

Mr. Speaker: Order, order. I am going to another subject.

Shri Braj Raj Singh: Sir, on a point....

Mr. Speaker: What I would say is, let not the work of the House be interrupted. I would just like to inform the House that so far as this hon. Member is concerned, he sent in a notice of an adjournment motion and I said it is a State subject. Still he says: 'I will be compelled to raise this on the floor of the House.' Then, I will also be compelled to send him out of the House.

Shri Braj Raj Singh: I am prepared for that.

Mr. Speaker: It is very wrong on the part of any hon. Member to take the law into his own hands. He is a Member of the House....

Shri Braj Raj Singh: I know that.

Mr. Speaker: There are 14 Assemblies in this country. Every hon. Member feels that he is the only repository or the representative of anything relating to any important matter in any part of this country. Under our Constitution, there are State subjects and Union subjects. If it is really a State subject, I am not going to allow it here. The time here should not be taken away by this. There are Assemblies equally interested. Persons must move there.

The right to decide whether a subject is a State subject or not is in me. I find it is a purely State subject. The hon. Member wants to show that he is taking interest. By all means let him take interest. The hon. Member has written to me: "If you do not give consent, I may be compelled to raise it in the House." I do not know what to do. I will be compelled to ask my friend kindly to withdraw from this House. Therefore, let him not force me to do this. I do not want to do so. I would like to see that the House carries on its work

normally. If any hon. Member to whom consent to raise a matter is not given threatens me that he may be compelled to raise it here, what shall I do?

Shri Braj Raj Singh: I only wanted to explain the position.

Mr. Speaker: I am not going to allow anything. We will go to the next business.

FINANCE (NO. 2) BILL, 1957—Contd.

Mr. Speaker: The House will now resume further discussion on the Finance (No. 2) Bill, 1957. Out of 7 hours allotted for the general discussion, 5 hours and 24 minutes have already been availed of and 1 hour and 36 minutes now remain. After the general discussion is over, clause-by-clause consideration and third reading of the Bill will be taken up for which 4 hours and 1 hour respectively have been allotted.

May I know how long the hon. Member will take for his reply?

The Deputy Minister of Finance (Shri B. R. Bhagat): 45 minutes.

Mr. Speaker: It is 12-10 now. I will call the Minister at one O'clock or at about 1.10.

Shri Bimal Ghose (Barrackpore): Sir, I suggest that half an hour more may be given for general discussion.

Mr. Speaker: Yesterday we decided that four hours may be allotted for clause by clause consideration. An hon. Member has now suggested that half an hour more may be given for general discussion. Is that the desire of the House?

Several Hon. Members: Yes.

Mr. Speaker: So half an hour more is given for general discussion. I will call the hon. Minister at 1.30.

Shri Shree Narayan Das (Darbhanga): The clause by clause consideration will not take much time. I

think the general discussion is more important and, therefore, I suggest that two hours would be sufficient for clause by clause consideration.

Mr. Speaker: When we come to clause by clause consideration then hon. Members will say that is important. Now, Shri Naushir Bharucha may continue his speech.

Shri Naushir Bharucha (East Khan-desh): Mr. Speaker, Sir, I was referring to the magnitude of new taxation, and I stated that the Finance Minister in his speech on the Budget stated that 90 items had been subject to taxation. Out of sheer curiosity I calculated the number of items and sub-items subject to taxation under the Finance Bill, and I found that there were not less than 404 items. The requirements of the Second Five Year Plan, therefore, seem insatiable.

According to the Finance Minister, the justification for these taxes is that the alternatives would be either borrowing, or greater external aid, or larger deficit financing. He has told us that he is not able to take credit for more than Rs. 100 crores from borrowing, or get more than Rs. 150 crores from external aid, and that deficit financing in this one year had reached the gigantic level of Rs. 275 crores, which means that we are printing that much of money in one year without backing of either corresponding amount of goods or bullion. Therefore, he felt that deficit financing had already reached a stage when further tampering with it might result in grave inflation. And, according to the Finance Minister, the need for taxation is also partly as a corrective to inflation, partly as an incentive to smaller imports of consumer goods.

But the Finance Minister forgot one thing, that besides these three alternatives there was one more, namely, drastically cutting the administrative expenditure.

The Finance Minister has also laid down certain criteria of good taxation.

He has said that the tax must produce sizeable return, that it should act as incentive to larger earning and more saving, that it should restrain consumption and check domestic inflationary pressures, that it should progressively yield greater returns as incomes go higher. To these four criteria I might add two more of my own, namely, that the cost of collection should be reasonably low, and that it should not set in motion the law of diminishing returns.

Apply this criteria to the proposal to reduce the taxable minimum so far as income tax is concerned from Rs. 4,200 to Rs. 3,000. The Finance Minister himself admits that administrative problems involved in assessing relatively small incomes must be faced rather than evaded. In one breath he admits that these are smaller incomes likely to produce smaller yields, and there would be enormous administrative difficulties which he desires to be faced rather than evaded.

In a case like this, let us see in this bracket of Rs. 3,000 who will be the people who will be roped in. Largely, the fixed salary earners, Government servants and people with fixed salaries. How can these people be asked that they should make an effort to increase their income, because raising of salaries is not within their power. Also, to talk of curtailing consumption, preaching tightening of belt to a class of people, who do not have daily two square meals or even one square meal, is a cruel joke. I am certain that in this case the cost of collection would be very much higher and, therefore, most of the criteria laid down for good taxation by the Finance Minister will not be satisfied.

This is particularly so in the case of postal letters. There the law of diminishing returns will also operate. We have increased the rate of postal envelopes. The shift, therefore, will be to the post-cards. It is a well known fact that nearly half an anna is lost on every post-card that is delivered. That means, what the Finance Minister is going to collect from a larger

[Shri Naushir Bharucha]

rate on envelopes will diminish the returns on it because of increased use of post-cards. That shows the wisdom of this type of levy.

Coming to the increase in central excises which are expected to yield Rs. 81 crores or more in a full year, we find that all the necessities of life have been taxed. It is not merely sugar, tea and matches that have been taxed, but concealed in this Finance Bill are items designated only by the number of the clauses in the Tariff Act, which shows that the Finance Minister has cast his net far and wide. Incorporated in the tax items one finds that there will be fish, ghee, flour, starch, food—not otherwise specified, oil cakes, heavy chemicals, paints, candles, hides and skins, wood and timber, knitting wool, jute manufactures, gunny bags, cotton rope, coir fibres, hosiery, iron and steel pipes, and manufactures not otherwise provided for, hardware, tools, machinery, electric goods, furniture, and the Finance Minister has not even forgotten slate pencils. I do not know what is left out of the necessities of life which the Finance Minister has not taxed. If he has not taxed anything I think it must be due to some error, just as through error he taxed kerosene and newsprint. This is the whole list of subjects of universal consumption, and the bulk of the incidence of it will fall on the poor people.

[MR. DEPUTY-SPEAKER *in the chair.*]

12.17 hrs.

Because these items have not been enumerated by their names in the Finance Bill, the public do not know the exact extent to which the Finance Bill encroaches upon the daily necessities of life.

But, this is not a complete picture. There is also a concealed form of taxation. If you turn to clause 12 of the Bill it reads this way:

“(1) The Indian Tariff Act, 1934 (hereinafter referred to as the Tariff Act), shall be amended in the manner specified in Parts I, II, III, and IV of the Second Schedule.”

Then the Explanation says:

“Explanation.—References in this Schedule to the ‘excise duty for the time being leviable on like articles if produced or manufactured in India’ shall be construed as references to the excise duty for the time being in force which would be leviable on like articles if produced or manufactured in India or, if like articles are not so produced or manufactured, which would be leviable on the class or description of articles to which the imported articles belong.”

Sir, the significance of this clause, namely, redefining of excise duty by means of this explanation must be carefully examined. The latter part of it is vague and will present considerable difficulties. It is common knowledge that countervailing excise duties are levied to protect indigenous industries from competition of imported goods. But where there are no indigenous manufactures, one does not understand why the Finance Minister, by manipulation of clause 12 proposes to impose duties under this head. This is obviously not done for the sake of checking imports. The difficulty of implementing this provision especially, where there are no indigenous products will be great. Take, for instance, this possibility. Supposing India does not manufacture cigarette tissue paper. Then, according to clause 12, the re-defined clause 12, it would mean that a levy of a tax on all types of tissue paper imported for the purpose of cigarettes would be permissible under the Act. Take other illustrations. X-ray equipment is not manufactured in India. Under clause 12, it may be possible that such ap-

paratus is included in the electrical apparatus 'not otherwise specified'. Then all types of X-ray apparatus would be chargeable, which are imported from foreign countries.

Also, take the case of machinery other than those specified in that clause. It would be difficult to administer this particular clause. Take a concrete instance. Under clause 13 of the Bill, printing paper of all sorts are subject to excise. Its effect will be to increase the cost of all imported newsprint. For instance, in clause 13, it has been laid down in item 21, sub-items (3), that "printing and writing paper, other sorts" come under the levy of this tax. Therefore, even if printing paper is not manufactured in India, all types of printing paper would be subject to duty by virtue of the manipulation of clause 12. It will thus be seen that clause 12, by putting a levy on goods which are not produced in India, bring within its net many of the articles which are imported and for which there might exist no justifiable excuse for levying an import duty.

People talk of direct taxation and indirect taxation by way of classification. I am talking of another class of taxation, namely, concealed taxation. Whether this taxation is concealed from the public or not, the fact must remain that it cannot be concealed from economic forces which will operate to raise the cost of living.

To come to the incidence of the taxation, a glance at the tax structure shows that the poorer classes and the middle-classes have to pay heavily. Analysing the incidence of the various taxation measures, it will be found that the following items will bring to the treasury about Rs. 6 crores each: motor spirit, cement, steel ingots, unmanufactured tobacco and matches. Each of these items will bring Rs. 6, crores more, making a total of Rs. 30 crores. Sugar alone will give you Rs. 18½ crores. Vegetable oil gives you Rs. 3 crores; tea, Rs. 2½ crores; paper, Rs. 2 crores; lowering the income-tax limit, Rs. 6 crores. It will thus be seen

that all the items will hit the poor and the middle-classes. It is wrong, as the Finance Minister did last time, to say that motor spirit will hit the richer classes. When good transport is involved, goods transport forms an item in the cost of an article and the goods transport carried by trucks on the roads is petrol-driven, and therefore, it is obvious that part of it will have to be borne by the middle and the poorer classes. In an economy where too much artificial paper money keeps chasing too few goods, the entire incidence is passed on to the consumer. I am afraid in this case it may be so. The total revenue raised in a full year will be Rs. 106 crores, and after the machinery of collection is tightened up, it will be a great deal more. But the Finance Minister would have us believe that the ratio of tax to the national income is only 7.5 per cent and with this added taxation of Rs. 106 crores, it will be only enhanced to 8.6 per cent of the national income. That being so, he says that it is comparatively too low. But he forgets what the *per capita* national income in other countries is. He also forgets the principle of marginal utility of the unit of currency. It does, therefore, seem that in comparing the figures, he forgets the spirit and import while comparing them. At the rate of Rs. 100 crores, the *per capita* increase, by the stroke of the pen of the Finance Minister, amounts to Rs. 3 *per capita* per annum. The Finance Minister, by one stroke of the pen, has added Rs. 3 *per capita* per annum.

May I remind this House that when Mahatma Gandhi commenced the struggle as a protest against the salt tax and when he called that tax an oppressive measure of taxation, the *per capita* incidence was only three annas per annum. That was the incidence of the salt tax. But Gandhiji called it an oppressive item of taxation, because it was an article consumed by the poorest. Most of the articles which have been taxed today by the Finance Minister are consumed by the poor and today, at one stroke of the pen, the *per capita* incidence has been raised to Rs. 3 per

[Shri Naushir Bharucha]

annum. People do not mind payment of taxes so long as the taxes are wisely spent. But before the nation can be asked to make more sacrifices, the Government must be asked to plug all the holes through which our tax yield leaks.

My hon friend Shri Masani pointed out that Rs. 200 crores were lost through tax evasion alone. It is hum- anly impossible to stop all evasions, because from the very nature of the transactions some amount will always escape, but even then, quite a good deal could be collected. In addition to this, I would suggest administrative economies. I am aware that departmental committees have been set up but may I tell the House that I have no faith in these departmental committees, because the men who are on the committees are those very persons who are guilty of spending extravagantly. I have never heard of a tribunal composed of the accused people convicting the accused! I am of opinion that if these economy measures are to be effective, there should be a committee consisting of Members of this hon. House and not others. I am also not satisfied that Rs. 272 crores, that we are going to spend on the Defence Ministry is going to be wisely spent I would throw this challenge to the hon. Minister of Defence. If I am appointed to look into the economy of the Defence Ministry, in less than ten weeks I can produce a report effecting about Rs. 10 crores by way of economy, without impairing in the least the efficiency of the defence forces.

The other day, a point was raised by my hon. friend Shri Kamble who said that 1,60,000 tons of sugar was released five or six days prior to the announcement of excise duty on sugar. The country lost Rs. 1.6 crores of excise duty on that score. Heaven would not have fallen if that amount of sugar was released five days later. But the explanation given was that it was normally released in due course.

Surely, the due course could have avoided a loss of Rs. 160 lakhs.

The common man, who was so much hero-worshipped when it came to a question of collecting votes, has now to pay every time when he strikes a match to light his oil-lamp in his humble cottage and every time when he sips his cup of tea to assuage his hunger. Somebody has defined a politician as a person who collects votes from the poor and money from the rich on the pretext of protecting the one from the other. I am afraid today we find lots of politicians on that side of the House, but the public cannot sit for long without agitating. The public will feel the pinch in the rising costs. On these grounds, I oppose the Finance Bill to the extent it imposes a levy on the poor and the middle classes.

Shri Siva Raj (Chingleput-Reserv- ed-Sch. Castes): Mr. Deputy-Speaker, one would like to sympathise with the Finance Minister in his predicament of having to find resources to support the Plan and to carry out a Plan, in the shaping of which I do not know what part we have got to play. But it leaves an impression on one's mind, rather, the impression forces itself upon one's mind, that the Finance Minister, in trying to find resources for the Plan, has bitten more than he can chew and that in his efforts to find the finances, he has lost his balance, because he in his budget speech said that "the core of his speech is that the Plan is the thing." I am reminded of a somewhat similar phrase when the Prince of Denmark in Ham- let said that the play is the thing. That was the decision of a confused and cogitated mind and the result was a terrible catastrophe and tragedy. I do hope, when the Finance Minister so enthusiastically says that the Plan is the thing that the result will not be so tragic as in the play of Shakespeare.

They say that finance is the peculi- ar province and the play-thing of Wizards. I am a normal person and I

dare not venture to enter into that field. Nevertheless, as I read the Plan, I find that the Plan itself is unbalanced in so many ways. In the first place, I find that the Plan is in a sense planless by reason of the fact that when the Plan was made, there was no relation whatsoever to the resources available, whether it was foreign exchange or internal resources. So soon after the Plan was made within less than a year, the Plan has come up against very great difficulties, large gaps and deficits. So, I find that there is lack of planning with regard to the resources for the Plan itself.

The Plan is throughout full of imbalances. The first imbalance that one notices is between the public and the private sectors. I think the public sector has taken a lot more than it needs for the purpose of carrying out the Plan and deprived the private sector of its energy and its initiative in carrying out the Plan. That is due to the fact that the planners and the Government have not consulted or taken into confidence the private sector. Why should I or anybody suspect either the motives or the patriotism of the private sector. I personally am not a capitalist; far from it. Nevertheless, taking a factual view, I find that the Government and the planners have made a mistake in not taking into confidence the private sector; I believe they should have.

There are quite a number of private people who can help this Plan to be successful. Now I find that the Government is gradually losing the sympathy and the co-operation of that sector. Again, I find that there is an imbalance between the industrial sector and the agricultural sector of this Plan. There is greater emphasis placed on the industries, to the detriment of agriculture. What would happen if, when people want food, clothing and shelter, the Plan would ultimately result in producing steel, coal, cement and industries like that? I think there ought to have been a judicial balance maintained between industrial and agricultural production.

Another thing which we all feel, especially those who come from the south of India, is the imbalance that exists between investments in industries in certain portions of India to the detriment of certain other portions of India. It may be justified that it is all national and that the benefit of this plan would come to everyone. At the same time, we forget the fact that India is a multi-national State and there are so many differences in culture, aspirations and economy of the people that it will be difficult to say that any investment made in North India will help the people in the south. I also find that there is so much of over-centralisation that it lead to the excessive employment at the centre and the corresponding unemployment in the other parts of India. It is from these points of view that I call this Plan a planless Plan.

The next thing I would like to impress upon the Finance Minister is that where he should have sought the co-operation of many sectors of the population, by trying to do the thing himself, he has failed miserably. I have already mentioned the case of the private sector. I think there is quite a lot of wealth in the hands of the ruling prices and in the hands of our industrial magnates. If they had been tapped, probably they would have come out with suggestions as to how to finance the Plan, might be with their own money, of course, if the Government does not question the origin of their wealth or the origin of their motives. Nevertheless, the fact remains that there was money available and I believe there is still money available, which can be tapped. Unfortunately the Government feel that the Plan is their own. The Government have made it a party Plan, not a national Plan. If it was a national Plan, they should have consulted other interests as well, such as the Scheduled Castes Federation, who had their own schemes for the improvement of the lot and welfare of the Scheduled Castes people.

If the planners had consulted the Federation, they would have suggest-

[Shri Siva Raj.]

ed, for instance, the establishment of agricultural colonies for Scheduled Castes, thereby conferring upon them economic independence and equality with the rest of the villages in India. That has not been done. That could have been done only by the Centre. We find from the report of the Backward Classes Commissioner that whereas the Centre is suggesting ways and means of improving the lot of the people, whereas it is prepared to finance certain schemes, the States are very very slow to move in the matter. The Scheduled Castes Federation had also suggested a scheme of education by establishing institutions, the control and the funds of which will be in the hands mainly of Scheduled Castes people.

As a matter of fact, owing to the efforts of the late Dr. Ambedkar, we started what is called the People's Education Society, under which we are running two colleges, one called the Siddharth College in Bombay and the other in Ahmedabad. There was a scheme for the expansion of the People's Education Society in other parts of India also, but unfortunately for us and for this country also, Dr. Ambedkar has been removed from our midst. Nevertheless, if we had been consulted, we would have suggested to the hon. Finance Minister or the planners a scheme of education for our people. What do we find? We have to depend entirely on the mercy and goodwill, whim and fancy of the local magnate, especially the village landlord. That is the position. We feel that in this state of things, we could not get the sincere support and co-operation of....

Mr. Deputy-Speaker: We will be discussing the Plan; the report of the Commissioner for Scheduled Castes and Tribes will also be discussed. Today, our subject is a little different.

Shri Siva Raj: I start from the point that the Finance Minister made that the Plan is the main thing in this Budget. Therefore, I think all my arguments and all my references can be made to the Plan.

Mr. Deputy-Speaker: Leaving aside the Finance Minister Bill? All reference can be made to the Plan and not the Finance Bill?

Shri Siva Raj: The Finance Bill comprises the total finances. In fact, as has been pointed out by the previous speaker, the merits and demerits of each item of taxation, we all know. It is not necessary for me to cover that ground. In fact, I am not going to put these finances in the hands of a Government which is reckless and lavish in the matter of this Plan, and finding themselves in hot waters so soon after the Plan has come into operation. That is my main point. In doing so, I want to point out that they could have done better by adopting in the Plan many measures which would go to alleviate the sufferings and miseries of the poor, apart from the idea of taxation. That is why I said that they did not have the concurrence or consent of the Scheduled Castes Federation.

I feel that the Finance Minister is now putting on a brave front in order to face the difficulties which he probably did not foresee at the time he framed the taxation measures to support this Budget. I wish him all good luck in his efforts to succeed. But, I fear that there is an air of lack of confidence in the capacity of this Government to go through this Plan. That is more outside the House than in this House. The ordinary man thinks that the Government will not succeed ultimately in its objective. It is up to the Government to see that this kind of lack of confidence is removed and that they so act in the future that that confidence could be restored and every man, it does not matter to which section of the population he belongs, puts his shoulder to the Plan and fulfils it because we feel that it is essential.

There is another point which I want to refer to. This Plan will ultimately result in increased production of both, perhaps, food on the one

side and consumer goods and other things for the country. If it does, the problem of production might have been solved. But, the greater difficulty is the problem of distribution. That is where we of the poorer sections like the Scheduled Castes, Scheduled Tribes and backward classes will suffer, because here is a pattern of society called socialistic pattern of society, which is the aim of this Plan, which is, as they say, the objective of the Government, to be run by a people who do not understand socialism who, through all these centuries, have been not merely un-social but anti-social. If the Plan should succeed, this must be a country of honest workers, of patriots, of patriotic industrialists. On the other hand, I am afraid, the trend is, on account of various circumstances, of the bungling on the part of the Government of India in other matters it has become a country merely of agitators, wage-earners without working and black-marketers.

पड़िन ठ कर दस भःगव (हिसार)

जनाब डिप्टी स्पीकर साहब फाइनेन्स बिल के मौके पर ग्राम तौर फाइनेन्स बिल की दफात का और सिर्फ ऐसे प्राबलम्स का ही जिक्र नहीं किया जाता जिनका ताल्लुक रुपये पैसे से हो, बल्कि मुझे याद है, बड़े अरसे से हम हमेशा फाइनेन्स बिल के मौके पर बहुत सी और बातों का जिक्र करते हैं जिनका फाइनेन्स बिल से कोई ताल्लुक नहीं। यही एक मौका होता है कि जिस पर हर मेम्बर अपनी कोई भी बात कह सकता है क्योंकि जो भी चीज हम चाहते हैं वह फाइनेन्स के जरिये से ही भ्रमल में आ सकती है। अगर मैं इस वक्त फाइनेन्स बिल को छोड़ कर चन्द और बातों का जिक्र करना चाहता हूँ तो मैं ऐसा उस पुरानी ट्रेडिशन को कायम रखते हुए करूँगा जिसके मातहत हमेशा फाइनेन्स बिल के मौके पर हम फौमिन्स का जिक्र किया करते हैं, जेलों का जिक्र किया करते हैं, मवेशियों का जिक्र किया करते हैं, सिव्थूल्ड कास्ट्स

का जिक्र किया करते हैं गर्भ कि ग्रासमान के नीचे की कोई भी ऐसी चीज नहीं है जो कि फाइनेन्स बिल के अन्दर न आती हो। और मैं याद दिलाना चाहता हूँ फाइनेन्स मिनिस्टर साहब को कि उनका और गवर्नमेंट का फर्ज सिर्फ रुपये के साथ खेलना नहीं है, सिर्फ रुपये को इकट्ठा करना और उसको खर्च करना नहीं है बल्कि देश की उन इन्डियन्स चीजों को देखना है जिनके कि दुनिया में खुशी बढ़ती है और जिनकी कि देश को जरूरत है।

मुझे दो खास बातों का आज जिक्र करना है। मुझे शिकायत है कि अब तक हमारी गवर्नमेंट ने कैबिनेट में एक नया पोर्टफोलियो ऐनीमल हसबेडरी के लिए क्यों नहीं बनाया। मैं बहुत अरसे से यह शिकायत करता आ रहा हूँ लेकिन आज तक मुझे कोई ठीक जवाब नहीं मिला कि क्यों गवर्नमेंट इसको नहीं करना चाहती सिवा इस छोटे से जवाब के कि गवर्नमेंट के पास आजकल रुपया पैसा खर्च करने को नहीं है। लेकिन मैं पूछता हूँ कि इसमें कितना रुपया खर्च होगा? आज भी एग््रीकल्चर मिनिस्ट्री में तीन चार मिनिस्टर्स लग हुए हैं। आज अगर सटर मे एक् एनीमल हसबेडरी का डिपार्टमेंट खोल दिया जायता उसमें ज्यादा खर्च की बात नहीं है। अगर देश का भला होना है और देश के फाइनेन्स ठीक होने हैं और देशमें गलत की ज्यादा म ज्यादा पैदावार होनी है तो उसका कोई तरीका नहीं है सिवा इसके कि ऐनीमल हसबेडरी या एक् अलाहिदा पोर्टफोलियो कायम किया जाय।

दूसरी बात मैं यह अर्ज करना चाहता हूँ कि हम पार्लियामेंट में रोज इतने कानून बना रहे हैं और इतनी तेजी से बना रहे हैं कि उन पर भ्रमल नहीं हो पाता। हमने यहाँ पर अनटचेबिलिटी का एक कानून पास किया। हम नहीं जानते कि कहा तक उस पर भ्रमल होता है या इसमें कितनी तरक्की हुई है। लोगों का कहना है कि अनटचेबिलिटी

पं० ठाकुरदास भार्गव]

में कुछ भी कमी नहीं। मे तो यह नहीं मानता। लेकिन ताहम जो हम यहां से अनटचेबिलिटी को हटाना चाहते हैं उसमें हम को पूरी कामयाबी नहीं मिली है। श्रीर जिनके वास्ते वह कानून बनाया गया था उनको भी पूरा फायदा नहीं पहुंचा है।

इसी तरह से हमने कायदा बनाया शराब के मुताल्लिक लेकिन शराब बढ़ती जाती है। हमें तो उसमें कमी नजर नहीं आती। मैं तो यह देखता हू कि जो देश के अन्दर अच्छी अच्छी बातें थी श्रीर जिनके लिए हिन्दुस्तान मशहूर था वे सब की सब कमजोर हो रही हैं। मैं हर तरफ देखता हू कि मैरिज टाई कमजोर हो रही है।

सहकार मंत्री (श्री प० शा० बेशमुख) :
अच्छी शराब भी नहीं बन रही है।

पंडित ठाकुर दास भार्गव अच्छी शराब तो विलायत से आती है। उसके ऊपर आप टैक्स बढ़ाइये। बाहर से अच्छी शराब बहुत बड़ी मात्रा में आती है। इसलिए उनको जो अच्छी शराब पीना चाहते हैं शिकायत नहीं होनी चाहिए।

उप.ध्यक्ष महोदय : मिनिस्टर साहब का कहना है कि वह अच्छी चीज यहां भी बननी चाहिए।

पंडित ठाकुर दास भार्गव : मैं तो इसके लिए एक अलग मिनिस्ट्री की सिफारिश नहीं करूंगा।

उपाध्यक्ष महोदय : जो आप पोर्ट-फोलियो बनाना चाहते हैं ऐनीमल हसबेडरी का उसी में इसको भी शामिल कर दीजिये।

पंडित ठाकुर दास भार्गव : मैं आपसे अदब से अर्ज करना चाहता हू कि आज हमारे

पास एक बिल आया है, कल परसों वह हाउस में भी आ जायेगा, यानी एक्सपेंडीचर टैक्स बिल। इसके जरिये से हमारे फाइनेन्स मिनिस्टर साहब चाहते हैं कि लोग ज्यादा खर्च न करे। लेकिन अगर उनको एक्सपेंडीचर कम करना है तो वह इस टैक्स के जरिये से नहीं होगा। यह तो एक डिवाइस है लोगों से रुपया एठने का। अगर खर्च को कम कराना है तो इसके लिए कोई कानून बनाइये, शादी के खर्च पर सीलिंग लगाइये, एक सोशल मिनिस्ट्री बनाइये जो कि लोगों को बतलावे कि उनको फिजूलियात पर, शादी विवाह वगैरह पर ज्यादा खर्च नहीं करना चाहिए। लेकिन यह तरकीब खर्च कम करवाने की नहीं है। यह तो सिर्फ रुपया एठने की तरकीब है और उसके साथ यह बात जोड़ दी गयी है।

श्री च० ब० पांडे (नैनीताल) अगर मेम्बर साहब अग्नेजी में बोले तो फाइनेन्स मिनिस्टर साहब उनको समझ सकेंगे।

पंडित ठाकुर दास भार्गव वह मुझे अच्छी तरह से समझते हैं, मैं अगर न बोलू तो भी मेरा दिली मतलब वह समझते हैं। यह उनकी बदकिस्मती है कि वे मेरे कहने पर अमल न कर पायें। पर वह उस पर अमल करना चाहते हैं।

देश में जान विरादरी (Casteism) का जोर बढ रहा है, प्राविशेनिज्म का राज हो रहा है और आपम की रखादारी व मेल जोल घट रहा है। देश के अन्दर इटालरंस इतना ज्यादा बढ़ता जा रहा है कि देश की यूनिटी व फ्रैटरनिटी (Fraternity) का उसूल जिसको हमने अपने कास्टीट्यूशन के प्रिंम्बल में रखा वह बहुत कम होता जा रहा है। आज आप हर एक जगह पर क्या देखते हैं? पंजाब के अन्दर इतने झगड़े हो रहे हैं जिनकी कि कोई बुनियाद नहीं है। उनकी वजह यह है कि एक दूसरे से मेल नहीं करना चाहता। देश के अन्दर हर जगह

फिसाद और झगड़े देखने में आते हैं। हम फिजूल बातों में पड़कर एक दूसरे के बर्खास्त हो जाते हैं। यह चीज तभी दूर हो सकती है जब कि इस देश में एक मिनिस्ट्री कायम हो सोशल रिफार्म और सोशल इटीप्रेशन की। मैं कहता हूँ कि इन फिजूल के झगड़ों को कौन मिटाये? क्या यह गवर्नमेंट का फर्ज नहीं है। लेकिन मैं पूछना चाहता हूँ कि गवर्नमेंट ने इसके बारे में क्या कोशिश की। पिछले दिनों मैंने अखबार में पढ़ा था कि जोधपुर स्टेट में एक दिन में ३०,००० मास मैरिज हो गये। न मालूम इन चाइल्ड मैरिज की वजह से सारे देश में कितनी खराबी पैदा हो रही है। लेकिन गवर्नमेंट इसके ऊपर कोई ध्यान नहीं देती है। इसके लिए गवर्नमेंट ने कोई इतजाम नहीं किया है। इन चीजों पर तबज्जह क्यों नहीं दी जाती जो कि देश के वाइटल्स को खायें जा रही हैं।

श्री ह० ल० भापुर (पार्ली) जोधपुर में तो इतनी पापुलेशन भी नहीं है कि इतने मैरिज एक दिन हो सकें।

पंडित ठाकुर दास भार्गव हो सकता है कि ये सारे राजस्थान के फिगर हो।

Mr. Deputy-Speaker: I am sure no decision will be taken here.

पंडित ठाकुर दास भार्गव लेकिन अगर ये फिगर सारे राजस्थान के लिये भी हैं तो भी यह बड़ी बुरी बात है। मैं पूछना चाहता हूँ कि गवर्नमेंट इसके बारे में क्या कर रही है।

मैं समझता हूँ कि इटर मैरिज एक ऐसी चीज है जिसके जरिये से हम काम में मूहब्बत और फ्रेंडशिप पैदा कर सकते हैं। मैं पूछना चाहता हूँ कि गवर्नमेंट ने इसके लिये क्या किया है। यह पहला मौका नहीं है जब कि मैं यह बात कह रहा हूँ। मैं बहुत मर्तबा इसके बारे में अर्ज कर चुका हूँ। मैं पूछना चाहता हूँ कि गवर्नमेंट ने इसके बारे में क्या किया है।

गवर्नमेंट ने एक छोटी सी सोसाइटी (Social Welfare Board) बना रखी है जो कि औरतों और बच्चों के वास्ते कुछ काम करती है। मैं उम्मे डिक्लाई नहीं करता। मैं उनको जोस में इधर उधर आते जाते देखता हूँ। उन्होंने थोड़ा बहुत काम किया है। लेकिन मैं गवर्नमेंट से पूछना चाहता हूँ कि क्या यह देश के सोशल इटीप्रेशन के लिये काफी है। जब तक आप सारे हिन्दुस्तान के लिये एक सोशल रिफार्म मिनिस्ट्री और सोशल इटीप्रेशन मिनिस्ट्री कायम नहीं करेंगे और ऐसा इन्तिजाम नहीं करेंगे कि मुस्तलिफ क्लासेज में मेलजोल बढ़े, तो मुझे डर है कि हम इस चीज में कामयाब नहीं हो सकेंगे।

आज आप इतना खर्च ला एड आर्डर पर कर रहे हैं। लेकिन रोज खबरें आती हैं कि आज फीरोजपुर जेल में यह हो गया, इतने आदमी मारे गये, आज सिखों का मोर्चा हो रहा है, और हिन्दी रक्षा समिति की तरफ से इतने आदमी जेल में गये। मैं चाहता हूँ कि हिन्दुस्तान का एक एक वाशिन्दा आराम और पीस की जिन्दगी बसर करे और किसी स्टेट में ऐसा न हो कि लोग एक दूसरे के खिलाफ होकर अनसोशल काम करे जैसा कि आज देखा जा रहा है। हम देखते हैं कि रोज गवर्नमेंट के खिलाफ सत्याग्रह हो रहे हैं और फिजूल बातों पर। मैं पूछता हूँ कि इस तरह की चीजे मुमकिन क्यों हैं? ये चीजे इसलिये मुमकिन हैं कि लोगों को कोई तालीम नहीं दी जाती। न कोई मिनिस्टर गवर्नमेंट की तरफ से इस तरफ तबज्जह देता है। मैं अर्ज करूँगा कि गवर्नमेंट का इस तरफ तबज्जह न देना एक क्रिमिनल निगलेक्ट है। गवर्नमेंट रुपये पैसे की तरफ ज्यादा ध्यान दे रही है पर इस तरफ ध्यान नहीं देती। क्या एक सोशल वेलफेअर स्टेट का यह फर्ज नहीं है कि वह इन चीजों की तरफ तबज्जह दे। इस वास्ते मैं अदन से फाइनेन्स मिनिस्टर

[शंभु ठाकुर दास भार्गव]

साहब की खिदमत में अर्ज करना चाहता हूँ कि वह अपनी सारी पावस को जो कि उनको हासिल है, और मैं जानता हूँ कि उनको कैबिनेट में बड़ी पावस हासिल है, उनको इस्तेमाल करके एक सोशल रिफार्म की मिनिस्ट्री बनाने की कोशिश करें।

The Minister of Finance (Shri T. T. Krishnamachari): Shall I become the Minister for Social Welfare?

Pandit Thakur Das Bhargava: I would very much like it, you with your drive and cleverness you will succeed. But I don't think you will accept it I would certainly like it if Dr. Panjab Rao Deshmukh takes up the portfolio of animal husbandry, you yourself being in charge of social reform and integration.

मैं अर्ज करना चाहता हूँ कि अगर आप इस पोर्टफोलियो के इनचार्ज होंगे, तो लोग इस आये दिनों के टैक्सों से तो बच जायेंगे और आप की तवज्जह एंव कामों की तरफ लग जायेंगे, जिसमें देश में शांति और भाई-चाचा होगा। There will be more peace in this land, more happiness in this land.

घांड़े दिन पहले ही हमने देखा कि मुसलमानों के बारे में एक किताब पर बहुत बड़ा झगड़ा हो गया, हालांकि वह झगड़ा निहायत आसानी से रफादफा हो सकता था। अगर हमारे यहां सोशल रिफार्म की कोई मिनिस्ट्री होती। अछूतों और बाल्मीकियों के लिये आपने इतना कुछ किया, उनके लिये आपने क बिल बनाया, उन पर इतना रुपया खर्च किया, लेकिन वे इस बात के शाकी हैं कि हमारे लिये कुछ नहीं किया गया है। इन हालात में यह जरूरी है कि आप सोशल इंटेग्रेशन के लिये एक मिनिस्ट्री कायम करें। मैं आप को यकीन दिलाता चाहता हूँ कि इस पर

आप का ज्यादा रुपया खर्च नहीं होगा, और अगर होगा भी, तो उसके डिविडेंड्स इतने ज्यादा होंगे कि ला एंड आर्बर और दूसरी कई बातों पर आप को ज्यादा खर्च करने की जरूरत नहीं रहेगी।

अब मैं फिर अपनी पहली बात पर वापस आता हूँ और अर्ज करना चाहता हूँ कि इस देश में एनोमल हसबेंडी का एक अलाहिदा पोर्टफोलियो होना चाहिये। इस देश में नेशनल इनकम का एक चौथाई हिस्सा कंट्रोल से बसूल होता है। इस देश की सारी पैदावार खत्म हो जाय, अगर यहाँ पर बेल न हों। मैं देखता हूँ कि इस देश में लोग काउ-प्रोटेक्शन के लिये और कंट्रोल के स्लाटर को बन्द करने के लिये झगड़ते हैं, लेकिन बैनो की ताकत को बरकरार रखने और बढ़ाने और उनकी व्रीड इम्प्रूव करने की तरफ कोई ध्यान नहीं दे रहा है। हमारे एक्सपर्ट्स सिर्फ एक ही बात जानते हैं—उनके पास तो एक ही तुल्बा है और वह यह कि यहाँ पर अन-उकानार्मिक और यजलेस कंट्रोल बहुत है, इमानिये उनको मार दो। मैं उनकी राय की कद्र करता हूँ। मुमकिन है कि उनकी राय दरस्त हो, लेकिन हम लोग उनमें मुस्तलिफ राय रखते हैं। जिस वक्त हमारे प्रेजिडेंट माहब एग्नीकल्चर मिनिस्टर थे, तो उन्होंने इम मिलमिले में एक कमेटी मुकरर की थी। उस कमेटी ने सिफारिश की और उस सिफारिश पर गवर्नमेंट काम कर रही है। पिछले फ्राइव यीअर प्लेन में २,६७,००,००० मवेशियों के लिये गोसदन बनाने के लिये ६७,००,००० रुपये दिये गये, जिनमें से सिर्फ ३ लाख रुपये खर्च किये गये और गोसदन भी बहुत कम खोले गये। चूकि एक्सपर्ट्स का इस स्कीम में दिल नहीं है, इस लिये इस तरफ कोई तवज्जह नहीं दी जा रही है। मुझे पता नहीं कि एग्नीकल्चर मिनिस्ट्री उसमें यकीन रखती है या नहीं, लेकिन मैं जानता हूँ कि कोई तवज्जह इस तरफ नहीं दी गई, बल्कि इस बात की पूरी कोशिश की

गई कि यह स्कीम फेल हो जाय। एक तज-वीज रखी गई, जिसको सारे देश ने मंजूर किया, गवर्नमेंट ने मंजूर किया और वह तज-वीज यह थी कि यूजलैस कैंटल के मसले को गोसदनों के जरिये हल किया जाय और इस का एक्सपेरिमेंट किया जाय। लेकिन मुझे डर है कि इस स्कीम को फेल करने के लिये और सबोटज करने के लिये एक बड़ी भारी और आरगनाइज्ड साजिश हो रही है। हमारी पुरानी गवर्नमेंट ने—और मैं चार्ज करता हूँ कि इस गवर्नमेंट ने भी—पंजाब के कैंटल की नसल को तबाह करने में कोई कसर नहीं उठा रखी। पिछले चालीस, पचास सालों से—और दस साल इस गवर्नमेंट को आये हो गये हैं—पंजाब से और खसूसन रोहतक, हिसार के मवेशी बम्बई और कलकत्ता भेजे जा रहे हैं। न ग मुंह मांगे दाम देते हैं, क्योंकि इस ट्रेड में फायदा है। वहां से कैंटल वापस आने का कोई काम नहीं है, क्योंकि एक बार दूध खत्म होने पर उनको स्लाटर-हाउस भेज दिया जाता है। मैंने अपनी आंखों से यह सब कुछ देखा है और डा० पंजाबराव देशमुख को भी दिखलाया है कि किस तरह कलकत्ता में ज़बह-खानों में ऐसे कैंटल को कल किया जाता है, जो कि यूजफुल होते हैं। उन्होंने इस तरफ कुछ कोशिश भी की, लेकिन मैं यह अर्ज़ करना चाहता हूँ कि जब तक इस के लिये कोई अलाहिदा मिनिस्टर नहीं होगा, तब तक यह मामला तय नहीं होगा। इस पचास बरस के अरसे में यह हालत हो गई है कि जो गाय पहले बारह, पंद्रह सेर दूध देती थी, वह अब सिर्फ़ आठ सेर दूध देती है। कोई भी गवर्नमेंट इस इलजाम से बच नहीं सकती है, जिसका कि सानी दुनिया में नहीं मिलता है। बैलों की यह हालत है कि पहले वे चालीस पचास मन की गाड़ी खींचते थे, लेकिन अब वे बीस, पच्चीस मन की गाड़ी खींच सकते हैं। पिछले दिनों हमारे प्राइम मिनिस्टर साहब ने भी एक तकरीर में फ़रमाया था कि हमारे बैलों की ताकत कम हो रही है। सिर्फ़ इतना ही नहीं, हम लोगों

को औसतन दूध छटाक से ज्यादा दूध नहीं मिलता है, जबकि न्यूज़ीलैंड में ३१ औंस दूध मिल जाता है और इंगलैंड में भी बहुत ज्यादा १६ औंस दूध मिलता है। मैं ये फ़िगरज़ कई दफ़ा इस हाउस में दे चुका हूँ, लेकिन कोई तवज्जह इस तरफ नहीं दे जा रहा है। हम लोग बकते हैं, बकवास करते हैं, लेकिन गवर्नमेंट के कान पर जूँ नहीं रेंगती है। आखिर हम कहां जाकर अपनी बात कहें, किस को कहें? एक मुश्किल यह है कि कुछ लोग गौ-रक्षा की बात करते हैं, काउन्सिलर के खिलाफ़ स्लोगन लगाते हैं, लेकिन इस के लिए कोई काम नहीं करते हैं। अगर वे काम करते, तो इससे देश का भला होता। स वजह से गवर्नमेंट भी उन की बात की परवाह नहीं करते और उन के खिलाफ़ कदम उठाती है। नतीजा यह है कि दोनों की आनस में कशमकश चल रही है और देश का बड़ा भारी नुकसान हो रहा है। मैं अर्ज़ करना चाहता हूँ कि अगर आप इस मिनिस्ट्री को कायम करेंगे, तो पोलिटिकल भी यह आप के इन्ट्रेस्ट में होगा। इन लोगों के ये स्लोगन बन्द हो जायेंगे। **They will be put in the wrong.** तब आप कह सकेंगे कि हम मवेशियों की ब्रीड को इम्प्रूव करने की कोशिश कर रहे हैं। आप का यह कदम पोलिटिकली वाइज होगा। इससे आपके कम्प्यूनिटी प्रोजेक्ट्स में जान पड़ जायगी। हर कल्टीवैटर में नई रूह पैदा हो जायेंगी। हर एक बल्बे र यह सोचेगा कि गवर्नमेंट ने मेरी भलाई के लिए स्टेप लिया है। इकनामिकला, साइकालोजिकला, पोलिटिकली, हर तरह से आप का फायदा है।

13 hrs.

एक नई फ़र्टिलाइजर फैक्टरी पंजाब में बनने वाली है। एक सिदारी में बनी हुई है। मैं इन को डिफ़ेंड नहीं

[पंडित ठाकुर दास भार्गव]

करता, लेकिन मैं यह अर्ज करना चाहता हूँ कि सब से बड़े फरटलाइजर का पूरा फायदा नहीं उठाया जा रहा है। आज करोड़ों मन गोबर को जला दिया जाता है। पेपर पर कहा जाता है कि इस को हटा दिया जाय, लेकिन प्रैक्टिस में इस की तरफ कोई तवज्जह नहीं दी जाती है। पेपर पर कहा जाता है कि हम को पैडिग्री बुल बेधार करने चाहिए—हम को २५० पैडिग्री बुल चाहिए, और हकूत में सिर्फ एक बुल है या जरूरत मौजूदा तादाद से २५० गुना की है। हिसार में एशिया में सब से बड़ा कैटल फार्म है, लेकिन वहाँ पर सिर्फ एक पैडिग्री बुल है, और दुमरे क मूताल्लिक भी जांच हो रही है कि वेह पैडिग्री बुल है या नहीं। ८० बरस से वह फार्म खुला हुआ है, लेकिन पैडिग्री बुल तैयार करने की कोई कोशिश नहीं की गई है। पेपर पर कहा जाता है कि बछड़ों को पाच रुपये वजीफा देते हैं, लेकिन उम का क्या असर होगा, कब असर होगा, यह कौन जानता है। जबलपुर में भवेजियों की ब्रांड को सुधारने के सिलसिले में एक फार्म खोला गया था, लेकिन वहाँ भी कुछ नहीं किया गया है। कम्युनिटी प्रोजेक्ट के मूताल्लिक तरह तरह की बातें हम सुनते हैं। कहा जाता है कि विलेज की सकीम पर अमल होगा, लेकिन उन का अपशाट कुछ नहीं है। यह कहते हैं हमारे गले होर्स हो गये कि खराब बुल्ज की कंस्ट्रेशन करो, खराब बुल्ज को खराब और निकम्मी औलाद न पैदा करने दो। इस सिलसिले में गवर्नमेंट की एक्टिविटीज इतनी थोड़ी और नाकाफी हैं कि मुझे शर्म आती है। बात यह है कि यह काम ऐसा है कि इस में झल्ला कम होता है, इस में जय नहीं बोली जाती है, गले में मालाये नहीं पड़ती है। मैं ने मिनिस्ट्री को यह आफर की थी, जिस को मैं आज दोहराता हूँ, कि यह काम उन लोगों के जिम्मे डाल दिया जाय, जो कि कहते हैं कि गौ हमारी माता है। आप अपना कंट्रोल रखिये, रुपये पैसे का शायल

रखिये, श्रीवर-अल सुपरविजन रखिये, लेकिन उन को काम करने का मौका दीजिये। अगर वे अच्छा काम नहीं करेंगे, तो हम उन को रांग में पुट कर देंगे। लेकिन इस तजवीज पर ध्यान नहीं दिया गया है। चारे के ज्यादा उत्पादन को किसी बड़ी स्कीम पर अमल नहीं हो रहा है मेरी गुजारा यह है कि ५५ बरस का अरसा हो गया है, लेकिन हम ने कुछ नहीं किया। किया यह कि पंडित जी ने हमारी दरखास्त पर एक नन्दा कमेटी मुकदर कर दी, जिसके सामने यह सवाल था कि कलकत्ता और बम्बई में फाउ-स्लाटर को बन्द किया जाय। मैं यह जानना चाहता हूँ कि उस कमेटी की रिपोर्ट पर क्या तवज्जह की गई है। उस कमेटी ने बिना अखत्यार कह दिया कि गो हत्या की जावे। १७ जून को शिमला में आई० सी० ए० आर० के लाइवस्टॉक विंग की एक काफेस हुई। मैं कहना चाहता हूँ कि उन लोगों का यह मन्सव नहीं था कि वे गौ हत्या के बारे में हक में राए दें विधान के खिलाफ। कास्टोच्युशन ने गौ-हत्या पर बाधा लगा दी है। कानून बना हुआ है, लेकिन हमारे एक्सपर्ट्स ने यही रट लगाई हुई है कि अन-इकानॉमिक और यूजलैस कैटल को खत्म कर दिया जाय। महात्मा जी ने इस मसले का साल्यूशन सामने रखा था। जिन को अन-इकानॉमिक कैटल कहा जाता है, पहले वे आध सेर दूध देते थे, लेकिन कोशिश करने पर बाद में वे पाच सेर दूध देने लग गये। मैं अर्ज करना चाहता हूँ कि यह अन-इकानॉमिक कैटल हमारे देश का खजाना है। अगर आप इस को इंग्रूव करे, तो हम लोगों को आठ छंटाक दूध मिलने की जो जरूरत है, वह पूरी हो जायगी।

मैं बड़े अदब के साथ अर्ज करना चाहता हूँ कि जो एक हल देश के सामने रखा गया है और जिस का एक्स्पैरीमेंट करने के लिये कहा गया है, उस को फंयर ट्रायल दिया जाये और उस को इस तरह से टारपीडो करने की कोशिश न की जाये और उस के नतीजों को देखा जाये।

आखिर में मैं इतना ही भर्ज करना चाहता हूँ। अपने फाइनेंस मिनिस्टर साहब से, कि आप जितने चाहें टैक्स लगाएँ जायें, आप जितना चाहें पैसा इकट्ठा करते जायें, आप जैसे चाहें उस पैसे को खर्च करते जायें, वर मेहरबानी कर के वही काम कीजिये जिस में देश का भला हो सके। मैं उन से प्रार्थना करता हूँ कि मेहरबानी कर के एनिमल हसबैंडरी का एक अलग मंत्रालय रखिये, एक अलग से मंत्री रखिये, इस का एक अलग से पोर्टफोलियो रखिये। यह बेरा कहना ही नहीं है बल्कि एक सेमिनार हैदराबाद में गवर्नमेंट ने कराया था उस का भी यह मुक्तिका रेजोल्यूशन था। आप की तरफ से, गवर्नमेंट की तरफ ने एक नंदा रुमेटो बिठाई गई थी, उस की भी यही सिफारिश थी कि एक प्रादमी प्लेनिंग कमीशन पर एनिमल हसबैंडरी को टिप्रिजेंट करने के लिये होना चाहिये। इस वास्ते एक तरफ तो आप एनिमल हसबैंडरी का पोर्टफोलियो रखिये और एक अलग मिनिस्ट्री बनायें और दूसरी तरफ सोशल इंटेग्रेशन की एक अलग हदा मिनिस्ट्री हो, एक अलग से मिनिस्टर हो। आप जितना पैसा चाहें लेते जायें, जितनी मॅटीरियल तरक्की चाहें करते जायें, लेकिन इस से कुछ नहीं हो सकता है। देश की स्पिरिचुअली और इंटेक्चुअली ऊंचा उठाने की भी जरूरत है। इस के बगैर आप देश का भला नहीं कर सकेंगे। और दूसरी कल्चरल चीजें भी हैं जिन की तरफ सबज्जह दी जानी चाहिये और उस में आप को सब से बढ़ कर फ्रेटरनिटी की स्पिरिट को पैदा करना है जो इस देश में कम होता जाता है।

Shri Harish Chandra Mathur: Mr. Deputy-Speaker, Sir, the hon. the Finance Minister has proposed bold and heavy taxation measures, some of a very radical nature indeed. In very plain words, he has stated his difficulties and the compulsions under which he is working. The justification for these heavy taxation proposals and measures is the implementation of the Plan. All the pro-

posals revolve round that Plan, the Second Five Year Plan about which we are all so anxious.

Sir, it was really heartening to find the hon. the Finance Minister clear and categorical about his policy regarding the implementation of the Plan. He stated on the floor of this House—he repeated it on the floor of the Rajya Sabha—not once, that the Plan of the order as it was will be implemented. He is clear and categorical that all that he wants to do is the rephrasing of the Plan, and the rephrasing of the Plan does not mean cutting down the Plan in any sense. He stated it more than once.

But we find that he is faltering now; he is not holding the ground. Now what is being stated is that he is not rephrasing the Plan without cutting any items, but rephrasing and pruning the Plan. I think, Sir, that is something which will not permit us to give the support which we wanted to give to all the taxation proposals. I feel there is no justification for us to have any defeatist mentality. There is no reason for us to feel that we will not be able to implement the Plan of the order that we have drawn. Not that I hold the Plan to be sacrosanct, not that if we have drawn up a Plan we should stick to it, but I feel that we have the capacity, I feel that we have the resources to implement the Plan of the Order which we have drawn. The Plan is the very breath of our nation and I wish that we stand firmly and resolutely by the Plan and do everything to implement the Plan.

The only difficulty which has been mentioned by the hon. the Finance Minister is about foreign exchange. It is true that at the present moment we are faced with certain difficulties. Possibly the situation is grave. I would not call it an alarming situation, but, of course, we feel that we are in a difficult position regarding foreign exchange, but again, it is my conviction that it is only a temporary phase. This difficulty has been created because of certain extraordinary

[Shri Harish Chandra Mathur]

temporary reasons. It may not be true that our foreign exchange was frittered away by the Commerce and Industry Ministry, it may not be true that we were very indiscreet in placing our import orders, but there is not the least doubt about it that while granting licences we did not take into consideration certain factors which we possibly could have. Certainly, the plan of the order which was to come was not taken into consideration. We did not take into consideration the food situation, we did not take into consideration the additional amounts that we might have to spend on defence. After seven to ten years of dealing with Pakistan we could not even visualise what would be our responsibility in this matter. There is no justification for us to say that it was an unforeseen item.

Again regarding food, we did know that the food situation in the country had improved not because of the various projects and measures that we had taken, but simply because of favourable monsoon conditions. Therefore, we should have visualised and provided for bad days. I wish to emphasize, however, that though for lack of this vision and consideration we have to put up with a little hardship at the present moment, we should not be scared by it, there is no reason for it.

The hon. Finance Minister, while stating his difficulties on the floor of the Rajya Sabha stated in clear words that if only he could find the finances for the importing of food-stuffs, the greatest obstacle in the way of implementing the Plan would be removed. What he felt and stated was that if only he could get over this difficulty regarding food, he would be able to implement the Plan as it was. Here, on the floor of this House the hon. Minister for Food and Agriculture has more than once stated that

all that he needs by way of foreign exchange for importing of food is hardly Rs. 25 to Rs. 40 crores. I do not know how these two statements can be reconciled. The Food Minister has always taken pains to say that he requires very little foreign exchange, while the hon. Finance Minister says that his main difficulty, main obstacle or hurdle would be over if only we could find the foreign exchange for the import of 2000-grains.

Apart from that, why should we get scared about the food situation, because really one or two years have created certain difficulties? There is no reason for us to suppose that we are going to have bad years throughout the period of this Plan. There is no reason for us to think that way and play into the hands of the vested interests who are all the time wanting to scare us about the order of the Plan and wanting it to be pruned. The food situation will improve very considerably if we have a good monsoon next year. Even at present, as the Finance Minister has himself said, there is more than enough food in the country itself. If only we had adopted certain efficient administrative measures in time, visualised the situation and squeezed out what is there with the hoarders, the food situation would not be what it is today. Therefore, I emphasize that these difficulties are only of a temporary nature and should not scare us. If we are more judicious and discreet in our import-export policy, if we have a good export drive, if we take good care of our food situation, it will be possible for us to improve the situation in a year or two and we will be well on our legs to be able to implement the Plan effectively.

While I say all this, why do I support all the taxation measures, the heavy taxation measures which the Finance Minister has brought for-

ward? It is simply because we are assured that these measures have been necessitated for the implementation of the Plan, the Plan on which our future prosperity is based. If the hon. Finance Minister shows any shakiness about it, he will do a great psychological and political harm to this country. I wish we stand firmly and resolutely and say that we are quite confident and competent enough to be able to implement the Plan as it is.

It is true a complaint has been made that the poor man has been taxed, that the common man has been taxed. But who lives in this country? It is only the common man, the poor man, and it is the poor man and the common man who has to be taxed. Not that I am unaware that we have certain parasites, that there are certain exploiters, but we have also adopted measures, measures which are important not because we will be able to collect Rs. 20 or Rs. 15 crores, but because they give a particular direction to our future tax structure. The little time that is being allowed is, as a matter of fact, a very valuable time for the adjustment of our friends there. Whether the Finance Minister stays or not, the common man will stay and he is strong enough to see that there is no exploitation.

While I say all this, while I support the taxation measures, I cannot support this Government and I cannot support the arguments, the peurile and plausible arguments, which are put forward by the Government in support of their administrative structure, in support of administrative efficiency. The Government has not been able to acquit itself in this matter satisfactorily. There is considerable room for efficiency and economy. There is a lot of duplication, there is considerable wasteful expenditure and extravagance, there is not the least doubt about it.

I will just ask a simple question, to test the sincerity of the Government, so far as economy is concerned. We

are talking all the time about the disparity in salaries in the services. It was ten years back that the first pay commission made its recommendations. Among others they made a clear recommendation that it was high time disparities were reduced, that the highest salaries should be cut down to Rs. 2,000, that there should be no departmental head getting more than Rs. 2,000, that certain specialised jobs like that of Members of the Railway Board, General Managers etc., should be fitted in some way between Rs. 2,000 and Rs. 3,000. I would be extremely happy if we are able to pay our highest men in the services Rs. 5,000. Who will be happier than ourselves? But I want to know whether this is the policy of the Government, whether it is the view of the Government that these salaries are proper. If they feel there is disparity, they have got to bring down the salaries. May I know what steps have been taken in view of the recommendations made by the first pay commission?

We have appointed another pay commission. What is the use of these commissions if we are not going to implement their recommendations? What arguments have the Government to justify their action in not taking any steps and still saying all the time that there is an economy drive?

Again, we find that certain economy units have been set up. How can these economy units be of any use and utility? I wish to invite the attention of the Finance Minister to the report of the reforms reorganisation commissioner in U.P. He went into all these matters about the efficiency and economy in the services below the tahsildar level, and in his report, he submits that there would be a saving of about Rs. 2 crores a year. If in one State of Uttar Pradesh, just below the tahsildar level, a recurring economy of Rs. 2 crores a year could be effected, let us consider what would be the economy which would be effected in the entire country in the various States and at the Centre.

[Shri Harish Chandra Mathur]

What we need is not these economy units. They are a continuing process, no doubt; they will be there, and they have their own place. But the first thing which we need is a sort of a commission, a commission not of the Members of Parliament, as suggested by my hon. friend, but a commission of the nature of the Hoover Commission. What did they do in America? When they found that there was duplication, that there was extravagance in all the quarters, they appointed a commission. They did not appoint these units in the various Ministries, but they appointed a commission which was presided over by a personality like Mr. Hoover, who was the President of America. If my hon. friend reads the report of the Hoover Commission, he would be disillusioned.

Shri T. T. Krishnamachari: With what result?

Shri Harish Chandra Mathur: We shall be able to take care of this extravagance and duplicity and administrative economy only if we take those administrative measures.

I was very much heartened by a statement made by the Finance Minister in the other House. It was a very pertinent statement. He said that in a welfare State and in a socialist State, the division of responsibility between the Centre and the States vanishes. And he takes all the responsibility, and very rightly so. But may I know whether he has been able to give any practical shape to this fine sentiment which he has expressed on the floor of the other House, that there was no division of responsibility, and ultimately in a welfare State and in a socialist State, the responsibility vanishes, and the Centre must see that the people are taken good care of? That is a very fine sentiment. But what has happened to it?

I shall just give two facts and figures in regard to the State of Rajasthan. As I stated the other day, the *per capita* expenditure on

the developmental departments is the lowest in India, almost the lowest in India; as against this, the *per capita* expenditure on administration is the highest. What good care has my hon. friend taken of the State of Rajasthan, where we do not spend much on the developmental side, but our expenditure is the highest on the administrative side? The State of Rajasthan may be responsible for certain reasons. Here, I would like to refer to one particular point about which a repeated request has been made to the Minister, but he does not recognise it even, and he has not even done anything about that particular recommendation which has been repeatedly made. The State of Rajasthan has an international border of 600 miles, but the entire burden of patrolling and other things is to be borne by that poor State which is already spending the highest *per capita* expenditure on administration. The Centre is not prepared to give them any assistance. How can these States carry on? I would request that proper attention is given to these vital matters.

Dr. P. Subbarayan (Tiruchengode): I entirely agree with the Finance Minister when he says that the core of the Plan should be carried out. Take, for instance, the three steel factories which we have now got. I do not think it will be wise to prune that at any time, for the simple reason that we have put so much capital into it. The sooner we get these factories into production, the better it would be for all of us, because they will give a return for the capital that we have invested.

With regard to the taxation measures, I do still feel that he should not have reduced the income-tax level from Rs. 4200 to Rs. 3000. The money value, as the Finance Minister knows as well as I do, has come down a great deal. The cost of living has gone up. And if he reduces the level, as he has done, then he would be putting a greater burden on the man in the middle income group. Now,

the Finance Minister has reduced it to Rs. 3000, that is, to any person who gets an income of Rs. 250 a month. An ordinary family in this country is composed of husband and wife and five children, and the education of these children has to be attended to as well. (Interruptions). And Rs. 250 will not go a long way in finding the food, clothing....

Mr. Deputy-Speaker: Let there be no dispute about it. The number of children can differ from individual to individual.

Shri Braj Raj Singh (Ferozabad): How many has he?

Mr. Deputy-Speaker: None. The hon. Member might continue his speech.

Shri C. D. Pande: That is a personal matter.

Dr. P. Subbarayan: I do not think my family is concerned in this. I was only talking of an average family in this country. That family will find it difficult to manage with Rs. 250 a month, because the taxable limit has now been made Rs. 3000. So, I still plead with the Finance Minister, in spite of his statement that the taxable base should be made broader, that he would still feel sympathy for these middle classes, because they are the foundation of the country, if I may say so, and unless they are kept free from want, we shall be really doing damage to the whole structure of society.

My hon. friend the Finance Minister said, when one hon. Member referred to the fact that he was going to the USA and asked whether he would be able to raise a sizable loan to get over our present difficulties of foreign exchange, that he was not going on a begging mission. I entirely agree with him.

Shri T. T. Krishnamachari: I never said that. I merely said that my purpose was different. I am going to attend a meeting.

Dr. P. Subbarayan: That is true, that he is going to attend a meeting, because everybody knows that as the Finance Minister of the Government of India, he is a director on both the International Monetary Fund and the World Bank. But what I mean is that while he is there, he might as well utilise his spare time to see whether we can get a sizable loan to get over our present difficulties with regard to foreign exchange.

Shri Feroze Gandhi (Rai Bareilly): Shri Krishna Menon is also going.

Dr. P. Subbarayan: Shri Krishna Menon is going on a different mission.

Shri Feroze Gandhi: He can help.

Dr. P. Subbarayan: I hope he will also help if necessary. But the chief function is that of the Finance Minister himself, because he is concerned with the finances of this country, and it is his job, and it is his duty to find out whether we can get any help, not in any begging manner, as he himself would admit, but by seeing whether he can influence people that our finances are in such a state that they will be doing no injustice to themselves or to their credit by lending some money to this country, which will help the country to tide over the present difficulties.

There is no doubt, as he himself has admitted, that we are in a critical position, as far as foreign exchange is concerned. I know we have tried to raise a loan in the UK market. But the UK finances, as has been stated by the Chancellor of the Exchequer, are almost in as bad a state as ours are in, and so, that source is almost dried up. So, the only source available is perhaps the USA. It is our fortune that because of his occupation as director of the International Monetary Fund and the World Bank, our friend is going over to the USA, and that is a field in which he could find out what amounts may be available and on what terms, because the terms are as important as the funds that would be available, for, as has been stated by the Prime Minister

[Dr. P. Subbarayan.]

time and again, we do not want to get tied up with any strings. But I do not think there will be much in the way of strings, because the USA people themselves realise that unless this nascent democracy in this country is kept up and helped to develop in a democratic way, it will not be easy for democracy to prevail in Asia.

Therefore, the United States is as much interested in the growth of democracy in this country as any other country in the world. Hence I feel this is the time which my hon. friend, the Finance Minister, can take advantage of in getting the necessary finances for getting over our difficulties of foreign exchange.

There was a little talk about the tobacco tax, especially with regard to what we call chewing tobacco.....

Shri T. N. Singh (Chandauli): And the hookah.

Dr. P. Subbarayan: about which difficulties have arisen in the south. But my hon. friend said that he did send an officer to that area and he found there was over-production and that was the reason why prices had gone down. He also said that he would look into this matter; though the tax might be kept at 8 annas a lb., still he would see what help could be given in order to get over the difficulties these growers of tobacco, specially in the south suffer from. My hon. friend, Shri Barman, also referred to West Bengal, where I believe with regard to hookah tobacco, the situation is almost the same. But in view of the promise he has given that he would look into this matter and see in what way help could be given to these people, I do not want to press him further on this subject of reducing the excise duty from 8 annas to 6 annas a lb.

My hon. friend on the other side talked of defence expenditure and said that the more expenditure we had

to incur with regard to our defence forces, the less would be the money available for our Plan. I entirely agree with him, but there is also this to be said that we cannot give up our defence establishment, as we have got to keep it up to the strength necessary for defending this country if—God forbid—anything even accidental happens. It was only yesterday that the Prime Minister replied to a short notice question with regard to what the Foreign Minister of Pakistan said. They are at least giving out to the world that there are Russian bases all over this country. I do not know where my friend, Mr. Feroze Khan Noon, got this from. At one time, I did know him rather intimately also, but I did not think that his fanciful imagination would go up to this extent, of saying that there are Russian bases in this country. Perhaps he wants to cover up his own sins, because I do assert they have American bases in their country and, therefore, they think any name is good enough to hang the dog, and if they say there are Russian bases in this country, perhaps the world will believe that there are Russian bases.

That apart, what I do want to say to my hon. friend, the Finance Minister, is that he cannot possibly prune our defence expenditure, situated as we are at present. We know that on the other side Pakistan is getting free armament from the United States. As far as I understand defence, even for the purpose of defending one's country, one must have at least 1½ times the forces the other man possesses—even if you do not want to attack, if you have only to defend yourself.

When such is the case, naturally our defence expenditure has got to go up when you find that the other country is getting so much free. We have got to get it in the open market and

we have to pay for it. Therefore, I hope in thinking of his financial resources, my hon. friend will not in any way cut down our defence expenditure for the present, because it is as low as we can possibly keep it under the circumstances we find ourselves in.

One word more, with regard to rural water supply. I would like my hon. friend, who comes from the part of the country I do, where water supply is really very poor and where it is very difficult even to tap water, and where, as he himself knows, the State Government, though it is their duty to find the money for this purpose, are not so well situated—not that I say the Central Government are better situated; but they can go to their aid—to look into this question. I hope he will keep this question of supplying money for rural water supply at least in mind and see that fresh water is available to everyone in the country.

I wish him success in his venture, especially of his tour in the United States, and hope he will bring back with him good news. In spite of his saying he is not so hopeful and all that, I hope that with persuasive manners, he may be able to raise the money we want in the United States.

Some Hon. Members rose—

Mr. Deputy-Speaker: I am sorry that certain hon. Members could not be accommodated within the time at our disposal. I am sure they would have made useful contributions to the debate. I assure them that I will try to give them chance during the clause by clause stage.

Shri T. T. Krishnamachari: Mr. Deputy-Speaker, Sir, I am not in a position to say that I feel happy over the discussion we have had since yesterday on the Finance Bill on the floor of the House. 22 hon. Members spoke, and I have listened to them very carefully. But while most of them are critical of the Budget,

nobody really offered any solution for our troubles which this budget is intended partly to meet.

13.37 hrs.

[**MR. SPEAKER** in the Chair]

I am rather disturbed to find that in spite of what I have said on the floor of this House not only at the time I presented the Budget but later on on other occasions, these utterances of mine seem to have had no effect generally on the Members of this House and there is still not sufficient appreciation—whether wilfully or otherwise—of the taxation policy underlying the Budget.

In winding up the debate on the Demands for Grants of the Finance Ministry, I mentioned that I would not deal with all the subjects raised at that time by hon. Members, but would divide up the subjects to deal with them partly at that time, and the rest at the time of the Finance Bill discussion. I therefore propose to make another attempt to set forth my view on the role of taxation in a developmental economy, and of the need for the kind of taxation I have ventured to propose to this House in the context of the present economic situation.

Some reference has already been made, both directly and indirectly, to the monetary and credit policy, particularly by Shri Prabhat Kar when he spoke sometime back in this House. I shall deal with this aspect also. One or two hon. Members, notably Shri Harishchandra Mathur, still remain unconvinced about the policy pursued by this Government in regard to the utilisation of foreign exchange. I have spoken at considerable length, on this particular subject. I do not think it worthwhile my going through this ground again, though incidentally I might have to refer to this matter in connection with our approach to the Plan in the course of my remarks just now.

The one point which, I think, hon. Members would like to know—which they do not know already—is this.

[Shri T. T. Krishnamachari]

I have here a set of amendments in regard to the detailed provisions of the Finance Bill which, in one sense, are supplemental to the main principles behind the Finance Bill. Many hon. Members from the Opposition, notably from the communist party have proposed amendments which, if accepted or passed by the House, would mean that there would be no additional revenue.

There are, I think, some hon. Members on this side of the House who would like to propose amendments in regard to certain direct taxation aspects of this Budget which will again mean, if accepted, that there will be no revenue from the point of view of direct taxation.

I wonder if hon. Members have realised the fact that this House debated at length for a number of days the Demands of the various Ministries which this House has passed in entirety. There has been no cut at all, in regard to the proposals put forward by Government, no cut which has been made by the House and which has been accepted by Government, because the House has accepted the Demands *in toto*. Naturally, if I am going to be polemical I can ask hon. Members, how are these Demands to be met and where is the money to be found? Even, as it is, hon. Members will realise that in introducing the Budget I mentioned that there are certain shortfalls and the shortfalls have to be met by the creation of Treasury Bills so that the Budget might be complete. And, I had envisaged a sum which is frightful indeed so far as I am concerned. It is somewhere near Rs. 275 crores.

In judging this particular measure before the House, I feel that hon. Members should have taken note of the fact that they stand committed to this expenditure and, therefore, if they reject my proposals for meeting that expenditure they must also suggest alternative methods of finding

the money. Of course, some suggestions have been made to which I will refer presently. But, in the main, I do not think any proposals have been made by which it would be possible for us to collect Rs. 100 crores without any of these measures—that is the barest minimum that is necessary for carrying through the Demands as they were approved by the House.

Twenty-two hon. Members spoke and it would be rather difficult for me to single out the various statements made by hon. Members and reply to them. I would only have to take the representative criticisms and answer them. I hope the communist party will not be offended, and my hon. friend Shri Nagi Reddy will not be offended if I give the pride of place to my hon. friend Shri Minoo Masani.

An Hon. Member: He always gets it.

Shri T. T. Krishnamachari: Shri Masani speaks with that assurance which respect gives to a person. Long familiarity with this House, a familiarity with the international atmosphere and a close knowledge of the working of big private enterprise, undoubtedly, make Shri Minoo Masani a person who is to be listened to with respect and attention even though one finds himself in the unfortunate position of not being able to accept any portion of his advice.

Shri M. R. Masani (Ranchi—East): It is my misfortune

Shrimati Tarkeshwari Sinha (Barh): It is tragic.

Shri T. T. Krishnamachari: The tragedy of it—as my hon. friend Shrimati Tarkeshwari Sinha mentions—is that Shri Masani gives in my mind mixed feelings, not quite so mixed as the mixed economy which he supports—gives a feeling of dismay and apprehension in my mind. And it is more than the feeling of pleasure when I hear him and when I have a chance of crossing swords with him.

As I said before, I have taken every opportunity on the floor of this House and even elsewhere to explain the rationale of my tax proposals, and, I am prepared to go the ground over again if necessary. But, I have no hope, no shadow of hope of convincing Shri Minoo Masani, that my tax proposals are rational and necessary, because, to use a Biblical expression, it is easier for me to go through the needle's eye than to convince Shri Masani.

Shri Masani thinks that all this taxation has become necessary because of one particular act of this Government and, if I may say so, of this House—because the House is a continuing entity—that is, the Government sponsored a Plan and the House has approved of it. It is a Plan that is ambitious and that is the root of all trouble. In one sense, I admire Shri Masani. Instead of disliking the Finance Minister or the Members of the Congress Party, for whom, I have no doubt, he has warm friendship (Shri M. R. Masani: I like him) he dislikes something which is inanimate and does no harm. He thinks: 'Why not I have a fling at the Plan? I am doing you no harm.' If this is his intention, I have no quarrel with him. But the trouble about it is that if I do not take him very seriously, the next thing I shall hear is, 'Oh! Shri Masani just put forward the ideas of the elite of the country which the Finance Minister has not been able to answer. Therefore, he has accepted that the view of the elite is the correct one; only he is helpless either because of the party to which he looks or because he himself is so idiotic that he cannot see the correct path.'

Shri Ranga (Tenali): Poor fellow!

Shri T. T. Krishnamachari: Whether the Plan is big or getting bigger or not, taxation of this order this year is inescapable, if the deflationary pressures are not to be allowed to get out of hand. It is not merely the Plan, because hon. Members have made

mention of Defence, which requires this taxation. Moreover, there are, as I have repeatedly stressed, long-term considerations. The tax system has to be expanded and made more elastic.

When Shri Masani made mention of one way of making money, more money by means of additional tax collection, he knew as nobody else in this House knows, that he is making a suggestion which, if accepted even and relied upon, would mean nothing. (Shri M. R. Masani: Question.) As a businessman he knows how the business mind behind business works. Shri Masani, as I said, has an international outlook. Maybe like myself he suffers from long-sight—I mean metaphorically. I suffer from physical long-sight and Shri Masani suffers from metaphorical long-sight. He casts his eyes wide and he finds Burma. He commends the example of Burma to us. It is good although it is virtually a socialistic economy. And, Burman socialism, even hon. Members on this side will not want. But I should like, in return, to commend to Shri Masani Burma's example in the matter of enlarging public revenues, in the matter of making the grain trade a State monopoly.

The Government of that country gets a much larger share of the national income into the public exchequer than we do. Shri Masani asked me to copy Burma, which I hope he would not ask me to in all seriousness. He should ask me to go the whole hog. I am sure he won't.

Shri M. R. Masani: They are retracing their steps....

Shri T. T. Krishnamachari: because Shri Masani's criticism is selective and discriminative, not discriminating. Shri Masani chooses excises. He argues that these are inflationary. On this point also I shall say that in a situation which is already inflationary, excises divert a part of the excess profits into the hands of Government. Prices in such a situation are determined by the play of

[Shri T. T. Krishnamachari]

market forces. Hon. Members do understand that they tend to touch the maximum that the consumer will bear. In some cases excise duties do undoubtedly raise the price. It has raised in the case of sugar, but actually the price level today is much higher than what the additional excise will warrant. But the aim in such cases is to restrain consumption in the interests either of domestic investment or of export.

I do not deny that the new excise duties are stiff. I said so at the time I introduced the Budget. But, when people like Shri Masani talk about burdens on the common man and the far reaching adverse consequences likely to follow, may I, Sir, in all humility point out that Shri Masani falls into the trap of over-stating his case. One hon friend yesterday mentioned a very nice story about this common man. It was translated to me and it is worthwhile repeating it here. It is not my story, it is the story told by Shri Mulchand Jain. He mentioned the story of two people travelling together, one rich and the other a poor man. The poor man had Rs 20 and the rich man apparently had a lot of money. The rich man devised a way of finding somebody to watch his money. He told the poor man, this place is infested with dacoits and you may lose your Rs. 20. The poor man asked, what shall I do. The rich man told him to keep vigil overnight and he went to sleep. I did not know Shri Mulchand Jain designed a story for Shri Masani, because Shri Masani is a rich man in this case and the poor man is the man who keeps vigil throughout the night merely because he threatens the poor man that he will lose his Rs. 20.

I can understand my hon. friend here speaking about common man. They know it is a fiction in most countries, that the common man is ground down, that he has got to conform to a pattern and stick to that. It is a political cliché, and nobody can say that they are on the side of some-

body else. They are only on their own side. They are neither with the common man nor with the rich man. They are independent. They want their power to be augmented. But Shri Masani is not like that. Therefore, he must realise that when he speaks of the common man, I am afraid, he is doing himself, his own class, the elite of India a lot of injustice; no injustice to the common man I assure him.

Shri Masani did not only cast his eye eastwards, he looked westward, because he is a person who does research, and research has told him that Mr. Gomulka has adumbrated new theories. I am prepared to accept Mr. Gomulka. Mr. Gomulka might become a Kadar, he may not be a Nagi. That danger is always there. When we do not know our friends, we do not know which way they go. That is why our foreign policy is better, because we do not know exactly which way the cattle will jump; we would like to keep quiet.

Shri Gomulka says certain things. He is now ordering the economy of Poland. I am sure he is wise. I am sure he is doing the right thing. I am sure he is going to do a lot of good to his country. But why choose Mr Gomulka?

Shri M. R. Masani: Because he is a reformed economic rake.

Shri T. T. Krishnamachari: I see. I did not know that element of Shri Masani's make-up, his sympathy for the people who are reformed. I do not know where he is going to join next. My friend Pandit Thakur Das Bhargava is not here, otherwise I would have told him here is a person who is fit enough to fill that particular Ministry, namely, Ministry of Social Reform.

Well, you cannot consume as well as invest more at the same time, unless the size of your cake is expanded. All that I am trying to do is to increase the size of my cake. Of course, Shri Nagi Reddy says, your

cake has got a lot of gilt, I am going to scratch it. Please do it. I do not mind if you scratch the gilt. It does not do any harm. What I am concerned is about the cake and the nutritive quality of the cake. The gilt can go. You can have all the gilt. Scratch it and take away all the gilt, but the cake has to expand. That is exactly why some purchasing power has to be mopped up through taxation.

I hope my hon. friends will bear with me, because they will think that I am taking all my time to talk about Shri Masani. What can I do? I have got some partiality to him.

Shri M. E. Masani: You are being unfair to them.

Shri T. T. Krishnamachari: Shri Masani said that if he were in charge he would not have taxed anyone. May I say amen? If I am in charge I won't tax anyone. The House passes the demands and I have to find the money. It is a very queer position indeed, and I am completely in sympathy for him. If I could be I, the individual I, without any responsibility, I would not tax anybody. I do not like it.

He said he would not tax anybody until he stopped all evasions. I do not know. I am quite prepared to ask for his advice to stop evasion. If he can give it I am even prepared to pay a fee. I now say in all solemnity, if any person in this country is going to tell me how to stop evasion, instead of writing anonymous letters and saying that so and so has evaded paying tax—it always comes from an employee—I am prepared to pay him a big prize. I shall pay him better than what we pay the informers, I shall pay him a percentage also.

Shri Tyagi (Dehra Dun): Why not pay me?

Shri T. T. Krishnamachari: The only trouble is that my hon. friend has tried it and failed.

Shri Tyagi: My arrears.

Shri T. T. Krishnamachari: Shri Masani knows fully well that while we have to do it, to say that we will stop it is an impossible task. There could be no complete stoppage at all times. We have to do it. But I cannot do it overnight. I have not got a magic wand which will enable me to say that all evasions have to stop today, and just carry on. Shri Masani himself knows, if I devise one method and stop evasion something else will start. If I tax dividends then the shares will be transferred before dividends are realised. If you try to tax the shares then it will go somewhere else. All these things have happened. And, certainly, one set of people who are immune to any magic influence are the tax evaders.

That is why we tried 'built-in checks'. It is because I have taken to heart even before Shri Masani mentioned it that evasion should be stopped that we have brought in this complex picture of tax that we have before this House, so that by various devices we might check evasion to a large extent, which we hope we would be able to do in time.

Then, a point has been mentioned that there are too many taxes in one year. I think it is much better to have too many taxes in one year and say: no further taxation of a serious kind, than to go on bringing it in dribbles. When you do a tax reform, you are making a big change. You have to make the change and use the rest of the time to see where are the loopholes which you have to plug.

Therefore, I think Shri Masani has provoked me to state my taxation policy a little more clearly, and I hope the House will not mind if I take a very small portion of their time to mention what we really intend to do, what is our policy, what is our theory. I, therefore, would like to re-state the role of taxation in a developmental economy in general, and as it applies at this particular juncture.

[Shri T. T. Krishnamachari]

14 hrs.

For financing development on a scale and pattern visualised under the Second Plan we have to depend or rely very largely on taxation which, as I have said before, is not merely desirable but also essential. It is desirable because of its relative superiority over other alternative methods of raising resources. It is essential because of the logic of the circumstances through which the Plan has to be steered through if a lasting solution to the problem it seeks to answer is to be attained. In particular, the case for raising a greater part of the resources for the Plan through taxation than was envisaged in the original scheme of finance rests on a number of considerations. May I state those considerations as briefly as possible? One of them is that it ensures a sizeable proportion of the resources required for development in the public sector and on a continual basis, thereby imparting an element of certainty and continuity in the planning endeavour and in effect underwriting the success of the public sector of the Plan to a large extent. The second is that if it is appropriately designed, it acts as an instrument not only to mobilise a part of the current flow of private savings but also of generating additional savings. In either case, whether by canalising unused or inappropriately used savings into socially determined uses or by restraining increase in consumption, the effect of it is that it promotes a very effective utilisation of the community's resources for building what you might call a durable economy which will ensure prosperity. It is to be flexible and adaptable to the requirements of development in the context of the objectives defined. But they may be questioned. But broadly, they have to be accepted, and it should be capable of quick and far-reaching changes in its form and structure, conducive to planning for a more egalitarian and prosperous society, functioning as it has to be, under a democratic set-up; also for initiating economic and social change

in the desired direction without unleashing what may be called counter-pressures or forces of instability, as it would be true if we resort to market borrowings and even more to deficit financing on a large scale.

It has to be discriminatory in its effect, its burden being capable of regulated distribution in accordance with the socially determined criteria and in a manner as to impinge more heavily at specific and preferred points desired in the scheme of socio-economic regeneration of the country. This is because it lends itself to a wide differentiation and progression and, at the same time, it offers ample scope for a balancing if the somewhat conflicting objectives of equity, stability, incentives to work, to save and to invest. It is an instrument for an over-all fiscal discipline that can go a long way towards regulating the ebb and flow of economic activity, and through the devices of a well-designed system of allowances, concessions, rebates and differential treatment for preserving and promoting incentives to production and investments in the required direction and on the desired scale.

It might look a little academic, but it is necessary that these steps have to be taken because they are a necessary complement to the other ways of raising resources inasmuch as it acts as a corrective to socio-economic repercussions such as that of market borrowings or deficit financing will give rise to. Their regressive effect on income distribution or destabilising pressures could well be countered by suitable accompaniments in the field of taxation.

Therefore, taxation has an increasingly greater role to play if the targets of the Plan investment set under the second Five Year Plan are to be achieved, inasmuch as it has the potentiality of ensuring that the necessary resources do in fact become available and are not frittered away in excessive consumption, that the sacrifices involved are equitably shared and the system of restraints and incentives appropriate to economy

and effective enough for directing investments on a large scale into channels essential for promoting a balanced attainment of social and economic objectives is kept in view and is constantly built up.

I have said all these just to indicate to this House that this year's tax proposals have to be viewed in this light. The effort is indeed large; it promises in a full year a yield of about Rs. 100 crores and an addition to the current year's additional revenue of about Rs 80 crores, not taking into account the taxation that has been imposed during the last year, and the benefits of which will undoubtedly go to this year. This is the minimum that has to be raised by way of taxation, if the step up of Rs. 150 crores in the Plan outlay over the level reached last year has to be financed. I cannot see how else it can be done.

There is again the inevitable increase of Rs. 50 crores in defence expenditure which, I think, is a modest estimate. Its essentiality emerges from the fact that other alternative sources can hardly be expected to bring in the increased resources under the present circumstances. The already tight situation in the money and capital market does not offer prospects for any sizeable step up in the long term borrowings. The signs of upward pressure on prices being on the horizon, prudence and caution precludes any greater measure of reliance on deficit financing. External resources now available are hardly up to even our expectations. A sizable addition to our tax revenue as envisaged in this year's proposals is, therefore, essential for implementing the Plan without inflation, for strengthening the forces of domestic stability and for supplementing our efforts in augmenting, if it is possible at all, our export earnings.

In addition, designed as they are, they are intended to serve the objectives of equity, higher incentives and a measure of progressiveness in the

tax structure. The tax system emerging from this year's reforms would be broad-based and develop a system of internal checks and balances as would render it more efficient, ensuring that the public exchequer gets its dues and the tax-payer knows precisely his liability, not only for the current year but for more or less during the Plan period as a whole.

That is my justification, and that is the taxation policy about which some hon Members opposite mentioned. Now, to come to the Plan. Shri Masani referred to the size of the Plan. I hope Shri Masani is not taking his cue from an economist who has been arguing rather pathetically that what we should do is just to limit our investment plans to the spontaneous savings that somehow take place in the economy. We do many other things besides. That is an advice which, if followed, would take us not merely to the edge of the precipice but well deep into the abysmal depths of bankruptcy. The Plan has to do something much more than that. It has to step up savings partly through budgetary policy and partly through other institutional devices. The question has been asked: "How far"? I agree, there are limits to the process in a democratic set up, and even in a non-democratic set up, it is rather difficult and we are discovering it now. Shri Masani says that we are committed to Rs. 4,800 crores, but he started off with Rs. 3,800 crores. I do not know if he said Rs. 3,600 crores, perhaps

Shri M. R. Masani: I said Rs. 3,800 crores.

Shri T. T. Krishnamachari: If he had said Rs 3,600, I can say that he got it from the report of the Taxation Inquiry Commission. If it was Rs. 3,800, it was purely a slip of the tongue, and we should not take advantage of that, for, everybody is likely to slip

Shri M. R. Masani: That is very generous of you.

Shri T. T. Krishnamachari: It is true that in a sense the House is committed to Rs. 4,800 crores expenditure. But I am speaking of Rs. 4,800 crores with all the gaps that I have envisaged, which the Plan has envisaged: Rs. 2,050 crores in all. They are, Rs. 450 crores by taxation, Rs. 400 crores unprovided for and Rs. 1,200 crores by deficit financing. Even for that, the additional measure of taxation is necessary, because we cannot in the present circumstances, the prices being what they are today, the food supply being short, whatever the reasons might be, undertake a deficit financing of the magnitude of Rs. 400 crores. Therefore, even if the Rs. 2,050 crores of internal gap is accepted on the basis of Rs. 4,800 crores, the new taxes will be necessary. But then Mr. Masani was only speaking about one side of the medal.

The facts must be realised that not merely this House accepted an expenditure of Rs. 4,800 crores, but it also laid its seal of approval on certain definite targets in the Plan. I am not prepared to enter into a dialectical discussion whether the resources are more important or the targets are more important. The resources are undoubtedly important, but there must be an honest attempt made to raise the resources to the extent that is possible, so that the targets might be fulfilled, because the target is more important than the resources. If the resources were at all important, I do not think the Planning Commission could have accepted a gap of Rs. 2,050 crores in regard to internal resources and a big gap in regard to the external resources. Mr. Masani was right in only one portion of what he said, but that may not be always possible. Here is the other side of the medal. Both sides of the medal have got to be looked at. Therefore, Mr. Masani must agree, I know he will, that he made a slip when he said Rs. 3,800 crores.

He made a slip again; for a moment, he forgot the targets which the House approved of. He refuses to accept

that proposition. I cannot talk logic, where a body repels logic.

All this talk of Government enlarging the Plan beyond the original size is out of place. Nobody wants to do it. The strain on resources has grown because of various factors, some originating within the economy, some outside. The House has agreed, for example, to more defence expenditure. Many Members in this House have said, "If we have an aircraft carrier, why don't you have submarines? Why don't you increase the number of squadrons in your Air Force? What about spending a little more money on the Army and raising a few more units?"

My hon. friend there who is always objective suggested that we should have a committee set up, no matter what the committee is composed of, to find out how we can change the pattern of our defence structure with a view to using atomic weapons that are coming into being. Atomic weapons are not cheap and it is not going to be done without increased cost. He did not realise that—he had only to embarrass me over a particular matter—the next day he was going to say, "You should raise the resources not merely openly, but also overtly. There are a number of hidden things which nobody has seen." Maybe it might help us to buy at least a specimen atomic weapon, in order to tell our people what atomic weapons could be.

The House has also accepted my proposal to have a food subsidy fund of Rs. 25 crores.

Shri Naushir Bharucha: I never made the plea that atomic weapons should be purchased.

Shri T. T. Krishnamachari: I am very sorry I have misunderstood Mr. Bharucha, perhaps due to the defect in my ear.

Shri Naushir Bharucha: The hon. Minister was not here when I made the speech. He was not listening.

Shri T. T. Krishnamachari: I did listen to my hon. friend. We have other methods of listening. The E.N.T. specialist told me that my ear is deaf to high frequency voices.

The point really is that some of the cost estimates in the Plan were on the low side, and it stands to reason that if, with a little more effort, we could obtain the physical targets corresponding to the financial outlays originally envisaged, it will be a good thing. Nevertheless, no one has said that we shall spend any amount necessary, whether it is Rs. 5,600 crores or more, that is suggested if one just calculates arithmetically the revised cost of the Plan. There are limitations of internal as well as external resources which cannot be ignored, and as I stated only two or three days ago, in the House, we propose to proceed realistically in this matter.

What then, is the total outlay we are aiming at? I think this question put by any hon. Member here is legitimate. But unfortunately, it is not possible to answer it categorically, because the Plan is tied up with particular targets and the particular resources, which cannot be tied up really. When we say the Plan must be achieved within those resources and the targets must be fulfilled, it will be vitiated by being teleological.

Firstly, we have to make the maximum effort to raise domestic resources and cut our deficit financing down to the minimum. That is, we must strengthen our defences against such inflationary pressures as cannot but be released while we are implementing the Plan. Further, we have to exert ourselves more in regard to finding what you may call foreign exchange. As hon Members know, a developing economy needs foreign exchange considerably more than a static economy.

One point I would like to make now is this. I do not think it is a mere matter of personal belief or personal assessment or even because of the chance that I am Finance

Minister here that I have to say so. I think any unbiased observer or anybody who knows about the economy of the country will agree that India's economy is basically sound. Other countries round the world—I need not give instances—have their inflation problems, even though they are all very well developed. There is no reason why the Indian economy should be considered anything but a good field of investment by outsiders who have the capital to invest.

So far as the Plan is concerned, I would again say it is a flexible one. But it does not mean that Mr. Masani should say, "You say it is flexible; make it Rs. 3,000 and don't tax". After all, Mr. Masani is not concerned about taxation, because he is really not concerned about excise duties. It is no use telling he is. All that he is concerned about is, somehow or other, the Plan is his blind spot and he would like that to be removed.

While making it flexible, we are going to approach pragmatically and realistically, but we cannot at this stage say that revision or rephrasing or pruning of the Plan we shall need. The task is being done and we are keeping a close watch on it. We shall strain every nerve to raise the required resources, both internal and external, and naturally, the Plan outlay will be adjusted to the resources finally available.

Therefore, I will come back to the burden of my song. I am unable to agree with hon Members whosoever they are, on this side or that side, in the front or in the back, that the Plan is too large and therefore it should be given up; that the large Plan engenders heavy taxation and therefore the Plan and the taxation should be given up. The taxation that I have suggested will be necessary even for a smaller Plan. I will repeat that, even though it might be nauseating.

Whatever adjustments are required, the important point is that we must place our tax system on a

[Shri T. T. Krishnamachari]

progressive and efficient basis and we must make the fullest effort that we possibly can to work up to the targets we have accepted. I would again repeat that there is no question of defeatism, a phrase used pretty often. It is not the work of a single man. It is not the Finance Minister alone; it is the Government that is responsible. It is not the Government alone; it is the Party that is responsible. It is not the Party alone; every Member of this House who is interested in the country is responsible for seeing this Plan through and that, Sir, is the main justification for my taxation proposals.

There is no use; politically, of course, we might think it a good fun that we will vote down, if possible, all the new taxes and bring the Government into trouble. If that is the point of view, I would agree. Shri Nagi Reddy apologises today for opposing the Finance Bill because it is his first speech. He is there to oppose and reject the proposals, because politically, he must see this Government out. But, when we come to discuss the question of the economy of the country outside this House, my friends there must also agree that we have to put our heads together and make the maximum effort. In putting that effort, we should see, as far as possible, that the burdens are distributed fairly evenly to the extent that is possible.

The tax structure itself is moribund today, which will not yield anything more. If tomorrow I will withdraw all my proposals of direct taxation and say, all right, let the *status quo* remain, and if I raise the income-tax from 93 per cent to 99 per cent., I will get Rs. 2½ crores. Of what use is it? We should be able to make the tax structure more resilient so that in times of need, we may have a surcharge of 10 per cent. or 20 per cent. for a year or two, the person would also willingly pay because he knows that it is going to be for a short time, and we would get Rs. 50

or 60 crores when we need. A tax structure which is moribund, which has nothing elastic, has to go. Therefore, we have made an attempt to revise it.

There is no question of adhering to any particular line indicated by somebody. It is something which we have to devise in this country. The administrators have to look into the problems of this country in devising the taxation. We must still make mistakes. If the tax structure as it is approved, it can be looked into, scrutinised and loopholes plugged so that, progressively the realisation will be more. Somebody said that I am going to raise rate structure next year. I may be a fool. But, I am not that much of a fool. If in next year I am going to raise the rate. I am not going to say this year. I believe that the tax structure is such that it will give a progressively increasing yield both by way of stopping inflation and by way of generating fresh incomes.

I feel that though the House has been generally critical and sometimes even devastating in its criticism, I have no doubt in my mind that all of them want that the Plan should go through, all of them want a more radical and rational tax structure and all of them want that inflation should be kept under check. I also agree that, to the extent that it is necessary to minimise the hardships to the people, we should attempt it. If advice is given, it should be examined and if it is worth being taken, it must be taken, no matter from what quarter it comes. As I said, I hope my hon. friends opposite would forgive me for saying that I recognise that the opposition here is something for which they are here. But, I would also ask them to recognise that they have some duty beyond opposition, some duty probably for the country. I do expect that not merely they, but the other Members also would not be niggard-

ly and chary of giving us that support when that support is needed for us to make this Plan a success, which, to my mind and to the mind of my colleagues, seems to be the only way in which we can raise the economy of this country.

Hon. Members will, undoubtedly speak on particular items of taxation. But, as I realise that the main discussion itself is a discussion of general principles, I have taken so much time in trying to make clear, to the extent that I am capable of, the principle underlying the Government's tax proposals.

One other matter I would like to mention before I sit down, and that is with regard to the credit structure. Shri Prabhat Kar made this point the other day. I like to say that it is a matter which is engaging our serious attention. Probably that credit structure as it is today is not pliable, flexible enough to meet with certain tendencies that have developed. We are learning. The checks and directives that have been imposed by the Reserve Bank have brought the level of credit to slightly lower than what it was about this time last year. That would not be enough. The Reserve Bank wanted a reduction of 66 per cent. from the last year's credit levels. It has not been easy to achieve it. There are various other cushions in the economy which enable still a person to hoard. One or two steps we have taken. This question of credit structure, to bring it in tune with our needs, for the purpose of implementing the Plan, for the purpose of restricting higher prices, for the purpose of putting a check on inflation is a thing which is engaging our immediate attention. I can assure the House that we will try to do our very best to see that the credit mechanism is so adjusted that it helps a developing economy rather than hinder it, that it helps no particular interest or class, but helps the country as a whole and helps those people who produce for the country. I hope the

House will accept, at any rate, my own incapacity to deal with all the points raised by hon. Members. As I said, those points relate to particular items of taxation and we should deal with them as we discuss the Bill clause by clause.

Mr. Speaker: The question is:

"That the Bill to give effect to the financial proposals of the Central Government for the financial year 1957-58 be taken into consideration."

The motion was adopted.

Clause 2—(Income-tax and super-tax)

Shri T. T. Krishnamachari: I beg to move:

Page 1—

(i) for lines 9 and 10, substitute:

"surcharge for purposes of the Union and a special surcharge on unearned income, calculated in either case in the manner provided therein; and"; and

(ii) lines 15 to 17—

for "surcharge for the purpose of the Union calculated in the manner provided therein" substitute.

"surcharge for purposes of the Union and a special surcharge on unearned income, calculated in either case in the manner provided therein".

I mentioned in my speech yesterday that the intention was that this surcharge on unearned income should go into the divisible pool. I am advised that this would be the position. Surcharge being used for various purposes has created a certain amount of confusion. Therefore, certain States have asked me whether this amount is going into the Central pool or the divisible pool. I assured them that this is going into the divisible pool. In order to allay all apprehensions and make the position clear, my legal advisers have advised that this

[Shri T. T. Krishnamachari]

amendment should be made. It is not a departure from the original intention because even constitutionally without Parliament's sanction, I cannot make any serious change of this nature, and I should have mentioned it to Parliament if I was making a change. It was never my intention to make any change.

Mr. Speaker: Are they not two categories?

Shri T. T. Krishnamachari: As I said, the surcharge is a surcharge on unearned income. That is to be treated as a whole along with the total income-tax and goes into the divisible pool. We have already a surcharge on income-tax which is a Central surcharge. That has been stepped up above a particular limit, above Rs. 100,000. That is a Central surcharge. The distinction is made very clear.

Mr. Speaker: That is only a surcharge for the purposes of the Union.

Shri T. T. Krishnamachari: Surcharge for the purposes of the Union will not go into the pool. That is 5 per cent. up to Rs. 100,000 and 10 per cent. beyond that. The surcharge on unearned income will go into the divisible pool.

Mr. Speaker: All I am concerned with is, whether recommendation has been given by the President.

Shri T. T. Krishnamachari: Yes.

Mr. Speaker: The question is:

Page 1—

(i) for lines 9 and 10, substitute:

“surcharge for purposes of the Union and a special surcharge on unearned income, calculated in either case in the manner provided therein; and”;

(ii) lines 15 to 17—

for “surcharge for the purpose of the Union calculated in the

manner provided therein” substitute:

“surcharge for purposes of the Union and a special surcharge on unearned income, calculated in either case in the manner provided therein”.

The motion was adopted.

Mr. Speaker: The question is:

“That clause 2, as amended, stand part of the Bill.”

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 3— (Amendment of section 4)

Shri T. T. Krishnamachari: I beg to move:

Page 3—

for clause 3, substitute:

‘3. Amendment of section 4.—In section 4 of the Income-tax Act, in sub-section (3),—

- (i) in clause (xvii), the figures and words “3½ per cent.” shall be omitted;
- (ii) in clause (xviii), the figures and words “10 year” shall be omitted; and
- (iii) after clause (xviii), the following clause shall be inserted, namely:—

“(xviii) interest payable—

- (i) by Government or a local authority on moneys borrowed by it from sources outside India from any person not resident in India or from any institution established outside India;
- (ii) by an industrial undertaking in India on moneys borrowed by it under a loan agreement entered into with any such financial institution in a foreign country as may be approved in this behalf by

the Central Government by general or special order;

- (iii) by an industrial undertaking in India on any moneys borrowed or debt incurred by it in a foreign country in respect of the purchase outside India of capital plant and machinery in any case where the loan or debt is approved by the Central Government, having regard to its terms generally and in particular, to the terms of its repayment.”

I have mentioned both yesterday and previously that it is our intention to waive taxes on interest payable in regard to loans borrowed for purpose of importing capital equipment. We are now, because of our foreign exchange difficulties, encouraging people to get deferred terms. Under normal circumstances, the interest paid on this deferred term is subject to taxation. The net result will be that either the party will not offer deferred terms because of the difficulty, or they will raise the price to that extent. Already, in regard to certain borrowing from international institutions, interest is not taxed. So we propose to give a general exemption in cases where special or general approval is given for borrowings from abroad, the idea being that interest on these borrowings should not be subject to income-tax

Mr. Speaker: Is it for the purpose of import of machinery or is it a general exemption?

Shri T. T. Krishnamachari: All items would be categorised industry-wise. The Commerce and Industry Ministry approves of particular schemes on deferred terms. Then we have to agree to the scheme on deferred terms because otherwise payment has to be made immediately. So the whole thing has to get Government approval. Where it has got Government approval, those schemes where interest is paid, will be tax-free.

Mr. Speaker: The question is:

Page 3—

for clause 3, substitute:

3. Amendment of section 4.— In section 4 of the Income-tax Act, in sub-section (3),—

- (i) in clause (xvii), the figures and words “3½ per cent.” shall be omitted;
- (ii) in clause (xviii), the figures and words “10 year” shall be omitted; and
- (iii) after clause (xviii), the following clause shall be inserted, namely:—

“(xviiib) interest payable—

- (i) by Government or a local authority on moneys borrowed by it from sources outside India from any person not resident in India or from any institution established outside India;
- (ii) by an industrial undertaking in India on moneys borrowed by it under a loan agreement entered into with any such financial institution in a foreign country as may be approved in this behalf by the Central Government by general or special order;
- (iii) by an industrial undertaking in India on any moneys borrowed or debt incurred by it in a foreign country in respect of the purchase outside India of capital plant and machinery in any case where the loan or debt is approved by the Central Government, having regard to its terms generally and in particular, to the terms of its repayment.”

The motion was adopted.

Mr. Speaker: The question is:

"That clause 3, as amended, stand part of the Bill."

The motion was adopted.

Clause 3, as amended, was added to the Bill.

Clause 4—(Amendment of section 10)

Shri T. T. Krishnamachari: I beg to move:

Page 4—

(i) line 13, add at the end:

"and within the prescribed time"; and

(ii) for lines 26 to 29, substitute:

"(b) providing for the manner in which and the extent to which any amounts declared as dividends by a company incorporated outside India or by a company not resident in India or, by a company any portion of whose profits and gains is not included in its total income by reason of any of the provisions of this Act may be deemed to have been declared as dividends in India;"

This is a formal amendment, providing the time-limit within which the additional deposit, if any, found due on assessment, has to be made.

The power to make rules taken by Government under section 10(2C) of the Income-tax Act does not specifically include the power to determine proportionate dividends in cases where a company's profits and gains include income which is exempt from tax. The amendment proposed makes specific provisions in this regard also.

The computation of such a proportionate dividend is necessary in order to prevent companies from claiming that the whole of their dividends have been distributed out of taxed income and has pro tanto reduced the statutory surplus when in fact the portion of the dividends had been declared out of untaxed income.

This arises out of the question of deposits and reserves and, as I have said, the amendment is more or less of a formal character.

Mr. Speaker: The question is:

Page 4—

(i) line 13, add at the end:

"and within the prescribed time"; and

(ii) for lines 26 to 29, substitute:

"(b) providing for the manner in which and the extent to which any amounts declared as dividends by a company incorporated outside India or by a company not resident in India or, by a company any portion of whose profits and gains is not included in its total income by reason of any of the provisions of this Act may be deemed to have been declared as dividends in India;"

The motion was adopted.

Mr. Speaker: The question is:

"That Clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill.

Clause 5—(Amendment of section 15).

Shri T. T. Krishnamachari: I beg to move:

Page 5—

for clause 5, substitutes

'5. Amendment of section 15.—
In section 15 of the Income-tax Act, in sub-section (3)—

- (i) for the words, brackets and figures "sub-section (1) of section 58F" the words and figures "section 58F" shall be substituted; and
- (ii) for the word "one-fifth" in both the places where it occurs, the word "one-fourth" shall be substituted."

Mr. Speaker: What difference does it make?

Shri T. T. Krishnamachari: Section 15 makes a reference to section 58F (1). But section 58F, as amended, does not contain any sub-section.

The second amendment is about rebate of income-tax. Now the rebate of income-tax on account of life insurance premium and contribution to recognized provident funds is allowable, provided the sums do not exceed one-fifth of the total income or Rs. 8,000. Now it is proposed to increase the limit.

Mr. Speaker: The question is:

Page 5—

for clause 5, substitute:

'5. Amendment of section 15.—
In section 15 of the Income-tax Act, in sub-section (3)—

- (i) for the words, brackets and figures "sub-section (1) of section 58F" the words and figures "section 58F" shall be substituted; and
- (ii) for the word "one-fifth" in both the places where it occurs, the word "one-fourth" shall be substituted."

The motion was adopted.

Mr. Speaker: The question is:

"That Clause 5, as amended, stand part of the Bill'.

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clause 6 was added to the Bill.

Clause 7.—(Amendment of section 23A).

Shri T. T. Krishnamachari: I beg to move:

Page 6—

for lines 37 to 41, substitutes:

"(iv) the Explanation to section 23A shall be renumbered as Explanation 1, and in the Explanation as so renumbered in clause (b),—

- (a) in sub-clause (i), for the words "held by the public" the words "held by the Government or a corporation established by a Central, State or Provincial Act or the public" shall be substituted;
- (b) in sub-clause (iii), for the brackets and words "(persons who are related to one another as husband, wife, lineal ascendant or descendant, brother or sister, as the case may be being treated as a single person and persons who are nominees of another person together with that other person being likewise treated as a single person)" the following shall be substituted, namely:—

"and in computing the number of six persons aforesaid, the Government or any corporation established by a Central, State or Provincial Act or a company to which the provisions of this section do not apply shall not be taken into account, and persons who are relatives of one another and persons who are nominees of any other person together with that other person shall be treated as a single person, the expression "relative" in this context mean-

[Shri T. T. Krishnamachari]

ing husband, wife lineal ascendant or descendant, brother or sister;"

- (c) for the word, brackets and figure "sub-section (4)" in both the places where they occur, the words, brackets and figures "clause (ii) of Explanation 2" shall be substituted;"

This is in regard to certain companies called 23A companies which are private limited companies. If six persons hold more than 50 per cent. of the shares, they come within the mischief of this particular section. It happens Government acquire shares in many companies now and therefore if Government is treated as one person, and other persons have got shares which together comes more than 50 per cent. the character of a public company becomes that of private company. It also happens that the Insurance Corporation holds certain shares and it is almost in danger of converting some of these public companies into private companies. This amendment have been moved in order to eliminate this particular position, namely that if Government or any other State Government or corporation holds these shares for purpose of investment or otherwise, it should not in any way tamper with the present position, namely other than Government there should be six persons. That is the position.

Mr. Speaker: The question is:

Page 6—

for lines 37 to 41, substitute:

'(iv) the Explanation to section 23A shall be renumbered as Explanation 1, and in the Explanation as so renumbered clause (b),—

- (a) in sub-clause (i), for the words "held by the public"

the words "held by the Government or a corporation established by a Central, State or Provincial Act or the public" shall be substituted;

- (b) in sub-clause (iii), for the brackets and words "(persons who are related to one another as husband, wife, lineal ascendant or descendant brother or sister, as the case may be, being treated as single person and persons who are nominees of another person together with that other person being likewise treated as a single person)" the following shall be substituted, namely:—

"and in computing the number of six persons aforesaid the Government or any corporation established by a Central, State or Provincial Act or a company to which the provisions of this section do not apply shall not be taken into account, and persons who are relatives of one another and persons who are nominees of any other person together with that other person shall be treated as a single person, the expression "relative" in this context meaning husband, wife, lineal ascendant or descendant, brother or sister;"

- (c) for the word, brackets and figure "sub-section (4)" in both the places where they occur, the words, brackets and figures "clause (ii) of Explanation 2" shall be substituted;"

The motion was adopted.

Mr. Speaker: The question is:

"That clause 7, as amended, stand part of the Bill".

The motion was adopted.

Clause 7, as amended, was added to the Bill.

Clause 8— (Amendment of section 24).

Shri Jhunjhunwala (Bhagalpur): I beg to move:

(i) Page 8, line 12.

for "eight years" substitute "fifteen years"

(ii) Page 8, line 15—

for "eight years" substitute "fifteen years".

There is nothing much to be said. The only thing is that so far as previous losses are concerned, the present law is that till they are wiped out there will not be any taxes. My point is that in view of the very heavy taxes from all points of view, it is very necessary that this new sub-clause (a) of clause 8 be eliminated, and the law be allowed to stand as it is.

Mr. Speaker: He wants a modification of eight years to 15 years.

Shri Jhunjhunwala: That is amendment 49. In amendment 48 I want total abolition of the time-limit. There should be no time-limit. The present law is that there is no time-limit.

Mr. Speaker: For "eight years" substitute "fifteen years".

That is amendment 48.

Shri Jhunjhunwala: It is wrongly printed. I had said that this should be deleted, that lines 10 to 12, i.e., sub-clause (a) should be deleted. Then in amendment 49 brother or sister, as I had said: for "eight years" substitute "fifteen years".

Mr. Speaker: They have wrongly typed both as the same one. Amendment 48 must be different from 49.

Shri Jhunjhunwala: Amendment 48 is that I want no time-limit, and 49 is that instead of 8 years it should be 15 years.

Mr. Speaker: Sub-Clause (a) to be omitted?

Shri Jhunjhunwala: Yes.

Mr. Speaker: "No such loss shall be carried forward for more than eight years." "Eight years" occur in both the places. Evidently the hon. Member wants fifteen years for eight years in both the places.

Shri Jhunjhunwala: No. The present law is that till the previous losses are wiped out and the company begins making profits, the company or the individual concerned as the case may be, shall not be taxed. I want the present law to continue. If that is not accepted, I say instead of eight years, let it be 15 years.

Mr. Speaker: In both the places?

Shri T. T. Krishnamachari: I shall explain the position. The position is as follows. Formerly losses could be set off against income for a period of six years. Two years back we removed that limit and allowed people to set off losses indefinitely. We found in actual working that this was pernicious. So, we have now sought to reimpose the provision of limitation on the number of years during which losses could be written off, and we have made it eight. That is an improvement on the original position as it stood two years back.

Now, my hon. friend has got two amendments. One is that the *status quo* must remain, that is to say there should be no limitation at all in regard to the period during which the company can make losses and then set it off year after year against profits. And if that amendment falls through, he has an alternative where he says eight years should be made into 15. I am afraid I will have to oppose both.

Mr. Speaker: There need not be an amendment. He only wants sub-clause (a) to be omitted in the first instance. If it is omitted, *status quo* will continue.

Shri Naushir Bharucha: There is no such amendment for omission. I do not find it here. There are two amendments 48 and 49.

Shri T. T. Krishnamachari: For omitting, any person can oppose it.

Mr. Speaker: For the omission of a whole clause, no amendment is necessary. For the omission of a sub-clause of a clause, an amendment is necessary.

Shri Naushir Bharucha: Amendment 48 says: for "eight years" substitute "fifteen years". The second is only a consequential amendment which must come, but nowhere is there an amendment saying eight years should be deleted.

Mr. Speaker: He says the office wrongly omitted to type it or include it in the Order Paper. Anyhow, I have no objection. I will put sub-clauses (a) and (b) separately. First, I will put amendment No. 48.

The question is:

Page 8, line 12—

for "eight years" substitute "fifteen years".

The motion was negatived.

Mr. Speaker: The question is:

"That clause 8(a) stand part of the Bill".

The motion was adopted.

Clause 8(a) was added to the Bill.

Mr. Speaker: I shall now first put amendment No. 49.

The question is:

Page 8, line 15—

for "eight years" substitute "fifteen years".

The motion was negatived.

Mr. Speaker: The question is:

"That clause 8(b) stand part of the Bill."

The motion was adopted.

Clause 8(b) was added to the Bill.

Shri Mohamed Imam (Chitadrug): I have amendment 25 for new clause 8A.

Mr. Speaker: I have over-ruled it, disallowed it. It does not arise out of this. Hon. Members are aware when an Act is being amended, it is not open to them to table amendments to other sections of the Act which are not touched by the Bill, as it will be widening the scope of the Bill, unless it is consequential, ancillary or accessory. I found this is not consequential. The hon. Member wants a different thing altogether. He wants some other section to be touched or amended which does not form part of the scope of the Bill. So, I disallowed it. Was it not shown to him already? It must have been intimated to him.

Shri Mohamed Imam: It is included in the list that is supplied to us.

Mr. Speaker: We print all the amendments; subsequently we look into them; whenever there is no time, we allow all amendments to be circulated, then at leisure look into them and then disallowed them I have disallowed it. I have written here. "May be disallowed as being beyond the scope of the Bill"

Clause 9—(Substitution of new section for section 58E.)

Shri T. T. Krishnamachari: I beg to move:

Page 8, lines 29 and 30—

omit "subject to the exemptions specified in section 58F".

This again is a formal amendment which is rendered necessary on account of the revision of sections 58E and 58F. Since the employers' contributions below a certain level are to be fully exempted, it is not necessary to provide the section 58F for a rebate of tax on those contributions as done hitherto.

Shri Sadhan Gupta: (Calcutta—East): I beg to move:

Page 8, lines 21 and 22—

for 'ten per cent.' substitute '12½ %'.

The object of moving this amendment is this. I want to exempt the employee a little further regarding his provident fund accretions. In a subsequent amendment to clause 10, to which I shall come later, I have tried to leave out of the scope of that exemption the accretions to provident fund in the case of earners of too high a salary. Subject to that, of course, there are many employees who have a provident fund contribution of 12½ per cent., that is, one-eighth of their salaries, and they get a contribution from their employers of one-eighth of their salaries, which is not quite so uncommon. It may be that 10 per cent. is common or 6½ per cent. may be even more common. But there are cases in which employees have, through their struggles, won a contribution of one-eighth of their salaries to the provident fund. Now, it is necessary that the protection should extend to them, and many poor employees who are having some savings on that account would benefit, if we make the proportion 12½ per cent. instead of 10 per cent. So, I commend my amendment to the acceptance of the House, that the exemption should extend up to 12½ per cent. contribution by the employer and not up to ten per cent. only.

Shri T. T. Krishnamachari: It has gone up from 6½ per cent. to 8-1/3 per cent., and then up to 10 per cent. My hon. friend wants me to take it up a little further. I am not yet ready.

Mr. Speaker: The hon. Member may kindly wait for the next year. We have been progressively increasing it from 6½ per cent. to 8-1/3 per cent. and then to 10 per cent.

I shall now put amendment No. 58 to vote.

The question is:

Page 8, lines 21 and 22—

for 'ten per cent.' substitute '12½ %'.

The motion was negatived.

Mr. Speaker: I shall now put amendment No. 6 to vote, which is a formal amendment.

The question is:

Page 8, lines 29 and 30—

omit "subject to the exemptions specified in section 58F".

The motion was adopted.

Mr. Speaker: The question is:

"That clause 9, as amended, stand part of the Bill".

The motion was adopted.

Clause 9, as amended, was added to the Bill.

Clause 10—(Substitution of new section for section 58F).

Shri T. T. Krishnamachari: I beg to move:

Page 8, line 32—

after 'section 58F' insert 'of the Income-tax Act'.

This is a formal amendment.

Mr. Speaker: I shall put amendment No. 7 to vote.

The question is:

Page 8, line 32—

after 'section 58F' insert 'of the Income-tax Act'.

The motion was adopted.

Shri Sadhan Gupta: I have got amendment No. 59 to this clause which reads thus:

Page 8, lines 37 and 38—

for 'one-fifth of his salary in that year or eight thousand rupees,

[Shri Sadhan Gupta]

which ever is less' substitute 'two thousand rupees'.

Mr. Speaker: This amendment appears to require the President's recommendation.

Shri Sadhan Gupta: Why?

Shri T. T. Krishnamachari: I do not think it requires.

Mr. Speaker: It does. The hon. Member seeks to decrease the exemption limit.

Shri T. T. Krishnamachari: It deprives the person of privilege.

Shri Sadhan Gupta: The tax is there.

Mr. Speaker: If the exemption is increased, the tax will be decreased. There is no objection to that proposal. But if the exemption is decreased, the tax will be increased, and, therefore, the President's sanction is necessary to the moving of the amendment.

Under article 117 of the Constitution, if an amendment does not increase the tax but seeks to reduce it, then no recommendation from the President is necessary. If there is a higher exemption, there will be less of taxation, but if there is less exemption, there will increase in taxation.

The Bill seeks to impose less taxation, while Shri Sadhan Gupta through his amendment wants to reduce the exemption and thereby increase the taxation. His intentions may be very good, but unfortunately, he has to seek the permission of the President.

I disallow this amendment.

Shri Sadhan Gupta: Then, I would like to speak on clause 10.

You have been pleased to disallow my amendment. But regarding the provision itself, namely the exemption of one-fifth of the salary or Rs. 8,000, whichever is less, I might

say that it is a thing which the country would not appreciate. I am not quarrelling with one-fifth of the salary as such. But the figure of Rs. 8,000 seems to be extraordinary. It is proclaimed every day that the country is desperately short of resources, and some people must bear the burden. And burdens have been imposed, as I shall show in the course of the discussion on 13 and other clauses, very heavily on the common people, by way of different kinds of taxes, excise duties and other kinds of taxes on the assesseees.

Under these circumstances, it is difficult to understand why the salary-earners with a very high income should escape income-tax to this limit. I can understand that a person, one-fifth whose salary amounts to Rs. 2,000 may be given a tax relief. That means that he would have an annual income of Rs. 10,000. Although Rs. 10,000 is a pretty high amount in our country, yet in view of the rise in prices today, a person with Rs. 10,000 annual income may be said to belong to the middle classes.

If you extend the exemption to Rs. 8,000 or one-fifth of the salary, whichever is less, then you give a tax relief to a person who has an annual income of Rs. 40,000. When the common people are asked to bear the burden of taxation on all kinds of necessities, I do not see why a person who has an income of Rs. 40,000 should escape taxes on a portion of his savings to the extent of Rs. 8,000 or at least, as I had proposed, to the extent of Rs. 6,000. On Rs. 6,000, we might collect quite a substantial amount of tax from different people of this kind. And whether we collect a substantial amount of tax or not, the question is that when we are asking much poorer persons to bear a much heavier burden in proportion, there is absolutely no ground why we should give a relief to persons who earn more than Rs. 200 or Rs. 3,000 a year. That is indefensible in the present circumstances of our country.

Therefore, I would request the Finance Minister at least to sponsor an amendment to that effect because he will have no difficulty in getting the recommendation of the President, if it is necessary.

15 hrs.

Therefore, I would request him to accept the principle of my amendment and let the burden fall where it deserves to fall. If he won't give the common people relief in respect of the imposts made in other clauses, at least let him create a psychological condition in which the common people might feel to some extent that burdens are being borne by those who can bear those burdens, and they are not being imposed unilaterally on them alone. Unfortunately, at present that is the impression left by the various clauses of the Bill, and specially by the exemptions under the Wealth Tax Bill and Expenditure Tax Bill that are being granted.

So I would once more request the Finance Minister to reduce this exemption limit of 1/5th of salary or Rs. 8,000 to a flat rate of Rs. 2,000 or so, so that a equitable burden may rest on different sections of the community.

Shri T. T. Krishnamachari: The scheme of tax exemptions is a complicated piece of work. We are giving tax exemptions on certain types of savings. Unfortunately, we are giving a fairly high limit. So far as provident fund is concerned, it is a form of enforced saving which a person has to put in and he cannot draw from it except perhaps as a loan, which is not very advantageous, until the end of his service; his savings are immobilised to that extent.

For instance, now the appeal made by services associations for contributions by service people to the national savings certificates has resulted in some response in regard to payment by way of purchase of these certificates, and in some cases, payment of an additional amount to the

provident fund where it is within the permissible limit. To that extent, the money is now being paid into the provident fund and thereby it is frozen. My hon. friend is looking at it and judging it from a narrow point of view of certain egalitarian attitude, but that is not the only thing that determines a matter of this nature. So long as there is a high-salaried class, so long as we do not want them to spend the money, at a time when you want them to save, various incentives have to be given. The whole scheme of company rebates—with which he won't agree—development rebates and things of that kind is based on certain principles. We want to keep the existing structure; within that, we want to get some further savings.

So this is an intricately worked out piece and it is very difficult for me to explain to my hon. friend within the short space of an amendment how difficult it is to pull out one particular piece from this structure. If one piece is pulled out, the whole structure will certainly collapse. I appreciate what he has in mind, but that does not mean that I approve of what he thinks in this matter.

Mr. Speaker: The question is:

"That clause 10, as amended, stand part of the Bill.

The motion was adopted.

Clause 10, as amended, was added to the Bill.

Clause 11—(Commencement of amendments to Act II of 1923).

Shri T. T. Krishnamachari: I beg to move:

Page 9—

(1) for lines 7 to 9, substitute:

"(3) Where any assessment for the year ending on the thirty-first day of March 1958, has been completed or a notice of demand has been issued before the commencement of this Act, the Income-tax Officer shall, wherever necessary,

(Shri T. T. Krishnamachari)

revise the assessment or issue a revised notice of demand, as the case may be, conformably to the provisions of this Act"; and

(i) line 15, for "1957" substitute "1958".

The sub-clause in the Bill, while it enables a revision of 1957-58 assessments in accordance with the amendment to the Income-tax Act proposed therein, does not enable revision of the demand necessitated by the introduction of the new rates. It is therefore reworded as in the proposed amendment.

The second amendment merely corrects a misprint.

Mr. Speaker: I shall now put amendment No. 8 to the vote of the House.

The question is:

Page 9—

(i) for lines 7 to 9, substitute:

"(3) Where any assessment for the year ending on the thirty-first day of March 1958, has been completed or a notice of demand has been issued before the commencement of this Act, the Income-tax

Officer shall, wherever necessary, revise the assessment or issue a revised notice of demand, as the case may be, conformably to the provisions of this Act"; and

(ii) line 15, for "1957" substitute "1958".

The motion was adopted.

Mr. Speaker: The question is:

"That clause 11, as amended, stand part of the Bill."

The motion was adopted.

Clause 11, as amended, was added to the Bill.

Clause 12 was added to the Bill.

Clause 13—(Amendment of Act I of 1944).

Shri T. T. Krishnamachari: I beg to move:

Page 9—

omit lines 31 to 33

Kerosene has already been exempted. So I have to take it out.

I also beg to move:

I. Page 10—

for lines 1 to 6, substitute:

"(iii) does not exceed one hundred gross of boxes per day, but exceeds twentyfive gross of boxes per day.

(iv) does not exceed twentyfive gross of boxes per day.

Four rupees and fifty naye paise per gross of boxes.

Four rupees and thirty naye paise per gross of boxes.

II. Page 10—

for lines 18 to 23, substitute:

(iii) does not exceed one hundred gross of boxes per day but exceeds twentyfive gross of boxes per day.

(iv) does not exceed twenty-five gross of boxes per day.

Two rupees and ninety-five naye paise per gross of boxes.

Two rupees and eighty naye paise per gross of boxes".

III. Page 11—

omit lines 16 to 21.

It has all been decreased—from Rs. 4.80 to Rs. 4.50, Rs. 4.45 to Rs. 4.30 and Rs. 3.05 to Rs. 2.95.

fusion regarding the clause. I find that the rate originally proposed was Rs. 3.05 per gross of boxes. This is sought to be enhanced by Rs. 2.50.

Shri Mahomed Imam: On a point-of information. There is some con-

Mr. Speaker: The hon. Member is reading amendment No. 10. Amendment No. 10 relates to reduction from

Rs. 4.60 to Rs. 4.50 and from Rs. 4.45 to Rs. 4.30. Therefore, it is a reduction, not an increase.

Shri T. T. Krishnamachari: Both cases are of reduction.

Mr. Speaker: To avoid confusion, I would put the amendments one by one, amendments Nos. 9 to 12.

Shri Sadhan Gupta: Sir, we have got other amendments on the same subject. If these amendments are put and adopted our amendments may be barred.

Shri T. T. Krishnamachari: If it is for enhancement, then they may not

be put. But they are for reduction, they can be moved later and put to the House.

Shri Nanshir Bharucha: Once you omit sub-clause (a), then the brackets and letter 'b' will also go.

Mr. Speaker: That is consequential. The hon. Member is very cautious.

Now, I will put the amendments, Nos. 9 to 12 to the vote of the House.

Mr. Speaker: The question is:

Page 9—

omit lines 31 to 33.

The motion was adopted.

Mr. Speaker: The question is:

Page 10—

for lines 1 to 6, substitute

“(iii) does not exceed one hundred gross of boxes per day, but exceeds twenty five gross of boxes per day. Four rupees and fifty naye paise per gross of boxes.

(iv) does not exceed twenty five gross of boxes per day. Four rupees and thirty naye paise per gross of boxes.”

The motion was adopted.

Mr. Speaker: The question is:

Page 10—

for lines 18 to 23, substitute:

“(iii) does not exceed one hundred gross of boxes per day but exceeds twenty-five gross of boxes per day. Two rupees and ninety-five naye paise per gross of boxes.

(iv) does not exceed twenty-five gross of boxes per day. Two rupees and eighty naye paise per gross of boxes”.

The motion was adopted.

Mr. Speaker: The question is:

Page 11—

omit lines 16 to 21.

The motion was adopted.

Mr. Speaker: Are there any other amendments?

Shri Sadhan Gupta: I have my amendments, Nos. 61 to 73. I beg to move.

(i) Page 9, lines 39 and 40—

for “Four rupees and ninety naye paise” substitute “One rupee and fifty naye paise”.

(ii) Page 9, lines 42 and 43—

for “Four rupees and seventy-five naye paise” substitute “One rupee and twenty-five naye paise.”

(iii) Page 10, lines 1 and 2—

for “Four rupees and sixty naye paise” substitute “One rupee.”

(iv) Page 10, lines 10 and 11—

[Shri Sádhan Gupta]

for "Three rupees and twenty-five naye paise" substitute "Seventy-five naye paise."

(v) Page 10, lines 14 and 15—

for "Three rupees and fifteen naye paise" substitute "Sixty-five naye paise."

(vi) Page 10, lines 18 and 19—

for "Three rupees and five naye paise" substitute "Fifty naye paise".

(vii) Page 10, lines 21 and 22—

for "Two rupees and ninety-five naye paise" substitute "Twenty naye paise".

(viii) Page 10, lines 24 and 25—

for "One rupee per gross of boxes" substitute "Five naye paise per gross of boxes".

(ix) Page 10, line 27—

for "Eighty naye paise" substitute "Two naye paise".

(x) Page 11, line 31—

for "Fifteen naye paise" substitute "Five naye paise".

(xi) Page 11, line 41—

for "Ten naye paise" substitute "Two naye paise".

(xii) Page 11, line 43—

for "Five" substitute "One".

(xiii) Page 12, line 7—

for "Fifteen" substitute "Two".

Clause 13 relates to the imposition of excise duties. The burdens that have been imposed by clause 13 fall very heavily on items of daily necessity such as matches, sugar or paper and so forth, which are extremely heavy to bear for the common man. Let us not forget that this burden of excise duties has gone on increasing

from year to year. It is said that the common man must bear a part of the burden. But the question here, again, is the proportion of the burden he must bear, whether there should be some equity in the distribution of the burdens. We have given exemptions to ex-rulers for their retinues. We recognise the right of the ex-rulers to maintain a retinue and to keep up a standard of living. Shall we not recognise the right of the common, the right at least to save himself from starvation? To take whatever income the Government

15.17 hrs.

[PANDIT THAKUR DAS BHARGAVA
in the Chair.]

wishes to take, it is necessary to provide the minimum amenities which human life requires in our country. Today most of our people live below a standard of living which can be got through the earning of living wages. You know that the concept of living wages includes the subsistence, not only the normal requirements of food and clothing but also the requirements of education of children, the requirement of certain physical comforts, some provision for old age and so on.

The income that most of our countrymen get, whether they are clerks in government service or workers in factories, is certainly not sufficient to provide for all these various needs which are covered by the concept of living wages. If that is so, may we not ask whether this additional burden should or should not be imposed upon them? When, in the case of companies, in the case of wealthy individuals, in the case of earners of high salaries you want to give them an incentive for saving, do you not at least owe it to the common man to spare him at least the means to maintain his family at a decent standard of living?

To day when you increase the price of his needs, when you increase the price of his sugar, the price of his paper, it means that the burden of feeding his children, the burden of carrying on domestic work, the burden of educating his children and so on and so forth, all these burdens are increasing very much. Let us not also forget that the excise duty does not reflect the increase in prices. The result of the imposition of the excise duty is reflected by a greater proportion of the increase in the price of the commodity than the imposition of the excise duty warrants. Government have no machinery to check this increase in price. Government have no machinery to see to it that this is not done. Yet we are going on imposing burden after burden on the common people whereas we are going on giving relief after relief to the richer classes.

We have reduced income-tax this year in the top slabs. We have reduced it on the ground that the imposition of new taxes on wealth and expenditure will compensate. I do not know whether it would be compensated. But, even there we have granted substantial relief to classes who do not deserve relief, to classes who really deserve to bear the burden to the maximum extent of our Second Five Year Plan and other needs of our country.

Whereas we are giving relief in income tax, in wealth tax and in expenditure tax, we are imposing new burdens on the common people in the shape of excise duties on matches, sugar, paper and so forth. Already he has to pay heavy excise duties on his cotton cloth, woollen fabrics, artificial silk and so on. There are already excise duties on other necessities. As a matter of fact, if you glance through the First Schedule of the Central Excise and Salt Act you will find that out of the 27 items or so which are there, barring four or five items or so, most of the items are items which the common people have to purchase in order to

satisfy their daily necessities. Under those circumstances, I strongly plead that both in the interest of relief to the common people and in the interest of a proper psychological atmosphere, which is not the least consideration, there should be a substantial reduction in the export duties on matches, paper, sugar and so forth.

I have referred to the psychological atmosphere which needs to be created. I hope the Finance Minister appreciates that the Plan is not going through, the Plan is not going to go through without a psychological enthusiasm in the common people. However much the ex-rulers can be with you, however much the companies bless you for giving them relief, however much the companies try to save and thereby create capital formations, let there be no mistake about the fact that, if the common people are not with you psychologically, if you fail to create the psychological enthusiasm in the common people for the Plan, for the work of development of the country, then the Plan is not going to succeed.

If you want to create that psychological condition among the common people, you must let them feel that the burden is not resting inequitably on them, that heavier burden is not being put on them than they can bear. And, what is more; on the other hand, you must convince them that those who can bear the heavy burden are not bearing a lighter burden. It will be very difficult to convince them to this effect, if, on the one hand, you give relief to the richer sections—relief of income tax in the higher slab, relief by way of exemptions in the wealth tax and expenditure tax—and, on the other hand, you increase the price of paper, you increase the price of sugar, you increase the price of tobacco and the price of so many other things, not only by the amount of excise duty imposed but by a far greater amount out of all proportion to the excise duty, imposed.

Let there be a feeling of equality. The hon. Minister was accusing me of

[Shri Sadhan Gupta]

being egalitarian or, rather, approaching the matter of employers' contribution from an egalitarian point of view. It is not the only consideration. But, let us not forget that in creating a psychological atmosphere the egalitarian consideration is very much there. By egalitarian consideration I do not mean that you should reduce everyone to the same level but, at least let there be a feeling in the country that everyone is sharing the burden equally. Can the Finance Minister really say with his hand on his heart that the people of the country really feel that all sections of the people are bearing the burden equally? Is it not a fact that millions in the villages, millions in the towns feel that they are being made to bear too heavy a proportion of the burden, and those who have more, those who can influence the Government more by reason of their wealth, are escaping their due share of the burden? Under those circumstances, I would suggest that the Finance Minister should accept my amendments numbers 61 to 73 for reduction of excise duties on matches and paper, and also bring out his own scheme for drastic reduction of excise duties on sugar and other necessities of life, and thereby at least create confidence in the people.

If he loses revenue thereby, I am sure he has other sources from which to get the tax. He can tax the huge amount of surplus wealth that there is in the country. There is a lot of idle wealth lying in the country. If he adopts the principle of leaving enough of wealth for a person to carry him comfortably through his life and, perhaps, through the life of the next generation, even then he would get plenty of money. Sir, it is said that there are people in the country with fortunes amounting to Rs. 500 crores or so. I can't at least understand how a person can require more than Rs. 1 crore to carry him through the whole of his life. I do not discount the possibilities that you can spend more than Rs. 1 crore

throughout your life or even in a month or a year. But the point is, are we going to allow it? Are we prepared to allow it in the present state of the country? A fortune of Rs. 1 crore would yield a monthly income of, I think, at least Rs. 25,000. I think it should be enough for anyone to carry through for the whole of his life, and for the posterity that is coming afterwards. Therefore, if a person has a fortune of Rs. 500 crores, why should not we take away Rs. 499 crores out of it by way of taxes—wealth tax or whatever tax it may be?

If we follow that principle of taxation, then at least we would be able to give substantial relief to the common people. By that relief, apart from the tax that we would earn, we would also earn the enthusiasm of the common people which is a great thing. You know, if the people are enthusiastic they will bear any amount of sacrifices. Even they will starve and help the country to progress, but only if they are convinced that the country is going in the right way.

That is the atmosphere that has to be created, and for that purpose excise duties must be drastically reduced, in any event on the necessities of life, and resulting deficit in taxes must be found from other sources, must be found from the idle wealth that is plentiful in the country, and must even be found in the surplus wealth of big capitalists, big landlords, ex-rulers and so forth, and of which there is no dearth; at least it is more than the revenue the Finance Minister can hope to bring out of the desparate means of the common people.

Therefore, I would once more request the Finance Minister to reduce the imposition of excise duties and thereby give not only economic relief to the people but create a psychological enthusiasm which will really help to carry forward our Plan.

Mr. Chairman: The amendments moved by Shri Sadhan Gupta are before the House.

Shri Prabhat Kar (Hooghly): I have my amendment No. 50.

Shri T. T. Krishnamachari: For the same purpose, that is, to completely eliminate the increase.

Mr. Chairman: Is there another amendment on the same subject to the same clause?

Shri T. T. Krishnamachari: He has amendment No. 50.

Mr. Chairman: I do not see it. No. 54 is for elimination of lines 45 and 46.

Shri T. T. Krishnamachari: They are all for elimination—the whole lot.

Mr. Chairman: You want to move amendment No. 50? Now, has the hon. Minister to say anything on that? It is an independent amendment.

Shri T. T. Krishnamachari: I was only trying to help the Chair on the amendment that the hon. Member wanted to move.

Mr. Chairman: Yes; Shri Prabhat Kar.

Shri Prabhat Kar: I beg to move:

(i) Pages 9 and 10—

omit lines 31 to 45 and 1 to 30 respectively;

(ii) Pages 10 and 11—

omit lines 34 to 51 and 1 to 15 respectively; and

(iii) Pages 11 and 12—

omit lines 22 to 46 and 1 to 17 respectively.

Clause 13 deals with excise duties. If we look into the excise revenue since 1943, we will find that in the year 1948-49, the figure was Rs. 50·63 crores. In 1957-58, the figure has gone up to Rs. 258·43 crores. So, within the past ten years, Rs. 200 crores of revenue from the common

man has come in, to help the Government. I do not know, when we talk of the common man, the Finance Minister feels that we do not represent the common man or we do not exactly know the common man and that all is political fiction.

But here is a paper which is a Congress paper—*Jugantar*. Its editor's son is a Minister in the State of West Bengal, and is the owner. It gives a picture for these ten years. It is not a Communist paper. It says that the condition of the common man now is such—the ordinary middle class, that it is almost impossible for the common man to keep his body and soul together.

Here is another copy of *Jugantar* which gives a picture of the people in the district of Nadia, who are going a begging. This is the picture of the common man given by the Congress paper and not by the Communist propaganda machinery. This increase from Rs. 50·63 crores to Rs. 258 crores means Rs. 200 crores of excise revenue. Now, what are the items? Sugar, vegetable oils, tobacco, matches, cotton cloth, etc. If you look into the picture for each item, what does it reveal? On cotton cloth, excise revenue has risen from Rs. 87 lakhs to Rs. 72 crores. On sugar, it has gone up by five and a half times. In matches, it is 100 per cent. On tobacco, it is 50 per cent. These are the items which are generally used by the common man, and naturally, if they are now made to pay the tax through their nose, they will devolt however we may not like.

Now, the incidence of the excise duty on a person whose average income is Rs. 50 a month is Rs. 3. On a person whose income is about Rs. 1,500 a month, the incidence is Rs. 40. But the real wage or earning of a person who earns Rs. 50 a month is, today, 11·80 naye paise. For a person who earns Rs. 100 a month, the real wage today is 23·60 naye paise. If in spite of this, in order to fulfil the Plan one must sacrifice

[Shri Prabhat Kar]

everything and if the common man has to sacrifice—he being one among those who constitute the major part of the population—then, I am sorry that this will naturally scare the people away from the Government, from the Plan and from all things, a circumstance which we do not want to happen. We want today the success of the Plan. We are ready to sacrifice for the successful fulfilment of the targets of the Plan, but, if today the taxes are imposed in this manner so that the common people may feel that if they are to fulfil the targets, they may have to starve, then, I am sorry to say that the common people may revolt against the Plan. In that case, we shall be only helping those sections of the people who do not want the Plan to result in success.

Today, I am quite sure that all political parties agree that the second Plan must be made a success, and for that every party is agreeable to co-operate. But for that, an atmosphere has to be created. It cannot be done by simply forcing the common people to choose the path of despair and starvation to death. It needs the co-operation of the common people and that can have only if you look into their interests and try to minimise their hardships which, the Finance Minister, by his tax proposals, has never cared to.

We know that apart from the excise revenues, the cost of living and the prices of commodities are much higher than the taxes that are being imposed. It is no denying the fact. We know that after the budget, we were given certain papers from the Finance Ministry. There, one particular item, namely, matches, it is said—will cost us only about 0.1 naya paise more. But what is the position today? We know what is the result of the taxation. The price of of matches has gone high. The Char Minar cigarette packet, which are never consumed by any rich person—it being the common cigarette for

the common people—has risen from one and a half annas to two annas. The prices of tobacco and hooka tobacco especially have gone high. If we really want to see the Plan through successfully, it is high time the Finance Minister should think in terms of revising the excise duty.

Even here, on the floor of this House, we have got so many Congress Members who have been vociferous while speaking against the taxation measures and the indirect taxation. They know what is the reality. Of course, if the Finance Bill is put to the vote, perhaps they will pass it, but it will be against their will. By imposing such a heavy taxation, you cannot expect to carry on your Plan. The people are really anxious to see that the Plan becomes fruitful and ends in success so that the country may become economically stable and solvent. Therefore, I would request the Finance Minister to revise these excise duties. All the time, we have been told by the Finance Minister that after all, when you have accepted the second Five Year Plan, you have got to accept these provisions. "It is not the fault of the Finance Minister; it is not the fault of the Cabinet; it is not the fault of the Congress Party; it is Parliament as a whole which has accepted this and they have got to accept the decision." That is what he has been saying. I do not know whether it is a veiled threat—that if we want to carry through the Plan we have got to pay through the nose. But I say there are other ways. There is enough scope to get the revenue by other means. This is not the only way to get revenue by simply imposing excise duties on commodities which are generally used by the common people. It is not by this way that you can simply get their money. Without the co-operation of the people,—whatever may be your taxation proposals,—it is not possible to carry out the second Five Year Plan which everyone of us wants to put through successfully. I do not know why

there is this veiled threat every time. I have been hearing the Finance Minister saying every time that "the Parliament has accepted this expenditure and naturally, in order to meet it, I have to find revenue and here is the source of revenue". I would request him to tap other sources. There are other sources and the hon. Finance Minister does know them, I am sure. Therefore, I would request the Finance Minister not to impose this exorbitant excise duty on matches, tobacco and sugar, but to tap other sources, where he will get the revenue required to meet the demands under the second Five Year Plan.

Mr. Chairman: Amendments moved:

(i) Pages 9 and 10—

omit lines 31 to 45 and 1 to 30 respectively;

(ii) Pages 10 and 11—

omit lines 34 to 51 and 1 to 15 respectively; and

(iii) Pages 11 and 12—

omit lines 22 to 46 and 1 to 17 respectively.

Shri Mohamed Imam: I beg to move:

(i) Page 10, line 32—

for "one rupee and twenty-five naye paise" substitute "One rupee"

(ii) Page 10, line 35—

for "Forty rupees" substitute "Twenty rupees"

I have moved these two amendments, but that does not mean that I accept the enhancement of excise duty on other items. There may be some justification for the imposition of new direct taxes or the enhancement of direct taxes, but as it is, there is absolutely no justification to enhance the present rate of excise duty on various commodities, which are essential for the comfortable living of the common man.

It was pointed out by the previous speaker that those excise duties have undergone changes to the prejudice of the people every year. I think no year has passed without seeing the enhancement of the duty on various items. I may just point out the rapidity with which these duties have been enhanced; it was also pointed out by the previous speaker. In the year 1948-49, the revenue from central excise was only Rs. 50 crores. In 1950-51, the revenue was Rs. 71 crores and it led to steep prices. In 1956-57, the revenue from central excise duty is Rs. 188,73,00,000 and this year the budget figures reveal a revenue of Rs. 209 crores. This shows to what extent the people have been taxed and to what extent they have been asked to undergo sacrifices by the enhancement of duty on various articles.

It must be understood that whenever there is an enhancement of excise duty, people suffer not merely by paying extra taxes, but it has got a tremendous effect on their economic life. Every enhancement of excise duty leads to the enhancement of prices. It leads to inflation and to economic disequilibrium. It is common experience that whenever the duty is enhanced on a certain commodity, wheat, sugar or iron, the person who deals in them always takes advantage of it and puts on his own price. I may say that this is the direct cause of inflation also. If the excise duties have been kept down and if they had not been increased, perhaps the prices would not have soared as high as they are prevailing now.

In fact, what is inflation? What does it denote? Under inflationary conditions, a man gets much less goods for the money he spends. Secondly, it may also be understood that he gets much less value for the social services that are being rendered to him. The Government takes away with one hand what it proposes to give with the other. I may warn that every enhancement of the excise duty is the direct cause of inflation. If the

[Shri Mohamed Imam]

Government is thinking of getting a few crores by way of revenue, the loss sustained by the nation as a whole and by the people as a whole is enormous.

I may take one or two examples. You are making the living of the people impossible; you are denying the ordinary comforts for which they are entitled. As was pointed out, these excise duties mainly oppress the poor class of people. These duties do not oppress the rich people, because it must be known that the tax-payer is quite different from the tax-bearer. The tax-payer never suffers; he gets himself indemnified at the cost of the poor. It is the poor who have to bear the burden of taxation and they become easy victims of the tax-payer, who has his own way. I do not know on what principle the rates of excise duties are being enhanced. Is it with a view to confer any corresponding benefit on the people? Definitely not.

The obvious reason is that all this money is required for the implementation of the Plan, which I characterised a few days back as a nightmare. I do not know, in the name of the Plan, what financial difficulties we will have to face, what further taxation is going to be imposed and what the future has in store for us. But, as was pointed out by a few speakers, I am afraid much of the revenue that is derived goes to increase the number of officers. It goes towards their pay, because I can say that out of the total revenue that is derived by the Government, not less than 60 per cent of it goes only to meet the pay and allowances of the officers. Similarly, this one also will go not for the benefit of the people, but to increase the number of officers.

I very much agree with the remarks made by Mr. Masani who said that further recruitment, further over-crowding, should be stopped at once. It is proposed to increase the duty on iron from Rs. 4 to Rs. 40 and

to enhance the duty on cement by 3 or 4 times the original duty. This shows the desperate measures that are being adopted by the Government irrespective of the effect it will have on the people. I cannot understand it. Is there any instance where a duty is being enhanced all at once by 300 or 400 per cent? Do you mean to say that iron and cement are luxuries? Originally the underlying principle was that all articles of luxury should be taxed in order to lessen their consumption. There is some justification to tax liquore because it is in the interests of the State to minimise drinking. But, iron and cement are articles which are needed by every person, both rich and poor. Iron is a material which is wanted by every person, by even a ryot, by even an ordinary man. You want him to pay more. Cement is also needed by every person. Is it the idea of the Government that a common man, an ordinary person or a middle class man should be placed in an embarrassing position so that he could not make use of iron or cement? What is the idea? Can the Finance Minister justify his action in enhancing the duty by 300 per cent?

Perhaps, his main idea is to grab as much revenue as possible, tax the earning of the people as much as possible. I may point out to him, let him not be so drastic. Let him be sympathetic; let him be reasonable towards the aspirations of the people. The Finance Minister always points out at the opposition. He just now said that we must co-operate with him. I may assure him that whenever we make any suggestion, we make it for the good of the people, in the interests of the country. Let not the economy of the country be upset. I can tell him that with such taxes, with such indiscriminate taxation, we are living in an era of taxation and nothing else. All these taxes have brought us nothing but frustration. Let him be reasonable and see that these taxes are not increased to the prejudice of the people.

Only one thing more, I would like to say. Let the Finance Minister give us an assurance that he will not have further recourse to enhancing these excise duties. It is the future that makes us very anxious. Why all these pains and penalties every year? Let him once for all say, I levy so much every year. Then, he may give us a respite. When the time for the presentation of the Budget approaches, the whole country, the entire population will be quite nervous thinking what the Budget will bring for them, what further privations and difficulties are in store for them. He must give at least some respite to the people to recover from the various shocks they have received as a result of these taxes. It does not matter. The Finance Minister is going to carry the day because he is backed by a big majority. At least in the interests of the country, at least to give the people a sense of security, can he at least give the assurance or hold out the assurance that at least for a period of.....

Shri T. T. Krishnamachari: All the 'at leasts' you can have.

Shri Mohamed Imam: I do not think so. Our past experience has been, taxation is not merely an annual feature. After you assumed the office, it has become a biennial feature. Because, formerly, Finance Ministers used to come with taxation proposals once a year. Now, you are bringing them in more than twice a year. Recently, six months ago, you proposed and carried a tax on cloth. You assured at that time that though the Government derived a revenue of Rs. 70 crores, the duty would not have the effect of increasing the price of cloth. You gave a categorical assurance, a definite assurance that Government will take care to see that the price of cloth will not go up to the prejudice of the common man. What has been the result? Has your assurance been carried out after the levy of the excise duty?

Shri T. T. Krishnamachari: One hundred per cent carried out.

Shri Mohamed Imam: I am afraid I cannot agree with you.

Shri T. T. Krishnamachari: If you can't agree, facts speak:

Shri Mohamed Imam: I am a consumer. I have been purchasing cloth. Prices have gone up not only to the extent of the duty which you proposed, but the merchants have imposed their own quota of profit.

An hon. Member: Prices have gone down.

Shri Mohamed Imam: I am afraid I can't agree. I have been paying through my nose.

Shri T. T. Krishnamachari: Still the nose is there.

Shri Mohamed Imam: At least give us some hope that we will be free from these pains and penalties at least in the future. I agree with the previous speaker that he will be very sympathetic and that he will not indulge unduly in enhancing the excise duties, especially, he will not go to the extent of increasing the duty by 300 or 400 per cent.

I have got another amendment seeking the reduction of the duty on power alcohol and motor spirit. It is proposed to raise it to 125 n.P. as against the existing rate of 98 n.P. One feature of the present day taxation is that the same commodity is going to be taxed again and again by various agencies, by various Governments. New taxes are levied on the same commodity. It must be remembered that it is not only the Central Government that levies taxes on these commodities. We must reckon with the State Governments also. The State Governments also, immediately following the Budget proposals, come forward with their own taxation proposals. They also levy taxes on these commodities. Following the proposals of the State Governments, the local authorities also come forward with their proposals. Take, for example, motor spirit. First of all, if it comes from other countries, the import duty has

[Shri Mohamed Imam]

to be paid. Even here, the Central Government levies the excise duty. I doubt whether the Central Government has got that power to levy the excise duty, because, in the first place,—I speak subject to correction—motor spirit is not manufactured in India. It is a commodity which is imported. Excise duty is to be levied only on such commodities that are manufactured or prepared in India. Anyhow, it is proposed to levy an enhanced duty on petrol.

Again, the State Government levy a separate duty, sales tax, on the same commodity, of six annas. So much so, before this duty, petrol was costing Rs. 3-8-0 per gallon. I am sure it will go up to Rs. 4. Similarly, all these commodities which are under contemplation now, are also sure to receive their quota of taxation from the State Governments and the local authorities also. They charge what is called octroi. The cumulative effect of all these taxes will be an oppressive burden on the common man. The Finance Minister must study the economic condition of the people. The Finance Ministry can work efficiently only if they are well acquainted with the economic condition of the people.

Petrol is no longer a luxury. As was pointed out by Shri Naushir Bharucha, it is an article which is wanted by every person. Stop the issue of petrol for 15 days and see what happens. There will be a revolt. It is no longer an item of luxury. It is an absolute necessity, as great a necessity as food. You do not want people to travel by cars. Nor do you want them to travel by buses. All this will have the effect of putting up the rates when the people travel by bus. You must understand the plight of the people. You must understand in what predicament, in what difficulties they will be, and you must be reasonable and sympathetic. The fact that you need money for the Second Plan is no justification. We must adjust ourselves. There is no use having a too ambitious Plan, having

a plan which is beyond our capacity. You must swallow as much as you can digest and not beyond that.

Taking all these into consideration, I appeal to the Finance Minister. I know he is coming from the masses. I have great veneration and reverence towards him. He comes from the State which is next to mine. I cannot doubt his sincerity. I hope he will take a reasonable attitude. Because, it is with great pain I express that after Shri T. T. Krishnamachari assumed the Finance Ministership, taxes have risen very greatly. Imposition of taxes has gone up by leaps and bounds and especially this year marks the leap year in this era of taxation.

Mr. Chairman: Amendments moved.

(i) Page 10, line 32,—

for "One rupee and twenty-five naye paise" substitute "One rupee".

(ii) Page 10, line 35,—

for "Forty rupees" substitute "Twenty rupees"

16 hrs.

Shri K. U. Parmar (Ahemdabad-Reserved-Sch. Castes): Sir, many things have been said from the opposition side and the treasury benches regarding the enhancement of the excise duties. The hon. Finance Minister must be knowing that in the 1st schedule of Central Excise and Salt Act of 1944 there were only 14 items in 1952. But now there are as many as 27 items and most of these men has to bear the necessities of the common man. Now the common man has to bear the burden. So it is very difficult for the common man to live in such hard days. In these circumstances, seeing the criticism on both sides of the House, and also the discontent of the people of India, it would have been better if the hon. Finance Minister had decreased the duty. But,

on the contrary, he has increased it. So, I regret, I am not in a position to congratulate the Finance Minister on his action.

Many things have been said regarding the socialistic pattern of society. Our hon. Prime Minister has also laid some special stress on this. But the hon. Finance Minister, I may say if he may not feel offended, is a pick-pocket. He has withdrawn the word "social", and beating the people with the remaining word stick. He is picking the pockets of the people. By imposing these taxes and by enhancing these taxes he is picking the people of all their earnings. The Finance Minister says that "when we have got our Plan, we must have finances." But I submit that when our people are paying taxes, they must get some return. So much money is being wasted in this country. When the people are not finding a square meal, bread and butter—or we can even say only bread and no butter—we are undertaking projects like the Asoka Hotel. When there is shortage of foreign exchange, our Ministers are purchasing costly cars from abroad. They are not giving any importance to swadeshi things. Cars manufactured in India and wasting our exchange.

All the necessities of life like sugar, coffee, tea etc. have been taxed. And the most disgusting thing is Ground nut and Til oil, which is one of the necessities of the poor, not a non-essential has been taxed and he has failed to reduce the duty on that. Then the duty on iron and cement has been enhanced. On the one hand, we are giving some subsidies and loans to the housing societies. On the other hand, we are taking it back by enhancement of taxes. So, in these hard days we are not helping the co-operative housing societies. If it is not possible to reduce the duty on cement and iron generally, I would request the hon. Finance Minister at least to give some consideration to the housing co-operative societies and encourage them by giving them cement and iron on reduced rates of duty.

Regarding tobacco, Sir, it is being used for the purpose of making cigarettes also. Small leaf between 1½" and ¾" are used for bidis. But nowadays the leaf that is used for bidis is also being used for cigarettes. So it is being charged at the rate of Re. 1- per pound, which is very exorbitant. The tobacco crop of 1952-53 is lying with the curers and the traders. The curers and the traders have approached the hon. Finance Minister in this connection, and he also has declared that the tobacco crop of 1952-53 was of an inferior quality.

16-05 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

But the said tobacco even after reducing the duty to 7 annas, was not marketable. It was not sold. But now the same inferior tobacco is not considered as inferior tobacco. So hon. Finance Minister has done a great injustice to my region, Gujarat, by treating that tobacco as superior quality tobacco and he has thereby taxed it at Re. 1/- per pound. There is an agitation throughout Gujarat that such tobacco should be treated as inferior quality tobacco and the duty should be collected at a lower rate. Since the rate of Re. 1/- per pound on bidi tobacco is very exorbitant, I humbly request hon. Finance Minister to reduce the rate at least to twelve annas per pound.

Regarding sugar, Sir, it has now become a necessity for the common man. Everyone is using it. But the rate of duty on sugar has been raised like anything, which is not justified. On the whole, I want to say that the rate of excise duty and the enhancement of excise duty is not uniform and it is not in the interest of the common man. So I request hon. Finance Minister to look into the matter.

Shri Oza (Zalawad): The provisions of the Bill relating to the taxation proposals brought by the Finance Minister at the time of presenting his

[Shri Oza]

budget were discussed both in this House and outside the House, from every platform and every press. We can now feel that the country has more or less reconciled to the taxation proposals. I concede that because it was a very large dose, particularly on commodity taxation, at the initial stage there was some reaction. But slowly and gradually the robust commonsense of the people has prevailed and all round we find that there is not that much of discontent, as it has been made out to be. Why these taxation proposals? It has been aptly described in one sentence—for the fulfilment of the Second Plan without releasing the forces of inflation.

I think much has been said about the Second Five Year Plan. We have framed a Plan and while the Plan was placed before this august House it was discussed by all sections of the House and also in the country. And there is a large measure of agreement about it. This is the second year of the Plan, and I do not think there is any going back. We cannot change horses in midstream. And it is also no use blaming us. Some friends are saying: "Did we not say that there would be inflation, that so much emphasis on heavy industries was no good?" When we are in the midst of the Plan, all our efforts should be directed towards the fulfilment of the Plan, we should appeal to the people to strain themselves so that the Plan on which we have placed so much hope may be fulfilled and we may usher in an era of prosperity in this country.

We find that some sections of the House are again devoting themselves to an attack on the taxation proposals, while one section is devoting its attack to the emphasis on heavy industries.

Mr. Deputy-Speaker: I will allow the hon. Member some latitude as he had no opportunity of speaking in the consideration stage, but the speech should have some reference to the clauses that we have got.

Shri Oza: Before I started speaking some friends had made an attack on the Second Plan and the emphasis on the heavy industries. That is why I was referring to it. But the Communist group and some other friends have attacked the proposals about indirect taxes. We know that so far as direct taxes are concerned, we have almost reached the saturation point, and it is no more possible to have more revenues out of direct taxation. So, just like any other under-developed country we have to resort to indirect taxes.

As some friend remarked, in a poor country where most of the people are poor, what is the percentage of rich people or upper middle class people? A very small fraction. Most of the people in this country are very poor, and therefore, as in any other under-developed country, in this country also we have necessarily to resort to indirect taxes, what are called commodity taxes. We also concede that the average man, the poor man is hit, though not to the extent to which it has been made out to be, to some extent at least, but as has been pointed out repeatedly from the Treasury Benches, there is no other way out if we want to fulfil the Second Plan.

Let us turn the leaves of history and find out what other under-developed countries have done when faced with similar situations. Let us take the case of Soviet Russia. It was also under-developed, it was not industrialised, it also wanted to undertake some plans, and in all seriousness they started their Five Year Plans one after another.

How did they raise their resources, as there was a limit to the yield from direct taxes there also? Though in Marxist theory, as compared to direct taxes indirect taxes are considered to be regressive and not considered to be in the interests of the masses, though Marxism condemns it, we find this phenomenon that the very country which is supposed to follow what they call scientific Marxism had to resort to indirect taxes. Hence I

appeal to my friends to concede that what is sauce for the goose must be sauce for the gander also. If Soviet Russia had to resort to indirect taxation, why should not this country, which is also facing a similar situation, resort to commodity taxes?

With your permission I would refer to certain lines from a treatise on Soviet taxation by Prof. Hozman of Washington University who has carried out a very useful research into the Soviet taxation system, and has written this book after going through all the facts and figures. He has observed:

"The outstanding feature of the Soviet tax structure is the heavy reliance placed on indirect or commodity taxes. Those familiar with Marxist literature in public finance may find this difficult to understand, in view of the vehemence with which indirect taxes were attacked by these writers. The basic argument, an argument of considerable merit, was that sales and excise taxes were inequitable (or regressive), falling most heavily on the poor and on the members of the working classes. Why, in spite of their ideological bias, have the Soviets relied so heavily on indirect taxes and so little on direct taxes?"

He poses that question. Now, let us know to what extent commodity taxes have been levied there. He says:

"The 'tax burden' increased steadily and rapidly from 1926 to 1936, roughly doubling over the ten year period in 1936. The household paid back to the State in the form of taxes 60 per cent of its total money income. The 'burden' declined during the relatively good years 1937 and 1938, but increased again in 1939 and 1940 as the Soviets mobilized for war. In 1948 the 'burden' is estimated to have been almost 69 per cent."

This is the story in a similar underdeveloped country.

I do not grudge what the Soviets have done. They have done it correctly. I have no complaint against it. I only want to appeal to my Communist friends that they must have a similar attitude towards the taxation system here in this underdeveloped country. Only because the Government structure varies—there it is a sort of totalitarian State and people are not allowed to criticize or protest, and here we have got a very good forum—it does not mean that whatever is legitimate and comes from this side should be attacked, should be opposed. I think that is not a helpful or a constructive attitude. And now that they have said that they support the Second Plan, if this sympathy is not to remain only lip sympathy and if they are really very serious and honest about it, I would say—they may forgive me—that they must support these taxation proposals, placed in this situation as we are.

I may also point out that in Soviet Russia they have not left out the articles of primary necessity. All the primary necessities required by the people including bread, salt and sugar, have been heavily taxed by that system. One may ask why instead of relying upon direct taxes, they have resorted to indirect taxes. There they say that in order to create a money illusion in the working classes they have resorted to indirect taxes. That is what has been stated by Prof. Holzman. If there was direct taxation it was felt there would be some discount. Say for example workmen get 200 roubles each and out of the 200 roubles that they are paid, they would feel if they are losing 40 or 60 roubles by direct taxes they would protest. There would be discontent and there would be some effect on production. Therefore, by taxing the commodities, by increasing the prices of commodities, they created money illusion in the working classes. We do not want to create any illusion here. Our cards are always on the table. When we have to take from the people, we tell them that they have got to pay for the fulfilment of the plan. There is

[Shri Oza]

no humbugging about it. We always frankly tell the people what sacrifices they should make in order to fulfil the Plan.

Another point I want to submit is this. In Soviet Russia the consumers had hardly any options. They had necessarily to buy certain articles and every article was taxed. Here in India, we have got what is called consumer's options. The consumer can switch on too other articles in some cases, I do not say all, but he has got the options which are denied to his counterpart or the working classes in Soviet Russia. Here, some of the lower middle class and poor people can switch on to commodities which are not taxed.

Taking an over-all view of the picture, I think our friends not only inside the House but outside also should help the Government in creating atmosphere of confidence and ask the people to help in the fulfilment of the Plan on which all of us have placed our hopes.

Pandit Thakur Das Bhargava: May I submit one thing for consideration? So far as clause 13 is concerned, no

"(5) if not flue cured and not actually used for the manufacture of (a) cigarettes or (b) smoking mixtures for pipes and cigarettes;

(6) if used for agricultural purpose.

Two types of tobacco are there, flue-cured and non flue-cured. The non-flue-cured tobacco is generally used for *biris*, or chewing, or in *hooka* or for *charam* and snuff. This tobacco is consumed by the poor people. So, my submission is that the excise duty on this should be reduced to half, that is, to 25 nP from 50 nP.

Then, I would like to draw your attention to item (f) (5) (iv) which reads thus:

time has been fixed. Yet, we have to see that the other amendments also are properly discussed. I think if we proceed at this rate, there will be no time left for amendments to the First and the Second Schedules. I would respectfully beg of you to kindly see that we are also allowed to move our other amendments and discuss them.

Mr. Deputy-Speaker: That means that within the next ten minutes, we must finish the discussion on this clause.

Shri Prabhat Kar: Clause 13 and the Schedules are the two important portions in this Bill.

Pandit Thakur Das Bhargava: There are important amendments to the Schedules also.

Shri Prabhat Kar: We can divide the time and give half to both.

Shri P. R. Patel (Mehsana): I beg to move:

Pages 10 and 11—

for lines 45 to 51 and 1 to 15 respectively, substitute:

Twenty-five naye paise per lb.

Nil."

"tobacco cured in whole leaf form and packed or tied in bundles, hanks or bunches or in the form of twists or coils;"

If these coils, bundles etc. are processed, the result will be that there will be dust, there will be *rawa*, and there will be stems which may be larger than one-fourth of an inch and stems not larger than one-sixteenth of an inch. Also, there may be stems which may be in between one-fourth of an inch and one-sixteenth of an inch. I

would like to know from the Minister whether when these leaves or these bundles or bunches are processed, he will tax them again, or whether he is going to allow even the tobacco with stems between one-fourth of an inch and one-sixteenth of an inch to be used for *biris*. I think that this tobacco can be processed for *biris* even. So, my submission is that the distinction between non-flue-cured tobacco, and the last category that has been put in, namely "other than flue-cured and not otherwise specified" is not necessary, and it will rather encourage corruption to a little bit.

Whatever tax he may impose, let it be a uniform tax, so that there will be

"(5) if not flue-cured and not actually used for the manufacture of (a) cigarettes or (b) smoking mixtures for pipes and cigarettes;

(6) if used for agricultural purpose.

Shri T. T. Krishnamachari: One who moves for consideration of this Bill bargains for this kind of discussion. Yesterday and today, I have been stressing the importance of the taxation picture as a whole. I also pointed out that one section of hon. Members would not give me excise duties, and another section would not give me any direct taxes. And that leaves me exactly where I am.

I know hon. Members are sufficiently intelligent to know what the real position is. They want probably a division, but they do not expect that this Bill should not be passed, because I think they really want the Plan to go through. But they must make political capital out of this and speak for the common man.

My friend from Saurashtra spoke about Soviet taxation. But I do not think people would like to be reminded of it, because I do not think hon. Members opposite have got anything

no corruption. I want to point out one other thing. If tobacco dust, or useless tobacco is used for agricultural purposes, there should be no excise duty on it. It was so in the original Act, but in this Bill, it is not there. So, I submit that the Minister may accept this amendment.

I do not want to say anything more, but I leave it to the Minister to accept this amendment.

Mr. Deputy-Speaker: Amendment moved:

Pages 10 and 11—

for lines 45 to 51 and 1 to 15 respectively, substitute—

Twenty-five naya paise per lb.

Nil."

to do with the Soviet system; they do not believe in that system at all. After all, if they believe in that system, they will find that this Government is an extremely liberal Government. They are concerned with private liberty and the rights of the individual....

Shri Nagi Reddy (Anantpur): And incentives to private property too.

Shri T. T. Krishnamachari:..... which they would like to increase. They would like to increase the liberty of the individual and the amenities to the common man.

Shri Sadhan Gupta: Ex-rulers also.

Shri T. T. Krishnamachari: I think in the Soviet Union, indirect taxation forms the main part. I have also read something about Soviet taxation. I think their turnover tax somewhere about 1931 or 1932 was near about 11 billion roubles. Today, it is somewhere near 250 billion roubles. If somebody reads this out, it will be found that it has been progressively

[Shri T. T. Krishnamachari]

rising. And that is exactly what has happened in a very small measure in this country. But Shri Prabhat Kar is not a Marxist of that character, and he is a Communist of the Indian variety. Therefore, he has different principles. I do not blame him. But the whole idea is, if he did not speak, how could he go and agitate against these taxes and say 'You must have *prabhat pheris*, you must have hartals and various other things in order to protest against taxation'? And he has to prepare the ground. I understand him. Probably, in his position, I shall do the same thing; that is probably what my people are doing in his part of the country. And this is all part of the political game.

Mr. Deputy-Speaker: It is mutual then?

Shri T. T. Krishnamachari: It is mutual in the sense that they must sling, I would not say mud but, stones at those in power.

They know fully well that in this particular case, what we are doing is not a wrong thing, that the taxation that has been levied is a very microscopic portion of a man's existence.

I think my hon. friend from Mysore would be given the prize for inaccuracies, if we evaluate inaccuracies from hon. Members.

Shri Dasappa (Bangalore): From Chitaldrug.

Shri T. T. Krishnamachari: Shri Dasappa would not have him in Mysore.

Shri Mohamed Imam: On a point of information. When Shri Dasappa was the Finance Minister, all the finances got depleted.

Shri T. T. Krishnamachari: The finances got deflated, and my hon. friend got inflated, and the net result is I am the beneficiary.

My hon. friend mentioned something about cloth. I do not say that this Government is very successful

or very clever, but on cloth, at any rate, we can claim that we did something, maybe, in an indifferent sort of way, but we have been able to keep prices steady. I think we have got a whole list of articles, where prices have not risen. So far as cloth is concerned, the price of *swadeshi* drill was Rs. 1.52 in August, 1956, before the imposition of the duty, Rs. 1.47 in March, 1957, Rs. 1.47 in April, 1957, Rs. 1.47 in May, 1957, and Rs. 1.47 in June, 1957. In fact, if you see it, there may be a difference of just two or three naye paise. But by and large, the prices have been very steady. The increase in prices that took place before August 1956, would be neutralised after August, 1956. The extra duty that we got from the industry has been mopped up by the industry, because they could not sell it for the higher price. There, the consumer operated with them. All honour to him! We advertised, went round and told him, do not pay the higher price; and he did not pay. Therefore, the prices came down. So, we have tried our best, so far as cloth is concerned, and I think Government holds a good record that way. When Government raised the duties, it did so specifically because the prices were high, and they were likely to go higher. I think we have succeeded in keeping down the prices.

Of course, Shri Mohamed Imam has got an unfortunate trader who apparently has been cheating him for a long time and who can afford to cheat him.....

Shri Mohamed Imam: I am not a trader. I have nothing to do with trade.

Mr. Deputy-Speaker: The Minister only says that he has got some trader who have been behaving like that.

Shri T. T. Krishnamachari: I can only protect the community at large, but I cannot protect Imam's. They must be exposed to the artifices of the trading community.

My hon. friend, Shri Sadhan Gupta, made one of his most, shall I say, charitable speeches. He usually is rather strong in his language whenever I am concerned. Today he was very kind. I appreciate it. In fact, it was only to make up for the lack of vehemence on the part of Shri Sadhan Gupta that Shri Prabhat Kar became a little vehement. Of course, the balancing is there. But the fact is that they know that this increase is practically negligible. It may be that traders are going to make use of it. It is likely. But my friends have to protect their flanks and they must go on agitating. Therefore, there is opposition. What can I answer to an amendment which has been proposed as a rearguard action? It must remain a rearguard action. I hope the House will understand that this is merely a matter of rearguard action and has no substance so far as arguments are concerned.

Mr. Deputy-Speaker: I shall, with the permission of the House, now put all the amendments to clause 13 to the vote of the House.

The question is:

Page 9, lines 39 and 40—

for "Four rupees and ninety naye paise" substitute "One rupee and fifty naye paise".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 9, lines 42 and 43—

for "Four rupees and seventy-five naye paise" substitute "One rupee and twenty-five naye paise."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, lines 1 and 2—

for "Four rupees and sixty naye paise" substitute "One rupee."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, lines 10 and 11—

for "Three rupees and twenty-five naye paise" substitute "Seventy-five naye paise."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, lines 14 and 15—

for "Three rupees and fifteen naye paise" substitute "Sixty-five naye paise."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, lines 18 and 19—

for "Three rupees and five naye paise" substitute "Fifty naye paise."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, lines 21 and 22—

for "Two rupees and ninety-five naye paise" substitute Twenty naye paise."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, lines 24 and 25—

for "One rupee per gross of boxes" substitute "Five naye paise per gross of boxes."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 10, line 27—

[Mr. Deputy-Speaker]

for "Eighty naye paise" substitute
Two naye paise".

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Page 11, line 31—

for "Fifteen naye paise" substitute
"five naye paise."

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Page 11, line 41—

for "Ten naye paise" substitute
"Two naye paise".

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Page 11, line 43,—

for "Five" substitute "One".

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Page 12, line 7,—

for "Fifteen" substitute "Two".

The motion was negatived

Mr. Deputy-Speaker: The question
is:

(i) Pages 9 and 10,—

omit lines 31 to 45 and 1 to 30
respectively;

(ii) Pages 10 and 11,—

omit lines 34 to 51 and 1 to 15
respectively; and

(iii) Pages 11 and 12,—

omit lines 22 to 46 and 1 to 17
respectively

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Page 10, line 32,—

for "One rupee and twenty-five
naye paise" substitute "One rupee"

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Page 10, line 35—

for "Forty rupees" substitute
"Twenty rupees".

The motion was negatived.

Mr. Deputy-Speaker: The question
is:

Pages 10 and 11—

for lines 45 to 51 and 1 to 15 res-
pectively, substitute:

"(5) if not flue-cured Twenty-five
and not actually naye paise
used for the per lb.
manufacture of
(a) cigarettes or
(b) smoking mix-
tures for pipes
and cigarettes;

(6) if used for agri- Nil"
culture purpose.

The motion was negatived

16 32 hrs

[MR SPEAKER in the Chair].

Mr. Speaker: The question is:

"That clause 13, as amended,
stand part of the Bill"

The Lok Sabha divided

Shri M. M. Gandhi (Panchmahals):
My push button is not in order.

Shri C. D. Pande: That is why there
is a red light in the 'Ayes'.

Mr. Speaker: Hon Members must
press simultaneously and keep on
pressing

The result of the division is as
follows:

Ayes 124; Noes 50*

The motion was adopted.

Clause 13, as amended, was added
to the Bill.

Clause 14— (Amendment of Act 6 of 1898)

Amendment made:

Page 12,—

(i) for lines 20 to 32, substitute:

“(i) for the heading Letters and the entries thereunder, the following headings and entries shall be substituted, namely:—

Letters

For a weight not exceeding one and a half tolas 15 naye paise

For every one and a half tolas, or fraction thereof, exceeding one and a half tolas 10 naye paise

Letters-cards

For a letter-card 10 naye paise”

(ii) omit lines 36 to 39.

—[Shri T. T. Krishnamachari]

Shri T. T. Krishnamachari: As I mentioned yesterday, we have dropped the increase in rates in postcards and substituted it by an increase in the envelope rate. At the same time we have increased the weight of the envelope from one tola to one and a half tolas.

Shri Sadhan Gupta: I beg to move:

(i) Page 12, line 28—

for “4” substitute “2”.

(ii) Page 12, line 31—

for “6” substitute “4”.

(iii) Page 12, line 32—

for “12” substitute “8”.

Shri Naushir Bharucha: I beg to move:

Page 12—

omit lines 24 to 32.

Shri Sadhan Gupta: I have moved my amendments in pursuance of my principles of taxation or rather our principles of taxation on this side of the House, as opposed to the Finance

Minister's principles of taxation. Our principle is mainly to distribute the burden equitably and to put as little burden as possible on the common people.

Here, I have moved my amendments regarding the price of postcards. I have not touched envelopes. I have confined myself to postcards for this reason that it is essentially the common people in the villages and the towns that use the postcards.

Mr. Speaker: He wants a reduction further down.

Shri Sadhan Gupta: Yes, Sir. I have provided for local postcards 2 naye paise instead of 4 naye paise and for ordinary postcards a reduction from 6 to 4 naye paise and correspondingly for the reply cards from 12 to 8 naye paise. I commend this amendment to the acceptance of the House.

Shri T. T. Krishnamachari: What are the amendments, Sir?

Mr. Speaker: He wants to further reduce the existing price of postcards.

Shri T. T. Krishnamachari: By accepting my amendment to clause 14, amendment No. 13, the whole

*Names of members who had recorded votes have not been included under direction of the Speaker as the photograph copy of Division result did not clearly show the names of all members.

[Shri T. T. Krishnamachari]

item regarding postcards has been removed. How can this be moved now? But I do not want to stand on technicalities.

Mr. Speaker: The hon. Minister has restored the original price of the postcards. But there is nothing to prevent the hon. Member from asking for a further reduction. That is his amendment.

Shri T. T. Krishnamachari: But I do not think technically it is correct.

Mr. Speaker: The amendment was an amendment to the original amendment in the Bill. I should put it first.

Shri T. T. Krishnamachari: Even assuming that you had put it first, how could it be correct? I will leave it at that.

Mr. Speaker: It will be an amendment to the amendment. I should have put it first and the Government amendment next.

Shri Sadhan Gupta: It is absolutely necessary that the burden should be equitably distributed. I am not convinced by the arguments advanced by the hon. Finance Minister about an integral system of taxation. I cannot appreciate, as I will say later on in connection with the Schedule, the idea of an integral tax system where all the burden will be borne by one class.

Mr. Speaker: Are we going to discuss the policy once again? The card is the poor man's card. Anything can be said about that but not on the general plan.

Shri Sadhan Gupta: He said in reply to clause 13.....

Mr. Speaker: Clause 13 is over now. He has been saying that in the beginning; he said it once again at the consideration stage. Possibly, he wanted to use it again in clause 13. But that does not mean that you must go on repeating it at every stage.

Shri Sadhan Gupta: I gave my reasons for reducing the price of the postcard.

Mr. Speaker: It is the poor man's card.

Shri Sadhan Gupta: It is the poor man's card and the burden should be more equitable.

Shri T. T. Krishnamachari: It is as equitable as.....

Mr. Speaker: The hon. Member says that the burden must be thrown on the richer sections and the poor man should be shown larger consideration. This is the point.

Shri Sadhan Gupta: I commend my amendments for the acceptance of Government.

Mr. Speaker: Amendments moved:

(i) Page 12, line 28—

for "4" substitute "2".

(ii) Page 12, line 31—

for "6" substitute "4".

(iii) Page 12, line 32—

for "12" substitute "8".

(iv) Page 12—

omit lines 24 to 32.

Shri T. T. Krishnamachari: When we raised the price of the postcards we were losing Rs. 1 crore because the price of the postcard was really costing a little less than 7 naye paise. That was why we raised it; 6 naye paise would reduce the loss. Naturally, the public and those in the House felt that that should not be done. That is why we have dropped the rise and went over to the envelopes. Now, the hon. Member wants us to increase the loss from Rs. 1 crore to Rs. 2 crores. That is the idea. I am afraid that while I applaud the sentiment of my hon. friend who wants to give away Government's money as if it is in his own hands, I am unable to follow his arguments or even to

take action on the lines suggested by him. I have to oppose the amendment.

Mr. Speaker: Shri Bharucha.

Shri Naushir Bharucha: donot want to speak; my hon. friend has voiced my sentiments already.

Mr. Speaker: The question is:

Page 12, line 28,—

for "4" substitute "2".

The motion was negatived.

Mr. Speaker: The question is:

Page 12, line 31,—

for "6" substitute "4".

The motion was negatived.

Mr. Speaker: The question is:

Page 12, line 32,—

for "12" substitute "8".

The motion was negatived.

Mr. Speaker: I do not put Shri Bharucha's amendment because he does not press it.

Shri Sadhan Gupta: Sir, once the amendment has been moved it should be put to the vote unless it has been withdrawn. He merely did not speak on his amendment.

Mr. Speaker: The hon. Member does not press it and he does not speak. He keeps quiet.

Shri Sadhan Gupta: But the legal form requires it, Sir.

Mr. Speaker: I shall put the question then.

"Has the hon. Member the leave of the House to withdraw his amendment."

The amendment was, by leave, withdrawn.

Mr. Speaker: The question is:

"That clause 14, as amended, stand part of the Bill."

The motion was adopted.

Clause 14, as amended, was added to the Bill.

Clause 15 was added to the Bill.

New Clause 16

Mr. Speaker: Then, there is a Government amendment for the addition of a new clause 16, amendment No. 14.

Shri Mohamed Imam: Sir, on a point of order. I had tabled an amendment for the addition of a new clause 8A and it was ruled out by you on the ground that it was a new clause and it had no reference to this Bill. This is also a new clause, Sir, which the Government want to be inserted.

Shri T. T. Krishnamachari: It is a consequence of the amendments made already.

Shri Mohamed Imam: It is more or less confiscatory. It says:

"Notwithstanding anything contained in the Provisional Collection of Taxes Act, 1931, no refund shall be made of any duties of excise or customs collected before the commencement of this Act...."

So, this is new clause which has no reference to other clauses. This gives extra power to the Government.

Mr. Speaker: The hon. Member has stated his point; I have understood it.

Shri Mohamed Imam: On the same ground this is also not admissible.

Shri T. T. Krishnamachari: The point is this. This new clause is as a consequence of certain changes made in the Bill. There has been a change in the Bill; in fact, there has been a reduction of duties which were

[Shri T. T. Krishnamachari]

in the original Bill. Naturally, we have to be protected because of that change. This clause merely seeks to protect Government from anything that may arise as a result of our withdrawing the duties on kerosene, tea and coffee. It follows as a consequence and consequential clauses can be put in.

Mr. Speaker: So far as this matter is concerned, hon. Members will see that on page 13 of the Bill there is a declaration under the Provisional Collection of Taxes Act, 1931—Act 16 of 1931 which says:

"It is hereby declared that it is expedient in the public interest that the provisions of clauses 12 and 13 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931"

Additional taxes are imposed under the Bill. As soon as the Bill was introduced, under the provisions of this Act, as it had been accepted by this House, those amounts have been collected. In pursuance of some representations made the hon. Finance Minister found it desirable that these taxes need not be imposed, particularly on those articles of consumption. Therefore, he has allowed some exemptions in favour, or allowed omissions of those taxes.

Now, the question is whether the money that has been collected by way of those taxes under the provisions of the original Bill as it was introduced in the House should be refunded or not. If these amendments had not been tabled by the Government, there would not have been any need for an amendment of this nature. It is in pursuance of those amendments that this has been brought in. Notwithstanding the amendments they may keep quiet, they may say we are prepared to refund, equally they may say, we won't refund, we will keep it, for various reasons it is not possible to refund everyone.

This matter has come up in various other ways before, when another Bill was introduced in this House relating to sales tax where Bihar collected some taxes and so on.

Shri T. T. Krishnamachari: We have ourselves a precedent. In 1955 the Parliament imposed the excise duty on sewing machines which was subsequently withdrawn. A similar protection was then given.

Mr. Speaker: There are rulings already given. I do not want to labour this point. The amendments are closely related, or inter-connected or vitally connected. If I disallowed the hon. Member's amendment, it is because that it does not flow out of any amendment or the Bill as introduced. Therefore I disallowed it. There is no analogy between the one and the other. I over-rule the point of order.

Shri T. T. Krishnamachari: Sir, I beg to move:

Page 13—

alter line 6, add:

"16 Excise and customs duties collected before commencement of Act not to be refunded—Notwithstanding anything contained in the Provisional Collection of Taxes Act, 1931, no refund shall be made of any duties of excise or customs collected before the commencement of this Act by virtue of a declared provision within the meaning of that Act contained in the Finance (No 2) Bill, 1957"

Sir, the items really are kerosene, coffee and tea. Also matches, Sir, where we have given certain concessions of 10 to 15 naya paises per gross. It is impossible to find out to whom it is to be given. Under 64A of the Sale of Goods Act producers and other people are enabled to recover excise duties or customs and they have done so. Therefore, it is very difficult to refund the duty to

particular persons. That is why we have asked for this exemption from liability to refund duty.

Mr. Speaker: Refund the duty to the consumers or middle men?

Shri T. T. Krishnamachari: We have been paying higher cost for a cup of coffee. We cannot say who have got the benefit of it. In fact, more people have benefited by it than lost by it.

Mr. Speaker: The hotel keeper will take it away.

Amendment moved:

Page 13—

after line 8, add:

“16. Excise and customs duties collected before commencement of Act not to be refunded.—Notwithstanding anything contained in the Provisional Collection of Taxes Act, 1931, no refund shall be made of any duties of excise or customs collected before the commencement of this Act by virtue of a declared provision within the meaning of that Act contained in the Finance (No. 2) Bill, 1957.”

Pandit Thakur Das Bhargava: so far as this question is concerned, there may be practical difficulties as the hon. Finance Minister has pointed out in making refund to people. At the same time, it is one of the most dangerous principles to which we cannot subscribe. Supposing Shri T. T. Krishnamachari is not there, there is some other Finance Minister and he, with a view to collect more taxes, brings in a provision of this kind, what can we do?

Shri T. T. Krishnamachari: There is a time factor, which the hon. Member must also recognise. So far as kerosene and newsprint are concerned hardly any mischief has been done. So far as tea and coffee are concerned, it took some time. So far as matches are concerned it is infinitesimal, and in any event it won't be

possible to refund it. So, various duties differ in character and there is the time factor. So far as kerosene and newsprint are concerned, no damage was done.

Pandit Thakur Das Bhargava: My submission is this. Supposing today—I am not referring to the present Finance Minister, he will not be so dishonest as that—some other Finance Minister who takes it to his head to first of all put certain taxes which he knows he does not want to continue. Under the Provisional Collection of Taxes Act he can collect those taxes from the very date the Bill is introduced though we have not passed it and ultimately he may come forward with a provision like this. He knew from the very start that such provisions will not be passed by the House, yet he may bring a measure like that and ultimately say that the amount cannot be refunded. So far as the present Minister is concerned I have no difficulty, he will not do that. At the same time there can be people who may do like that. This may seem as a precedent. We do not know where we stand.

I can understand that in many cases it is difficult to refund the amount, but there can be cases where refund is possible. This provision will apply to all. Therefore, my submission is, if you want to have a clause like this, have it in a qualified manner that in cases where refund is possible certainly refund would be made. If it is impossible to refund then you may appropriate that amount for certain purposes. In law and in fairness we are not entitled to these taxes unless they are passed by this House. In case we have collected some money under these taxes, that money can be called tainted money. At the same time, where we can refund we must refund and where we cannot refund that money can be used for public purposes.

Shri Dasappa: Sir, I wish to refer to one particular case, and that is about coffee, where it is quite possi-

[Shri Dasappa]

ble for the hon. Minister to refund the amount. This is how coffee sales take place. The Coffee Board holds its periodical auctions. There are recognised dealers who purchase at the auctions. They pass it on to the various other dealers and purchaser or their customers. What happens in this case, is, by the time they can pass on the goods that they had purchased to their customers the excise duty was withdrawn by means of a notification. So, the amounts that they paid could not be recovered from their customers with the result that they have suffered a substantial loss. They can easily be traced to the last by a look into the list of recognised dealers and the amounts refunded. Therefore, I support the contention of my friend Pandit Thakur Das Bhargava who says that the wording must be such that where there is really justification, where it is possible to refund it shall be open for the hon. Minister to refund. I want what is known as an enabling clause to be put here and the discretion may be entirely vested in the hon. Minister to do as he thinks best taking the equities into consideration.

Shri T. T. Krishnamachari: Sir, I happen to know the coffee trade fairly well, in spite of the fact that the hon. Member comes from Mysore, and I can say that it would be very very difficult for me to say very clearly that these people have not passed on, or have not sold and got the benefit of the tax. It is absolutely impossible. It may be that you can probably find one instance, in which case it will be discrimination, and it will be well-nigh impossible to make it a general condition even in regard to coffee trade. I know the hon. Member is interested in the trade, but I happen to know something about it, I happen to know the traders, I happen to know where all auctions are held and who buy it. It is not possible to make any refund.

Dr. Susila ayar (Jhansi): The extra prices that have been paid by the consumers, they cannot possible get back if these taxes are refunded. There is absolutely no sense in giving back the money to the big traders who can very well afford to lose a little even if it had been a loss to them. We have criticised the Finance Minister in this House for returning Rs. 7½ crores super-tax, etc., etc. and we questioned him as to why that refund was made. Now, we want him to do the contrary. We want him to return the money that has been collected. It may be small sum or large, but I think that in view of the fact that the man who has taken one cup of coffee or ten cups of coffee or one bottle of kerosene or ten bottles of kerosene cannot possibly get back the refund. It will be fair on the part of the Finance Minister to devote that sum to the social services for the benefit of the Common man. But I do not think it is at all desirable or practicable to have that money returned to the people who have paid it and to pay it to the rich middle men or the traders I think, will be highly undesirable and it should not be done.

17 hrs.

Shri Sadhan Gupta rose—

Mr. Speaker: Is it necessary to refund it? Does the hon. Member want it to be refunded?

Shri Sadhan Gupta: No, Sir. I am supporting the amendment.

Mr. Speaker: I thought that he was going to oppose the amendment.

Shri Sadhan Gupta: It is inconceivable that this amendment should be opposed, but the speech of Pandit Thakur Das Bhargava impells me to say something on this matter. I am astonished that Pandit Thakur Das Bhargava should plead for a refund of excise duties to those persons who obviously had recovered the excise duties from the consumers already.

So, what he pleads for amounts to this; namely, because we have made a mistake or because we are changing our point of view, the person who has already recovered the excise duty should get double the benefit by way of getting a gratuitous contribution from the Government. He has not paid the Government. He has realised from the consumer. He has taken the money from the consumer and he has only passed it on to the Government. Has he any better right than the Government to retain this money? I could have understood it if it was paid over to the consumer, in which case I would have certainly pleaded for a refund. But it is not capable of being paid over to the consumer. All we can do is, either the Government should retain it or it should be given to someone who deserves it.

The only argument that Pandit Thakur Das Bhargava has given is the case of an imaginary, dishonest Finance Minister who might collect the taxes, knowing well that we would not approve of them, and then after collection, take away this provision and retain the taxes. I am not very much impressed by this argument and I am not very much afraid of such a dishonest Finance Minister, because, after all, he is—

Mr. Speaker: We will try to finish this Bill by 5-30 P.M. Then hon. Member agrees with the amendment. The trouble arises only when the hon. Member does not agree with the Government.

Shri Sadhan Gupta: Apparently, that seems to be the clinching argument of Pandit Thakur Das Bhargava, but the point is, we are running a Government on the principle of responsible Government. The Finance Minister can only have his own way if we approve of it. If we consider the Finance Minister dishonest, we are free to throw him out. If the Finance Minister, in spite of his dishonesty, has control over the Parlia-

ment through his party, well, we have no other way. In this way, there can be so many things.

Mr. Speaker: The hon. Member may finish soon.

Shri Prabhat Kar: His support must be qualified.

Shri Sadhan Gupta: In this way, we may be doing so many things which should not be passed by this House, but once they proceed as a responsible Government, what Pandit Thakur Bhargava said as an argument does not hold water. Of course, the Government can use the fund collected to a good purpose as Dr. Sushila Nayar suggested. That is a good thing, but we cannot provide for this in the Finance Bill, I suppose. So, we can only recommend to the Finance Minister that he might take note of it—regarding the utilisation of the money—but to refund it to those who have paid or who had passed on these excises to others, is not proper. I am entirely against it. Thus, I support the Government in this matter.

Mr. Speaker: I will now put the motion to the vote of the House.

The question is:

Page 13—

after line 6, add:

“16. Excise and customs duties collected before commencement of Act not to be refunded.—Notwithstanding anything contained in the Provisional Collection of Taxes Act, 1931, no refund shall be made of any duties of excise or customs collected before the commencement of this Act by virtue of a declared provision within the meaning of that Act contained in the Finance (No. 2) Bill, 1957.”

The motion was adopted.

Mr. Speaker: The question is:

“That new clause 16 be added to the Bill.”

[Mr. Speaker]

The motion was adopted.

Page 14 to 16—

New clause 16 was added to the Bill.

The First Schedule.

For lines 1 to 39, 1 to 39 and 1 to 5 respectively substitute—

Mr. Speaker: The hon. Minister of Finance, may move his amendment to the First Schedule and explain what exactly he is doing by that amendment.

“(i) In the case of every individual who is married and every Hindu undivided family whose total income does not exceed Rs. 20,000 in either case.

Shri T. T. Krishnamachari. I beg to move:

Rate of Income tax.

Where the individual has no child wholly or mainly dependent on him or where the Hindu undivided family has no minor coparcener.

Where the individual has one child wholly or mainly dependent on him or where the Hindu undivided family has one minor coparcener.

Where the individual has more than one child wholly or mainly dependent on him or where the Hindu undivided family has more than one minor coparcener.

	total income	total income	total income	
	Rs.	Rs.	Rs.	
1. On the first	3,000	3,300	3,600	Nil
2. On the next	2,000	1,700	1,400	3%
3. On the next	2,500	2,500	2,500	6%
4. On the next	2,500.	2,500	2,500	9%
5. On the next	2,500	2,500	2,500	11%
6. On the next	2,500	2,500	2,500	14%
7. On the next	5,000	5,000	5,000	18%

(ii) In the case of every individual who is not married and every individual or Hindu undivided family whose total income in either case exceeds Rs. 20,000 and in the case of

every unregistered firm or other association of persons, not being a case to which Paragraph B or Paragraph C or Paragraph D of this Part applies:—

(1) On the first	Rs. 1,000 of total income	Nil
(2) On the next	Rs. 4,000 -do-	3%
(3) On the next	Rs. 2,500 -do-	6%
(4) On the next	Rs. 2,500 -do-	9%
(5) On the next	Rs. 2,500 -do-	11%
(6) On the next	Rs. 2,500 -do-	14%
(7) On the next	Rs. 5,000 -do-	18%
(8) On the balance of total income		25%

Provided that for the purposes of this Paragraph—

by which the total income exceeds the said limit;

(i) no income-tax shall be payable on a total income which does not exceed the limit specified below,

(iii) the income-tax payable by an individual who is married or a Hindu undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of—

(ii) the income-tax payable shall in no case exceed half the amount

(a) the income-tax which would have been payable if the total income had been Rs. 20,000;

(b) half the amount by which the total income exceeds Rs. 20,000.

The limit aforesaid shall be—

(i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of previous year satisfies other of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; and

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living member of the family;

(ii) Rs. 3,000 in every other case.

Sur-charges on Income-tax

The amount of income-tax computed at the rates hereinbefore specified shall be increased by the aggregate of the surcharges calculated as under:

(a) A surcharge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of income-tax; and

(ii) where the earned income included in the total income exceeds Rs. 1,00,000, five per cent. of the difference between the amount of income-tax which have been payable on the whole of the earned income included in the total income if such earned income had been the total income and the amount of income-tax payable on a total income of Rs. 1,00,000;

(b) A special surcharge on unearned income at fifteen per cent. of the difference between the amount of income-tax on the total income and

the amount of income-tax on the whole of the earned income, if any, included in the total income of such earned had been the total income,

Provided that—

(i) no surcharge for purposes of the Union shall be payable where the total income does not exceed the limit specified below;

(ii) no special surcharge on unearned income shall be payable in the case of an assessee whose total income does not include any income from dividend on ordinary shares if his total income does not exceed the limit specified below, and where the total income includes any dividends on ordinary shares, such limit shall be increased by Rs. 1,500 or the amount of the said dividends, whichever is less:

Provided further that—

(a) where the total income includes any dividends on ordinary shares, the surcharge for purposes of the Union and the special surcharge on unearned income shall not in each case exceed half the amount by which the total income exceeds the respective limits applicable in either case;

(b) the surcharge for purposes of the Union and the special surcharge on unearned income, both together, shall not exceed half the amount by which the total income exceeds the limit specified below;

The limit aforesaid shall be—

(i) Rs. 15,000 in the case of every Hindu undivided family which satisfies as at the end of the previous year either of the following conditions, namely:—

(a) that it has at least two members entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least two members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended for any other living member of the family;

[Shri T. T. Krishnamachari]

(ii) Rs. 7,500 in every other case.

Explanation.—For the purposes of this paragraph, in the case of every Hindu undivided family governed by the Mitakshara law, a son shall be deemed to be entitled to claim partition of the coparcenary property against his father, or grand-father notwithstanding any custom to the contrary."

The amendment seeks to provide for (a) children's allowance at Rs. 300 for each dependent child subject to a maximum of Rs. 600, in the case of every married individual having a total income not exceeding Rs. 20,000; (b) similar allowances for minor coparceners of Hindu undivided families; (c) the withdrawal of married allowances in cases where the total income exceeds Rs. 20,000; (d) consequent marginal reliefs to individuals and Hindu undivided families having incomes in the neighbourhood of Rs. 20,000; (e) the availability to the divisible pool of the special income-tax surcharge of 15 per cent on unearned income of individual and Hindu undivided families; (f) raising of the surcharge-free limit for individuals and Hindu undivided families by the amount of dividends on equity shares subject to a maximum of Rs. 1,500.

These are the amendments that are being contemplated by the Government.

Mr. Speaker: Is it in substitution of the existing Schedule?

Shri T. T. Krishnamachari: It is in entire substitution of Part I of the First Schedule.

Mr. Speaker: There seem to be some amendments to Part II of the First Schedule also.

Shri T. T. Krishnamachari: They come later on.

Mr. Speaker: So, we are now concerned with amendments to the First Schedule. The other amendments may also be moved.

Shri Prabhat Kar: I beg to move:

Page 14, line 8—

for "Rs. 3,000", substitute "Rs. 4,200".

Shri Sadhan Gupta: I beg to move:

(i) Page 14, line 9—

for "Rs. 3,000", substitute "Rs. 4,500".

(ii) Page 14, line 10—

for "3 per cent" substitute "2 per cent".

(iii) Page 14, line 11—

for "6 per cent" substitute "3 per cent".

(iv) Page 14, line 12—

for "9 per cent" substitute "6 per cent".

(v) Page 14, line 14—

for "14 per cent" substitute "15 per cent".

(vi) Page 14, line 15—

for "18 per cent" substitute "20 per cent".

(vii) Page 14, line 21—

for "1,000" substitute "4,000".

(viii) Page 14, line 26—

for "14 per cent" substitute "15 per cent".

(ix) Page 14, line 27—

for "18 per cent" substitute "20 per cent".

Mr. Speaker: Any other amendments to Part I of the First Schedule?

Shri Mohammed Imam: I beg to move:

Page 15—

after line 5, add:

“Provided that in case of every individual who is married the limit shall be further enhanced by Rs. 500 each for his wife and for every son and unmarried daughter who are dependent on him and live with him in the same house the maximum being Rs. 6,000.”

Shri Naushir Bharucha: I am moving amendment No. 23. I beg to move:

Page 15, line 5—

for “Rs. 3,000” substitute
“Rs. 4,200”.

My amendment No. 22 is the same as amendment No. 57 moved by Shri Prabhat Kar.

Pandit Thakur Das Bhargava: I beg to move:

Page 14, lines 6 and 7—

omit “and every Hindu undivided family”.

I want to move amendments 87 to 89 also.

I beg to move:

(i) Page 14—

after line 33 add:

“(iii) in the case of undivided Hindu family the first item below ‘Rate of Income-tax’ shall be substituted by the following:

(1) on the first 7,500 of total income. Nil”.

(ii) Pages 14 and 15—

(i) after line 33 add:

“Provided further that every Hindu undivided family shall be treated for purposes of Part I as if it was a divided family and every coparcener shall be taxed according to his own share in the income of the family on the supposition that the family had been partitioned on the last day of the preceding financial year”.

(ii) omit lines 35 to 39 and 1 to 4 respectively.

(iii) Pages 14 and 15—

omit lines 35 to 39 and 1 to 4 respectively.

(iv) Page 15—

after line 4 add:

“The limit aforesaid shall be:—

(i) Rs. 9,000 in case of every Hindu undivided family which at the end of the previous year satisfied either of the following conditions, namely:—

(a) that it has at least three members or more entitled to claim partition who are not less than eighteen years of age; or

(b) that it has at least three members entitled to claim partition who are not lineally descended one from the other and who are not lineally descended from any other living members of the family;

(v) Page 15—

for line 5 substitute:

“(ii) Rs. 3,600 in every other case.”

(vi) Page 15—

omit lines 28 to 39.

(vii) Page 15—

after line 38 add:

“The limit afore-said shall be—

(ii) Rs. 22,500 in the case of every Hindu undivided family which satisfies at the end of the previous year either of the following conditions, namely:—

(a) that it has at least three members or more entitled to claim partition which are not less than eighteen years of age; or

(b) that it has at least three members to claim partition who are not lineally descended one from the other

[Pandit Thakur Das Bhargava]

and who are not lineally descended from any other living member of the family."

(viii) Page 17, line 4—

omit "Hindu undivided family".

(ix) Page 17—

for line 8, substitute:

"(1) on the first Rs. 20,000 of total income in the case of individuals and on the first Rs. 50,000 in case of Hindu undivided family. Nil".

(x) Page 17—

for line 8 substitute:

"(1) On the first 25,000 of total income.... Nil".

(xi) Page 17—

after line 15 add:

"If the Hindu undivided family consists of two persons entitled to claim partition who are not less than eighteen years of age or who are not lineally descended one from the other and who are not lineally descended from any other living member of the family the limit specified in item No. (1) shall be double of the amount prescribed for the individual;

If the Hindu undivided family consists of three members or more and fulfils any of the conditions given in (a) the limit specified in item No. (1) shall be three times of the amount prescribed for an individual"

(xii) Page 17—

after line 16 add:

"Every Hindu undivided family shall for purposes of super-tax be regarded as partitioned on the last day of the preceding financial year and every coparcener shall be liable for super-tax on his own separate share."

(xiii) Page 17, line 39—

for "12½ per cent" substitute "10 per cent".

Mr. Speaker: All these amendments are before the House.

Pandit Thakur Das Bhargava: In regard to this matter, I had something to say while we discussed the previous Finance Act. So far as the Hindu undivided family is concerned, my first contention is that it ought not to be put in any category for taxation. When Shri Vignaneswara founded his *Mitakshara* or joint Hindu family theory, he never thought that the very way of existence of the Hindus would be pressed into service by the British Government and this Government into a scheme of discriminatory taxation.

17.12 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

I cannot understand the meaning of or justification for taxing the Hindu undivided family as such. You can tax an individual; you can tax a corporation. But the Hindu joint family is neither an individual nor a corporation. Only it is a way in which collectively Hindu families existed. In fact, the present co-operative system of insurance, which is to be found in varied forms now, was found by our ancestors to see that those person who are not employed, who are deaf and dumb and who are not entitled to partition, but who are only entitled to maintenance, are provided in this way. Not only in this joint family, but there are other forms like zamindari, in which the entire village was one corporate body and they did the whole business jointly.

It was held as late as 1889 that there was no pure joint Hindu family in Punjab. It was found by the High Courts that a pure Hindu joint family did not exist. In the present age, the original idea of a Hindu joint family is not to be seen anywhere. We have passed laws in this House—the Estate Duty Act and the Hindu Succession Act—in which, though there is no

partition in the family, yet there is a notional partition and then each member, whose property is sought to be taxed is regarded as having separated notionally from the rest of the family. On that basis succession is taken out and estate duty is realised.

Previously in 1928 or so, the difficulty of regarding joint family as separate was felt. For a long time, this Estate Duty Bill was held up because of the fact that it was said then that it was impossible to allocate any particular property of the Hindu joint family and say whether it belonged to a particular member. But this difficulty was got over when we passed the Estate Duty Act. On the same basis, I may submit that, if the income-tax officer is asked to take it notionally that at the time when he makes the assessment the Hindu joint family is taken as partitioned for the purpose of income-tax, each coparcener will only be taxable to the extent of his share and there will be no harm caused to any person; there will be nothing but justice. But, it so happens that in spite of 28 years of strenuous struggle in this behalf, you have only succeeded partially. In 1948, a breach was made in the ramparts of orthodoxy so to say. I think Shri John Matthai raised the taxable limit so far as the Joint Hindu family is concerned. Next year, in 1949, he raised the limit to twice the amount. That was not also satisfactory. Then, the matter was referred to the Taxation Investigation Commission. They went into the question rather deeply and came to the conclusion that the hardship from which the Joint Hindu family was suffering was not removed by doubling the amount in certain cases. They said—I have the report with me; as I do not have the time to refer to the details, I refer to page 206, etc.—that where the number of members entitled to partition is four or more, the taxable limit may be raised to thrice the amount. Therefore, the present law is that whereas the limit for an individual is Rs. 4,200, if a joint Hindu family consists of two members who are entitled to partition, who are

beyond the age of 18 and belong to different branches of the family, Rs. 8,400 was the limit. In respect of a family having three or four or more than four, the taxable limit should be Rs. 12,600. That was the view

This was not at all enough. If you look at a Joint Hindu family, you will see that apart from members who are entitled to partition, there are many who are not entitled to partition. They are only entitled to maintenance. If you tax a Joint Hindu family on the basis that the family is partitioned, even then, you are not doing justice, because you do not take into account those persons who are entitled only to maintenance. Ordinarily speaking, if there is a Joint Hindu family, it should not be on the basis of individual share that a person ought to be taxed. You have to give more concessions. In a family, there is co-operative insurance. Many people exist in the family, who are only entitled to maintenance from the income.

Apart from that, what is being done? If there is a family of ten persons, even then, Rs. 3,000 is the limit. Only in two cases, where the number of members is more than two and they are more than 18 years of age and they belong to different branches, the amount is raised to Rs. 6,000. So far as other incidents are concerned, these are the same for an individual and a family. It needs no argument that an individual as a part from the family is much smaller. The whole is greater than the part if we accept the propositions of Euclid. A joint family must consist of at least two persons. It cannot consist of one person. Then, there is only an individual, not a Joint Hindu family. Therefore, at least there must be twice the amount if you want to proceed on the basis of equality.

May I humbly ask this House to consider article 14 of our Constitution? We must have equality in taxation. Every person must be equal before the law. In our anxiety to get as much money as possible, we forget this basic fact. As a matter of fact, even if there

[Pandit Thakur Das Bhargava]

are six persons or more, in a Hindu joint family even labourers will be taxed. Persons getting Rs. 50 a month will be taxed. I do not think that that is the intention of the Finance Minister: that is, to tax such people. Perhaps, the hon. Minister thinks that they are rich people. That is not so. Normally every Hindu family is presumed to be joint according to law. Therefore, every family whether it consists of labourers or agriculturists or any others, comes within the purview of a Joint Hindu family, and thus within the mischief of this rule.

I will not take much of the time of the House. From 1928, we have been asking the Government to consider the position. The predecessors of the Finance Minister, Blackett, Schuster, Liaquat Ali, all realised that there was a great hardship. Ultimately, they told us that until the Taxation Enquiry Commission sits, we are not going to change it annually. They said that at the time of the Finance Bill, they are not able to make any change. They referred the matter to the Taxation Enquiry Commission. I appeared before the Taxation Enquiry Commission. The Taxation Enquiry Commission also did not decide this question. They have put in their report that they are not competent to express any opinion. But the Hindu law is there and the Succession Law is there. Then, even though they have not expressed any opinion, all the same they have accepted the recommendations of the taxation investigation commission and they recommended that the limit should be thrice or twice according to the number of the members of the Hindu undivided family

I can understand the anxiety of the Finance Minister to get as much money as possible for the Five Year Plan and I am so minded that whatever amount he asks, I am agreeable to subscribe, to give my signature to it because we want that the Five Year Plan should succeed. But, at the same time, where is the meaning in sacrificing all principles of justice, in shedding all principles which we have

considered to be very important like equality of taxation etc.? I can understand your taxing more. If you tax more the entire community, I will grant it. But what is the sense in taxing only a particular group? Why this discrimination? Why tax the joint Hindu family more? Does the Finance Minister want to liquidate all joint Hindu families? After all, it is a matter of principle. If I get Rs. 1,000 a month, I should be treated as any other gentleman, who is a non-Hindu, who is getting the same amount. Why should you tax me alone? This is very very unjust. You should not keep this law

Now, by one stroke of the pen, the hon. Minister has taken away all the rights which we have achieved after 28 years of struggle in this House. I am saying this on the basis of principle, not by way of concession. I do not want any concession for the joint Hindu family. I am only saying that the joint Hindu family is entitled to as much rights as any other family or individual persons living together. I am not getting any concession. I am pained to say that everytime I rise up and say there is a breach of principle of equality you say: he is speaking of Hindu joint family. But what is a Hindu joint family? Is it not entitled to the same justice as any other individual? That is my difficulty. Now it is after 28 years of struggle that we got this. The hon. Finance Minister now just by a stroke of the pen decides against it. He is so anxious to get money that even unjustly, at the stroke of the pen, he decides against it. My humble submission is that this is not the way of enacting laws.

After all, a concession has been given. Those principles were accepted, not by this House alone, but by the Taxation Enquiry Commission, on whose recommendations the entire tax structure is based. Now what is the reason for taking it away?

Now, with your permission, I would like to take two more minutes. I do not want to move the other amend-

ments, as they are covered by my speech. I will not move them so as to see that more time is not taken. I am now referring to amendment Nos. 93 to 99. They relate to super-tax. As you know, a difference had been made in the case of super-tax between individuals and joint Hindu families. Whereas in the case of individuals the taxable limit was Rs. 50,000, in the case of the joint Hindu family it was Rs. 75,000. The same concession was shown in regard to the Wealth-tax Bill; instead of Rs. 3 lakhs, they made it Rs. 4 lakhs. They have fixed this limit because a joint Hindu family cannot consist of less than two members. The Income-tax Investigation Commission were of the opinion that super-tax should not be charged on the same basis as that of individual. If there are ten members in a joint family and if the income is Rs. 20,000 if you charge super-tax, what is the sense in it? Therefore, my humble submission is that on the basis of equity alone, they should be exempted from super-tax. If Government is progressively increasing it in the case of the rich by saying: if there are two, then double, if there are three, then treble and so on, I don't mind because it will apply only to the rich people. But my humble submission is that he has included joint Hindu families which get much less income. Now a concession has been provided—section 14. I say, take away your concession. It applies only to the richer people. It does not apply to people who are poor. I am pleading for the poor people, whose income is much less, who cannot make both ends meet. This will apply to them only. It will apply to people who have much less income. I only say that so far as these poor people are concerned, they may be given some respite on the basis of equality and justice, which is the right of everybody. Otherwise, I do not understand what the position of the joint Hindu family will be. Now their position is very pitiable and their woes are numberless.

I may, in this connection, submit that I applied to the President for per-

mission to bring forward a Bill, so that the joint Hindu family may be taken away from the category of taxable incomes. Even that Bill was not allowed to be moved. I was not granted permission. Here we come, and then they say: "This is the Finance Bill. We cannot consider it. Wait till the Taxation Enquiry Commission". The report of the Taxation Enquiry Commission is in our favour, and it is not accepted. The Commission also does not finally settle the question. It was said in the previous commission's report also that the matter would be taken up by the next commission. From 1886 onwards this injustice is being perpetrated and nobody is here to understand or to see the justice of our case.

Whenever I spoke, the previous Finance Minister used to say about this Hindu undivided family that it was a huff (HUF). He used to say he could not consider it because it was the time of the Finance Bill. The present Finance Minister has also taken up that attitude. If he takes up that attitude and brushes aside all this, let him do so, but let him give me the assurance, the guarantee, that he will appoint a committee to go into the entire question now since those laws relating to Hindu family customs have been finalised. The Hindu Succession Bill and the other Bills have been finalised, and he must go into the matter. It is no use merely brushing it aside because it is the Hindu joint family and they can afford to behave as they like. It is not fair. If he gives that assurance that a committee will go into the matter and if it is found that we ought to be treated just like ordinary individuals, I will not have a word to say. My humble submission is that a great injustice is done in the name of justice on the Hindu joint family. The Hindu joint family is not a taxable unit, it is a social unit.

17.26 hrs.

Shri Prabhat Kar: My amendment is:

Page 14, line 9; for "Rs. 3,000" substitute "Rs. 4,200".

[Shri Prabhat Kar]

My amendment is to increase the limit from Rs. 3,000 to Rs. 4,200.

When the hon. Finance Minister was replying in the Rajya Sabha, he said:

"It is not that I have thought of inflicting this penalty of Rs. 36 on the person who gets between Rs. 3,000 and Rs. 4,200, but it is because I think that this is the way in which we can broaden the tax structure and rope in a number of people who will not be in the area we are thinking of."

He said that he does not want to inflict a penalty of Rs. 36 on the lower income group. Now, these persons with an annual income between Rs. 3,000 and Rs. 4,200 will automatically belong to the lower middle class whose monthly income will be to the tune of Rs. 250 to Rs. 300. Even if the hon. Finance Minister does not agree that they do not belong to the lower middle class or the common people, I think he cannot deny that today with a paltry amount of round about Rs. 300 it is extremely difficult to meet the family commitments. The amount of Rs. 36 which he wants to slice off from the income...

Shri T. T. Krishnamachari: Rupees eighteen.

Shri Prabhat Kar: For the married he means, but still there are unmarried persons with family commitments. It is not only married people that have family commitments. Today the structure of our families is such that unmarried people also have got family commitments. This Rs. 36 is really a penalty.

It is amusing to note that while a person who was getting Rs. 24,700 yearly as salary and was paying 3,038 as income-tax will, as a result of this decision, pay Rs. 1,842 and a person who was getting Rs. 24,200 and was

paying Rs. 2,725 will now pay Rs. 1,756, while a person who was not paying any income-tax at all and is, I must say, on the starvation level with an emolument of Rs. 300 a month, will have to pay Rs. 36, and yet the hon. Finance Minister says he has no desire to inflict a penalty on these persons. When the limit was raised from Rs. 3,600 to Rs. 4,200, the then Finance Minister said:

"The change proposed will have the effect of taking away a little over 70,000 assessments out of a total of nearly 8 lakhs. The loss in revenue is estimated at Rs. 82 lakhs, of which the Central share will be about Rs. 40 lakhs. I feel that in the long run, this loss to the exchequer would be more than offset by the improvement of the income-tax collections."

Today, as a result of the Rs. 3,000 limit, the additional number of assesses for the year, as it is estimated, is to the tune of 4 lakhs. The number will increase by about one lakh in each subsequent year. Apart from the administrative difficulty, if these four lakhs of assesses are to submit returns of their income, then 24 lakhs of foolscap size of paper would be required, and four sheaves of cover leaves, one for the income-tax officer and three for the other officers, would be required. This would mean a colossal wastage of stationery and postage and human labour which could easily be utilised for recovering the amount of tax that is being evaded. The estimated maximum revenue will be to the tune of Rs. 1.4 crores. It is not known what exactly will be the net position. But yet it will have a psychological effect on the common people, if the limit is raised to Rs. 4,200.

Whether the Finance Minister agrees or not, the prices of the daily necessities of life are very high today.

Mr. Deputy-Speaker: These arguments have been advanced already.

Shri Prabhat Kar: I am talking about people at the lower middle class level.

Mr. Deputy-Speaker: All the same, those arguments have been advanced already.

Shri Prabhat Kar: I would only point out that it will have a very great psychological effect, if the Finance Minister, instead of reducing the limit to Rs. 3,000 raises it to Rs. 4,200 and utilise the energy required to recover these Rs. 1.4 crores of revenue to pursue the big tax evaders. If that is done, I am quite sure that the revenue of Rs. 1.4 crores which the exchequer will lose will be offset by the increased revenue from the big tax evaders.

I would, therefore, request the Minister to think in terms of raising this limit to Rs. 4,200 in view of the existing price structure today.

Mr. Deputy-Speaker: Is it the pleasure of the House that we should sit a little while longer and finish the First Schedule?

Some Hon. Members: No.

Shri C. D. Pande: We can finish all the amendments now.

Mr. Deputy-Speaker: We have exhausted all the time that we had even for the third reading. We are just encroaching upon the time.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): The House must be informed that there are only 14 minutes left. Either they sit for 14 minutes more today, or they sit for 14 minutes tomorrow.

Mr. Deputy-Speaker: All right. If the House so desires that it will finish it in 15 minutes tomorrow, then I adjourned the House till 11 A.M. tomorrow.

Shri C. D. Pande: The third reading should be a formal thing.

17.34 hrs.

The Lok Sabha then adjourned till Eleven of the clock on Wednesday, the 28th August, 1957.
