is it that after death it has vanished. The analysis given here about the normal stature of the captains of industry—I do not want to name any particular captain, but their "elevens" are always such that they put us into defeats—is this. These captains "transfer properties through gifts to one's near relations or associates, which is one of the commonest forms of avoidance of not only the Estate Duty but also of Income-Tax, Wealth Tax and even the Expenditure Tax. The only way of effectively checking this practice is to levy a tax on gifts also." I am not sure that when you tax gifts, then also they will not evade because it is proposed that gifts, in order not to be evaded, should cover the prior period of four years. These gentlemen will write their wills of gifts every four years. They are clever enough and there are enough lawyers to help them do it. But I am not reading that in order to suggest any fool-proof method just now except of nationalisation of banking but I am suggesting that this is the industry, this is the leadership of capital in the country, these are the captains of the industry, who are given all the aid, all the loans and all the opportunities not to develop production but to evade taxes. And they evade taxes in such a way that the hon. Finance Minister becomes desperate and says, "Now even gifts must be taxed." He says, "The actual collections of Estate Duty have fallen short of even the modest expectations we had at the time of passing that measure. That is partly due to the practice of making large gifts *inter vivos* which will, hereafter, be checked by the levy of gifts tax." This is the commentary on the morality of capital in this country and those who dare to attack the morality of the working class, let them read this comment. What is got to be done is that

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this tax structure — however nice you put it forward—is bound to get more and more into deficit financing, more and more into difficulties of borrowings, more and more into difficulties of savings, because those who hold the main sources of capital, the main sources of production are themselves the most immoral so far as their duty to the country and the taxpaying are concerned. What are we going to do about it? No approach of Gandhian morality will help them. They knew only one thing about Gandhism and that is to make donations and go away with the profits. They are not going to be cured by philosophy or anything of the kind. Therefore positive measures should be taken to stop this evasion of taxes and to stop them running away with State funds and the dues of the people.

They say they are developing industry. I want to make a remark in this connection. There is a certain degeneration setting into the ranks of our capital. For example, the other day we had the spectacle of the Prime Minister attending the 50th Jubilee of the Jamshedpur works. What a man the founder of that works was! Without caring for dividends, without State loan, without help, he and his friends went into the jungles and established an iron plant and found iron mines. He was an *entrepreneur* in the real classical sense of the term. That was the man who founded the industry, because he wanted the industry to develop, the man who laid down the basis of the first steel plant in India, because he really wanted steel to be built in India. That was the man who was the real captain of industry and the proper representative of the Indian national capital.

But what are the present successors of that great founder doing? They build industry no doubt, but they want loans and double depreciation. They want taxes to be waived; they want loans from India and from America; they want to evade taxes.

These people who today form the ranks of Indian capital degenerated from those classical *entrepreneurs* of the 19th and early 20th century in this country who really wanted to build industry in order that not only they may earn profits, but also that industry in the country may develop. Today their successors are mere coupon-clippers depositing their shares in the banks and the banks collecting dividends. With one or two exceptions who know how to manage the industry directly, they are more dividend-hunters than industry builders. That is their characteristic. "Dividend first; industry next" is their slogan and it will be a good thing if the jubilee would bring some sense to the successors of the founder of Jamshedpur.

Today for the sake of petty gains, workers' demands are being shut out in Jamshedpur, Burnpur and Kulti, and when people get agitated, turn round to trade unionism and when they want to demonstrate, the Chief Ministers of three States combine together, with the INTUC leaders helping them, in order to conspire to suppress this agitation of the steel workers of Jamshedpur, Burnpur and Kulti. Even today there is a strike there; why has that happened? You must take note of the fact that a certain degeneration has set up in the ranks of the captains of industry. That is the inevitable corollary of concentrated money power. That is the inevitable corollary of their being let loose to concentrate wealth in their hands like that despite all the wealth taxes that we are imposing on them. Therefore, this power should be smashed if our Five Year Plan is to succeed.

The question is, what to do next and how to meet the offensive of capital. As I was just saying, they themselves say, "Eradicate all taxes, hand over things to the private sector and stop the activities of the State sector". They do not want the State sector to grow. They say, "You

will be in financial difficulties". Can these financial difficulties be met? Yes; my first appeal would be let us stick to the hard core or core, whatever you call it, of the Plan—heavy industries and steel plants. I was very sorry to find in the list of the hard core which was read out the other day that the mention of heavy forgings was not there. You cannot produce steel and not have heavy forgings, because even the manufacture of a 5000 ton ship in the Vizag yard would be impossible if you cannot cast the crank shafts in our heavy forgings. If we have 3 million tons of steel and do not have heavy forgings, we are nowhere. Therefore, the core of the Plan must be a composite whole. I do not know why things are being related to this House in this peculiar way wherein in the hard core we have steel but not heavy forgings. In any case, I am told that negotiations and preparations are being made in order to establish heavy forging plants and also plants for heavy electricals. We stand completely in support of the Plan in so far as it is resting on heavy industry and in so far as it rests on giving relief to the people, in so far as it rests on fulfilling the best part of the Plan in favour of the people. Therefore, we are with the Government in fighting this demand for denationalisation, this demand for running away with taxes, this demand for leaving the whole field of finance and industry to these captains of industry, which do not lead to much benefit for the people. Therefore, I would say that so far as the determination expressed in the Plan to stick to the hard core or the core and also some of the welfare parts of it, though something may have to be pruned in certain spheres, is concerned, we stick to it and we hope that the Government also will stick to it and will not be cowed down by this offensive of private capital against the national sector. Despite bungling in the national sector, it is the national sector alone that is going to build the future of this

country and the future of the people also.

We stick to the Plan, but what about the finances? Finances can be found. You will say, "If you want finance to be found, you must agree to taxes." Certainly we do agree to some taxes and we agree to certain deficit financing also. There is Rs. 200 crores or more of deficit financing in this budget. I am not afraid of deficit financing, but on one condition that prices are held and effective democratic controls are established. The only way to control the bad effects of deficit financing is that. Deficit financing is inevitable in a country which wants to develop heavy industry and when it has not got its own accumulation of capital. But the deficit financing which is taking place here is leading only to inflation, inflationary prices and inflationary profits. Therefore, this deficit financing is injurious as it is being carried out today, though deficit financing can be one of the ways of finding finance.

So far as taxes are concerned, taxes on the people must be lowered to some extent and a certain amount of relief in the taxes on the people is necessary. In regard to savings, of course, we can find some money in savings. The workers and the middle-classes are asked to save. All the while the savings drive is going on, but when those who really have the money are asked to save, there are Finance Ministers who help them not to save. For example, all the L.I.C. funds whose total comes now to about Rs. 40 crores in a year can be driven up to Rs. 50 crores easily; all that should be brought into the savings department for investment purposes in the governmental sector. That should form the basis for Government expenditure in capital outlay. But now a portion of it is allowed to run away to stock exchange.

My proposal is that all the L.I.C. funds should be brought into the

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governmental sphere of investment. Secondly, I would propose other sources of savings which are already there and which have not been carried out. For example, there is a scheme to ask the big corporations and companies to deposit their depreciations and reserves with the Government and you know what a revolt there was. The revolt was such an acute one that T. T. K. had to fly to Calcutta and in pacifying the revolt, he did many other things which he should not have. After that, I do not know what is the income into the governmental treasury from these deposits called depreciation and reserve amounts. The reserves of these companies must be brought under Government control. Otherwise, the method of subsidiary formations and running away with the profits of one concern into the intricacies of another concern cannot be checked. For example, it was because the Jessops reserves were not deposited with the Government of India that Mr. Mundhra could run away with Rs. 68 lakhs and invest them in Richardson and Cruddas, run away with reserves of Richardson and Cruddas and invest them somewhere else. Therefore it was certainly a good idea to demand that the reserves and depreciations should be deposited with the Government of India to be available to the industry when it wants to buy new plants or to expand, and so on.

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But why should we in our economy follow the peculiar cartel principles of American industry or British industry? For example, take the Delhi Cloth Mills. They started with cloth and now all the reserves and perhaps depreciations and their own internal accumulations are leading to sugar, sugar into chemicals and chemicals into paper and so on. The whole thing becomes a big empire. Why should this type of vertical development, horizontal development and

cartel development go on? Why allow in this country one centre of capital accumulation to dominate several lines of industry and production?

Shri Kamalnayan Bajaj (Wardha): What is wrong about it?

Shri S. A. Dange: What is wrong about Mundhra? You do not think he is wrong, is it?

Shri Kamalnayan Bajaj: The case of Mundhra is different; there are black-sheep everywhere.

Shri S. A. Dange: Then what is your way of solving the problem? I should like to know.

You see the cartel of Tata, for example. It was in fact disclosed during the discussion on the Company Bill how subsidiaries and holding investments in different industrial concerns lead to evasion of taxes and a lot of other evil. Therefore, if the profits of one industry are to be ploughed or to be used in another industry, let that be done through the State mechanism. Why through the subsidiaries of the particular industrialists? Why should, for example, one Birla, or one Tata, or one somebody, have all these lines, through subsidiary investments of particular concerns which serve him as the foundation of a large measure of his profits. I am discussing the structure; I am not criticising the individuals as such. I am not concerned personally with what Tata does or what Birla does.

What I am saying is this. The whole system of economy itself is bad, because it leads to an unholy control over the necessities of life of the people, unholy control over the money mechanism, society and State, unholy control over vast sources of production in the hands of a small group of directors or individuals. This is unhealthy for society. That is why I am criticising it. Therefore, the idea

of taking the reserves and depreciations under Government control was quite a good one, but it was given up.

Therefore, I say that finance can be found, provided Government is intent upon seizing it where it really exists and not chasing after people who do not have it. For example take the scheme of small savings from workers or peasants in the villages. You should not send instructions around to chase these people and take their bonus payments and invest them in National Savings Certificates, because that leads not to savings but to unnecessary irritation. Certainly savings should be encouraged; there are no two opinions about it. But it is to the way in which it is done that I am objecting. Therefore the point that I was making was that finance can be found. There are enough sources.

Another source that I could suggest is this. We are having oil exploration. We are allowing the Burmah-Shell and Standard Vacuum to take crude oil from our country and they bring crude oil from other countries and refine it here. The cost of it you know: 500 per cent profit is made on each ton of oil. 500 per cent! The rates that they pay to the poor Arabs and the poor Persians and the rates at which they sell it to us, you will be horrified to know. And yet when we ask them for a reduction in prices they are cheeky with us. We were going to get 51 per cent control in Assam Oil; now we are to satisfy ourselves with 33 per cent control. I hope we get some reduction in prices, because the prices are falling even in America. The Prime Minister at one time remarked that he himself was wondering why our petrol prices should be governed by Mexican parity prices. He could not see the logic behind it. So, this subject should be pursued.

The oil companies are very big people. They may threaten sabotage: I know it. But we are also very big people; this country is not small, nor its people small. Well, they threaten-

ed Indonesia with dismemberment; they threatened Egypt with dismemberment and defeat. They know what they got back. If they threaten sabotage here, we can also tell them what they will get back from us. Why don't we pursue it?

For example, on the total sales of oil, if we just get about 25 per cent reduction in prices—already in the English market prices have gone down by 15 per cent—we can make a saving in the people's expenditure; after that we can get those savings to us also in the State sector of the budget. We can make savings—if I am not wrong—to the extent of about Rs. 50 crores per year, and Rs. 50 crores per year is not a small amount. It may be less than that. Perhaps it may be said that we may lose in excise duties. But that loss would be less than the gain that we will have by such reduction in prices. But here it is a question of following a policy. Are we going to dare and oppose these monopolistic concerns? Are we going to dare attack these colonists who get oil from our country at one anna or two annas a barrel and sell it to us at a fabulous profit. Therefore, I hope in the matter of finance, in the matter of finding resources, in the matter of finding savings, Government will pay attention to this point and change their policy in the matter.

I am told that the Ministry which deals with this oil question is already handling the problem. I hope they succeed in handling it in such a way that we do get a good reduction in prices. We charge excise on diesel oil; diesel prices go up because of the excise and the peasant who uses diesel engine comes up for subsidy from the Government. We cannot give it and then the food production gets into trouble. Why can't we reduce the price of diesel oil, so that diesel oil may be made available cheaper to the peasant and he gets the advantage of it? Why can't we do that? I am not speaking of motor spirit which may be used by rich people or middle rich people. What about this very basic thing of cheap diesel oil for diesel engines which we are lending by

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thousands to the peasants. This problem of diesel oil prices is directly linked with our attitude towards these power monopolists. Are we going to challenge it or not? Therefore I hope the Ministry succeeds in its efforts to get certain modifications in prices.

Then of course there are other points which I need not stress very much. But no amount of budgeting will be successful unless there is some check on the question of administration, on the question of wastage and on the question of leakage. For example, we are forced to push the defence budget up. There are gentlemen who lend us dollars and create war tension around us at the same time, so that the dollars are very easily spent in ten days' time instead of in a year's time. To meet this policy defence budget has to go up. But can we not exercise some supervision in the spending in the defence departments? By all means spend as much as you like on the efficiency of the Army, the Navy and the Air Force, on the men and the machines. But in the whole structure there are bad elements also. There is corruption, there is leakage, there is want of supervision. I hope the Defence Ministry will pay some attention to it.

Here is one choice bit which I can present to you, which is already known to the Government. According to the Report of the Public Accounts Committee for 1955-56 orders were placed for vehicles with a private firm, which the report says were totally unnecessary. It cost us Rs. 6 crores 80 lakhs for nothing. When they are asked why, the reply is that they had given a guarantee to the firm that they would keep it running. Are we going to have defence spending for keeping a private factory running? Then they placed orders for cars which were unnecessary, or which were not necessary at that time. Why should this happen? Rupees six crores have gone. You may say it has not gone, we have got the cars. But the Defence budget has gone up Rs. 6

crores. Therefore, when the budgetary grant under Defence go up and when we are told it is all for defence of Kashmir, or defence of the country against aggression, part of it is not for that; part of it is just for profiteering though a larger part of it is patriotism. That is the real defect. Therefore, when the defence estimates are going up, I would like the Defence Ministry to pay some attention to the leakages. When leakages are shown by workers they are victimised. Today in Bombay in the Plymouth Works, workers are chased out of employment because they dared to should these leakages and report them to the Government.

Of course the whole thing depends upon getting the co-operation of the people. But that cannot be done by mere cooperation committees. The cooperation must come right at the centres of production, that is big factories and the fields, and this cannot be achieved unless you give at least minimum human treatment to the working classes. If the plan of production is to succeed the working class must get its democratic rights and human treatment. I do not ask for anything more, anything utopian or anything that is not possible. But what is the treatment that you get: for example, even in government factory, in Bangalore, two people shot and demands pending and hanging for three years—just because the Manager there would not like to see a trade union there. These Managers have got to be taught that whomsoever the workers elect, they must see—shooting or no shooting. Similarly there are these other disputes pending. For the sake of production, for the sake of the budget and for the sake of development, please meet the demands which are quite legitimate demands in various industries.

Tea income is falling, I am told. When we ask for a wage board and for an enquiry into re-plantings, comes an ex-Labour Minister who says, appoint another committee. And

another Minister had to say on that matter, "Gentlemen, we have had three committees, we do not want more committees, we know how tea can be grown".

Therefore I would like to say that some attention should be paid to the question of the demands of the workers, the middle classes and, of course, the question of the peasant with regard to food. I do not want to go into that subject. The land question is there, which is related to the food question. How it will be dealt with, I am not sure, so far as the present policy of the Government is concerned. And in the end...

Shri Tyagi (Dehra Dun): Sir, may I point out that both the Finance Ministers have left the House? Would you please call one of them back?

Shri S. A. Dange: It is all right.

Shri Tyagi: It is general discussion on the budget.

Mr. Speaker: The hon. Member who is on his legs does not object.

Shri S. A. Dange: I do not object, because, after all, they won't put much in their head by listening to me. Because, our Prime Minister says he does not understand the subject and he is unfit for it; so far as the other friend is concerned, I do not know. In any case shorthand reports are there to help them. So I do not object. It does not matter.

Shri D. C. Sharma (Gurdaspur): The man who understands is here.

Shri S. A. Dange: Now, coming to the slogans, the last slogans, the slogans that are given to us on this matter are like this: "Produce more." But there is a recession and the boom has ended. What will happen with the production. I should like to know. In the economic survey there is no answer to it. And then the next slogan is, "Export more". But the economic survey says there is recession and there will be difficulties. So, how

to do it? And then they say, "Save more." But the incomes will fall with the boom. So, who is going to save? In this way I do not know where the slogans will lead us. I would say, "Yes, produce more, pay more and save more." That would be a better slogan.

Mr. Speaker: Why not consume more?

Shri S. A. Dange: Yes, consume more, and reduce profits.

Shri Braj Raj Singh (Firozabad): And time also.

Shri S. A. Dange: Are you complaining about my time?

Shri Braj Raj Singh: No I am addressing the Chair.

Shri S. A. Dange: I would say produce more, reduce profits and prices, pay more and save more; invest in the State sector and do not fall a victim to the threats of monopolists. Stick to the Plan and the essential features of the Plan. Let us develop our economy not for the profiteers but the people.

An Hon. Member: The Oracle has spoken!

Shri T. N. Singh (Chandauli): Sir, the previous speaker has just now given us some concepts of his own, relating as to how the finances of the State are going to be managed. I would very much welcome some of his suggestions provided we could feel that his assurances of co-operation are really genuine.

For instance, I would refer to this matter. The Prime Minister, or rather the Finance Minister, stated that the crisis through which we are passing is a crisis of development, a crisis of resources. True, but there is another crisis through which we are passing when this nation, when this country needs great united effort and all kinds of sacrifices. We are passing

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through a crisis of all kinds of conflicts whereby we want to multiply our differences and do not want to sit down and attack the real issue and remedy it. This process is going to be a painful process. We have to emerge from these difficulties, economic and others, after a great deal of hard work and sacrifice and united effort. That is what is very essential. With these preliminary remarks I shall try to refer to certain points which, I believe, if they are attended to, will considerably improve both our budgeting as well as our financial and economic position.

I will first take the question of our budgeting. After a very detailed study of the budget figures for the last eight years I have come to the conclusion that due attention is not paid to proper budgeting, proper estimating and working out the details in every way. For instance, I have got here the figures for two years. In the year 1953-54, out of 134 grants, 124 grants showed a surplus of Rs. 172 crores, that is a saving of Rs. 172 crores at the end of the year. That means there was over-budgeting. Again, in the year 1954-55, out of 135 grants, 126 grants showed a saving of Rs. 238 crores in all.

Similarly, if you go into a little more detail this is what you find. And I want especially to draw the attention of the Finance Ministry, whose duty it is to insist on proper and accurate budgeting, to what they have done in their own Ministry. In the year 1953-54 they had budgeted for about Rs. 22 crores under Grant No. 41—Extraordinary Payments. They surrendered, or they were unable to spend, Rs. 12 crores—nearly 53 per cent. Again, under the same head, in the next year, there was a total provision of Rs. 23 crores. The saving was of the order of Rs. 8.59 crores—a saving of 37 per cent.

And then, here are some Medical Services in the Health Ministry. In

1953-54 they provided for Rs. 76 lakhs under Miscellaneous Expenditure, and the saving was Rs. 46 lakhs. In the second year, under the same head, the provision was for Rs. 77 lakhs and the saving was Rs. 45 lakhs. In the subsequent year the provision was Rs. 88 lakhs and the saving Rs. 51 lakhs.

These instances can be multiplied. I only wanted to mention them for this very reason, namely, that if you do not insist on accurate budgeting, your resources will be tied up with the result that (a) we may have to impose certain taxes which could have been avoided, and (b) at the end of the year the administration may be compelled into extravagant expenditure. This is what happens. So this has to be done very tightly and with a very strong hand we have to see to it that the budgeting is proper and accurate.

I say we are also partly to blame in this regard. Because, whenever the budget comes—I began with a reference to the conflicts—everyone in the Opposition here wants to spend crores for our people. Poor people, they deserve everything. That is true. But they want that we must prepare a budget in which crores must be spent; if they do not provide and if they are conservative, there is criticism. That is not the way to husband our financial resources. By all means, let us make up our minds that these are the essential things. There is the Five Year Plan by which every one seems to swear. That has to be implemented. We should implement it. But, now, I have heard the argument some time back: in five years, you have to spend Rs. 100 crores; you provide only Rs. 5 crores in the first year; how will you spend the remaining. That is the proper thing to do. That is an important thing in this Rule of three. It is not possible to spend in the first year. The tempo of work will be slow. In attempting to provide for the whole plan expenditure, if we budget the current year's estimates in this way, the savings that would result would

be of this order. That has to be avoided. For this reason, it is very essential that there should be detailed Planning.

We have got the Five Year Plan. One year before that or a year and a half before the next year's budget is to be presented, the administration has to work out every detail from pin to pillar. Provision is made that this project will be started. Nobody knows where the land is. Nobody knows when it will be acquired. Nobody knows when the machines will come. Nobody knows when the technical personnel will come. I have known cases where we had got material, there was nobody there to look to the accounts. They come, they are dumped anywhere. That would again lead to wastage of our very limited resources. We have to look to that. Detailed planning and budgeting in that context is just like an army marching, which works out every detail inch by inch. That is what has to be done. I would, in all humility, suggest that the administration should work out the details. They are very experienced people; they have been in that line for a number of years. I need not try to teach them much. But, I feel from the records that I have seen for these eight years that even they have to learn a lot. They should try to work out the details and having worked out the details, everything should proceed according to plan.

I have in mind a case, which is a very important national undertaking. I am coming to national undertakings shortly. It is a very important national undertaking. We ordered a variety of things. There was difficulty in clearing those things. With great difficulty that was done. When the wagons began to move, there was wagon shortage. Fifteen thousand wagon days were lost in the course of one month because we had no arrangement at the sidings, we had no arrangement for cranes and we did not know where to place these machines. This is what happens. There-

fore, in this planned budget which we are having every year, it is very essential to work out the details and work out the expenditure according to these details. That is what should be done.

I have to draw the attention of the House to a very good feature, a feature on which I lay great hopes, on which we are building up our nation—I am referring to the public undertakings part of our budget. This sector is expanding. I am glad it is expanding. I am also glad to learn that our friends on the opposite side are also anxious about it and they want it to expand. It is proper that it should expand. There are about, I believe, more than 150 or roughly about 200 State undertakings, public corporations, departmental undertakings, all these taken together, having an investment of thousands of crores of rupees. All these undertakings should be looked into. Their constitutions, their methods of administrations should be analysed. It is not for me in the short time at my disposal to make suggestions.

There are some which are corporations. Some are ordinary private partnerships. Some are departmentally run. Some are mixed companies with private and public money. All kinds of permutations and combinations are in vogue in regard to these public undertakings. That should be clarified and the matter should be cleared up for which kind of undertaking which kind of structure is proper. This must be considered. What happens? Looking through the Explanatory Memorandum and the Budget figures, I find that we are giving probably Rs. 2 crores of advance to one private company Messrs Atul Products. It is a private company. It has drawn money on the 31st of March in two years. That means, the money was not to be spent in that year. It was drawn literally at the fag end of the year because the money might lapse. Why this process? I am saying this, I do not grudge any private industry being helped. But,

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there should be some system, some control. Parliament loses all control. We do not know how the money is being spent.

This brings me to another important question. In England, when only certain guarantees were issued, when certain private undertakings were taken over by the public sector, Parliament had certain rights of supervision and control. Here, we are advancing big loans, Rs. 10 crores, Rs. 5 crores, Rs. 20 crores, like that to various private companies. It is the Government's duty to see that public money is not lost. To that extent we are committed. We feel that they would come back. That is the assurance that we get here in Parliament. What is the control which we have got. I do not mind the private sector running it in any way. What is the control which Parliament has got on that part on which public money is being spent? That is the issue to which little thought has been given.

For instance, our friends had complained about the present people who are running the Tatas. They may be right, they may be wrong; I do not know much about it because I have not studied that case fully. But, I can say this much. We are advancing them large sums of money. Not only that. They are getting money from abroad, loans to which we give guarantee. The Government stands as guarantor. But, then we have no control: nothing. I am told that my colleague the Chairman of the Estimates Committee or some Members wanted to go to one of these private concerns. It was thought that he cannot go there and the private hint was conveyed that he need not go.

An Hon. Member: Which concern?

Shri T. N. Singh: It is no use bringing in the names of such concerns. That is the position. They are getting money; they have no busi-

ness to say like that. I do demand here in this House that any private concern which is subsidised or helped in any way, whose loans are guaranteed by the State, shall be amenable to control and supervision of Parliament, the supreme organisation and supreme body of this country. That is very important. That must be there. That would take away all the objections that we are hearing about public undertakings—because Parliament interferes, there is no freedom of management, all these things which they say, I think, once we enforce these rules, they will go. How to reconcile both these aspects? As a matter of fact, I make bold to say that this House...

Mr. Speaker: What does he suggest? Does he suggest that their Administration report should be placed on the Table of the House and an opportunity given to the Members to discuss that report?

Shri T. N. Singh: That is one way of doing it. We can get their balance sheets and their budgets, if they prepare any budgets.

This brings me to the point that whereas every year, the Budget contains and does give the balance sheets of certain undertakings, not of all, their budget is not available. We grant certain moneys to them from year to year. Certain investments are made, Rs. 10 crores, 20 crores, Rs. 50 crores and Rs. 100 crores. Sums of that magnitude are invested. It is desirable that we should know how, why and where they would be spent. If it is not possible to prepare a full budget, a very detailed statement of the requirements, what they expect to do as a result of that investment, what is their next year's programme, all that must be given. The explanatory memorandum does not enlighten us on that point. As a matter of fact, all this information leaves us still in a worse position. It is also vague, nebulous, it does not take us anywhere.

Mr. Speaker: Would he like that wherever moneys are lent by the Government, the constitution of that company, the articles and memorandum of association, the annual balance sheet, profit and loss account and the administration report at least ought to be kept in the Library so as to enable hon. Members to read all of them?

Shri T. N. Singh: Yes, Sir.

Mr. Speaker: And questions, if necessary, put down?

Shri T. N. Singh: Yes.

Mr. Speaker: I will so direct.

Shri T. N. Singh: As a matter of fact, I may draw your attention to TELCO. Even in respect of TELCO, which is more than 50 per cent subsidised and helped by Government money, we do not get their annual reports, balance sheets, nothing. And we have to get it with great difficulty in the public Accounts Committee after writing several times.

Then, I would also urge a note of caution.

Mr. Speaker: Would he like that it ought to be one of the conditions of lending, that they must submit their balance sheet, profit and loss account, administration reports, their constitution, articles of association and any variations from time to time?

Shri T. N. Singh: Yes, Sir, perfectly right. That is what we want.

I would like to draw your attention to one thing in this regard. Take for instance the CSIR. It is a small thing. It has some duties. We give them money from cesses etc., some money direct. They do some research work to be available to industry for exploitation purposes. Promptly, three or four years ago, we started another concern called the National Research Development Corporation. Now, the functions and duties of this

corporation are to utilise all the researches made for commercial purposes and see that the firms are able to make full use of them. Why all this duplication?

Similarly, credit corporations. There is the Industrial Finance Corporation. There is the National Development Council or Corporation, and so many—three, four or five. Then on the top of it we have got the Reserve Bank, the co-operatives, the State Bank and all these things which are also run by the Government. Why should we have such a multiplicity of credit organisations. That is not desirable. Somebody has to apply his mind, because all these things have been going on in a haphazard way,—that is my point—and we have to rationalise them.

Probably there was ample justification when these schemes were started, there were some very good grounds to go in for these ventures, but what is very necessary is that we must rationalise these things, streamline our State undertakings in every way—not only from the point of view of their constitution and administration etc., but also from these aspects.

Then I would come to certain aspects of our revenue budget. I feel I am one of those who always believe that direct tax is always preferable to indirect tax, and therefore I have always held that the machinery which administers direct taxation should be A-1, very efficient and productive of good results.

Our income-tax revenue has remained more or less, during all these three years, in the neighbourhood of Rs. 160 to Rs. 170 crores. We all talk, every section of the House says that there is tax evasion, but we have not been able to mop it up. As a matter of fact, in the blackmarketing days people had lot of blackmarket money lying with them. We have not been able to collect that even.

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Now, is it not possible for us to improve our collections under income-tax? I feel that our Income-tax department requires a little more efficient personnel, if I may say so. I do not have much against those who are running the show today. Very probably they are experienced people, but I think the department has expanded rather suddenly, with the result that we had to recruit all kinds of new people, inexperienced people. In that respect I have always felt that it is better to see that we give powers to certain experienced men only for collection, levying, assessment etc. The others who are just picking up should not have those powers. Their power should be limited, they should be made to experience work, go and be attached to some one for two, three, four or five years. I say even that is not a long period. Now every one gets the authority to levy up to Rs. 1 lakh or Rs. 2 lakhs after one year. That is too small a period. He will lose money. He cannot properly assess, he does not know where to get the tax. Therefore, it is very proper that we should entrust this work to people with some experience and gradually develop that.

I know their problems, I know their difficulties, but I feel that there is a lot of scope for improvement and that can be done by way of not giving all kinds of powers to people who have no experience. That should be stopped. That is very essential.

I am sure I can anticipate one thing in regard to the revenue side of our Budget. There will be lots of things said probably this side as well as on the other side on the excise duties. Excise duties have certainly shown a higher collection. They have improved considerably, that is true. New excise duties have been levied, but I want to remind the House only about one factor.

When an excise duty is levied, in the initial stages we all talk of its becoming a burden on the consumer. We have our say. Some duties are levied, some are reduced, and that is where the position stands. But the real pressure for the removal of an excise duty comes when the producer gets into trouble. He has over-piling of stocks, he does not know what to do, and that pressure becomes irresistible. Now I ask why should the pressure of the consumer, who wants cheaper things, not be irresistible? It should be irresistible. He has greater claims.

Having levied the excise duty, having made the consumer suffer for these two or three years, pay for every little bit that he purchased more, you lose nerves. You say: "Now we will come down, eat the humble pie and reduce the excise duty". I say that is wrong.

With all due respect to the many great luminaries of private industry, some of whom may probably be here even, I may say that another reason for this is that they are earning, they have become accustomed to earning very huge returns, disproportionately high returns, 10, 15 or 20 per cent on their investments, and they are not able to reconcile themselves to a lower return. That is the reason, and therefore there is over-stocking. They will not reduce the prices. They would much rather have over-stocking, knowing full well that when there is overstocking Government will come down and reduce the excise duty and then they can clear off. This is the story. There may be some genuine hard cases, I am not questioning that, but the general pattern is this. Therefore, I would urge this House not to rush away with the idea that because certain great industrialists have come forward with demands for a reduction of duties, we should get unnerved and say: "All right, let us reduce." No, this should not be done.

People have to make sacrifices. The Plan has to succeed. This nation has to become great. We have to prosper. Every home has to have some decent comfort. All that has to be achieved, and for that we have got to make sacrifices. When it comes to the ethics of sacrifice, we shall demand of the private sector also to make sacrifices.

I would not add anything more except to say that in this context it is very desirable that we should all gird up our loins and see to it that we shall have the minimum comforts, and with that many of us will have to be content.

Those who are today getting maximum comforts will have to reduce them and bring them to the level of the others. I do not believe in their rising to higher standards when those who are having a lower standard are unable to raise it; so, they must come down, so that at least for some years to come we shall have a peaceful process of economic growth.

Shri Somani (Dausa): The budget statement by the Prime Minister this year is a unique event inasmuch as this is the first time that the Prime Minister has had to take on himself the onerous responsibility of presenting the budget statement, owing to circumstances of which we are all aware.

Mr. Speaker: I shall call Dr. Krishnaswami next and then Shri M. R. Masani.

Shri Somani: The statement shows the determination of the Government of India to go ahead with mobilising all our resources.

Mr. Speaker: Hon. Members must get up in their seats and try to catch my eye, and cannot be expecting me to go on asking.

Shri Naushir Bharucha: You have the list of names with you already.

Mr. Speaker: I may have the names, but they must get up at least

once to show that they are now ready to speak. Sometimes, I call them after they give their names, and they say, 'No, no; I shall speak tomorrow afternoon, after I have my lunch'. This is my misfortune here. Therefore, unless an hon. Member gets up at least once or twice and catches my eye, whatever might be the list, I would not call him.

Shri Rameshwar Rao (Mahbubnagar): We on this side are unable to catch your eye.

Mr. Speaker: The hon. Member can say, 'Sir....'.

Hon. Members ought not to content themselves with merely giving their names, because sometimes, when I call them because their names are there, they say, 'No, no. Only tomorrow, I intend speaking.' if they say so, I would not allow them an opportunity the next day. Hon. Members will take the trouble of getting up at least once or twice; there is no harm if they do so. There is no question of want of prestige in that. There is no dishonour in getting up.

Shri Somani: The statement shows the determination of the Government of India to go ahead with the implementation of the core of the Plan with all the resources at their disposal. The budget review also gives a picture of the vigorous efforts that have been made during the last year to overcome the various difficulties which had arisen in the functioning of the Plan.

13-42 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

It is gratifying to learn that, at any rate, in certain directions, there are hopeful signs of improvement. At this time, last year, we were faced with a very grave situation, so far as the foreign exchange position was concerned. But thanks to the all-round efforts made by Government, and also due to the favourable response that

[Shri Somani]

has been received from so many friendly countries, it can be definitely said that we are in a much better position today than we were in during the last year.

The fact, however, remains that the problem of fulfilling the entire targets as set out in the original Second Plan remains as difficult as ever it was. While a ceiling of Rs. 4800 crores has been fixed so far as the total outlay in the public sector is concerned, it is quite obvious that even if Government were able to raise the necessary resources for fulfilling this ceiling, still, the Plan will fall short of its physical targets at least to the extent of ten to fifteen per cent, inasmuch as there has been a rise in costs all round; and on account of that factor, the targets of production or employment as outlined in the original Plan will not be possible, unless some other measures are taken, and unless the Planning Commission takes an overall view as to how these overall targets can be kept intact.

In this connection, I would recall the success of the First Five Year Plan. Even in regard to the First Five Year Plan, it was found that so far as the public sector was concerned, there was a shortfall of 17 per cent. in the total investment, and indeed, so far as the industrial public sector was concerned, the shortfall was as much as 40 per cent. Still, the Plan was successful because there was an over-fulfilment from the private sector, and from that point of view, we were able to achieve the estimated increase in the national income.

It is from that point of view that I submit that it should be possible to keep intact the original targets of national income, employment, production etc. if certain policy decisions are taken in regard to the various possibilities which are open to the private sector to compensate for whatever shortfall there might arise in the public sector. At this

moment, I am not quite willing to enter into a controversy. The hon. Leader of the Communist Party on his opening speech on the Budget made all sorts of allegations and insinuations against America, against the INTUC and against the private sector and so on and so forth. I do not hold any brief for the Federation or for that matter, for any other body against which he has made insinuations in other directions. But the fact remains that while the Communist Party pays lip service to the fulfilment of the Second Plan, their suggestions, if carried out, will mean that there will be utter chaos and disorder in our economy in which perhaps they will be in a better position to function.

For instance, he was very sarcastic about the very generous help that we have been promised from America, and he spoke as if this was something new. We are all aware how America has been giving aid since the First Five Year Plan began, and it is not as if the dollar is smiling today. They have come to the aid of this country for a long time. So, it is no use making all sorts of adverse inferences in regard to the supply of various commodities or the prices or making various other insinuations against the generous offer that we have received from America due to the vigorous efforts that have been made both by Government as well as by the representatives of the private sector last year in promoting goodwill and favourable reaction in America and various other friendly countries.

So far as the reference by Shri S. A. Dange to the Federation and to the capitalists and the monopolists of the private sector in general is concerned, I would only like to say that while making all sorts of wild charges he has conveniently forgotten the solid contribution which has been made by the business community in building the national economy. He himself referred to the part played by Mr. Jamshedji Tata and said how in spite of heavy odds

he was able to establish a project of which the country could be proud. Similar instances, of course, not of that big nature, can also be given about the establishment of various industries. You can look even into the history of the textile industry to see how during its long chequered period the industry has fought and struggled against various odds and established itself today in such a way that it occupies the foremost position even in the international market. What I mean to say is that there are, of course, both sides of the picture, whichever sector may be taken into consideration, and it is no use painting any sector in black and simply highlighting its shortcomings and weaknesses, overlooking completely the solid achievements or the valuable contributions which that sector may have made to the national economy.

The hon. Member said about the evasion of taxes. It should be condemned in certainly as strong words as could be found, but I could not understand the way in which he said it, namely, that the avoidance of taxes was what he called most immoral. So far as I can see, avoidance of taxation open to anybody by legal means is a general practice which is being followed in all countries. I have seen here in several discussions with many distinguished lawyer friends in this House that they were quite willing to advise any businessman so far as legal avoidance of any taxation is concerned and I do not see how, if a section of the people have resorted to making gifts, a loophole that was available openly under the law, the hon. leader of the Communist Party could thereby paint the entire business community as highly immoral. What I mean to say is this: certainly I admit that there has been a deplorable deterioration in moral standards in our country, but the fact remains that that deterioration, to which he referred, is applicable in common to all sections. It is no use, therefore, painting one community in such black colours and thereby belittling the contribution which the business com-

munity has made to the national economy.

He also said something about the workers, how the INTUC in collusion with the business community is trying to stifle the demands of the workers. All these are known facts—as to how, somehow to gain cheap popularity, they are trying to exploit the workers and trying to mislead them and trying to come in the way of smooth production.

I just wanted to make all these references only because I think that most of the remarks which the hon. leader of the Communist Party made either against America or against the INTUC or against the business community were totally uncalled for and unwarranted.

Coming to the budget proposals and to the taxation policy of Government, the Prime Minister, of course, has said on so many occasions that so far as the broad pattern of the taxation policy is concerned, it is inevitable and it has to stand as it is; at the same time, he was good enough to say in his address to the Federation yesterday that subject to this overall broad policy of taxation, he was quite open to examine any minor adjustments in the taxation structure here and there which were found to be causing genuine difficulty to trade and industry. It is in that spirit of suggesting some modifications of a constructive nature which will promote savings and investment and keep up the tempo of increase in production which we have been having for the last few years, that I venture to make a few suggestions, in the hope that the Ministry of Finance will be pleased to see through the implications as to how without any substantial loss of revenue they may consider the modifications in certain directions which might bring about the desired improvement.

The hon. leader of the Communist Party again sarcastically referred to the resolution of the Federation. Of course, he gave a long list of the taxes

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embodied in the resolution which the Federation has appealed to Government for modification or withdrawal. But if a proper and realistic calculation is made about the nature of the amount involved in modifying the various taxes, to which the Federation resolution refers, it will be found that the inference which the hon. leader of the Communist Party drew, as if the Federation was asking for the total abolition of taxes in this country, is very sweeping. Far from it. The fact is that we are having at present in this country the highest number of direct taxes; I mean there is no direct tax anywhere else which is not prevalent in India. There are countries which are having wealth tax or some other kind of tax; but they have given relief in other directions. The position in this country is that we have added one tax after the other and all forms of direct taxation prevalent in any other country in the world have been brought about here. It is here in certain directions where relief could be given without any substantial loss of revenue that I propose to make a few suggestions for the Ministry of Finance to sympathetically consider.

Take the question of compulsory deposits. This has brought about Rs. 3 crores and a few odd lakhs to Government. So far as the basic purpose of this levy is concerned, it can be achieved by various other powers which Government enjoy under various Acts. After all, even if there are certain reserves with companies, they do not remain idle with them; they remain either utilised in various ways, or, if they have got a surplus not utilised that way, that remains with banks. To that extent, therefore, whatever surplus there is with companies, is certainly utilised in the monetary sector. Therefore, so far as this compulsory deposit levy is concerned, it can be safely withdrawn without causing any loss of revenue or in any way affecting the resources required for our Plan.

Then take the question of the high tax on dividend. As a matter of fact, the former Finance Minister had also publicly indicated that so far as these two levies were concerned, namely, compulsory deposits as well as the tax on dividends, they were of a very temporary nature and as soon as circumstances would permit, Government would come forward to modify or withdraw them. It is therefore in the context of the present pressing need to give some relief that it is highly desirable that Government should consider modifying these levies.

Similarly, so far as the tax on bonus shares is concerned, this has been levied at such a prohibitive level that it hardly has any chance of bringing any substantial revenue to Government. Therefore, it can also be modified without fear of losing any substantial amount.

A suggestion was made the other day by Dr. Ramaswami Mudaliar, Chairman of the ICIC, in regard to certain tax concessions which should be made applicable to such credit institutions as the ICIC and perhaps also the IFC. These institutions are rendering very good service to industry at a time when capital is so scarce and it is very difficult even for any sound project to float any company—so that it is desirable that such suggestions of a constructive nature, which do not at all involve any substantial loss of revenue, should be properly gone into.

Coming again to the question of resources, it appears that so far as the taxation limit is concerned, Government have not been slow. Indeed, the original target of the Planning Commission was to raise Rs. 450 crores during entire Second Plan period by way of additional taxation, but Government of course have levied taxes much more than what was the original intention of the planners. Indeed, during the period of last year on two occasions, that is, at the time of the last Budget and before, the former

Finance Minister levied something of the order of Rs. 130 crores of additional taxation, while the intention of the Planning Commission was to recommend something like an average of Rs. 45 crores per year.

That shows that so far as taxation effort is concerned, Government have not been slow, but have indeed crossed the safe limit recommended by the Planning Commission. But so far as the borrowing programme or the expected resources from small savings are concerned—whatever the targets either under the original Second Five Year Plan or even under the last budget—these have not been realised. It is in these directions that certain efforts will have to be mobilised if the question of deficit financing is to be properly tackled. We were told last year that the question of deficit financing in the context of the inflationary conditions in the country could not be more than Rs. 900 crores throughout the Plan period. We find that deficit financing had already been resorted to the extent of about Rs. 600 crores and there is a provision for about Rs. 205 crores. It appears that the entire amount of Rs. 900 crores may be utilised before this year is out. So, utmost efforts have to be made so that the atmosphere may be created whereby Government borrowing programme and the programme of attracting savings from the people may be more successful.

14 hrs.

Various factors have been responsible. It is not necessary for me to analyse all the factors. The fact remains that if deficit financing has to be kept under check, as contemplated, Government will have to take a decision so that the necessary resources by way of borrowing and national savings may be made available.

Mr. Deputy-Speaker: Your time is up.

Shri Somani: I would like to say a few words about the textile industry.

Shri T. N. Singh referred to the excise duties and said that Government should not hear whatever the big industrialists might have to say. If there are abnormal profits, I certainly agree with him that the Government, before agreeing to modify any excise duty, must go into the economics of them. If it is true, Government need not look into the representations of the industry. But here it is a different story. Whatever you may do, whether you modify the excise duty or not, the available resources will be the same. Thereby you will force the industry to curtail production. The process of diminishing returns has already begun and the production in the textile industry has fallen and continues to fall.

I will give only one example. I have myself been making investigations in the case of two mills in Sholapur. The entire economic life of Sholapur has been paralysed. Two big textile mills are completely closed and the entire population that is dependent on the smooth functioning of the textile industry there has been very adversely affected. In Bombay one mill which was running for the last twenty years has been closed and has gone into liquidation. Quite a number of mills in various centres are at present faced with a very difficult situation. It is a question of simple economics which can be worked out on the basis of the present cloth price ruling in the market plus the excise duty. It will show how the majority in the industry is working at a loss.

So, if the relief is not forthcoming, production will fall. The profits have already fallen. So far as the revenue to the Government is concerned, it may be the same amount. If on the other hand, relief is given and if the industry is enabled to function and increase its production, then more revenues would be forthcoming to the Government. It is in that context, keeping the employment opportunities and the smooth running of the industry that something should be done for

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the textile industry. It is already too late. If that is done, the mills which are closing one after another will be able to meet the crisis and the industry will not be forced to curtail its production at a time when we want to export more and create more employment. Everything possible is being done under the Plan to create more employment opportunities. It is, therefore, in that context, that I would like to appeal to the Government to examine the situation as prevailing in the textile industry with all the facts and figures. If they are convinced that really the financial position of the various companies does not warrant any change, they can continue but if it is otherwise, they should not do so any longer. I hope they will look into this.

Dr. Krishnaswami (Chingleput): Mr. Deputy-Speaker, I should like at the outset to associate myself with the tribute that has been paid to Maulana Azad by the Prime Minister. A great Minister, a great statesman, who spoke out his mind fearless of frowns and careless of raptures, and above all a great gentleman has departed leaving a sense of void not only amongst his colleagues but also in Parliament.

I have a few bones to pick and some suggestions to offer which I hope the Government will consider. For over six years I have been paralysed by the manner in which the Government of India Budget of the Central Government as laid before Parliament is produced. Each year, the financial statement is getting 'curioser and curioser'. I have tried hard to find answers to certain simple questions. What are the total revenues and capital expenditures of the Union Government? How much foreign aid did we obtain during 1957-58 and how much have we budgeted for in 1958-59? One may wade through all the pages of this document without in the least whit being wiser. There are of course many interesting items in this financial statement. We find, for in-

stance, there is one item entitled relief for linseed cultivators against which the only entry is Rs. 1,000 for 1956-57. Then, there is another item—post-war reconstruction fund—against which there is no entry at all. But, to crown all, there is an item which purports to be the statement of the receipts and disbursements of the Central Government which is found on page 24. This works out to the imposing total of about Rs. 7,598 crores which, is somewhat unlikely.

I am sure that there is a deeper significance behind all these figures, that even blank entries are full of content and meaning to financial wizards. But simple minded persons like me—and there must be others in this House who are equally simple-minded—would like the financial statement to be a little less complicated. If for technical reasons, no change in the presentation of these accounts is possible, let us have for our benefit a simple statement of revenue receipts and expenditure, capital receipts and expenditure and the overall surplus or deficit altogether.

The Prime Minister, with that humility characteristic of so many great men has remarked that his was a pedestrian Budget. A thousand pities this that a man of his colossal stature should be content to accept the role of a caretaker. Here is a person who is superior to the office which he holds, and who by the advantage of his towering authority could have brought about a greater change in the situation but is yet content not to do so for certain reasons. Let us not delude ourselves into the belief that the foundation has been laid firmly and surely of a dynamic fiscal policy during the past twenty months which will serve our needs for years to come. Even now, as the *Economic Survey* points out, all is not well. Since the beginning of the Second Plan, stresses and strains have developed and though the outlook has slightly improved in recent times—thanks largely to the generous help proffered by friends

from abroad—there is cause for anxiety.

Our foreign exchange reserves have all but been wiped out. The harvest for the coming year will be much less favourable than they were last year. As the *Economic Survey* points out: "For the coming year, the increase in industrial output is likely to be somewhat smaller than in the current year, as the rice crops is short and the rate of increase of industrial production has tended to slow down. This makes it particularly necessary to formulate the investment programmes for the year carefully and to secure that unplanned increase in consumption did not reduce the resources needed for our development". We cannot afford to have a sizable import surplus. In these circumstances, it was rather strange that the Budget speech of the Prime Minister did not even mention the overall figure of the deficit anticipated. Nor have we had reasons for a deficit of Rs. 205 crores being considered to be safe, advanced either in the budget speech or in other papers supplied to us. It is surprising that no attempt has been made to tailor this Budget either to the current economic situation and the prospects for the near future, or to adjust in a realistic fashion the total outlay on the Plan. Unfortunately current official thinking on the Plan continues to be hypnotized by the mystical figure of Rs. 4800 crores.

Let us realise that in the first two years, the outlay spent was around Rs. 1500 crores. In 1958-59 the Budget provides for another Rs. 1000 crores. In broad terms, then both the Centre and the States would have spent at the end of three years about Rs. 2400 crores. In the last two years Rs. 2400 crores remain to be spent by the Centre and the States. How is this to be achieved? In this context it is revealing that the stepping up in planned expenditure from Rs. 804 crores to Rs. 1025 crores is balanced by an increase in external assistance from Rs. 105 crores to Rs. 325 crores. Thanks to this assistance we have

been able to step up our planned expenditure this year. But, at the same time, I must point out that that we cannot look to foreign aid for a progressive stepping up of the Plan. During the First Plan, foreign aid utilised amounted to about 10 per cent of the total expenditure, that is about Rs. 200 crores. During the first two years of the Second Plan the proportion of foreign aid given is a little above 10 per cent. In 1958-59 foreign aid will constitute about 30 per cent of our planned expenditure. While we must be thankful for the timely help so generously given by our friends abroad, we have to realise that any further increase in planned expenditure in the last two years will need much greater domestic effort both at the Centre and at the States. It is equally clear that the whole complex of fiscal policies which we have pursued so far have not succeeded in raising resources to the anticipated extent or adequately. The time has arrived when a fresh approach and a new look at some of our measures is indicated.

The very fact that after the dynamic tax effort of last year the deficit increased from Rs. 275 crores to Rs. 380 crores in the revised estimates proves that the attempt to take the tax system out of its old grooves was not wholly an unmixed blessing. It is now patent that what we gained by additional taxes we more than lost in public subscriptions to Government loans and in much lower collections by way of small savings. A few figures culled from official sources are revealing. The small savings collections for 1957-58 fell short of the budget estimate of Rs. 100 crores by as much as Rs. 40 crores, and the net collections of loans were only Rs. 77 crores as compared to Rs. 141 crores in 1955-56. Any rational fiscal policy should not only take into account the taxes expected to be collected but also the amount of loans that are expected to flow into the Exchequer. The shortfall in resources including loans underlines the point that our fiscal

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policy cannot be pronounced to be wholly successful.

Now, Sir, I should like to go on to another point which has been mentioned frequently in the past in this house and outside. I should like to point out that, we have had many shock treatments during the past one and a half years, and we have to realise that not all these shock treatments have been beneficial. In short, the shock treatment of last year had to be paid for and the cost has been fairly heavy. The *Economic Survey* on page 9 points out that the stock markets have lost 25 per cent since August, 1956. The series of shocks that have been administered, the tax proposals in September, 1956, in November, 1956 and in May, 1957—have, it would appear in retrospect, been something of an over-retrospect, been something of an overdose. Something should be done to review the position in the light of available resources, and the manner in which our tax system has affected the mechanism of development in our country. Surely it is clear that, by now in the light of experience, some modifications are absolutely necessary in the experimental tax measures initiated by the distinguished predecessor of the Finance Minister last year.

I do not propose to go into details; these can be considered when we deal with the Finance Bill. But, I should like to point out to my friends that there are certain things which we have to take into account, and which we have not taken sufficiently into account. For instance, a reference was made to the compulsory deposit scheme. I should like to point out that the compulsory deposit scheme in respect of reserves has to be modified. It is obvious now that it was a hasty step and, consequently, its operation had to be diluted. In its present form the scheme is too much trouble administratively and too little use financially. The least that should be done is to exempt from the operation of the scheme such undertakings as are not likely to have excess reserves

according to the present rules. This will reduce administrative work and increase confidence in the Government even in industrial circles.

Now, as regards the wealth tax on companies I have made my position already clear on several occasions. But I should like to reiterate what I have said so often that wealth tax on companies without a corresponding rebate to shareholders is inequitous and the passage of time does not reduce the degree of inequity at all. I want to point out to my friends that that half of our industry today is operating on a relatively lower margin of profits compared with what it was having 1½ to 2 years ago. That only underlines the need for our taking some steps to rectify some of the injustices that have occurred.

Then, my friends referred to the excise duties. Not all the excise duties levied at the instance of my friend Shri T. T. Krishnamachari can be justified. I think the time has come when we should review his policy fully and have the courage to reverse it if necessary. It is no use trying to say that a dynamic financial revolution has occurred when what we are witnessing is something akin to stagnation.

I should like to point out that so far as these excise duties are concerned, some of the excise duties, on textiles in particular, have had disastrous results. One knows, for instance, that the Brady group of mills, which usually used to declare dividend as a normal feature of its policy has been compelled not to declare any dividend this year. Stocks have accumulated in many of these mills. Even responsible companies are running at a loss. Production has declined and about forty mills have closed down. And, I should like to point that the closing down of these mills, apart from affecting the probability of these mills to which we hon'ble members do not attach importance, create a great deal of unemployment. Unemployment in urban centres is bound to have more serious

social consequences than unemployment in rural centres. Some adjustment of excise duties, therefore, on a selective basis is overdue, and I hope and trust that when the time comes for us to discuss the Finance Bill we will have adequate opportunities for full discussion on these points.

Let me pass on to the consideration of another basic problem. Quite apart from the shortage of internal resources for the implementation of the Plan, there is the more basic question of shortage of foreign exchange. Today, Mr. Deputy-Speaker, we seem to have acquired some proficiency in meeting the resources problem internally by the simple expedient of printing more money. But unfortunately for us, we are not allowed to print the currencies of other nations. We have, therefore, to resort to other expedients.

We have to realise, Sir, that the rate at which we are piling up deferred credits, in other words, future liabilities, makes it incumbent on us to think of the future. As a country, we have had the enviable record of honouring everyone of our obligations. Unlike many other nations, we have never defaulted and it would be a sad day for the prestige and prosperity of our country if we allow this record to be tarnished.

This implies, Mr. Deputy-Speaker, that from now on we must bend our energies to seeing how best we can promote exports from our country. One of the most important impediments towards increasing exports or to keep up exports at the present level is the high cost of production. Another impediment is the high level of domestic consumption generated largely by deficits incurred in the past. And the third is—here I am speaking with a certain amount of trepidation because I realise that seated next to me is my hon'ble friend, the Chairman of the Foodgrains Enquiry Committee—our failure to increase the production of commercial crops adequately to create surplus for exports.

Of course, this problem of increase of food supply can be tackled on many fronts. But one of the basic problems which faces us is the problem of land utilisation. We should try to increase the productivity of food-crops on each acre of land so that land resources are released for the production of commercial crops, and this is a problem which has to be tackled not in a half-hearted and faint-hearted manner but with a definite aim, with a definite objective and with a definite policy. We have to tackle it as quickly as possible because within the next 18 months, the time for honouring our deferred liabilities will fall due.

In other words, we have to reverse the gear. In future, we would have to create budget surpluses and also an expansion of exports. The dynamic, fiscal policy initiated by my friend, whatever advantages it might have had, was too much of an overdose, too much of an amateurish experiment, to be allowed to continue in its purity for long.

Our policy then, from now onwards, should be to restrain public expenditure at the present level for the coming two or three years. This year we have decided to spend Rs. 1,000 crores. Let us continue to spend at the rate of 1,000 crores each year for the next two or three years. I shall tell you the reason why it is important that we should do so. We have to reduce budget deficits appreciably, so that surpluses are available for exports from now on we have to concentrate on areas of activity which have an important role in earning or saving foreign exchange, and finally, we have to direct our energies towards consolidating the gains of the last three or four years. Either we consolidate now, Mr. Deputy-Speaker, so that we may make a further substantial advance in the third Plan, or else, we follow the present policy of drift which will make it impossible for us to have a third Plan and this would be disastrous not only from the economic point of view but also from the consideration of our being an example to other nations in Asia.

[Dr. Krishnaswami]

I suggest that we have less than two years within which to prepare ourselves for meeting the large commitments by way of repayment of loans. Unless we act promptly and effectively, we are in for disaster.

My hon. friend, the leader of the Communist Party, referred to the recession in the United States of America. The *Economic Survey* has also made mention of this fact. I should like to point out that industrial countries have a habit of more quickly overcoming recession and, therefore, within the next six or seven months, we might expect a different climate in economic development in those very countries. We ought not to allow the fact of a recession to stop us from producing more of these commercial crops for the purpose of export.

More important than this, if we wish to step over from the second Plan to the third Plan, this is the logical policy that would have to be followed. Although it might be rather harsh to be told that we would have to revise the estimated figures of the Plan from Rs. 4,800 crores to Rs. 4,200 crores, or Rs. 4,300 I say it will be a gain from the points of view of the country. After all, if we have Rs. 4,200 crores or Rs. 4,400 crores, you are having a plan expenditure which is double of what it was in the first Five Year Plan.

Mr. Deputy-Speaker: The hon. Member should not turn his back to the Chair.

Dr. Krishnaswami: In addition, you would have the advantage also, Mr. Deputy-Speaker, of the second Plan dovetailing into the third Plan. There are many countries in different parts of the world which are watching our economic development. Although I should be reluctant to claim too much for our country, may I point out Sir, that it is most important that we should plan well, plan thoroughly and plan successfully.

For the first time in the history of this world we have a country which has embarked on the experiment of economic planning on the basis of adult franchise. In other countries like the United Kingdom, we had limited franchise and economic development. In still other countries, we have had totalitarian rule and forced labour. But this is the first country which has embarked on a new experiment and exactly because it has embarked on this experiment, it should carefully plan and programme. We should not hesitate to throw overboard amateurish experiments in finance, some of which represented too much of an overdose, if necessary.

After all, we should not be squeamish about the reputation of individuals. What is important is that we should look to the welfare and prosperity of our country.

Shri M. R. Masani (Ranchi—East): Mr. Deputy-Speaker, in the course of the debate on the Life Insurance Corporation Funds, the Finance Minister was good enough to express some concern about what would happen to me in business if I were to follow the principles which I suggested to him arising out of the Chagla Commission's report. As I listened to the Finance Minister making his budget speech and read the papers which were circulated to us on that day, I wondered whether the Finance Minister would not have been better advised to reserve that concern not for the business future but the business present of the Government of which he is the head.

I felt that perhaps that concern was more called for by the state of affairs to which the finances of this country had been brought under the stewardship of this Government of which the Finance Minister has been the head.

Now, this budget is a little unfortunate in the sense that, along with the capital deficit left uncovered, there is also a revenue deficit which we have

been unable to cover. This combination of two deficits is not indicative of a sound state of affairs for the business of the country. But, apart from that, I will not rely on alarmist reports or on outside criticism. I will rely on the facts set out in the Economic Survey for 1957-58 which Government have themselves circulated. I have read this report more than once with the greatest care and interest, and I would like to congratulate whatever group of honest and efficient officials prepared this, because substantially it tells the truth. It gives the facts. That truth is not very palatable; that truth does not make very pleasant reading.

My friend Mr. Krishnaswami has already cited certain parts of this survey to show the unfortunate state of affairs in which our finances are to be found today. But, at the risk of stressing this a little, I would like to read two or three passages from this survey to show just what the position is in regard to certain aspects of our economic life.

At page 18 the Survey deals with inflation. Some satisfaction has been expressed that prices have stopped rising or fallen somewhat. But the Survey goes on to say that:

"Despite the slight fall in prices in recent months, and despite the relative improvement in monetary trends noticed above, the economic situation is basically one in which there is a continuous pull, on balance, in the direction of inflation."

At pages 6 and 17 the survey refers to the unfortunate food situation. On page 3, it refers to the slow down in industrial advance. It points out that this slow down is shared by both producer and consumer goods. Then it goes on to say:

"In a number of industries such as sewing machines, bicycles, elec-

tric lamps, pig iron, finished steel, caustic soda, ammonium sulphate, concrete pipes and storage batteries, production either levelled off or declined during this year."

On page 11 it refers to the sad drop in our exports. On page 8, it refers to the drop in the value of equities to the extent of 25 per cent, and points out that:

'capital issues during the year were Rs. 27 crores as compared to Rs. 35 crores in 1956."

On pages 1, 9 and 17, it refers to the calamitous drop in foreign exchange. On page 17 it goes on to discuss the drop in domestic savings and on page 20 it says:

"The yield of public loans amounting to Rs. 213 crores in the first two years is below the Plan expectation of Rs. 140 crores a year. Small savings, which were estimated to yield Rs. 100 crores a year on an average, will barely reach a total of Rs. 120 crores in the first two years."

Then the Survey goes to point out how we are shaping our future. It says that our present commitments will throw a heavy burden on the country's balance of payments in the period of the Third Plan. This is a very important point.

It has been estimated that our repaying the corpus of the loans that we are undertaking and the interest on these loans at present will amount to Rs. 80 crores in the last year of the present Plan and it will rise to Rs. 110 crores to Rs. 120 crores a year in the first two years of the Third Plan, and will fall a little to Rs. 75 crores in 1963-64. In other words, even before the

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Third Plan is reached, we will have embarked on a liability abroad of Rs. 300 crores to be repaid during the first three years of the Third Plan. Or, as somebody has well put it, the first half of the Third Plan has been mortgaged already to salvage the Second Plan.

Finally, the Survey goes to point out who or what is responsible for this state of affairs. It has been alleged that these are the pangs and pains of development. But the Survey does not say that. The Survey says at page 12:

"It has been quite clear for some time that the development programmes under implementation were causing an excessive strain"

Strain is natural but this is excessive strain—

"on the economy and that it was necessary, both from the point of view of internal price stability and a more viable position on external account, to take effective steps to correct the imbalance... Inevitably, these programmes have themselves to be adjusted to an extent in order to lessen the excessive strain in the immediate future."

Again on page 14 the Survey says:

"The experience in the last two years has shown that the impact of the Plan on the balance of payments was under-assessed when the Plan was formulated."

These are statements made in a document which Government themselves wish us to study and believe. And I personally find it a credible and praise-worthy document, an ob-

jective study. What does it amount to? What is it that Government has done to the people through the budget of last year and the Plan which the budget seeks to fulfil?

In the first place, while trying to raise the standard of life of the people, last year's budget has actually lowered the standard of life of the people, particularly of the middle classes, who are the backbone of the community and particularly a reservoir from which the leadership of the country comes and will come for many years in the future.

Secondly, it has endangered the savings of small people. It has given them a lack of sense of security when they give money to Government loans or post office savings certificates. This is proved by the sad fact that the spot price of gold has gone up from Rs. 104 per tola in June 1956 to Rs. 113 per tola in the middle of February 1958. This means that people are hoarding gold. We have also got an estimate that Rs. 35 crores to Rs. 50 crores of gold is being smuggled into India annually because of the big gap in the internal price of gold which I have referred to now and the international price, which is only Rs. 66 per tola. In other words, large numbers of small people, whose savings should be and could be mobilised for our development plans, have been scared away by our present fiscal policies into hoarding money or sending it underground.

Thirdly, the budget of last year gave a blow to industrialisation which we are supposed to encourage. The example of the textile industry, one of our leading industries, has been referred to by previous speakers. Our system of taxation imposes a premium on lethargy, indifference and gives a disincentive to those who want to work hard, to take risks and to save. This is proved by the law of diminishing returns that has set in where taxes are concerned.

Now, I am not worrying about big business. But I do worry about the small entrepreneurs, the small enterprises in this country, and there are thousands and thousands and lakhs of them which, if they were properly harnessed, if their energies were properly channeled, would help us to achieve a better society.

Our efforts, in effect, hurt the small man much more than the big man. Let me give three examples. Our ban on imports puts a squeeze on the intermediate trader and not on the big importer. It is the small importer who is squeezed out by the import restrictions rather than the big man. Our tightening of currency and the squeeze of credit does not hurt the big man. He has still his bank connections and gets bank credit. But the small man fails to find credit and has to cut down his operations or go out of business. Finally, the excise duties, by reducing the margin of profit in trade, squeezes out, not the wholesaler or the big man, but the retail trader, who depends on it for his livelihood.

Then, as Mr. Krishnaswami has pointed out, we are imperilling our foreign credit, which is very precious and dear to us.

Finally, we are mortgaging our future, pawning the resources of our next Plan in trying to make this particular Plan a success. This is the picture that I get, or we get, from the economic survey, and I do hope that hon. Members who have not studied it will take the trouble to read it, because it gives an idea of the difficult position in which we are at present.

Now, what does the Finance Minister suggest in his budget? Does he take note of the Economic Survey and try to carry out its conclusions? Does he come to us and ask us to cut down over investment to which the Survey refers, to boost industrial production, to boost export and to stop deficit financing? I find no such suggestions

in the proposals that are contained in this budget. It appears to me that the budget completely ignores all the symptoms and all the danger signals to which I have just drawn attention by a factual survey of the past twelve months.

It would be imagined that one still lives in May 1957 and that nothing has happened since we introduced certain new taxation measures, excise duties, wealth tax, expenditure tax and other duties; that we are still living at that point of time and that we have no lesson to learn and no experience to gain from the last 9 or 10 months. That is why I thought that the description given by an hon. Member, a former Minister of the Congress party in the Upper House, a distinguished lady, was a very apt one. This is not a pedestrian's budget. This is a jay-walker's budget. This is the budget of a man who is dreaming all the while he is crossing the street, impervious to the tootings of horns and the advance of motor cars, buses and trams, impervious to all the dangers which he is inviting, dreamily crossing the street ignoring all danger signals and warnings.

There is another point. It is not a dynamic budget, it is not a budget of imagination. It is a budget of stagnation. We evidently want the present stagnating condition of our economy to continue. If we do not, we would certainly modify the taxation measures.

The hon. Finance Minister said the other day outside Delhi that 95 per cent. of the Plan would be carried out. Shri Somani has already said from the Congress Benches that he thinks that ten to fifteen per cent. shortage would result, which leaves less than 95 per cent. Shri Krishnaswamy, on the other hand, does not see how even that much can be done. There is a widening gap in the Plan and I would like to give some figures to show that, leave aside 95 per cent.,

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even 85 or 75 per cent. of the Plan may not be capable of achievement.

Of a total outlay of Rs. 4,800 crores, there were firm resources estimated in the original Plan of only Rs. 2,400 crores and in one way or another Rs. 2,400 crores were left to windfalls from abroad, deficit finance or uncovered gaps.

Now, let us see what has happened to the Rs. 2,400 crores. The surplus from current revenues, which was then estimated in the original Plan at Rs. 800 crores, has dropped by Rs. 550 to Rs. 250 crores. Public loans, which were estimated at Rs. 700 crores, have come down to Rs. 400 crores. So, there is a deficit of Rs. 300 crores. Small savings, which were budgeted at Rs. 500 crores, have come down by Rs. 235 crores to Rs. 265 crores. In other words, Rs. 1,085 crores have to be added to the original gap in our resources, and the original gap in our resources was Rs. 2,400 crores. Now, we have to add Rs. 1,085 crores to it and we get an uncovered deficit in our total Plan of five years of Rs. 3,485 crores, i.e., nearly 75 per cent. of the total Plan itself. How then can we complete 95 per cent. of the Plan? It simply cannot and will not be done. We may say that we will do it, but it will not happen.

How do the hon. Finance Minister and the Budget propose to cover this gap? The hon. Finance Minister very cheerfully estimates Rs. 125 crores as receipts from market borrowing as against Rs. 80 crores which actually materialised last year. What is the reason for us to feel that we will have 50 per cent. more this time than last year, with the same taxes and the same economic climate? He estimates that we will get Rs. 100 crores a year from the small savings. What is the story of the last two years? The year before last we had Rs. 60 crores. This year also we hope to get Rs. 60 crores. But let us look at the facts. For ten months of the current year we only

had actually recovered Rs. 37.6 crores. In the last two months of this year we hope to get Rs. 22.4 crores. Why? If ten months were taken to get Rs. 37 crores, why should we be so over-optimistic as to expect Rs. 22 crores in two months? But even if we accept these figures, why do we think that though during the last two years Rs. 60 crores materialised, next year we will get Rs. 100 crores? In other words, I find that out of these two items alone, there will be a further shortfall of Rs. 95 crores in the current year.

On his own estimate, the hon. Finance Minister's budget leaves an uncovered deficit of Rs. 205 crores, which is to be met by the issue of Treasury Bills. The issue of Treasury Bills means the printing of currency notes and the depreciation of the rupee. On top of that Rs. 205 crores, I say that there are Rs. 95 crores of further deficit which he has not shown and which is a realistic estimate of our expectations for the current year. So, during this year, we will have deficit finance of Rs. 300 crores.

When the Planframe was first published under the auspices of Professor Mahalanobis, honest and able economists pointed out that Rs. 1,200 crores of deficit finance over five years was too much. They have been proved right by the inflation that has already taken place. Are we going to exceed that measure of deficit finance or are we not going to do so? Yesterday or the day before—I think it was yesterday—the hon. Deputy Minister of Finance reassured us in the Upper House by saying that he did not think that the figure of Rs. 1,200 crores will be reached. I sincerely hope that he is right and I think we should all support him in seeing that this does not happen. But how does this work out? I have some figures and I hope the hon. Finance Minister will correct these figures if they are wrong.

In 1956-57, there was actual deficit finance of Rs. 216 crores. In 1957-58, there was estimated deficit finance of

Rs. 275 crores, which, as Shri Krishnaswamy has quite rightly pointed out, has already become Rs. 380 crores. So, Rs. 596 crores of deficit finance has already taken place in the first two years of the Plan. That is nearly Rs. 600 crores. To that we propose to add this year another Rs. 300 crores. So, we get Rs. 900 crores. On my estimate it is Rs. 300 crores this year, on your estimate it is Rs. 200 crores, but my estimate, I am sure, will prove right. We will be here to see it. We have already deficit finance to the extent of Rs. 900 crores, leaving only Professor Mahalanobis' balance of Rs. 300 crores to be carried out in the last two years of the Five-Year Plan. I do not know how, in the light of this, the hon. Deputy Minister of Finance is so optimistic as to think that Rs. 1,200 crores of deficit finance will not be reached at the end of five years.

What kind of budgeting is this that, year after year, we make false expectations of ourselves and then we get disappointed? Miscalculations are human. We all miscalculate, but do we not learn by experience? If we persist in miscalculations, if we persist in erroneous calculations, are we not to blame and is the country not liable to hold us to account?

I think the Indian people are big enough, generous enough and understanding enough to take the truth. I think they should be told the truth. And the truth is that we cannot carry out this Plan as it was originally envisaged. I see that at the January, 1958 meeting of the Supreme Soviet of the Russian Government, a dictatorship which has not got the roots our Government has got, which has not got the popularity our hon. Finance Minister has got, which has not got the confidence of its people in the way that our Government has—was able to tell its people the truth: "As a result of proven impracticability of the Sixth Five-Year Plan", the Supreme Soviet of the U.S.S.R. decided on:

"plans for the development of the heavy, light and food industries, which not only were considerably less ambitious than those envisaged in the directives of the 20th Party Congress, but also involved a slower rate of expansion than that actually achieved in 1955 and 1956."

That was in January this year. If a dictatorship which rules by terror can have the frankness to admit its defeat in planning, why should we be so prestige-ridden that we cannot admit facts? I believe that we can do better than them, because we have the love of the people and we have the support of the people which they do not possess.

We all agree on planned development; we all agree on an advance to a better standard of life. The quarrel is not about planning. It is not about the objectives of the Plan but, as I said a year ago, the quarrel is about methods, the methods in which we are persisting erroneously.

I would list just three things on which we need to correct ourselves. First we have taken up the slogan of forced marches, of shortcuts to prosperity, which simply do not exist. May I remind the House of the profound phrase coined by that great Fabian socialist, Mr. Sidney Webb, when he talked of "the inevitability of gradualness"? There are no shortcuts in nature or in economics. You have to work hard. You have got to move as fast as you can.

When I was in Bombay a few days ago, I saw a poster on the Plan, which said: "Work today for a better tomorrow." This, I believe, is a good slogan and it is a sound slogan. But if that slogan had read: "Work hard today for a better day after day after day after tomorrow", I would have thought it was a bad slogan. Our present Five-Year Plan does not promise us a better tomorrow. It promises a better day in a very distant future

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or, as somebody once put it; it promises you "pie in the sky when you die." I do not believe that the people of India are going to support in the long run such demands from a Plan. They will want to see a better life for themselves and their children and will not be content to hope that their grandchildren will benefit if they agree to depress still further their present standard of life. That is what is happening today. We are trying to depress still further the very low standard of life of our people on the theory that some day the country will do better. I do not think that is a possible or desirable stand to take in a democracy.

This country gets more support and more assistance from the World Bank than any other single institution and its President, Mr. Eugene Black, has proved by his actions a very great friend of this country, because India has got more from the World Bank than any other country. This is what he said at the annual general meeting of the Bank only a few weeks ago:

"People will not voluntarily save for tomorrow, if they cannot to-day see some improvement from the investment of yesterday. In a free society, there must be a balance between rising consumption and rising investment. And free governments cannot give investment an overriding priority over all other concerns..... Government cannot afford to take great risks with the food supply in order to build steel mills."

In other words, we are not giving any incentive to the people who hope to see a better life.

A cynical friend of mine said, talking of the theory of the carrot and the stick. Of course you cannot in a democracy use the stick. That is good; we are all agreed about that. But he said that our Government does not dangle the carrot before the ani-

mal's nose; it dangles the carrot behind the animal's posterior and therefore it is not surprising that the animal moves backward instead of forward and there is a drop in savings, drop in industrial investment, a drop in industrial production, and food shortage.

The second mistake is the "fatal fascination" for steel. We are obsessed by steel production. Steel is a very important foundation of industrialisation, but we can overdo this. There are industries which give very much quicker results from the same investment of capital than steel. Let me give some figures to show how badly we select the field in which we should invest. To make a million ton steel plant, you need about Rs. 200 crores and the foreign exchange component of that is Rs. 100 crores—half. That is a one million steel plant. A finished production of 750 tons of steel yields which this plant would give you on average about Rs. 45 crores as a result of that investment and saves you about an equal amount in foreign exchange. The result is that the yield from a steel plant is less than 50 per cent in foreign exchange and less than 25 per cent in rupees.

Supposing, instead of investing this Rs. 200 crores in a one million steel plant, we were to invest it in one or two other things. Our country needs fertilisers for agriculture; our country needs pesticides and insecticides so that the food may not be destroyed by pests. Let us see the kind of dividend or return our State would get if we invest this money in fertilisers. Every rupee of foreign exchange spent on the import of fertilisers gives you an extra Rs. 2 worth of food, i.e. an yield of 200 per cent per annum. If instead of importing steel plants, we had actually imported fertilisers, we would have got 200 per cent return instead of 45 or 50 per cent. If on the other hand you manufacture the fertilisers here, you even increase that return further. Similarly

on manufacture of insecticides, you can get more than 200 per cent return. Irrigation, Sir, also gives a very much better yield than what we have been discussing. So, it seems to us that you choose the most capital-swallowing, capital-consuming industry which gives the slowest and lowest return instead of using our public money for things that give you quicker food production and a better base for your economy.

Finally, we come to taxation. Like Mr. Krishnaswami, I shall withhold detailed comment on the taxation proposals till we come to the Finance Bill. But may I point to the phenomenal increase in non-development expenditure to which we are being asked to agree? I am talking of normal civil expenditure on the civil services and so on. That expenditure was Rs. 49 crores in 1950-51. In 1957-58 it had already become Rs. 191 crores, or four times as much. Are we to be told that this cannot be reduced? I, therefore, suggest, though not going into detail, that a reduction of taxation, a repeal of the excise duties and a reduction of some of the new taxes imposed last year—is very much called for, if we really want to advance fast towards our goal.

Mr. Deputy-Speaker: The hon. Member's time is up.

Shri M. R. Masani: Finding the way in which the Treasury Benches are packed at the moment, I do not suppose what one says here carries very much weight or will be listened with whatever little attention it may deserve.

Mr. Deputy-Speaker: That will be read from the Debates.

Shri M. R. Masani: The Government with its huge majority can certainly push through this budget or any other budget. It is also claimed that the people of India support the

Second Five Year Plan. Do they really? I would like to question this flat statement that the people of India support the Second Five Year Plan.

There are many ways in which people can vote. Lenin once said of the Russian armies which retreated from the battle-field leaving the Germans in control that the Russian soldiers "voted with their feet". They did not need to cast a ballot. Indian citizens also from time to time vote outside the ballot boxes.

The shortfall in our small savings over the last two years is a very interesting pointer. There are millions of small people in this country who have been saving and investing, whom we desire to invest in small savings. If they do not do it, does it not mean that they are casting their vote? Does it not mean that every Indian citizen who has his savings, who does not invest them in spite of the small savings drive, who buys gold instead or hoards that money, is voting on the Second Five Year Plan? Would you consider his vote to be a vote in support of the Second Five Year Plan?

Our peasants are accused of hoarding and we pass Ordinances to try to squeeze grain out of them. Every peasant who refuses to part with the entire surplus grain and prefers to keep something for himself and his family because we will not give him consumer goods at a fair price is also in a way voting against the Second Five Year Plan. Every businessman who would have started a new business but gets despondent and throws up his hands, as many of them do, is also voting against the Second Five Year Plan. And there are thousands and thousands of middle-class people in our country, men and women who grumble at the rising cost of living and are often heard to say foolishly: "How can things be worse under communism?" Many of them have said it personally to me and I have argued with them. I am sure there are other

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hon. Members who also have the same experience. Are they also not preparing to vote against the Second Five Year Plan?

Therefore, let us not assume that the common people of the country support this Plan. It is true that at election time you go with the tri-colour; you go with the mantle of Mahatma Gandhi; you go with the great personality of the Prime Minister; and you raise all kinds of sentimental and extraneous issues and you get the votes. Therefore, to jump from that to the conclusion that every citizen who votes for the Congress Party, has voted for the Second Five Year Plan is to miscalculate the real feelings of the people. Those feelings are shown, from their own personal experience, by their investment or non-investment, by what they buy or do not buy, and by the fact whether they sell the grain or keep the grain to eat, and so on. I suggest that this way of voting, the economic way of voting, is as important and significant as the political vote.

We can only draw attention to these facts. Our voice may be brushed aside, but there is one thing that numerical majorities cannot brush aside and that is the laws of economics and sound finance. Those who violate the laws of economics and sound finance, even if they have huge majorities are putting themselves in peril. Unfortunately, they also put the country in peril.

Shri Asoka Mehta (Muzaffarpur): Mr. Deputy-Speaker, this time the budget has to be assessed in the context of the economic survey that has been placed before us. The economic survey has been rightly profusely quoted on the floor, but according to me, the key sentence of the survey is given at the end. The survey concludes by saying:

“The Indian economy has entered a difficult phase of development.”

This is the key sentence of the survey and it is for us to decide how we are going to face these difficulties. The two previous speakers, Mr. Krishnamachari. . . (*Laughter*)—I am sorry—Mr. Krishnaswami and Mr. Masani have advised us to the manner in which the difficult position is to be met. Well, I believe Mr. Masani is probably right when he says that a large number of the people in the country would vote in favour of such a retreat. The question that this House has to consider and the leadership of this country has to decide is, would it be wise, would it be advisable just now, after having done so much, is this the time when we should beat a retreat?

15 hrs.

Sir, it is no use talking about laws of economics. We have got to talk about the laws of economic growth. The laws of economic growth are somewhat different from the pedestrian laws of economics; not that they can be washed out of existence, they are there. But they have to be viewed from a different context, they have to be looked at in a different focus.

Precisely what happens is this. An under-developed country, in the initial period of what is known as “take off” has to put in some special effort. Simultaneously two forces are working: the forces of growth which in their turn provoke or release countervailing forces that pull the economy towards *status quo*. It is out of these rival pulls that the economy has ultimately to, what is picturesquely called, take off. When you are in an aeroplane you are prepared to put the belt round yourself; you tie yourself to the seat, because that is where the danger lies. Likewise, for any country that is engaged in a great effort at economic development there is an initial period which is of a crucial character. And the next two or three years are of a crucial character.

That is why I said that for India the next two or three years of economic development are like the "Battle for Britain", what it was for Britain during the last war.

Therefore, how are we going to approach the whole situation? Are we going to approach this crisis as the Treasury Benches are doing in an indifferent manner?

Shri C. D. Pande (Naini Tal): Our support is there.

Shri Asoka Mehta: Not by this cavalier indifference which you all show. And in the country, naturally, after all, only an inspiring and determined leadership would evoke the people. That is the kind of spirit that is needed. And it will not come forth if on the one side the Finance Minister gives us the kind of budget that he has given, the Leader of the Opposition makes the kind of speech he has made, and the rest of us are also merely trying to throw our weight on the side of preventing the plane of economic development from taking off at all.

A lot has been said about inflation. Everyone talks about inflation. Of course, there is inflation. But may I invite your attention to this very interesting study that was made a few months back by a journal about which there can be no question when it gives a report of this kind—*The U.S. News and World Report?* It gives the drop in the purchasing power of money from 1947 to 1957. Almost all the important countries in the world are there. Of the 22 important countries listed here, it needs to be remembered that barring Switzerland, India's record is the best. Every other country in the world, in the last ten years, has experienced far greater inflation than we have experienced, barring the rare exception of Switzerland, as I said. But what needs to be remembered is this. Inflation is bad if it leads to stagnated economy; if it merely saks the eco-

nomy with inflation it is disastrous. But if inflation releases the dynamism in the economy, if it propels the productive forces further and forward there is nothing to be worried about it.

In Britain, for instance, the price of money is down by 38 per cent but production increased much more. In spite of the increased production prices are down by this much. In the United States, prices are down by 20 per cent, but look at the phenomenal increase in production there. In spite of the phenomenal increase of production there, the prices have increased to this extent. Price increase is inevitable in certain circumstances. Care has to be taken, safeguards have to be provided; but we shall be untrue to our people if we permit ourselves to be scared away by this kind of scare-crows that are being put up all round.

Then about the Plan, how big the Plan should be? It is very difficult to decide whether Rs. 4,800 crores or Rs. 4,200 crores is the correct figure. I do not know. But there is a critical minimum effort that is necessary; and in regard to that critical minimum effort, ultimately a competent body must come to the conclusion that this much has to be done if we are not to slip back into stagnation. The biggest danger for India is that we are now allowing ourselves to stagnate. Our population and urbanisation are growing at a rapid rate. Every year the urban population increases by 2.5 per cent for every 1 per cent increase in our population. How are we going to look after that unless in the next four, five or ten years we can somehow or other induce the people to put in the determined efforts that are needed?

Then I come to re-phasing. When the question of re-phasing comes, if it is a question of husbanding or conserving our resources, I can understand, it may have to be looked at favourably. But part of it is coming

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because we are not able to keep to our schedule. We are told that there will be power shortage in Eastern India and as a result it will have a direct impact upon our railway transport. Because, the capacity of our railway transport is to be increased by electrification. And the electrification will not go through according to schedule. Because the transport facilities will be adversely affected, there will be a multiplier effect, a whole chain of adverse effects will be set off. Why has the D. V. C. not been able to keep to schedule? What is needed today is not a kind of frontal attack on the Plan, "Cut down the Plan, cut down the Plan", but to find out why things are going wrong. That is where I expect the Treasury Benches to be far more alert: where are we going wrong, how can we set it right, what precisely are the things to be done in order to produce the best efforts that we as a people are capable of at this, what I consider to be, the supreme hour of trial for our country.

Likewise, in regard to development, we find that whatever development is taking place is in highly organised sectors. The small sector is not catching up and responding. The reason may be, as Mr. Masani said, that the people are voting against the Plan. I do not know. But the fact remains that industrial estates are not growing; the fact remains that our small-scale industries are not developing; the fact remains that even our subsidised housing schemes are not moving forward. Where are the things going wrong? The subsidised housing schemes for which the Union Government is prepared to provide both the grant and the loan components, why is it that even they are not developing fast enough? These are things that really need to be looked into, and not a kind of a direct frontal attack on the Plan as a whole.

When we come to the budgetary policy, we are told that what is needed

is increased productivity and that the savings are vital. But, as has been pointed out, surprisingly the revenue budget itself, the revenue accounts of the Government are in the red. The net capital formation, by the Central Government is lower in 1958-59 as compared to 1957-58. The net capital formation through the Central Government registers a lower rate of increase in 1958-59 than was registered in 1957-58. Well, people have paid considerable attention—and I am happy to find it—to the economic survey. May I suggest in all humility that equal attention be given to the Economic Classifications that has been given to us only yesterday?

Sir, the problem is, as has been rightly posed, that we shall have to spend about Rs. 2,300 crores to Rs. 2,400 crores in the fourth and fifth year of our Plan period. Our capacity to have deficit financing has declined, that cushion has worn thin. And we must be prepared for reduced imports and stepped up exports, with the result that there will be some kind of a price push in our economy. It is to meet such a situation that budgetary policy has to be conceived. I am suggesting this new tax be levied or that tax be levied. Nor is it necessary for me to suggest that there has to be an intensive drive towards economy. But, the entire machinery of production in the country has got to be thoroughly looked into and properly graded up. Unless that sense of urgency, that sense of awariness is imported into our economy, we cannot progress — whether it is the private sector or the public sector, makes no difference. This is not the occasion where everyone should come forward and say, how are my difficulties going to be met, how are you going to see that I get the kind of incentives that I need. If you are engaged in the battle for the Plan, the battle for the Plan has to be

fought with a sense of national unity and determination. That, I say, the Treasury Benches are least interested in evoking in the country.

I would like to say that we have set up an integrated tax structure on capital. The integrated tax structure on capital with the Gift tax has become complete.

What is now needed is some kind of a uniform nation-wide valuation authority. The necessity for an adequate valuation authority was felt as early as 1950 by the Local Finances Enquiry Committee. Even for the purposes of local finance, it was felt that there should be a national valuation authority. Today, such a common integrated valuation authority is far more important if we are to get the full advantage of the taxes on capital that we have set up. A developing economy will inevitably be inflation-charged and the share of profits is bound to increase at the cost of other elements in the economy, because, it is the essence of development that the share of profits will go up. Therefore, to the extent that there is the private sector—the private sector may be necessary for a variety of reasons—those profits have been properly looked after. Either those profits have to be taken away in the form of taxes which means that the tax policy will have to be severe—it may hurt—or there has to be a sound investment policy, a properly developed investment jacket into which the profit, which the private sector will be permitted to make, will be put into. I cannot understand how, in a developing economy any responsible representative of the private sector can come forward and say, I am opposed to these heavy taxes and I am equally opposed to an investment policy. You have to choose between the two. If you desire that the tax policy should not be as restrictive as it appears to some Members of the private sector, then, they must agree and they must be prepared to sit down with the Government and work out a proper invest-

ment policy, where also proper account will have to be kept and audited. No one can escape both these prongs, the prong of investment and the prong of taxation.

Likewise, a developing economy, as I said, is inevitably an inflation-charged economy. There is always a tendency to enjoy the ownership benefit at the cost of use benefit. Why is it that we have to go in for State trading? I had an opportunity, a small opportunity of working on the Food-grains Enquiry Committee. There, we found that because the economy is inflation-charged, there is a tendency on the part of certain sections of the people—not because they are bad; that is inevitable under the circumstances—to go in for stockpiling, or hoarding, if you want to use that word. That has to be prevented. That can be prevented only if necessary counter-measures are taken. If counter-measures are not taken ownership benefit is so much greater than the use benefit that the tendency will be always to cling to ownership benefit. That is why some institutional devices have to be organised. I am anxious that my friends who are opposed to some of these policies should try to understand the problems that we have to face whenever they have any criticisms to offer. If those criticisms are offered in the light of the problems as they really exist, we shall benefit much more by the criticisms.

The next point that I would like to make is about foreign aid. About foreign aid, a lot has been said—we have bartered away the Third Plan, we have done this, we have done that. These difficulties are there. I believe, here again, it would be wrong on our part to say that in the Third Plan, whatever steel we produce, we are going to export. Today, we need 4 million tons of steel for our development. In the Third Plan, we will need more in order to improve our tools and techniques of our economy, without which higher productivity is not possible, without which all the

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profound and deep-seated sympathy that we feel for our common people is meaningless. We shall need more steel and we shall have to use it. But, what do we find?

We must be prepared to take a fairly long-term policy on foreign loans and foreign assistance, for a period of 10 or 15 years.

Shri Ranga (Tenali): Even longer.

Shri Asoka Mehta: Even longer. We shall have to depend upon foreign loans. Even to repay the foreign loans, we shall do it by borrowing further loans. Foreign loans will increasingly become a smaller and smaller component in the larger and larger production of wealth in our country. You have to view these things in a certain perspective. If you only look at it, and say in the Third Plan we will have Rs. 150 crores, that is a small bania attitude. If a big country has to develop, all the world over an opinion has to be created that those fortunate countries that had the privilege of developing themselves earlier, have a responsibility towards an underprivileged and unfortunate country like ours. We, in our turn, after 15 years, when we have developed, shall be generous enough to give out of our surpluses for those that have need for it, for the onward march of humanity, so that a nobler life may become possible. This is a matter in which what is needed is the requisite courage and understanding. I believe the world today is hungry for that kind of understanding provided there are men who can go to them and talk to them with the needed courage and vision.

I find that our monetary policy is fairly good. It is run with a firm hand. But, what about our budgetary policy? As has been pointed out, look at the economic survey on the one hand and the Budget that has been presented. I just do not understand how the two things are reconciled. If we are entering on a difficult situation, if we have struck a rough patch

in our economic development, what precisely is wanted? What is going to be done? You can look into the Budget pages and never get an answer.

I am surprised that we have no price policy. The agricultural sector, therefore, has to bear the entire brunt of it. During the First Plan, as Shri Ranga knows very well, because of fall in prices, the agricultural sector lost to the tune of Rs. 1,000 crores in one year. I am in favour of rational price policy. The agriculturist must be assured, as other sections of the people must be assured, a certain rational price policy. In return, I believe,—I think Shri Ranga will agree with me—that we would be entitled to go to the agriculturist and say that he will have to make a greater contribution than has been asked from him so far towards mobilisation of the resources for the development of the country. We dare not talk of putting further burden now because, in five years we knocked out of his income Rs. 1,500 crores—Rs. 1,500 crores lost in the air, went up into smoke. If this amount of Rs. 1,500 crores had remained with him and out of that if Rs. 150 or Rs. 200 crores had come to our coffers, we would be having a far more sensible economy than we are having today. While so many tears are shed about those who are engaged in the private sector, the biggest private sector in the country, the agriculturists, I hope, will not be ignored.

Shri Ranga: It is a separate economy.

Shri Asoka Mehta: What about wage policy? There is a small point to which I would like to invite attention before I go to that. In an economy like this in which we are engaged, there is always what is called an inflation-favoured sector and an inflation-penalised sector. The Government alone is spending Rs. 240 crores on building and construction, the sector in which this money is spent is an inflation-favoured sector. I would

like to know from the Finance Minister whether his tax collecting authorities have ever bothered to find out whether those who get this sum of Rs. 240 crores are paying the necessary amount of taxes or not. Tax collection is not a question of merely sitting down and writing a few accounts here and there. You have to be on the look-out which are the inflation-favoured sectors in the country, what amount of profits are made and how you are going to scope them out, what are the penalised sectors, how you will go to their assistance and see that they do not suffer more than is absolutely necessary for the needs of development.

I come to the wage policy, and I come to the wage policy for the very simple reason that the Government of India and the various commercial undertakings that are carried on on behalf of the Government of India pay something like Rs. 490 crores a year in salaries and wages.

What precisely is our wage policy? Some time back, as a result of tripartite deliberations, it was decided that the wage policy should be need-based, that every one should get a wage, every worker should be given a wage, which would satisfy his needs. The needs have all been catalogued—so much of food, clothing, housing and all the rest of it. It would be a wonderful thing if we can give our people need-based wage, but then we must decide that it must be given only by a few industries, steel or textile industry or whatever it is. Or, are we going to favour the employees in a few favoured industries and say that for other employees we shall not give it? And if you decide to give it to your employees, your bill of Rs. 490 crores will be raised to Rs. 700 crores straightway. Where do we stand? What is precisely our wage policy?

I have been a trade unionist for many years, I have devoted long years in my life to what little service I could render to the working class, but I am not prepared here to come and

argue, take up a brief on behalf of this section or that section of the people. My duty and my responsibility to this House and to this country is to look at the complex economy as a whole, and ultimately be able to tell the people what is possible and what is not possible. It is not possible for us to give them the need-based wage. We are spending Rs. 490 crores, we are not in a position to raise it to Rs. 700 crores.

Then I would like to ask of my friends in the private sector, those who represent the Federation; with what face can we go to the working people and say that these taxes need be reduced? The rich have to be given more incentives, expenditure tax should be removed. Why can we not cut down our expenditure so that we shall not come within the mischief of the expenditure tax?

One more minute, Sir, and I have done. You have been very generous to me. There is no reference in the economic survey whatsoever to employment. It is amazing that either in the Budget or in the economic survey there should be no reference to employment.

The employment problem is a very, very difficult problem. I wish it was as simple as my friend Shri Dange tried to make out. This question of employment has been treated in a brilliant manner recently by Dr. Raj, and I hope that some of the able analyses that he has offered there will receive the attention of the economic experts of the Government.

Dr. Raj in the course of the three lectures that he delivered in Cairo came to the conclusion that though a large rate of investment undoubtedly affords more revolving employment, the emphasis on building up producer goods industries limits the scale of the immediate increase in the sedimented employment. It is here that, as he has argued, the two constellations have to be watched together—the constel-

[Shri Asoka Mehta]

lation of new development, the large-scale development that is taking place, and the constellation of traditional occupations that may be breaking down. The whole process of development is that the traditional fabric begins to disintegrate and a new fabric gets evolved, and it is during that intervening period that all these problems come up.

As I said we are in the midst, in the heart and core of that crisis where, as I said, the biggest and the greatest problem of take-off confronts us. If the Prime Minister is going to look at the economic situation, as he said, in a pedestrian way, then I say he has already taken a defeatist attitude. It is only by giving up the pedestrian attitude, it is only by feeling that here is a battle for the Plan which is as great and as grim as the Battle of Britain in which the people of that great country were engaged, it is only in that mood, that determination and unity of purpose that in the next three years we can become the masters of the situation.

I am sorry the Prime Minister was not here when I was speaking. I am not sorry about that, because he is very busy; but I am sorry that the Prime Minister, in spite of the tremendous prestige that he commands and the opportunity that he possesses, is facing this crisis in a half-hearted way, is facing this crisis, if he will permit me to say so without being misunderstood, in a weak-kneed fashion, and that to me is a tragedy for my country and a tragedy for my times.

Shrimati Tarkeshwari Sinha (Barh): Following the ideas of my friend Shri Asoka Mehta, I would also like to say that our Plan, or the Budget as it has come, has been presented at a time when the shadows of depression are over it, because it has come at a time when our Second Plan is passing through a very, very difficult period.

As it happened, even before it began properly or got into full stride, the Second Plan came into a very difficult situation, and I think the whole of last year, and even today from the speeches of Shri Masani and other friends in this House, the whole of this climate in this country has been characterised by the circumstances of such difficulties and problems for this Plan and also by the constant discussions and differences and the debate as to the feasibility of carrying it out to its original scale or by the thoughts on the desirability of pruning it to a very big extent.

Also now I have heard some voices being raised in this country which feel that this Plan is not going to fulfil the targets of even Rs. 4,000 crores, that it will be much below the expectation of even Rs. 4,000 crores.

I think this wave of agonizing appraisal of the Second Plan which we were having in 1957, and today, lends, I am afraid, very little credit to this country as a self-reliant and enterprising nation. It is also a reflection, a very serious reflection on our capacity to progress in the face of circumstances which are not as suitable as might have been desired.

Yet, it is important to note here and I would like to take Shri Masani with me when I say it, then even the planners were themselves quite conscious of the troubles that lay ahead. They themselves knew that there was going to be a difficult time during the Second Plan because of the pains of the society to make this nation into an industrialised nation. And that is why the planners themselves left a big gap of foreign exchange resources and other gaps—an unfilled gap.

Now I ask why this country has shown such a demoralising depression about some difficulties that we have been facing. I think it is not at all proper for this country. It shows our weakness of character to succumb to a

crisis of confidence. From the papers you read, from the speeches made here on the floor of the House it seems that everybody is facing this crisis of confidence at the very first sight of difficulty. What are the difficulties, I just want to ask.

It is one thing that we have to be cautious—we have to be cautious about our difficulties, we have to meet our problems in a brave manner as Shri Asoka Mehta pointed out—but it is another thing to get this psychological feeling of a crisis, this demoralising effect of the economic crisis in our country so much so that we have started thinking, at least some sections of society have started thinking, that this Plan is going to fail.

I think I would really ask a question of Members like Shri Masani and Shri Dange. Shri Dange's speech I do not much care for because it was all a propaganda speech with no substance, and really I was sorry that the leader of the Communist Party should come to the House and speak on the Budget in the manner he spoke. I am really sorry for him. But Shri Masani is supposed to know the economic background of the situation, and he is a student of economics. I would like to ask him this question: really what does he want, how does he want us to approach this planning, the whole thing? Does he really and seriously believe that the Plan progress is incompatible as he has said, that this country has voted no confidence in this Plan? Does he really believe that we have left off our belief and faith in this democratic planning? Does he really think that this crisis is an index of a strange lack of self-confidence in our own capabilities, and that this nation faces these difficulties with fear, with complacency, with doubts and with demoralisation and also refuses to get over them? Or do my non. friends really conclude that the situation obtaining today presages a failure of democratic traditions in India, because the failure in planning means a failure

in the democratic traditions and in the democratic faith in this country? I do admit and I do agree that there are some doubts, and genuine doubts, and there are some fears, and genuine fears too expressed in this House as well as in this country about the Plan and about the difficult situation in regard to foreign exchange. But I want to ask them this simple question. Have they really made a correct assessment of the whole situation? Have they not realised that this so-called crisis of confidence is a crisis, not of stagnation, but according to Shri T. T. Krishnamachari, a crisis of development?

There is a big difference between the crisis of stagnation and the crisis of development. Why do Shri M. R. Masani and others forget this fact that this crisis is bound to come when planned economic development is taking place? It has been faced by every other country. The fact that this crisis came into this country and the country started facing a difficult situation was due to the fact that the pace of the Second Five Year Plan became much swifter than what the planners themselves had anticipated. In the first two years of the Plan, the progress has been so swift that we have come into this difficult situation that we are in today.

There are two most critical questions that arise out of this, and two most important situations that we faced during the past months and that we are facing right now. One is the rapid depreciation or denuding of India's foreign exchange resources, and the other is the alarming inflationary pressures that were evidenced in the economy of this country for the past few years. Both of them were the direct result of an acceleration in the pace of planned endeavours and planned disbursements. They were bound to happen because of the gaps in our society and because of their capacity to produce an imbalance in certain sectors, of scarcity in certain others. So, these things were bound to happen. But I think this

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crisis was the direct result of our having planned economy, planned endeavours and planned disbursement. All the same, I do agree that that made conditions difficult.

Coming to the first problem, namely the problem of the foreign exchange situation, I believe it is now under some control. Again, so far as the inflationary pressures also are concerned, I think the situation is very much under control, if not under superlative control, at least very much under control. But I think, though this nation as well as the outside world realise sufficiently that the Second Plan has run into a stormy weather, yet sufficient realisation or regard has not been paid to the many favourable developments that have been taking place in our economy and in our Plan. Their doubts and their fears do not represent a clear understanding of India's economy or a clear picture of our Second Five Year Plan. The foreign press and the internal press have played up this feeling that the Plan has run into difficulties and that is responsible for the feeling of demoralisation or depression that has come in the country, and I think that can only be overcome if we Members of Parliament assert this fact that the Plan can be implemented only on the basis of an under-tone of self-confidence and by arriving at certain conclusions on that basis, and also looking backward to the silver linings that have been coming in our dark clouds. Very bright silver linings have been coming in our dark clouds for the past few years. Though we are facing difficulties, still there are certain things that indicate that this Plan is not without its brighter aspects.

The first aspect that I would like to bring to the notice of this House, the first redeeming feature that we should take note of when we are talking of our economy, is our success in checking the rise in prices. As Shri Asoka Mehta has pointed out, this rise in prices in our country is much more

commendable; if we compare it with the rise in prices in other countries of the world, I think it is much more commendable, especially in the light of the relative failure of the other industrially advanced countries of the world in tackling the problem of inflation. To have halted inflation is itself quite a significant development and a heartening achievement. But its significance is all the more increased in this country because in an era of planned expansion, there is always the likelihood of recurrent and frequent exposures to inflationary forces, because of the cyclic character of shortages and surpluses in particular sectors in our economy. For instance, we have surplus in certain sectors.

For example, as Shri Asoka Mehta has pointed out, agriculture has been one of the most difficult subjects to tackle. Sometimes, when we want the production to increase, it does increase, and sometimes, when we want to stabilise the prices, the prices do fall; but without any conscious effort on the part of Government to make the prices stable, they fall, because the whole construction of society and the whole economic disbursement are such that there are certain sectors of society where surpluses are bound to come because of planning and there are other sectors of society, where, whether we like it or not, whether we want it or not, scarcity would prevail. So, when we want to balance our economy, some of these forces come up and unbalance the economy. Therefore, this possibility of inflation rising its neck again and again is a real possibility in a planned economy like ours with so much of inequality in the different sectors, and with so much of inequality between the production and surpluses in one sector and the scarcity in other sectors.

Even then, looking into the figures, who do we find? Shri Asoka Mehta has given some figures, but I have got a little more statistics about this

matter. Looking into the cost of living and the price index of various countries, it can be said that during the period 1948-53, the prices in India were much lower than in most other countries of the world. While prices in Canada rose by 24 per cent., in U.K. by 45 per cent, in France by 56 per cent, in Australia by 62 per cent, we find that prices in India rose only by 20 per cent. That means that we conducted our economic affairs in this country with much more stability in society than most other advanced countries of the world.

Again, coming to the period 1953-57, we find that prices in India have risen much more slowly than in U.K., U.S.A., France and Australia. I think our prices are much below what prevail in most of the Latin American countries. So, it goes to the credit of this nation that the prices in India have risen only by 5 per cent as against 7 per cent in U.S.A. and 11 per cent in U.K.

I quote these figures just to show that the overall picture of our economic policy is very sound. I admit, however, with Shri M. R. Masani, that there are certain gaps. But those gaps are bound to be there because this is such a vast country with vast problems. I do not think any other country in the world has got as many problems as we have in India, all kinds of problems such as political, economic, social and psychological and so on. We have been faced with all these problems, and all these problems have a direct effect on our planned economy and on the progress of our Plan. Therefore, I feel that whatever achievements we have to our credit are achievements worth praising and worth feeling proud of.

And we must also recognise how we have been able to work out this stabilisation in prices, because our inflation is of an entirely different nature as compared with the inflation prevailing in other parts of the world.

The whole inflationary pressure here in India takes a different trend altogether; looking to our economic situation, looking to our background, what actually we must do is not to check the money supply in this country or to decrease the total money supply in this country, but to exercise selective monetary control here and there, by which we can equalise our economic status, our economic development and our economic sector to make it go. This was realised, and very rightly, by the Reserve Bank of India. In consequence, they issued a circular to the different scheduled banks not to lend money in those sectors where the speculative possibility is very prevalent, and also not to divert money or make it available to those sectors which are unproductive by their very nature. The Reserve Bank also insisted that in respect of commodities of which in future also there might be shortages or any fear of shortages, bank advances or bank credit should not be made.

I do not really say that the whole crux of the problem has been solved by this selective monetary control or selective credit control. But I say that it is undoubtedly a fact that selective credit control as exercised by the Reserve Bank of India has borne fruit especially in the case of cotton, sugar and textiles. We can say this with happiness that selective monetary control as devised and implemented by the Reserve Bank of India adequately took care, and will take care, of the Indian brand of inflation—there is a difference between our inflationary pressure and the overall inflationary pressures prevailing in other industrially advanced countries of the world.

It hardly needs to be mentioned that the import controls that we exercised during these few months have not given diffidence. Credit should be given to this policy for suddenly and swiftly changing the whole import imbalance—checking the situation arising out of the imbalance

[Shrimati Tarkechhari Sinha]

in the payments position—and I think it can be said that the Indian Government were very prompt in that. They were quite prepared, and they have been prepared, to take measures to arrest this unfavourable balance of trade. I think on the basis of statistics we can say that imports have decreased because of this policy. So I think so far as our import policy is concerned, it has proved very successful.

The third significant development in our economy—and Shri M. R. Masani is well aware of that—is the growth of banking in India. I think that is one of the important institutions in this country that should grow for a proper planned economy. The whole economic planning is so much inter-connected with the growth of banking in India that it is really a matter to feel happy about, that our banking system has shown a very definite growth.

It was quite obvious that with disbursements of such large-scale resources in our planned economy in our country, the deposits of scheduled banks were bound to rise.

I would like to quote the figures. In 1954-55, deposits with banks rose to Rs. 184 crores; in 1956, they rose to Rs. 181 crores; and in 1956, there has been a spectacular increase to Rs. 280 crores.

But there is one anomaly, and I would bring it to the notice of the hon. Minister. On the one hand, bank deposits have increased to a very very great extent; on the other, a major portion of that deposit or even a substantial portion of that deposit has not come into gilt-edged investment. I do not know why Government so far have not been able to give confidence to the bankers or to banks to invest that money in gilt-edged securities. For that, I must say Government are at fault. Government's policy has not so far been firm, as it should have

been; it has not been so stable and attractive as to attract depositors to deposit money in gilt-edged securities.

But one redeeming feature is that the Government of India took cognisance of this loophole in the banking structure. The first step they took was to issue a special 3½ per cent 1962 loan. The success of that issue—mark you—was mainly due to the fact that it did not affect the prices of other issues. What was happening was that Government policy was such that no attraction was given to investment in gilt-edged securities because investment in gilt-edged securities meant that the prices of other issues were bound to be affected. One of the important factors that has to be taken cognisance of is that this loan did not affect prices of existing issues. That was why this loan was taken in a fortnight's time—it was fully covered in a fortnight's time.

If this is an indication of the borrowing policy of Government, then I have every hope that in future Government's borrowing policy is going to be very sound and it marks the beginning of the borrowing policy of Government from a 'dictum of strength'.

Here I would like to say a word about small savings. The small savings campaign has shown such a poor result. I think a real and imaginative scheme of small savings should be evolved. I think it is one of the black spots Government planning that the small savings are falling and falling. In this planned economy when you want to make the country self-confident, this fall is showing a very bad state of affairs in the whole economy. I think Government should take it very seriously that this fall in small savings is really a lack of confidence in government propaganda and government machinery. Government are not taking up the small savings scheme so seriously as they should.

I would just make this submission to Government: please do not neglect the small savings campaign. The small savings campaign goes to the very root of village life. If it does not show self-confidence, if it does not show that bullion feeling, if it does not show encouragement, then I am sure it will affect the real mentality and psychology of the villager. That is a very important point to consider.

I just want to say a word about taxation. I will take two minutes—you have been very kind to allow me so much time. The budget this year did not come with very high-fown taxation as Shri S. A. Dange expected, but if he had really cared to study the tax structure of India, he would have felt very satisfied that this buget has evolved a new and scientific tax structure in the country. This was the fulfilment and culmination of a scientific tax structure in the country, because in the second year of the Plan, I think we have more or less completed our tax efforts for the Second Five Year Plan. It has got a great significance because the whole fear of vagueness about taxation, what is coming next year? what is coming next year? is bound to go down. It will create additional self-confidence in the public sector and the private sector and in the mind of the community that no big tax composition was coming in future.

Secondly, it has also shown to the world that we have faced the situation, in spite of the fact that last year's taxation became unpopular. We have had to face criticism from all the sectors; the Communists were not satisfied, the private sector was not satisfied, and we were sandwiched in between the two sectors. Still I think it does credit to the Government that they did come with those taxation proposals. It has created a feeling that even in spite of the unpleasant situation and complication, we have boldly brought forward a tax structure which is very progressive and which is very scientific in its nature.

One redeeming feature is that this is an indication to the private sector that the next years will be very stable so far as taxes are concerned.

With these words, I once again say that now it is time for Government to bring a new confidence in the country. We must not really be demoralised by the challenge that has been thrown to us by the Second Five Year Plan. Problems are there, difficulties are there, the foreign exchange resources problem is still there very alive. Even so, we must meet our challenges; we must not be overcome by them.

Therefore, I would conclude by saying... Mr. Deputy-Speaker, I find you are ringing the bell.

Would you not allow me to finish my sentence?

Mr. Deputy-Speaker: If the hon. Member does not like to listen to four rings of the bell, how can I allow her to continue?

Shri Tyagi: There should be some chivalry.

Shri Rameshwar Rao: After the brilliant expositions by my hon. friends, from the otherside of the house Shri Asoka Mehta, Shri M. R. Masani and Dr. Krishnaswami, will you permit me to make a few pedestrian observations, even though they may sound half-hearted and weak-kneed.

Shri Asoka Mehta has lightened our burden on this side of the House, for he has himself justified the Government's policy of planning, development and finance, even though he accused us of not taking our work seriously.

While discussing the budget proposals last May, I drew attention to the growing imbalance in our economy..

[Shri Rameshwar Rao]

A balanced development of the industrial and agricultural sectors, of capital and consumers' goods production and of rural and urban areas has to be positively planned, as otherwise planning becomes only a collection of schemes and does not lead to integrated development. While we continue to inject crores of rupees into our economy through developmental expenditure on projects which would come to fruition in 10 or 15 years, there is little corresponding emphasis on the creation of goods and services to immediately absorb the extra money that we are putting into circulation.

Mr. Deputy-Speaker: Order, order. There could not be more than one Member standing and talking.

Shri Rameshwar Rao: Both in our agricultural as well as in our industrial projects there appears to be a disproportionate emphasis on the long term projects. This has already affected the price structure and the economy has begun to feel the strain. Unless this imbalance is corrected through positive planning, the very compulsions of industrialisation will distort our economic and social structure.

This year's Budget brings no new surprises. The Gift Tax is but a logical finale to last year's Wealth and Expenditure Tax. However, there may be differences over matters of detail, such as whether the donee or the donor should pay the tax, etc. We will have ample opportunities of discussing these matters but the conclusion is difficult to escape that we have more or less reached the limit to the vertical expansion of our taxation and capital available in the higher income brackets for investment in industry apparently is becoming extremely limited. This would inevitably mean a greater burden on the State for industrial investment. But if direct taxation cannot yield any greater returns, how will the State find the resources necessary for further

development? Foreign loans can assist but I am afraid that would only be a partial solution. Can the base of the tax structure be widened? I am afraid this will mean an increasing burden on the middle and lower income groups which it is difficult to advocate. In the alternative will the State be tempted into monopolistic commercial and industrial undertakings to skim away the surplus available through higher prices? This latter course may set our economy in the direction of economic centralism which would be most unhealthy.

I am not suggesting any reduction in direct taxation at the moment because in any case a major part of the capital required for development will in future have to come from those sections which the present taxation has not seriously affected. I mean the upper middle and the middle income groups. The present rate of taxation has only affected the very top brackets of income. In addition, I believe, it will be absolutely and urgently necessary for us to overhaul our tax collecting machinery.

There are various loopholes which continue in our tax collection system which, if properly blocked, could yield good results. It is generally accepted that if those who are liable to pay direct taxes pay them, we should be comfortably placed for funds. Even after blocking these loopholes in our tax collecting system, it will still be necessary to gather and canalise the surplus purchasing power that our development programme is placing in the hands of different sectors of the people.

This can be done in two ways: either through indirect taxation or through small savings. Any further indirect taxation at this stage would certainly be a very great burden and very unwelcome too. However, small savings should be possible but small savings need not necessarily mean only the national savings certificates, annuity certificates, treasury saving deposit

certificates and post office savings. It should be possible, and I believe it is possible, to directly canalise small savings into industrial undertakings as the recent experience of certain private promoters such as the reputed industrial concerns like the A.C.C., Guest. Keen and Williams, national Carbon, Hindustan Lever, Imperial Tobacco, etc., go to show and that when the capital market was depressed. The same can be attempted for and through nationalised undertakings. We have in the past thought of public sector undertaking as purely State-owned corporations. I feel we should now try out another model for public undertakings or corporations where the Government, while retaining the controlling interest, say sixty per cent of the share capital, and also retaining the control over management, would offer the remaining 40 per cent of the share capital to be subscribed by the people. This would most certainly tap the middle income group savings. There may be a further limitation that no individual should subscribe to these public undertakings more than a certain limited amount. This has been tried in the past and I see no reason why it should not be tried out again.

In such corporations, while the Government would run the industry like a nationalised undertaking, the 40 per cent share-holding of the public would facilitate the selection in proportion to the boards of directors non-officials who can contribute their judgement and experience. This would have the additional advantage of reducing the immediate financial burden on the State while giving a feeling to the people that they are directly sharing and assisting in the industrial growth and prosperity of new India. Recent experience goes to prove how necessary it is to temper Government management with public vigilance.

Planning further pre-supposes a balanced development of the country, even geographically speaking. I am afraid that even in this limited sphere,

the Plan under execution does not do justice to itself. Areas which were predominantly industrial seem to continue to grow while areas which were backward without industries continue to be neglected. Does it not seem ironical that such a large State like Andhra should go without one single new industry of basis importance worth the name in both the First and the Second Five Year Plans? Even the fertilizer factory which was scheduled to be given to Andhra was diverted—it was found necessary—to another place. Are we to conclude that factors other than pure economic considerations led to this change? I take this example from Andhra not because of any parochial interest but purely to indicate that this type of planning should be avoided. Even in terms of money invested, if we look at the various areas the country, it would be found that there are certain areas which have received disproportionately larger investment in the First and the Second Five Year Plans than other areas in the country. I shall avoid defining these areas geographically for the present. We all know what this type of development led to in other countries, which are now trying to right this wrong. When these countries developed they did not have a Planning Commission. The development was not planned. I do not see any reason why we should not now avoid these mistakes.

16 hrs.

These are various aspects of our mixed economy which in my view need our serious and earnest consideration. Even though we support the budget proposals, we do hope that Government would consider these aspects and make necessary alterations in their scheme of things.

Shri Raghbir Sahai (Budaun):
Mr. Deputy-Speaker, Sir, I have no hesitation in saying that the Budget which was introduced in this House on the 28th February has given a sigh of relief to the man in the street, because the hon. Finance

[Shri Raghuraj Sahai]

Minister has only given notice of introducing the gift tax and no other tax.

Sir, I am not going into the merits of the gift tax, but I shall only confine myself to saying that if the gift tax is introduced it will touch only a very few persons in the country.

The fact of the matter is that the entire country had been groaning under the heavy taxation that was introduced last year. It is true that this taxation was for facilitating the implementation of the Plan. Therefore, Sir, while speaking on the Budget we will have to measure it by some yardstick, and the yardstick could only be whether this Budget takes us towards the socialistic pattern of society, and how far does it help in the implementation of the Plan.

So far as the Plan is concerned there can be no two opinions about its excellence but the only question that weighs with us is, where are the wherewithal and whether we have got sufficient resources to implement it. In this Budget we find that a total provision of Rs. 734 crores has been made for the implementation of the Plan; that is, Rs. 123 crores in the Revenue Budget and Rs. 621 crores in the Capital Budget. But, along with this we shall have to take note of the fact that in the current year's Budget an overall deficit of Rs. 284 crores has been provided, which according to revised estimates has gone up to Rs. 380 crores.

We shall have to go into the causes of this big deficit. It is said that a drop of Rs. 20 crores in the estimated budget receipt of Rs. 80 crores has taken place in the small savings. Secondly, external assistance which was expected to be to the tune of Rs. 150 crores is now expected to amount to Rs. 105 crores only.

So far as external assistance is concerned, we have got no control over it. Despite our efforts we have been getting external assistance only to a limited extent and not to the extent which we expected. Certainly, we cannot make a grievance on that score because it lies in the hands of other countries. We are really grateful to the various countries who have come forward with generous help to us. It is expected that we might get more assistance. But the problem for us to consider is, what is the trend that we have noticed in receiving these small savings. Sir, with your permission I would like to quote a few sentences from the *Economic Review* dated 1st March, 1958. Dealing with the trend of small savings it says:

"The Small Savings Movement seems to have suffered a distinct set-back and there is every likelihood of not even 50 per cent. of this year's collection target being fulfilled. This is disquieting in view of the strategic role assigned to Small Savings under the financial scheme of the Second Five Year Plan."

Then it goes on to say:

"While all these measures are increasing evidence of the Government's determination to leave nothing unexplored to reach the target of Rs. 500 crores, there seems to be something basically wrong with the whole approach of the movement. For instance, last year's collections were almost entirely made up of savings from urban areas though* rural areas are in fact the more potential sector. What is needed is some sort of an educative drive in the rural areas which would infuse consciousness among the villagers that they were equal partners in the great endeavour of building the country and that by saving a little for the Plan, they would perform a patriotic duty."

These are very appropriate remarks that have been given in regard to the trend of the small savings in the country.

Now, it is really something which must cause us to think why small savings have shown such a disappointing result. As it have been pointed out in these notes, there seems to be something basically wrong with the whole approach of the movement. This year the target has been placed at Rs. 125 crores for small savings, but looking at the history of the small savings for the last two or three years this target seems to be unattainable altogether.

If we look into the causes for such a disappointing result, it will be found that the main cause for this poor result in the small savings is that people on the whole are not development-minded, people on the whole do not look upon this Plan as their own. They do not feel enthused over it. It is something which they think is an imposed one. We have got splendid achievements during the First Five Year Plan period. We have got splendid achievements during these two years of the Second Plan period. But, do people in the country know regarding those achievements? There are our power projects, there are our river valley projects, there are our steel projects and there is our shipyard. Do people know that these things exist in our country? Very few people have actually seen them at those places. This is our misfortune, and that is why people have not taken as much interest in the Plan as they should have.

Sir, I may here mention that the Balwantrai Mehta Committee's report in regard to community development has very categorically stated that most of this work that has been done in the community development scheme is an official show. The other day, when the Minister of Community Development was speaking on the floor of this

House, he made a candid admission with regard to the fact that the non-official co-operation was not forthcoming. Let us admit frankly that even with regard to the other items of the Plan, non-official co-operation and non-official enthusiasm are not coming to the extent they should. So, the first need that we should attend to is to create enthusiasm in the people and to make the people Plan-minded so that they may be able to pay taxes gladly and not under a sense of duress, so that they may be able to save and be able to deposit the money in banks, for, when need arises, the Government may make use of all those funds for the implementation of this Plan.

According to my humble thinking, this lack of enthusiasm is due to the excessive cost of living. I know that the Government is anxious that the price level should come down. In the brochure that has been supplied to use there is some mention about the price levels and we also note with some satisfaction that the tendency for the prices to rise has been given a halt. But that is not enough. My difficulty is whether the Government has got a clear mind with regard to what are the stable prices. I feel that there has been no clarity on this subject. The Asoka Mehta Committee recommended the stabilisation of prices. Very good. But, at the same time, the prices should become reasonably low.

For instance, at the present moment, we find wheat selling at the rate of two seers a rupee; rice selling at the rate of Rs. 32 a maund; sugar selling at the rate of Re. 1 a seer. These are certainly not reasonable prices. These are exorbitant prices, and the entire middle class is groaning under the weight of this dearth, and these prohibitive prices. We shall have to take note of this and we shall have to take a warning from the incidents that occurred last year. There was the Posts and Telegraphs strike and we know how hard put our Government was at that time to just control that

[Shri Raghbir Sahai]

strike. The railway employees were threatening that they would go on strike. There are the labour troubles. There might be a thousand and one reasons for these threatened strikes, but one of the reasons is that there is prohibitive cost of living, excessive cost of living. People cannot afford to pay so much, and therefore, there is this lack of enthusiasm.

If we want that our Second Plan should succeed, if we want that all these taxes, however high they may be, should be paid by the people gladly, in the most patriotic manner, then, at least their bare necessities should be made available to them at reasonable rates. By all means, tax the luxuries; impose more taxes on motor-cars; impose more taxes on radios; impose more taxes on other luxuries, machinery etc. But at least the bare necessities should be available to the ordinary people on reasonable prices.

It is a matter of insult and disgrace to our country that we should be importing foodgrains from other countries in large quantities. It is a matter of disgrace; it is a blot on us. Still we have to do it. Now, I quite agree, and endorse the remarks of the hon. Finance Minister when he says that there is something lacking in the sense of urgency, that there is something lacking in the sense of discipline. The exact words that he used were.

"I have no doubt in my mind that these targets are not beyond our capacity provided there is a sense of discipline and a sense of urgency in the country".

Why should not these targets have been achieved by now? We shall have to face facts and we shall have to admit where we have failed. Really, these remarks apply to the States. They have not shown that amount of urgency and that amount of awareness. Had they shown suffi-

cient amount of awareness and sufficient amount of urgency, we should have had more of food production and we should not have been under the compulsion of importing so much of foodgrains from outside.

I am sorry to note that in this budget there is very little increase in the community development grant. I think that although it is very necessary that the entire country should concentrate on raising more of foodgrains, at least the community development areas which are spread all over the country should concentrate all their attention and make an example of it by showing that in all those areas more foodgrains are produced.

I find from the budget that only Rs. 3.86 crores have been added to the current year's revised estimates in regard to community development, welfare of Scheduled Castes and the development of backward areas. Now, if you take only the community development, it would come to about one-third of this amount. If you want that the community development areas should concentrate more on raising more foodgrains, then certainly more funds should have been allotted to them, because the community development areas have got all the resources, and all the wherewithal to produce more of foodgrains. They have got better seed to distribute; they have got funds for financing the small irrigation schemes; they have got the technical personnel and also good manure. All these things could have been mobilised to see that more food crops are raised in the country.

Although the core of the Plan has been defined, in my humble opinion, the core of the Plan is that the people should become development-minded; that the people should be enthused; that the people should consider it to be their own plan and the bare necessities should be available to them at cheap prices.

Last but not least, I have to thank the Government for having included the Rihand scheme in the core of the Plan. I am very grateful to the Government of India for having made that concession.

Shri Naushir Bharucha: Mr. Deputy-Speaker, Sir the Prime Minister characterised the budget as a pedestrian budget. But I think the pedestrian is rather a tired person, plodding his weary way to a goal which is still far distant. One would have liked to share the burden, but we on this side are always dubbed as destructive critics and, therefore, we are helpless.

An Hon. Member: Not all of them.

Shri Naushir Bharucha: If we examine the trend of revenue, as has been pointed out by some of the hon. friends, it will be noticed that practically in all major heads of revenue there is a diminishing return. Customs have gone down by Rs. 16 crores. Remember that last year we imposed duties on no less than 404 articles under the Tariff Scheduled—more duty on 404 articles and less revenue by Rs. 16 crores. That is eloquent commentary. Union excise duties have gone down by Rs. 7 crores, after imposing additional excise duty; wealth tax has gone down by Rs. 3 crores, tax on railway fares by Rs. 2.2 crores, posts and telegraphs by Rs. 1½ crores and so on.

What does this story of diminishing returns indicate? The revised estimates of revenues for 1957-58 were Rs. 724 crores and in the budget year the revenues are estimated at Rs. 770 crores, an increase of Rs. 46 crores. I ask this Government that when in a year this Government imposed taxation to the tune of Rs. 106 crores more, it did not get the anticipated revenue, today in this budget when they are going to increase taxation only by Rs. 6 crores, where do they expect the additional revenue of Rs. 46 crores to come from? Do they

expect that the major heads of revenue will yield better results? Can customs yield better results when our imports are restricted? When we do not permit imports to flow in more freely, when the foreign exchange position is more complicated, we cannot expect any relief from this source of customs. After the imposition of the union excise duty on 404 articles, if we cannot get more revenue, how could we expect to get it now? I do not know how.

The hon. Prime Minister has calculated the deficit at Rs. 27 crores. But I have not the least doubt that this deficit will be in the neighbourhood of Rs. 75 crores to Rs. 80 crores and in November we shall have a supplementary budget to bridge this gap, which will be widened by then. Rs. 75 crores to Rs. 80 crores is the real deficit on the revenue account, and we shall have to have a budget in November next in order to bridge that gap.

I have already explained to this House the magnitude of the Five Year Plan, even on the reduced scale of Rs. 4,800 crores, which we have got to assume to be the figure. Here we are handicapped by the fact that still we have not got the clear picture as to really what the Second Plan is. We do not know what is the hard core. We do not precisely know which projects have been included and which will be abandoned. Let us, therefore, proceed on the assumption that the size of the plan will be Rs. 4,800 crores. In the current year we are going to spend about Rs. 1,017 crores, which will mean that within three years we have reached only half of the plan target, that is to say, Rs. 2,400 crores. So, we have to spend more than Rs. 1,200 crores in the fourth year and another Rs. 1,200 crores in the fifth year.

Where are we going to get this money from, nobody knows. That is the crux of the problem. It is no use preaching to us that this is the crisis of confidence. We are not people who

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will entertain foolish optimism. Optimism is of two kinds—optimism of the prudent man and optimism of the fool. We will not entertain the optimism of the fool.

Let us consider what is actually going to happen. The hon. Prime Minister estimates that from market borrowings we will get Rs. 145 crores and Rs. 100 crores from small savings; Even on the slightest reasoning can anyone say that this is a reasonable expectation? If all these years we have never reached the target of Rs. 80 crores how will you reach the Rs. 100 crores target when everything show a downward trend, when revenue shows a downward trend? That is an optimism which I cannot share.

We are depending on the foreign aid for our Plan to such an extent that if that aid had not come in time, our Plan would have crashed. We have received aid from U.S.A., U.S.S.R., Japan, France, Germany, Canada etc. Here I would beg to differ from my friend, Mr. Dange. I want the House to associate itself with the sentiments expressed by the Prime Minister, that we are grateful to those countries. It is an illustration of the innate goodness of human nature, which transcends all national boundaries and ignores differences based on political ideologies.

Let us see what should be done about this. Foreign aid we are going to get, but on a very limited scale. The foreign exchange problem is pressing. Government has taken certain steps to husband the foreign exchange resources. We have amended the Reserve Bank of India Act even beyond the limits of prudence to get hold of whatever assets we can. We have slashed the imports. We are trying to build up our exports. We are arranging priorities, more or less on a scientific basis, for the spending of foreign exchange.

But I ask; how long is this going to help us? Our foreign exchange resources, which stood on 31st December at Rs. 298 crores, are still being depleted at the rate of Rs. 12 crores to Rs. 15 crores per mensem, which means that today they stand in the neighbourhood of Rs. 250 crores. It is an achievement that we have not fallen over the precipice but we are still sliding on the slippery slopes. If that is a consolation, Government might have that consolation. But that way the foreign exchange position cannot be solved.

This is going to be a difficult year. To my mind, the fourth and fifth years will be difficult years, because we have got huge uncovered deficits, we have got tight foreign exchange position, we have got increasing defence expenditure, which does not show any signs of decrease, we have got critical food situation and we are far away from balancing our capital budget.

With regard to capital budget, one word must be said. We are planning for a capital outlay of Rs. 412 crores this year plus Rs. 362 crores loans to the States and Rs. 28 crores for debt and a revenue deficit of Rs. 33 crores, as it stands. That means, we have got to obtain Rs. 835 crores. How do we propose to obtain it? The States will repay loans up to Rs. 75 crores. The small savings will be Rs. 100 crores; no chance of it being more. The market borrowings will be Rs. 145 crores; no chance of it being more. The external aid will be to the extent of Rs. 285 crores.

As in the case of last year, we have been told that we expect to get so many crores by way of foreign aid and other means. Last year it has fallen short by many crores. The same picture will be there this year also. Therefore, the overall deficit on capital account will, instead of Rs. 205 crores, be round about Rs. 350 crores. I have not the slightest doubt about that.

That brings us to the question how the gap is going to be filled up. In one simple paragraph the Prime Minister has told us that last year's overall gap was filled up to the extent of Rs. 275 crores by the issue of treasury bills. We are told that the total treasury bills, by the end of this budget year, will be to the tune of Rs. 1,400 crores. Nobody asks the question how you could use this device of treasury bills for the purpose of financing the whole Plan. Treasury bills used to be utilized in the former times for clearing temporary loans for three to six months, for treasury bills are just IOUS of Government and are generally used until after the revenues are collected, as our revenues do not come out in a uniform fashion.

Shri Mohiuddin (Secunderabad): May I point out that this device of borrowing from the Reserve Bank of India on the basis of treasury bills was adopted 3½ or 4 years ago, and it was, at that time, explained and we agreed with that policy and that policy has been in force for the last four years?

Shri Naushir Bharucha: It is much older than that. The main purpose of Treasury Bills is, since our revenues would not come in on a uniform basis—they come by fits and starts—and the expenditure has to flow more or less on a uniform basis and sometimes suddenly more—to bridge the temporary gap in the revenue. But can this temporary gap increase to the tune of Rs. 1400 crores? Treasury Bills mean that you borrow from the banks for two, three or six months. Now what is proposed to be done about this Rs. 1400 crores, which we have borrowed from the Reserve bank on the assumption that it will be repaid within three or six months, is that we are going to convert them into loans of appropriate maturities. It is like telling a creditor, "I will repay you Rs. 100/- within three months" and then pile up the debt on similar terms and say, "Now I will convert your debt to appropriate maturity

and pay after ten or fifteen years." In other words, it is a unilateral declaration of a moratorium. No, the Plan is in its bankruptcy, though we do not like to acknowledge that. Government had no right to say in respect of the Rs. 1400 crores of Treasury Bills that now they shall treat it as a debt or a long-term loan. We have no right to say that, but that is what we are doing. It is not going to stop here because the capital debt is not going to be to the tune of Rs. 1400 crores only but much more. This is where deficit financing through backdoor comes in. My hon. friend, Shri Somani, has said that there is deficit financing of Rs. 600 crores. That is downright deficit financing—straight, plain, honest deficit financing. On the top of that we are having deficit financing through the backdoor and nobody raises any objection.

There is one thing in this Budget which oppresses us and that is the Defence expenditure. I am one of those who would like to join hands with hon. Members in making our Army, Navy and Air Force strong. But I am not suffering from sentimental spasms when Army or the security of the country is concerned and I am not prepared to vote crores of rupees blindly. We voted Rs. 50 crores more last time. That burden of Rs. 50 crores remains plus something more is going to be spent which is nothing less than Rs. 298 crores. In the revised figure you will see that Rs. 300 crores will have been defrayed for defence. I am prepared to vote even this Rs. 300 crores for defence if I were sure that spending this amount was going to make our armed forces strong. But even about that there is no guarantee. We are still purchasing aircraft. What type of aircraft are we purchasing? This House does not know that. Nobody knows what type of aircraft are being purchased. We do not know whether we are purchasing bombers. We do not know whether we are purchasing fighters. We do not know whether we are purchasing interceptor fighters.

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We do not know whether we are purchasing training aircraft. We do not know anything about the type of aircraft that we are purchasing. We do not know the cruising speeds of these aircrafts. It is usual not to disclose military information. I am not asking the hon. Defence Minister to let me know what is his first line strength in aircrafts—interceptor or fighter aircraft. I am not asking him that. I am asking him what are his plans for the pattern of defence. Today, with the advance in scientific technique, the technique of attack has completely altered. Mr. Khrushchev was not a fool when he said that bombers and pilots have now got to be kept in museums. That state of affairs will come, if not today, then in three or four years—at the very most in five years.

Towards the end of the last war there were experimental aircraft flying at the speed of 900 miles an hour. Even if we have them today cruising at higher speeds, they are utterly useless in an age where attacks come from guided missiles—and guided missiles travel very near the speed of sputniks, not that speed but a little lower. There is no defence against these guided missiles. Let us be clear about it. The fighters will be rendered useless. The anti-aircraft guns have been rendered totally useless. There is nothing in the world that can prevent guided missiles from getting there. Then, why are we spending this money on aircraft which have a cruising speed of 400, or 600 miles. They are useless. Jet planes are also useless. The entire technique of defence has to change. Have we to change or are we still spending money to buy aircrafts to find the last word? It is a dangerous thing.

In the last war, France failed. It was subdued in six weeks by Hitler in a *blitzkrieg* with six million French soldiers standing intact without striking a blow on Hitler. All that money was spent on 6 million

people and not a soldier was used. A part of the army was used before France was overrun. Why? Because the French kept on thinking in terms of the last World War. And today we are spending Rs. 300 crores on defence thinking in terms of the last war. I ask, therefore, what are we going to do with that?

We must discuss in this House before we vote Rs. 300 crores for defence. What is the change of pattern in defence expenditure? Do not depend on the Generals, they always fight the last war. You have got to look ahead. Is the Defence Department looking ahead? We do not even know what is the position today. We do not know what equipment is being bought. I am not asking the hon. Minister to tell us how many anti-aircraft guns he is purchasing. I want to know the plain fact whether they are still being purchased. It has been calculated that in the last World War it required something like 14,000 shells from an anti-aircraft gun to bring down a bomber travelling at the speed of 350 miles only. When that speed goes up to 15,000 miles, what is the sense in purchasing them? I am not getting a reply from the hon. Defence Minister as to whether he is purchasing anti-aircraft guns. What else is he purchasing? Whatever he is purchasing let him say in general terms, "This is what I am purchasing and this is our defence pattern."

The country is spending Rs. 300 crores on defence but is completely defenceless in the matter of civil defence. How many people are there who have got the foggiest notion of civil defence? What would the future type of air attack be? And it does not seem even the duty of the Defence Ministry to educate the public. Civil defence is a thing about which you must shout from

the housetops. But he says, "No, for reasons of security I cannot tell the people how they will defend themselves." My own impression is that in this age of guided missiles there can be no civil defence whatsoever. It is no use wasting money on that.

Shri Ranga: Then why do you repeat that waste no money.

Shri Naushir Bharucha: Well, the burden of defence expenditure grows.

Then there is one thing with regard to food policy. I have said that this country consumes one million tons of foodgrains every week and therefore the only thing that I appeal to the hon. Food Minister is to let me have a reasonable estimate of all the consumption that will be there in the next six months.

Shri Ranga: 108.

Shri Naushir Bharucha: What do you expect to be the production? What you expect to be the imports and how many ounces *per capita* and per day? But no reply to that also is forthcoming.

There are many things on which I desired to speak. I have barely touched the fringe of the Budget. May be, when I get other opportunities I will speak more about it. But this is a type of Budget on which I cannot congratulate the hon. Finance Minister.

श्री अर्जुन सिंह भवौरिया (इटावा) :
उपाध्यक्ष महोदय, मैं आपका बहुत ही मशकूर हूँ कि आज आपने मुझे बोलने का मौका दिया क्योंकि मैं तो निराश सा हो कर के लौट ही गया था।

महोदय, इस वर्ष श्री टी० टी० कृष्ण-माचारी, वित्त मंत्री के जाने के बाद और अर्थ मंत्री का काम प्रधान मंत्री के हाथों में

आने के पश्चात् देश की जनता ने और पढ़े लिखे लोगों ने बहुत बड़ी आशा लगाई थी, और सोचा था कि इस वर्ष का बजट कुछ समाजवादी बजट होगा, मुल्क को कुछ नया मोड़ देगा और देश की जनता के अन्दर कुछ प्रेरणा उत्पन्न करेगा। लेकिन बजट देखने के पश्चात् आम जनता की प्रतिक्रिया यह हुई है, उस जनता की प्रतिक्रिया जो कि टैक्सों के बोझ से दबी हुई है, कि अगर इस बजट को घाटे के बजट के बजाये दिवालिया बजट कहा जाये तो कोई अतिशयोक्ति न होगी। जो बजट कि लोक सभा में पेश किया जाता है वह सारे मुल्क की जनता की आकांक्षाओं का प्रतीक होता है, और उसी बजट से आगे के साल के लिये जनता कुछ सोचती है, कुछ अन्दाजा लगाती है और यह विचार करती है कि हमारे ऊपर आने वाली तकलीफें कुछ कम होंगी, राहत की सांस मिलेगी, और हमारा जीवन स्तर कुछ ऊंचा होगा। लेकिन इन तमाम बातों में देश की जनता को निराश होना पड़ा है। यह निराशा कोई नई बात नहीं है क्योंकि यहां पर तो सरकारी पार्टी ने हमेशा बड़े बड़े स्लोगन दिये हैं। आज से कई साल पहले मेरठ में कहा था कि हम क्लासलैस और कास्टलैस सोसाइटी बनायेंगे, यानी वर्गविहीन और वर्णविहीन समाज की रचना करेंगे। लेकिन एक साल के बाद ही अपने पुराने संकल्प को ठुकरा करके एक दूसरा नारा दिया। वह यह था कि हम कोआपरेटिव कामनवैल्य की तामीर करेंगे। साल पूरा भी नहीं होने पाया था कि वह संकल्प भी बदल दिया। ये संकल्प क्यों बदलते हैं? सरकारी पार्टी हमेशा ही वक्ती नारे दिया करती है। वह जनता को गुमराह करने की कोशिश करती है। तो तीसरा नारा हुआ कि हम समाजवादी ढंग का समाज बनायेंगे। यानी मोशललिस्टिक पैटर्न का समाज बनायेंगे।

एक माननीय सदस्य : कर रहे हैं।

श्री अर्जुन सिंह भदौरिया : कर रहे हैं यह तो श्रीमन् आप समझ ही रहे होंगे । लेकिन मैं आपके मारफत उन महोदय को यह बताना चाहता हूँ कि समाजवादी ढंग का समाज निर्माण हो रहा है यह वे स्वयं चाहे इन अच्छे प्लेटों में रह कर समझने लगे हों, लेकिन जहाँ से वे निर्नचित हो कर आये हैं क्या वहाँ की जनता भी यह अनुभव करती है कि उसके सामने समाजवादी समाज का स्वरूप आ रहा है । आप किसी भी काम का अन्दाजा केवल अपने विचार से ही न लगायें बल्कि जिस मैदान पर आप खड़े हैं

श्री म० प्र० मिश्र : (वेगू सराय) : आप समाजवादी स्वरूप बताइये ।

श्री अर्जुन सिंह भदौरिया : समाजवादी स्वरूप भी आगे आ रहा है । मुल्क के और दुनिया के जितने भी तरक्की पसन्द या प्रगतिशील लोग होते हैं वे हमेशा पीछे से आगे को बढ़ने की कोशिश करते हैं । हमेशा अन्धकार से प्रकाश की तरफ जाने की कोशिश करते हैं । जिस दिन यह प्रश्न पूछने वाले अन्धकार से प्रकाश की तरफ बढ़ेंगे, पीछे से हटकर आगे की तरफ बढ़ेंगे, उसी दिन वह यह समझ लेंगे कि यही समाजवादी स्वरूप है और इसी से देश का कल्याण हो सकता है । केवल बात करने से काम नहीं होगा यदि उस बात पर अमल भी न किया जाये । जब तक करनी और कथनी में भेद रहेगा, जब तक अपनी जीभ का आदर नहीं किया जायेगा, जब तक हम अपने संकल्पों पर दृढ़ नहीं रहेंगे तब तक न हम नये मुल्क की तामीर कर सकेंगे और न हम अपने देश के अन्दर इस समाजवादी समाज को बसा सकेंगे ।

श्रीमन्, मुझे सिर्फ यह कहना कि मुल्क की तरक्की हो रही है या नहीं हो रही है यह किसी भाषण से नहीं बल्कि आपके

सामने तुलनात्मक तथ्य रखकर बताऊंगा । उन तथ्यों से पता चलेगा कि मुल्क आगे बढ़ रहा है या पीछे हट रहा है । अगर हम अंग्रेजी काल के सन् १९३८ से लेकर सन् १९४७ तक के जमाने को देखें तो हमको मालूम होगा कि इस काल में अंग्रेज ने क्या किया । सन् १९३८-३९ में युद्ध चल रहा था । आज भी देश की स्थिति युद्धकाल सरीखी है । देश की जनता उन्ही मुसीबतों में दबी हुई है जिस तरह से किसी भी मुल्क में युद्ध के समय होता है । अंग्रेज ने युद्धकाल के अन्दर क्या किया । उसने चार अरब, ६४ करोड़, ८९ लाख रुपया जो हमारे ऊपर विदेशी कर्जा था वह अदा किया और १५ अरब रुपया हमारा खुद का विदेशों में कर्ज का इंग्लैंड पर जमा हुआ । यानी १५ अरब रुपया कमाया और लगभग साढ़े चार अरब रुपया उसने अदा किया । लेकिन अब हमें यह देखना है कि सन् १९४८-४९ से सन् १९५७-५८ तक हमने क्या किया । अगर इस पर गौर किया जाये तो मालूम पड़ता है कि जहाँ अंग्रेज ने ४ अरब ६४ करोड़ कर्जा अदा किया था वहाँ अब हमने अपने ऊपर उससे दो करोड़ और ज्यादा यानी ४ अरब और ६६ करोड़ कर्जा कर लिया है । और जो हमारी स्टैलिन बैलेंस के रूप में संचित पूंजी थी वह लगभग सभी खर्च हो गयी है, केवल ७९ करोड़ को छोड़कर । तो यह हालत है कि जो कुछ भी बचा हुआ था वह हमने खर्च किया । हम पर कोई कर्जा नहीं था सो हम पर कर्जा लद गया । तो कितनी तरक्की हुई ? क्या इन्हीं तथ्यों को ले करके, क्या इसी भारी कर्ज के बोझ को लेकर के मुल्क को बनाने के लिए और द्वितीय पंचवर्षीय योजना को सफल करने के लिए प्रयत्न किये जायेंगे ? मैं आपको आंकड़े दूंगा कि हमारे ऊपर किस देश का कितना कर्ज है । मैं बतलाऊंगा कि हमारे ऊपर कितना इंग्लैंड का, कितना अमरीका का, कितना जर्मनी का, कितना रूस का और कितना फ्रान्स आदि का कर्जा

है। आप अगर केन्द्रीय सरकार के बजट की जापान की पुस्तिका को देखें तो आपको पता चलेगा कि हमारे ऊपर ३७६ करोड़ का कर्जा डालर क्षेत्र का यानी अमरीका का है, ४५ करोड़ ६८ लाख रुपया रूबल क्षेत्र यानी रूस का है, ४४ करोड़ जर्मनी का है, १५ करोड़ १३ लाख जापान वगैरह का है जो कि सब मिला कर ४६६ करोड़ ६६ लाख का योग होता है। इतने विदेशी कर्ज का बोझ हमारे सिर पर है। इसके अलावा देशी कर्जा भी हमारे सिर पर है।

सन् १९४८-४९ में हमारे सिर पर सिर्फ २१ अरब रुपए का कर्जा था और अब वह बढ़ कर ५१,१८,३४,००,००० रुपए हो गया है। कहां २१ अरब और कहां ५१ अरब। इसका अर्थ यह है कि १९४८-४९ से आज तक हमारे सिर पर ३० अरब पए का कर्जा बढ़ गया है। हर साल हमारे सिर पर ३ अरब के करीब और ज्यादा कर्जा बढ़ता चला जा रहा है। इस कर्ज की राशि में कब तक इजाफा होता रहेगा ?

श्री श्रीनारायण दास (दरभंगा) :
जब तक विकास का काम जारी रहेगा।

श्री अर्जुन सिंह भदौरिया : हमारी बात का क्रम तब तक जारी रहेगा, जब तक आप अपने अन्धेरे से निकलने की कोशिश नहीं करेंगे। ३१ मार्च, १९५८ तक हमारी कुल देनदारी ४४,१६,००,००,००० रुपए की है और ३१ मार्च, १९५९ तक हमारी कुल देनदारी ५१,१८,३४,००,००० रुपए की हो जायगी। इस का मतलब यह है कि एक साल में हमको लगभग ७,०१,५०,००,००० की राशि और भ्रदा करनी होगी — चाहे तो हम कर्ज लें, चाहे नए टैक्स लगायें। कहा जा रहा है कि इस वर्ष कोई नया टैक्स नहीं लगाया जा रहा है। नया टैक्स नहीं आया है, यह बात सही है, लेकिन मैं पूछना चाहता हूँ अर्थ मंत्री महोदय से कि अगर नया टैक्स नहीं लगा है, तो फिर ३१ मार्च, १९५९

को जो यह ७,०१,५०,००,००० रुपए की कमी होगी, यह कहां से पूरी की जायगी। क्यों नहीं इस बात को स्पष्ट किया गया ? लेकिन स्पष्ट इसलिए नहीं होता है कि दो तरह की बजटिंग चलती है। अगर बजट का खलासा देखा तजाय, तो मालूम होता है कि रेवेन्यू साइड के खर्चों को कम दिखाया जा रहा है और तमाम ऐसे खर्च, जो कि रेवेन्यू साइड में जाने चाहिए, कैपिटल साइड में डाल दिए गए हैं। और इस सम्बन्ध में कहा यह जायगा कि ये तो हमारे असेट्स हैं, यह हमारी पूंजी है। मैं यह पूछना चाहता हूँ कि जो अशोक होटल बना हुआ है, क्या वह हमारी पूंजी है। उससे क्या लाभ होता है ? उसमें तो घाटा होता है। इस तरह की जो पूंजी लगी हुई है, उससे मुल्क का विकास नहीं हो रहा है, मुल्क की तरक्की नहीं हो रही है और न ही कोई ऐसा काम हो रहा है, जिससे कि देश की जनता के दिलों में कोई आशा का दिया जले। बल्कि निराशा बढ़ती चली जा रही है और जब किसी कौम में निराशा बढ़ती है, तो कोई काम कोरी बातों से नहीं हो सकता है।

अब मैं द्वितीय पंचवर्षीय योजन को लेता हूँ। उसके बारे में इस बजट में बहुत कुछ कहा गया है और मुझे से पहले बोलने वाले माननीय सदस्यों ने भी बहुत कुछ कहा है। दूसरे की आलोचनायें यहां पर चलती हैं। अभी एक सदस्या ने कामरेड डांगे के बारे में कहा कि उन्होंने प्रापेगेंडा वैल्यू के लिए तकरीर की। लेकिन उन्हीं के एक दूसरे साथी यह कह रहे थे कि सदस्या महोदया ने जो कुछ कहा, वह सरकारी बेंचों के कुछ लोगों की हमदर्दी लेने के लिए कहा—शायद आगे के लिए कुछ आशा लेकर उन्हीं ने वे बातें कही। यह तो दोनों तरफ से विरोध चल रहा है और दोनों के ऊपर कमेन्ट्री की जा सकती है, लेकिन रास्ता हमारा साफ होना चाहिए। हमें इन बातों को किसी दूसरे की आलोचना की दृष्टि में

[श्री अर्जुन सिंह भदौरिया]

नहीं, बल्कि इस दृष्टि से देखना है कि अपना मुल्क हमने बनाना है और द्वितीय पंचवर्षीय योजना को कामयाब बनाना है। हमारी योजना तभी कामयाब होगी, जब कि खर्च में कमी की जाय और जो खर्च होते हैं, उन पर सस्ती से निगाह रखी जाय।

आज आप लोग भी अनुभव करते हैं और कहते भी हैं कि भ्रष्टाचार का सबसे बड़ा सेन्टर पी० डब्ल्यू डी० के अन्दर है। यानी जो कुछ भी भ्रष्टाचार खासोशी से होता है उसे जाने दीजिए। उसके अलावा कहीं पर साढ़े चार फासदा, कहीं पर साढ़े बारह फीसदी खुले-आम अपना हक-अपना अधिकार-समझ कर ठेकेदारों से लिया जाता है। अगर यह रकम बचे, तो उसको मुल्क की तामीर के काम में लगाया जा सकता है। हमारा जो प्लान एक करोड़ रुपए का है, उसमें से लाखों रुपया इसी तरह से चला जाता है। अगर यह रकम बचे तो बहुत कुछ किया जा सकता है। मुझे केवल इतना ही कहना है कि द्वितीय पंचवर्षीय योजना की कामयाबी के लिए हमको अपने खर्चों में कमी करनी होगी और आमदनी के नए सोर्स ढूँढ़ने होंगे और जो खर्चा हो रहा है, उस पर सस्ती से निगाह करनी होगी। मेरी राय में तो द्वितीय पंचवर्षीय योजना को कामयाब करने के लिए बाहर से हमें कर्ज चाहे न मिले, लेकिन हमारे देश में हमारी जो खुद की पूंजी है, हमको उसे ढूँढ़ना होगा। हमारी वह पूंजी चाय के बाग हैं, उनका राष्ट्रीयकरण किया जाय। लाइफ इन्शोरेंस का राष्ट्रीयकरण किया गया है, लेकिन इसमें तब तक सफलता नहीं हो सकती है, जब तक कि बैंकिंग का राष्ट्रीयकरण न किया जाय। अगर बैंकिंग का राष्ट्रीयकरण हो, तो द्वितीय पंचवर्षीय योजना के लिए करोड़ों रुपए बचाए जा सकते हैं। जब तक बैंकों का राष्ट्रीयकरण न हो, तब तक गल्ले की पैदावार को भी नहीं बढ़ाया जा सकता है। क्यों? बैंकों का

करोड़ों रुपया सल्ट आदेशों के बावजूद भी बढ़े-बड़े सरमायादारों को दिया जाता है, जो कि किसानों की मुसीबत के दिनों में गल्ला खरीद कर रख लेते हैं और उसकी जमा से वह फिर और तेज भावों पर बेच कर गरीबों को बिल्कुल ही मोहताज कर देते हैं। हमारा यह परामर्श है कि गल्ले की पैदावार को बढ़ाने के लिए और द्वितीय पंचवर्षीय योजना को सफल बनाने के लिए यह प्रावश्यक है कि बैंकों का राष्ट्रीयकरण किया जाय। इसके साथ ही साथ हम लोगों को भी कुछ करना है, सरकार का भी कुछ करना है। मैं यह चाहता हूँ कि यह जो अपर हाउस बना हुआ है, उसको समाप्त कर दिया जाय। आखिर उसका क्या इस्तेमाल है? सब कुछ हम यहां पर पास कर देते हैं और फिर उसको वहां पर भेज देते हैं और वहां से लौट कर वह यहां पर आ जाता है। इससे क्या अन्तर पड़ता है? जिन लोगों को आप बहुत काबिल समझते हैं, क्यों नहीं उनको यहां पर बुलाया जाता है? अगर उनकी काबलियत की जरूरत है, तो जो वहां पर बैठे हैं, वे यहां पर भी आ सकते हैं। मेरी राय में अपर हाउस का खात्मा कर देना चाहिए। सूबों में जो कमिश्नर रखे गए हैं, उनका भी कोई इस्तेमाल नहीं है। इसलिये उनको भी खत्म किया जाय। इस प्रकार से हम इस मुल्क में गरीबी के बावजूद भी अरबों रुपए बचा सकते हैं और मुल्क की तामीर करके, यहां की भुखमरी और गरीबी को दूर कर के निराशा के दिनों में आशा का दीप जला सकते हैं।

Shri Mohiuddin: Mr. Deputy Speaker, Members who have already spoken on the Budget have very lucidly pointed out the present difficult economic situation through which we are passing. I entirely agree with those Members who had said that at the present moment the masses of the people are perturbed and they do not

understand what has gone wrong with the economic policy of Government and how that economic policy could be rectified and brought on the broad path of satisfaction to the masses.

It is true that when the Second Five Year Plan was launched after the successful completion of the First Five Year Plan, there was enthusiasm in the country, there was hopefulness and there was the faith required for the completion of the Second Plan. But in the last year and a half, developments that have taken place have resulted in a kind of frustration in the minds of the people. Now there is a big question

mark on the face of the man in the street. The man in the street asks as to where we are going.

This is the condition, these are the economic circumstances in which we have to consider the budget of 1958-59.

Mr. Deputy-Speaker: The hon. Member might continue tomorrow.

17 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, the 12th March 1958.
