

12.31 hrs.

FINANCE BILL, 1962—contd.

Mr. Speaker: The House will now proceed with further consideration of the following motion moved by Shri Morarji Desai on the 24th March 1962, namely:—

“That the Bill to continue for the financial year 1962-63 the existing rates of income-tax and super-tax and to provide for the continuance of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year, be taken into consideration”.

Two hours had been allotted for the Bill. The hon. Finance Minister moved the Bill for consideration and I placed the motion before the House on the previous day. How long will the hon. Minister take to reply?

The Minister of Finance (Shri Morarji Desai): It all depends. I do not know what will be said. There is nothing in the Bill to be said.

Mr. Speaker: Shall I reserve 20 minutes?

Shri Morarji Desai: I have no idea.

Mr. Speaker: Anyhow, I will reserve half an hour for the hon. Minister. Let us see.

Shri Vasudevan Nair (Thiruvella): During the budget debate, many hon. Members had drawn the attention of Government and the Minister to some of the most important problems facing us today. For example, many Members referred to the acute unemployment problem, the problem of rising prices and many other problems. But unfortunately, the Finance Minister had very little to say last time in reply to the points made by my hon. friends.

It is accepted by all that unemployment is really mounting up in spite of

all our efforts to arrest it. Even the Planning Commission was faced with this problem when it was drafting the Report on the Third Plan. It was found that even at the end of the Third Plan, we would not succeed in finding employment for all the people in the country. The Commission has suggested certain remedies. But I do not know whether we will succeed in solving this problem in full.

I was very much interested when I read the speech of the Finance Minister of my State while introducing the Budget in the Kerala State Assembly recently. He has given some figures—staggering figures, I should say—about the employment position in our State. In 1959, more than a lakh of applicants registered themselves in the employment exchanges, whereas they could find employment that year only for 9,487 people. The same picture is given for 1960; more than a lakh of people registered their names and only a little over 11,000 people could be accommodated. The picture of 1961 reveals the same position, although a few more could be accommodated; more than a lakh of people registered their names and only 14,000 people could be absorbed in the various industries or other places where they could find employment. So we can see that the huge gap between the number of people registering and the number of people who got employment remains, and it is a very serious problem that should be tackled by Government; otherwise, we are not going to reach anywhere in spite of all tall talk about the Plans and all that. I doubt whether at this rate even during our lifetime we will be able to eradicate this disease of unemployment from India.

I want to deal with a particular aspect of this problem, because although we are building up new industries—and we are talking about the new temples of worship that we are building up—the fact remains that some of the oldest industries in the country, traditional industries, are cracking up. This problem was posed

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before this House for a long time on many occasions by many hon. Members. Here again, I am looking at the situation in the traditional and age-old industries in my own State. We have some labour-intensive industries in the form of coir and cashewnut. As a matter of fact, as far as Kerala is concerned, the coir industry is the oldest in our State and as a whole in all the branches of this industry more than 4 lakh people had been employed. Naturally, you can understand how vital this industry is for the people of Kerala. There are mainly two branches in this industry. One is the manufacturing sector, the industry manufacturing coir mats etc. A few years ago, nearly 50,000 workers had been employed in the coastal belt of Ambalapuzha and Shertallai taluks in this industry. Now the sad plight of this industry is indicated in the fact that it is capable of employing and absorbing only 14,000 workers for 15 years now. That means this industry is passing through a very serious crisis for the last 15-20 years. As a matter of fact, by exporting coir products, our country used to earn valuable foreign exchange to the tune of nearly Rs. 10 crores annually. It used to employ, as I said, 50,000 workers. Actually, a few years back, when there was no Kerala State as such but we had our native States, in the State of Travancore, the town of Alleppey used to occupy a place of pride. It was the most important commercial and industrial town. Whoever used to pass through that area at that time could see the prosperous life of the workers who used to get full employment and who used to enjoy life with the work they had in this industry. But the same persons passing through that area now can see only dilapidated factories. Actually, the town now presents a gloomy and dim picture. Nothing substantial was done till now to help this industry out of this serious crisis.

The most important problem is that of the foreign market. I realise that it is a very complicated problem. It is not very easy to tackle, but all the

same, we have to examine whether the agencies that were set up for putting this industry on a proper footing and helping it to get out of the crisis have done their duty well. I shall come to that later.

This is not a problem concerning one particular place or one particular industry. That is why I wanted to pose this problem before the Minister and this House. Recently when I was in Madhya Pradesh, I was approached by workers working in the iron ore mines of Rajgarh near Bhilai. Nearly 10,000 people are working in the mines. Very recently when these mines were mechanised, large numbers, thousands of workers, were thrown out of employment. You cannot, of course, insist that the mines should always be worked on the old basis, that they should not be mechanised. I do realise that when we are having new techniques and mechanisation is coming, there will be the problem of replacement of workers from one industry to another or from one place to another, but I was surprised to see that the authorities there in charge of this, those who were tackling this problem, were not at all concerned about the fate and the future of more than 5,000 workers who were making a living by working in these iron mines and who were thrown out when the mines were mechanised.

This very same problem to a certain extent applies to the cashew nut industry in our State. The same problem faced the handloom industry all over the country some time back, and we know what steps were taken by the Government of India as well as the State Governments to see that that industry was saved from utter ruin and destruction. In that way proper attention has to be given to the entire sector of our old and traditional industries in every part of India, so that even when a transformation takes place, there is the least pain felt by the workers and other interests connected with that industry.

When there was a crisis in the coir industry, this very House decided to set up a Coir Board to deal with the various problems facing the industry. The Coir Board was set up in 1954. About the composition of the Coir Board and various other matters connected with the functioning of the Coir Board, I have many things to say, but I reserve them for another occasion. That is not the most important thing that I want to bring to the attention of the Minister.

Some of the unions of the workers working in this industry have submitted a comprehensive and positive memorandum to the State Government and the Union Government, and a copy of that memorandum was presented to this hon. House by Shri P. T. Punnoose, M.P., and now that memorandum is being considered by the Committee on Petitions of this House. There again, I have to make a complaint, because, being a Member of the Petitions Committee, I can say that the Commerce and Industry Ministry which is to submit all the facts before the Committee could not submit these facts about the coir industry before the Committee during the last four months. This petition was presented to the House on 7th December, 1961, and when we had a sitting of the Petitions Committee last week, we were told that the Ministry had sent only an interim reply, that they were waiting for facts and figures from the Coir Board, the State Government and other agencies. I am really surprised that an industry which employs nearly four lakhs of workers, an industry which is very closely connected with the fortunes of nearly a million people in a particular State in India, is not looked after with proper care by the Commerce and Industry Ministry. Otherwise, I do not know why they are taking so much time in providing the necessary facts and figures before a Committee of this Parliament. The Petitions Committee of this House which will be wound up when this House is dissolved, is not able to take a decision, to make any

recommendation on the petition that is before it. This petition is now going before the Committee which will be constituted by the new House. This itself shows that the Commerce and Industry Ministry is not treating this problem with the responsibility that is expected of them. That is one of the reasons why till now we have failed, miserably failed, in helping this industry to get out of the very serious and acute crisis that is facing it.

The performance of the Coir Board also is thoroughly unsatisfactory. I was going through the Report of the Estimates Committee presented to the House a few days back. This report on the Coir Board is a very important one which has to be gone through seriously. The Estimates Committee has come to the conclusion that the Coir Board has failed in almost everything that it was expected to do. I do not want to quote extensively from this Report, but it is very interesting to know that after the constitution of the Coir Board, exports have actually gone down. One of the most important task entrusted to the Coir Board was to see that the international market was expanded, to explore the possibilities of expanding our exports. The Estimates Committee, drawing our attention to this, say in page 7 of their Report:

"It is thus apparent that there has not been any appreciable improvement in the volume nor any change in the pattern of export trade since the establishment of the Board."

On page 8, the Estimates Committee has to say this on another aspect of the functioning of the Coir Board:

"Thus, the task of the Board in so far as promotion of exports is concerned has indeed been a difficult one. Even so, it was possible for the Board to adopt certain measures which, if they had been taken in time, could perhaps have averted this stagnation."

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So, the Estimates Committee has come to the conclusion that some of the important steps which it was possible to take were not taken by the Board, and that is one of the reasons for the stagnation in the coir industry.

Again, the Estimates Committee gives this certificate to the Coir Board on page 10:

"The manner in which the work regarding the Coir Research Institute was undertaken gives the impression of being casual. Two years in carrying out additions| alterations and another year in providing electrical connection to an essential service like a Research Institute is too long a period. Delays of a procedural nature at any rate should not have been allowed to hamper work on an important item like research work."

Again, on page 12, the Estimates Committee has no tribute to be paid to the Coir Board; on the other hand, they have only criticism for the functioning of the Board. This is what they say:

"The Committee are not satisfied with the explanation for the delay of four years in the framing and finalisation of these rules."

The Coir Board was established in 1954, and they issued the Coir Industry (Regulation and Licensing) Rules which were finalised only after four years. About that the Estimates Committee says:

"They (the Estimates Committee) feel that every effort should be made by Government to ensure that the rules and regulations of such bodies are framed as early as possible and preferably within a year of their constitution."

This very valuable report of the Estimates Committee of the Lok Sabha points out that a very important

Board which is entrusted with the task of saying an industry which employs lakhs of workers has miserably failed in its duty; and the Commerce and Industry Ministry of the Union Government which are also looking after the fate of this industry are not doing justice to this industry.

Because of this, after waiting for a long time, after giving memoranda and after doing everything possible, the workers in this particular area have now decided to launch an agitation. Of course, the Finance Minister may say that the workers are always after agitation. I do not know. But they have no other way out now. So, on April 2, these workers are starting a satyagraha before the Alleppy Collectorate in order to draw the urgent attention of the authorities concerned, because they cannot wait any longer. More and more workers the being thrown out of employment every day.

One suggestion put forward by the Coir Board and the Kerala Government with the sanction of the Union Government is that this industry should be immediately mechanised. They say that we can compete with the goods produced in some other countries only if this industry is mechanised as soon as possible.

Mechanisation cannot be considered in abstract. If mechanisation is taken in hand immediately, what is going to happen is that out of the 15,000 workers that are now employed, perhaps, 10,000 may be thrown out of employment immediately. So, instead of helping to get more employment, mechanisation without proper alternate employment for those workers who will be thrown out of employment, will be a disaster. Therefore, the labour unions of the workers and those connected with the industry have pleaded with the Kerala Government that they should not proceed with the scheme of mechanisation without giving proper attention to the problem of giving alternate employment. So, this is the only alternative

that could be posed by the Coir Board and the State Government before the workers; and the workers feel that already they are being thrown out of employment and the scheme of mechanisation without alternate employment would put them in still greater trouble.

These workers belonging to this particular belt have a glorious tradition of waging battles in our freedom struggle and they had been all along expecting so much from our national government by way of more employment and by way of new industries in that area. Without new industries you cannot find any solution to this problem because, ultimately, this coir industry by itself cannot employ all the new applicants who are coming up for employment in that particular area. So, the people of this area have been demanding other activities, industries, railways and all that. And, it is a long-standing demand of the people of this area that there should be a rail link between Cochin and Mavelikkara which may help to get them employment, for a large number of them, at least for some time.

There is a port at Alleppy which used to employ thousands of workers at one time. But, today, you cannot find even 1,000 workers there because that also is going down. Something has to be done to see that more employment is given to the workers working in this port. It is not only a problem of the workers. It should not be understood in that sense. Tens of thousands of workers being thrown out and factory after factory being closed down means that the entire area suffers, the trade suffers and the people suffer. And that particular area has to be looked after not only by the State Government; but I will plead with the Finance Minister of the Central Government to see that something is done immediately so that disaster does not overtake this population and these workers who have a glorious tradition of fighting for the freedom of our country.

As I said in the beginning, this is not an isolated problem of a particular area or a particular State. I have said that there are many centers of industry like this in our country—oldest industries and traditional industries in many of our States—which industries have, perhaps, to be replaced by new industries. But it will take time. Such industries will have to be mechanised in course of time. Some new devices have to be found out for reconstituting the pattern of these industries. All this will take time. So, we should have smaller plans for such particular areas and such plans should be prepared only with the help of the Union Government. The State Governments cannot tackle the particular problem of this particular area I am speaking about, the coastal belt of Alleppy. It is an area which deserves the immediate attention of the State Government as well as the Union Government. And, I would plead with the Finance Minister to pay serious attention to this problem and to see that the coir industry is helped as much as possible to stand on its own legs.

Mr. Speaker: Are there any hon. Members who want to participate in the debate?

Shri N. R. Muniswamy rose—

Mr. Speaker: All the three stages of the Bill have to be completed in 3 hours. There are no amendments to the clauses. We will go on with the general discussion till 2.00; and the hon. Minister may take some time. Then I will put the clauses to the vote.

Shri N. R. Muniswamy (Vellore): Sir, I may be permitted to make certain observations about a few of the items, which are very essential, for the Finance Minister's consideration. First is the fixation of the prices of essential commodities, commodities essential for the community. The Finance Minister has also stated that the rise in prices has been checked sufficiently well because of the

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competition in other sectors. With all that we are aware that many of the commodities which are essential for our everyday life are sold in the market at very high rates. Unless the Finance Minister takes courage in his hands to fix the prices of all the essential commodities, the life of the community would be very miserable. Especially, the middle class people and the upper middle class people are suffering a lot because their income is fixed and the rise in prices has no relation to their emoluments. For this purpose, during the war period they had passed certain Ordinances and they had the Defence of India Rules whereby the prices of commodities had been fixed and anybody who sold at higher rates would be caught and dealt with according to law. Similarly, if such severe steps are now taken at this stage, it may not augur well for our country.

12.58 hrs.

[SHRI HEDA in the Chair.]

Therefore, initially they can take steps so far as articles of food are concerned, which are very essential, like sugar and other things. The prices should be fixed. By so doing we will be helping. I should say, 60 per cent. of the population of our country because they would be sure of the value of every commodity for which they pay money. Unless some direct steps are taken to see that the prices of these commodities are fixed—and not by adopting other methods of reducing the prices by inflation or by increasing production of agricultural or industrial articles—by some legislation, I think, we are heading towards certain economic crisis.

13 hrs.

So far as planning is concerned, I may be permitted to say a few words. We have been making plans for big industries. As a matter of fact, we

have been doing things in a big way, and naturally we have been taking in a way, a step-motherly attitude as regards the villages and the conditions in the villages and the people who live there. The rural aspect of our plans has to be attended to a great deal. The Plan must be from the below instead of from the top.

It is stated that whatever plan is being formulated in the interests of the country as a whole will percolate to the lower level also. Greater attention could not be given to the rural areas if we concentrate all our efforts on big projects and industries only in a big way and in big areas. I would suggest that we must see the position of the ryots and the condition of the people in the villages. We must get periodical reports, once in six months or a year, from the District Collectors or the heads of the samitis or panchayat union and other agencies which we have got, and to whom we have given more powers. The periodical reports are essential. Of course, the work is looked after by the State Governments, but, all the same, whatever attention is devoted to all these aspects, I wish that there is a method by which we can insist upon a plan or a report being receiving from the District Collectors.

India has about 350 districts, and to have a complete control over all these districts in all the States of this country directly, is something unconstitutional, but so far as the economic development is concerned, in order to see that the villages are best fitted into the plans, it is better that we get periodical reports, at least in respect of certain important aspects such as roads and communications and small or minor irrigation. Minor irrigation is very essential for the villagers, since they depend more on lift irrigation and other small minor irrigation works. They do not get any channels or canals from any perennial rivers in many areas. In some areas, perennial supply of water is not

possible, and the people depend only on wells and seasonal rains. In such areas, we must see that small irrigation facilities are afforded to them in order that their position is improved. The facilities that we give them may be charged by levying betterment taxes or any taxes that are possible according to the law. I would, therefore, insist that small irrigation facilities, instead of big projects, must be usefully initiated and embarked upon.

So far as the supply of electricity is concerned, I must point out that the Madras State tops the list. There are 15 States in our country, and barring Madras State, the other States have got about 12,000 villages only which have got electricity. But the Madras State alone has got about the same number of villages which have this service. To that extent, the villages in the Madras State stand a better chance. But still, the villages in other States also must get electric supply which will help the villagers not only in the matter of irrigation but small industries also. In some States, I do not find small industries at all in some taluks or divisions. We have got certain industries only in certain localities and they have not percolated to other areas. Therefore, I would suggest the starting of small-scale industries with a view to keep the educated people employed and also to see that the other people who are self-employed are drawn to this. Necessary provision must be made to this end. Small-scale industries must be started in almost all taluks. Otherwise, the facilities and the employment potential that are available will be concentrated on certain areas only. These facilities must be diverted to the villages and the taluks.

In getting the periodical reports from the districts, we must see to one important aspect. Every year, we must allot about a crore of rupees for each district. We have now spent about Rs. 2,500 crores in the first two years. The balance of Rs. 5,000 crores or so has to be spent for the next

three years, and we have to step up our production. To develop every area and every village, it is always better that we allot about a crore of rupees or even Rs. 2 crores to each village. The District Collector must be asked to formulate his own scheme for his district and see that the money that has been allotted to the extent of Rs. 2 crores or so is spent by him through a small committee of his own.

We have planners at the Centre. There are planners also at the district and the State levels. But the planners have not given proper thought to see that a separate allotment is made to every district and that elementary facilities are provided for every village. The other day, the hon. Minister of Finance was not sure of a particular aspect that has been mentioned in the manifesto, such as, for example, approach roads and water-supply. It has been stated categorically that in the course of the third Five Year Plan, such facilities should be completed. I know it is not possible to have such facilities afforded to every village during the course of the next five years. I do understand the difficulty and the enormous amount that should be invested to make these facilities available to all the villages. All the same, a beginning has to be made, and that must be made by asking every district collector and such other authority to formulate his own scheme or programme, and it must be checked up by the Government. After all, during the recent elections, many of us have felt that when we have to go to the interior of the villages, we have had to travel with great difficulty, from the branching of the main road onwards. The roads in the interior and the approach roads are not at all kept in proper repair. Most of the roads have got ups and downs, and it is very difficult even to go on them in our old motor-cars, since the space on the roads is very little. Nowadays, the big cars are such that there is not enough space for any movement on either side of the car on these narrow roads,

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and there is not much space between the main body and the rear also. That is why I am saying that the condition of the roads must be looked into, so that the villagers can easily take their products to the cities. The approach roads have to be given proper attention. If that is done, the villagers will be quite happy because they can carry on their marketing business with the nearest market.

Another important thing is pure drinking water. I have seen villages where the people have to go about a mile or six furlongs to fetch water, and the ladies have to go with one vessel and keep the water for the entire day, for 24 hours. If the members of the family are larger in number, they will have to make one more trip. Therefore, it is better that the villagers are given pure drinking water within reach. It does not matter if the supply is not a protected one. Well water could be connected to pipes and the supply thus effected. Pure drinking water is very essential, and the approach roads are equally essential. Along with these two things, minor irrigation is also essential. Then they will think that freedom has really dawned and has come to their homes and to their very doors. In fact, many of the sites of these huge projects which we are having have not been seen even, by the villagers in the interior parts of the country. If pure water supply is made available and approach roads and minor irrigation schemes are taken up, they will realise that freedom has come to them and they will be conscious of the Plan. Then we can get their co-operation and enlist their sympathy for the Government. They will begin to think that after all these 150 years or so they are at least having today pure drinking water. So, they will feel very happy. By means of the approach roads, they could go to the nearest market and have their produce sold. Let them reach the market at least by *kutchas*, third class roads and not necessarily by first class ones. At

present, the roads are very sulshy during the rainy season. One cannot even walk, not even the bullock-cart can go on such roads, since they get stuck up in the slushy area. Therefore, I request that these aspects should be borne in mind before anything can be thought of in a big way.

The Government are spending not a small amount. The amount exceeds Rs. 7,500 crores during the next three years. If the villages are not made to realise the huge amount we are spending for their betterment, I should say we are neglecting the man in the interior. The neglected man has to be taken care of. For example, in a house if the father has got four children and one of them is handicapped—either it does not have one eye or some limb is defective—it should be given some extra milk, ghee, etc. If the other children ask why they also should not be given something extra, we should say we have got more sympathy for the handicapped child. Likewise, if the villagers who are far away from the dynamism of town life are given good water-supply and approach roads, they will be quite happy. More often it happens that people who are vociferous and vocal take much of the benefit which should go to the neglected man. Because the neglected man is at a distance and does not know how to approach, he must be taken care of we must have a distant vision and provide for the neglected man in the interior. So, villages in the interior should be taken care of and provided with good water-supply and approach roads, so that we can get their sympathy and co-operation in a smooth way, without any disturbance.

Shri Punnoose (Ambalapuzha): I would like to start where the previous speaker left. When we examine the picture of India's development, we have to make up our mind as to who is the neglected man and which is the handicapped child. After ten years of tenure in this House, I feel embar-

rassed to fix which exactly is the handicapped child, because every Member gets up and pleads for the handicapped child. It would appear that there are only handicapped children in this country, but there are some children which are quite healthy and not handicapped.

First of all, Government of India and the Planning Commission should make up their mind as to which parts of the country are really backward. This is a very serious flaw in our planning, because very often we talk in general terms about backward areas, but at the same time, we have no criteria. We have not fixed which areas really want more particular care. Planning is supposed and expected to unify this country further and cement our freedom, but I am afraid it is working quite the reverse way. Large sections of people, large areas of this country feel that they are neglected.

If you go to the south, you will find every man complaining that his section of people and his part of India are neglected. The other day, the Prime Minister in his reply to the debate on the President's Address said that there are certain deplorable developments in this country. Everybody will agree with that, but what exactly is it dues to? He referred to the DMK in the south rather in a harsh way and said, even at the cost of war, we are not going to allow this country to be divided. I do not think such a militant attitude alone will solve the problem. It requires a little more attention and examination. The fact is, in the south, there is a feeling that they are neglected, from every point of view. May be certain areas are slightly better off than some other areas, but on the whole, the feeling prevails that the south does not get a square deal. The DMK and such forces try to thrive on these feelings. We have to examine them and find out where exactly the snags lie and try to remove it.

My friend, Shri Vasudevan Nair, referred to the condition of the coir industry. It is something that affects lakhs and lakhs of people in the Kerala State. Without the coir industry and lakhs of workers it employs, the State would be really famine-stricken. For years now that industry has been deteriorating, but the Government have been able to do very little towards its amelioration. The Coir Board has been set up, of course. But very serious criticisms have been made even by the Estimates Committee against this Board. The very composition of that Board is defective and it is high time Government looked into it. A reorganisation of the Board and the industry is absolutely essential.

These elections have shown that there is a lot of pent-up discontent in this country. The Prime Minister who toured the country felt that on the whole the people were improving. I am sure his eyes did not deceive him. But I feel what has happened is that there is an appearance of prosperity amongst certain vocal sections, who have become a little prosperous. I am not referring to the very wealthy people who have become wealthier; nobody likes it. But even the medium wealthy have become a little wealthier, and I do not deplore it either. Towns on the whole improved a little with the result that the upper middle classes in the towns have become a little more prosperous. But the larger sections of people in present. What appears on the surface is the opinion of the upper middle class and the small sections that have become a little prosperous. The fact is that large sections of our people, including agricultural workers, small peasants and lower middle class people have not improved their position at all.

You will see this if you examine closely the election results. The Prime Minister said that the local issues decided the trend of the elections in various cases. If you examine

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the Kerala election results, you will see that all-India issues have decided the trend of the votes. When elections were held for the State Assembly in Kerala, in 1960 people voted overwhelmingly for the Congress and other parties, but in the parliamentary elections, they definitely voted against the Congress Party. It was not merely a local feeling, but the protest, that Government of India is neglecting the interests of the State, that has weighed with the voters; and we have to do something to meet this.

The Prime Minister also referred to certain feudal forces gathering strength and going in a big way among the people canvassing their votes. Here also we have to take positive measures. I am not referring to repressive measures. We must take such a stand which will not add to the respectability of the feudal elements. The Prime Minister deprecates this development of the resurgence of the princely elements, but at the same time, his Government gives them the occasion to put up a bright appearance. Either on the occasion of the visit of the Queen or of the visit of Mrs. Kennedy, they are given an opportunity to boost themselves up and gather more prestige among the people. At the same time, the Prime Minister gets up in the Lok Sabha and deprecates that these people are having more and more respectability among the people. We have to be positive about these things. In the first place, let us not give them occasion to put on airs among the people.

Then, by more positive measures, we have to see that the benefit of the Plan goes to vaster sections of our people.

Before concluding I would once again request the hon. Finance Minister to see and judge which are

the States which require immediate attention. Let us not talk in the air; let us work out the States that deserve special care. Take five or ten years and see that these States get such assistance during that period. You will find that from any point of view Kerala requires particular care. We have to take care of those problems immediately. For example, take the coir industry of Kerala. Kerala is a very backward State, even in the matter of railways. Even then, in the Third Plan we have not been given one inch of railways. This injustice should not continue for long. I would request the Finance Minister to take immediate steps to develop the backward areas so that every section of our people will feel, every area of our country will feel, that we are engaged in a common endeavour of developing our country. That is how we can strengthen the unity of India. If we want to make the unity of India more secure, we have to make our people believe that they are partners in a common endeavour. I hope the Government and the Planning Commission will take particular care to balance the economic development of this country between various sections of people and various States of India.

Shri Harish Chandra Mathur (Pali): I wish to take this opportunity to say a few words, not that there is something very much in the Finance Bill, but because I wish the hon. Finance Minister to take note of what we say now in this House while he is framing his real budget to be presented to the next Parliament and that he chalks out a policy for the further development and growth of this country.

My hon. friend from the Congress benches just now asked the Finance Minister to fix the prices of the various essential commodities. While I share his anxiety for lowering down

the prices, I cannot contribute my support to this idea of the fixation of prices. Fixation of prices of essential commodities necessarily means controls and, consequently, corruption. I am strongly opposed to it when it is not at all warranted. It is only through taxation measures, through our fiscal policies, through efficient production at an increased level that the prices of the commodities could be brought down in the real sense, and that is the only course which all the hon. Members here have advocated, except the solitary exception of one hon. Member who has demanded the fixation of prices in an arbitrary manner.

Having said that, I wish to refer to certain important matters which are occupying our thoughts. I would, in the first instance, refer to one particular case where the State Governments are concerned, and that is the position of the Central loans to the State Governments and the rate of interest. This matter has been agitated by the various State Governments and though it does not fall within the scope of the Finance Commission and could not be dealt with by them. I hope the hon. Finance Minister will give his particular attention to this matter. If it is only to give him satisfaction to have certain paper accounts regarding his loans to the State Government, repayment and the rate of interest which he is charging to them, then it is another matter. I want a realistic appraisal of the entire situation to be taken and the hon. Finance Minister to tell us the entire amount of loans which have been advanced, further loans which will be necessitated and the rate of interest that he is charging and what he thinks will be payable by the State Government.

As I stated when I spoke the other day on the general budget, I want the State Governments to play a dynamic role and to energise themselves in raising resources to the best possible extent. Having said that, I would

say that we must have a realistic approach to the entire problem, and the problem regarding the loans to the State Governments and the rate of interest must be given due consideration. You might have noticed that some of the State Chief Ministers who are also dealing with the finance portfolio have given considerable thought to this matter and in their budget speeches, which they are now presenting to their respective Legislatures, they have raised this important question.

Then I come to matters with which the Central Government is exclusively concerned. I wish to draw the attention of the hon. Finance Minister to certain strong trends which are developing in our country now, a very aggressive indication of which is being given by the business community and the capitalist world of India. We have noticed during these past ten years, sitting in Parliament, that the business community, the industrial community of this country was almost apologetic, and this Government, the Congress Government have on their own initiative, in the interests of the general development of the country, never hesitated in giving them all the necessary assistance, whether financial or otherwise. Today I am not in the least worried about the feudal order about which my friend talked about. The feudal order has gone, and gone for ever, and if anybody is dreaming of reviving the feudal order, I think he is living in a fool's paradise. I do not see how we can revive the feudal order in that sense, how we can revive the Rajas and Maharajas in that sense, how we can revive the jagirdars in that sense; that is almost an impossibility and nobody gives serious thought or serious consideration to this matter. But I definitely feel that a big industrial empire is going to be built up in this country in the near future, and there is a very clear indication of it given by our industrialists today. They want this country to drift from its present course of socialism into a real

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capitalist state and they want to build India on the American line or pattern. It is not my surmise but what they actually say. Now the Federation of the Indian Chamber of Commerce and Industry are meeting here, and they have given a clear indication of what their intentions are and on what lines they want the country to proceed further. I will just read a few sentences from the address of the President of the Federation to show what is in their mind. He says:

"Our largest firm in the private sector is less than a third of the size of the smallest of the 100 largest firms in the USA. Our large firms are not, in fact, operating on a large scale. If, therefore, our efforts are to yield the best result...."

Let these words be noted.

"...economic policy must keep clean of other motives."

Here is a warning to our Government, here is a warning to the ideals which we have cherished. I will repeat that sentence.

"If, therefore, our efforts are to yield the best results economic policy must keep clean of other motives. The goals of policy become blurred when at the stage of implementation the policy gets biased or ceases to be straightforward, and refuses to respect."

Respect what?

"respect the natural impulses of the individuals and the fundamental laws of economics."

what are these fundamental lines of economy and what are the industrial policies of these individuals who are talking about the future structure of the whole economy? Their future impulses are that our large firms should grow larger and larger to the size of the American firms and should be able to compete with them in their largeness and in their capital. That is the real danger to this country. It is really a matter for us to consider

whether this challenge which is being thrown and the Swatantra Party which has come up only to take forward this challenge to our economy that we have to take care of. It is not the feudal order, it is not the jagirdari about which we have to worry. Jagirdari has gone for ever. Maharajas and Rajas are gone for ever. They cannot be revived. But it is the lines on which our business, on which our trade, on which our industry want to develop and devour everything else that constitute the real danger. Therefore, I would request hon. Finance Minister to take note of it and tell this House what is going to be the line which he is going to give to this country in the face of the speech made in the annual meeting of the Federation. It is not only this.

Again, they make themselves perfectly clear. When we talk about basic enterprises and others, what are our friends thinking? The emphasis is on this. This is what they want the Government to take note of.

"What I do wish to emphasise is that it is in its nature for governmental activity to overstep the appropriate mark and overtake the field in which it cannot profitably function, or vitiate the policy in a manner that would put restrictions on the operations of the individuals and interfere the possible flow of production."

This is the warning given to this Government: "Please do not overstep your limit; nothing of this public sector is wanted; you have stepped in in this field only at our cost; where the profit motive does not function, nothing can function and succeed." I think I cannot put it in more appropriate and stronger language than what they have done. You should take the field only in which it cannot profitably function. What is the field in which it cannot profitably function? I would like them to define. I would like the

hon. Finance Minister to ask these friends to make it clear where they want the Government to step in and what is the field which they want to be reserved for them.

While I have my violent reactions to what they have said and to which I have given my own view point and while I partially agree with something that has been said in this, there are certain things which have been said in this address and which have been emphasised with which I agree one hundred per cent. I would, therefore, not like to be uncharitable to them, but would like certainly to draw the pointed attention of the Finance Minister to these points where I agree with them so much. Where I agree with them is about the administrative deficiencies about the implementation of the policy. We have made out a policy with which we agree. But, the one hundred delays which retard our production, the one hundred delays which make our plans much more costly than they ought to be, the administrative deficiencies, to which an accusing finger has been raised and rightly raised, are there. I think we must have possibly in the Ministry of Home Affairs a whole-time Minister of State who will devote his exclusive attention with the Finance Minister and see that something is done about the administrative inefficiencies which are not here only in the Central Government but which are also a curse in the State Governments. Nothing really moves. It is really unfortunate. I can give example after example where one goes and breaks his head against a dead wall. We are talking so much about private initiative. I collected a number of young entrepreneurs who wanted to put up an assisted industrial estate. They contributed all in their possession, much more than what they have to, for an assisted industrial estate, about which my hon. friend the Minister for Industries has been talking here and he has also been talking about my initiative. When a small entrepreneur sponsors an indus-

trial estate and have done everything they could, and he is not assisted, he gets completely frustrated and falls into such a mood that it becomes impossible for anybody to take interest in such developmental activities. Those people who have been able to secure a loan from the Government under the rules when they laid their foundations, get a second instalment when they go up to the roof level. They have gone up to the roof level. Not a single pie has been advanced in spite of my breaking my head with the Minister of Industries at this end and the Minister in the State in the other end. They are completely frustrated. How can you have developmental activity? How can these small assisted industrial estates be formed? You talk of initiative of small entrepreneurs, going into the rural areas, taking all their credit and put everything in the effort. Yet, we are not able to procure a loan for them. What these people wanted was just tin sheets for covering their sheds. I talked to the Minister at the Srinagar Small-scale Industries conference. I invited his attention. Fortunately, the Minister of Steel, Mines and Fuel was also there. I invited the attention of the Minister of Steel, Mines and Fuel, personally. He said, there should be no difficulty, it could be done in a week's time, a Deputy Secretary could do it, it is not that you have to address a letter to me, you can write to the Steel Controller. I directed the Director of Industries there to write to the Steel Controller. He wrote. More than six months have passed. I pursued the matter, by writing a personal letter to the Minister in charge here. One letter acknowledged, second letter acknowledged, third letter acknowledged. I wrote to the Deputy Secretary. During all these six months, we could not get tin sheets to cover the 20 sheds. Do you think that this Government can be permitted to function? Do you think that the people can have respect for this Government, if these administrative deficiencies continue to be there all the time? It is time that instead of get-

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ting impervious and getting indignant that these deficiencies are pointed out that something is done to relieve the people of these administrative inefficiencies.

I would like to say something about transport. I think we are discussing the Railway Budget soon after. Therefore, I would like to reserve some of my observations regarding transport. Here, I have got the Railway Minister's Budget speech before me. I shall deal with the matter at that time. But, it does not with the Railway Ministry alone. I would most humbly appeal to the hon. Minister for Finance that when he draws up his Budget proposals and when we discuss these matters next month or a month after, he will kindly convene a meeting of all the Ministries concerned. The Ministry of Steel, Mines and Oil is concerned, the Ministry of Industries is concerned. The Ministry of Railways and the Finance Ministry are concerned. Let the country know. The Government owes an explanation to the country. It is not the Railway Ministry alone that owes an explanation. The entire Government owes an explanation. They owe an explanation to this House and to the entire country as to what is going to be done to remove these transport bottlenecks port bottlenecks and to see that industry does not go to dogs. When we speak here, we speak in the interest of the nation. We do not want industry—large or small—to suffer. We do not want large industry to suffer at all, because the loss of the large industry is the loss of the country as a whole. Therefore, I hope the hon. Finance Minister will take particular note of this matter.

The other day the Minister of Industry told us that we could not move cement. He said we could not manufacture cement because no coal could be moved; we could not move cement for want of the requisite

number of wagons. It would be much better if we stop one of the big projects where cement is required instead of starving everyone and keeping all the works half-finished, incomplete. That would be better than asking thousands of people who are sinking their wells not to complete them. I think it is not a correct thing to ask people to suspend their work.

Very often we are told here that these are the strains and stresses of a developing economy. I refuse to accept that proposition. These are not the strains and stresses of a developing economy. These things are inherent in our inefficiency. It is just a cover to say that these are the strains and stresses of a growing and developing economy. The administration cannot be permitted to have this cover to cover up their inefficiencies, inadequacies, and deficiencies. I cited two examples of stresses and strains. Why could we not take care of these small matters. We could certainly have attended to them.

Therefore, let us not get impervious, let us not become indifferent to all these criticisms and accusations, but make a critical examination ourselves and see that all that is desired is done. That way we can give real satisfaction to the people that the administration is not taking the criticism lightheartedly but is trying to do everything that lies within it to improve this state of affairs.

Shri L. Achaw Singh (Inner Manipur): First, I would like to submit that the Finance Bill for the year 1962 presented to us is only a *status quo* Bill in so far as it contains no changes in the tax structure. Generally tax proposals impinge on the returns of investments in general and on investments in industries which the tax measures favour or penalise

in particular. In the absence of fuller data on the budget, it is difficult to determine the direction of economic activity in general in the coming year.

On present showing, the outlook for 1962-63 does not seem to be too agreeable, because the revenue gap of Rs. 63 crores is the largest since independence; more usually, we have had revenue surpluses. Now the public and the stock markets seem to be concerned over the additional tax burdens; this may cause. If we review the tax pattern of the past decade, it would be quite clear that as a practical matter there is little hope of significant additions to the tax collections through taxation of personal incomes. The bulk of these collections would have to come from the highly regressive levies on commodities. This will hit the poor man and will not bring about the socialistic pattern of society. The men of business have not been alarmed in spite of the warning of the Finance Minister the other day that we have to enlarge the budgetary resources in order to ensure stability in the economy. They know that in the last budget the Finance Minister had been very sympathetic and generous to them and so they now hope that the new taxation measures would not discourage business activity. I would request the Finance Minister to see that there is some change in the taxation pattern so that the burden on the common man may be a little lightened.

There is another disquieting feature of the next year's estimates because they include a provision of Rs. 107 crores for implementing the Plan. The total Plan outlay for the second year of the Third Plan, both Central and State Governments, will be of the order of Rs. 1,446 crores, that is, only 19.1 per cent more than the current year's budgeted outlay. This is too small a provision for those who look forward to accelerated pro-

gress in our economy. The actual Plan outlay in the first two years of the Third Plan will thus be only of the order of one-third of the five year investment target of Rs. 7,500 crores.

I am very much disappointed at the actual rate of progress of development in my own area. I belong to the Union Territory of Manipur. It is a very backward State. From the point of view of communications and transport, we suffer a lot. The Manipur administration has failed to utilise the funds provided during the successive Five Year Plans; several lakhs of rupees have been surrendered to the Central Government; because they could not utilise the funds provided for development. This year there has been a very heavy shortfall on account of power, water supply, roads and hospital buildings under the administration and roads under the Manipur Territorial Councils.

There have been some difficulties. These have been shortage of materials, delay in the sanction of schemes, shortage of technical personnel, paucity of suitable contractors and so on. But these have been very long-standing problems; for the last ten years, these have been there. So it was time for the administration and for the Union Government to devise some measures so that there might not be any shortfall in the physical as well as financial targets of the plans. In a very backward area like Manipur, shortages of transport and communications as well as power are the main difficulties in the way of any real development work. It is rather a criminal mistake on the part of the administration to surrender huge amounts of money provided for development of transport and communications. Mainly, there are only two schemes for road development. One is the Imphal-Tamenglong road which is only 70 miles long. Work was begun during the First Five Year Plan period. It is now ten years; still the road could not be

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completed. Another project is the New Cachar Road. This was started during the Second Five Year Plan, but the progress is too slow. At this rate of progress, it will not be possible to complete the 135 miles of road within even the next Five Year Plan period. So, some steps should be taken to accelerate the progress of road construction in this territory.

With regard to bridge construction also, 17 minor and major bridges had to be completed during the Second Plan. Only five could be completed, and the sum provided for twelve projects was surrendered during the Second Plan. This is a very sorry state of things.

The Imphal Water supply Scheme which was to cost Rs. 29 lakhs was undertaken during the First Plan and water was to be provided from that scheme in 1960, but then that scheme was abandoned, and a new scheme is being taken up. The people are now afraid that they might not be able to get pure drinking water in Imphal town even during the Third Plan.

Another matter which should have been given priority is the power supply scheme. There was only one small hydro-electric power supply scheme started by the Britishers some 15 years back. That plant is still there. There was a scheme for its development but only because of the non-availability of penstock pipe the work of developing that power scheme could not be completed and the people there pay 37 p. per unit of electricity for industrial as well as domestic consumption, which is too high a rate. The *per capita* consumption of electricity there is very low compared to other parts of India. There is great potential for hydro-electric generation of power in a hilly area like Manipur. The Government of India should give priority for developing power in that terri-

tory, because that will be the foundation or basis for any industrial development in that area.

Another thing which I would like to bring to the notice of the Finance Minister of the Union Government is the fact that Manipur is very backward economically. The standard of living of the people there is very low. There is no industry worth the name; there is no medium industry, and no small-scale industry with a capital of even Rs. 20,000. So, it is very much under-developed, and without power and without transport and communications it is not possible to develop industry or agriculture. In the Union Territory of Manipur these two departments of industry and agriculture are under second class officials. That means these two departments have not been looked after properly. There has been a demand that they should be under first class officials. They are now run by second class officials, by men who have not the knowledge of things. If we want to develop this backward area, we should have programmes to look after these two departments. So, I request that these two departments should be upgraded and put under first class officials.

Lastly, it is a matter for satisfaction that the old development departments in the Union Territory would be transferred to the elected body, the Territorial Council. The Union Government has appointed an official committee to work out the details. Till now we had been suffering because the people's representatives had not been given any power or status to look after the development works. With the transfer of the old development departments to the Territorial Council we hope there will be enough progress in all schemes. Our only hope is that this representative body, the Territorial Council, will be given the status of an Assembly, and that the proposed Executive Committee which is going to be elected by the

majority party or by the Territorial Council would function just like a Council of Ministers in any other State, that they would be fully charged with the responsibility of implementing the various schemes of the Five Year Plan.

Shri Morarji Desai: There are no changes in the Finance Bill that is before the House. The debate that has taken place has, as usual, covered many subjects outside the Finance Bill, as it is the privilege of the Members to speak on the Finance Bill on almost any subject that they like, but I hope it will be recognised that it is impossible for me within an hour and a half to get information about the criticism relating to all the other Ministries. I hope, therefore, they will excuse my inability to tell them anything on what they have said.

What was said about the difficulties of the coir industry has much truth in it, but that does not mean that Government is not conscious of these difficulties, or that Government has not been trying to take the necessary steps to see that the difficulties are removed and the coir industry continues to employ as many people as is possible. The hon. Member who spoke about it complained about mechanisation in the industry, and then he also complained about the industry not having a proper market abroad. If the industry is to survive and make good and is to thrive, I think, it is very necessary to see that there is mechanisation immediately in that industry. It is a difficult choice and perhaps an unpleasant choice that may have to be made. We are careful in this country to see that mechanisation does not take place at the cost of workers as far as possible, but if industries go out of existence for want of mechanisation, then the whole labour will suffer, and therefore it is a matter of judging the necessity, of doing the one or the other, or doing both together. That is how Government applies its mind to it and takes the steps that are necessary.

My hon. friend Shri Mathur referred to his sad experience as regards some industry with which he is connected, and he referred to the inefficiency which is prevailing in different departments of Government. We are trying to remove inefficiency as fast as possible, and I hope progress continues to be made. About the particular instance which was referred to by him I cannot say anything. I am quite sure that what he has said will be seen by the Minister concerned and necessary steps will be taken, but I did not quite follow when he said that Government must not be allowed to continue like this. I do not know whether it was a merely emphatic statement, or whether it meant something else. I do not know what is meant, but if it means that we must do all that we can to bring in efficiency as fast as possible, I agree with him entirely. Nobody can differ on the necessity of bringing in efficiency in everything that we do. It will be helpful if some patience is exercised in this matter and useful suggestions are made regarding the steps to be taken to remove the delays or the inefficiencies that are noticed in the transactions of the public with the Government.

14 hours.

Then he also referred to a speech of the President of the Federation of Indian Chambers of Commerce and Industry. I do not see how he thought that the President of that body lays down the policies of this Government or of this country. The policies of this country are laid down by this Government. They are very clear and the Prime Minister spoke about it also very clearly. I do not think we should be very impatient about suggestions made by other people. Even if they are extreme what does it matter? We are not going to be deflected from our course because somebody says one thing on one side and somebody else says something on another side. We may profit by the criticism of people and if it suits us and it suits our policies and programmes, we should make

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the necessary changes, wherever it is necessary to do so. But that should be consistent with the line that we have chalked out for our programme. The socialist programme that we have before us is not going to be deflected by any criticism one way or the other. Therefore any violent criticism on anything is not very helpful. Criticism must be constructive and not violent. That is all that have to plead with my hon. friend.

I do not think, Sir, that I need take the time of the House about these matters at all because it is not possible for me to give any detailed information about the subjects touched by hon. Members in their speeches on the Finance Bill. They are of course entitled to say whatever they have to say but I hope they will also recognise my inability to satisfy them within an hour and a half by getting all the information they want on these subjects.

I hope that the Finance Bill will be adopted by the House.

Mr. Chairman: The question is:

"That the Bill to continue for the financial year 1962-63 the existing rates of income-tax and super-tax and to provide for the continuance of certain commitments under the General Agreement on Tariffs and Trade and the discontinuance of the duty on salt for the said year be taken into consideration."

The motion was adopted.

Mr. Chairman: We shall now take up the consideration of the clauses. There are no amendments. I shall, therefore, put all the clauses together.

The question is:

"That clauses 1 to 4, the Enacting Formula and the Long Title stand part of the Bill."

The motion was adopted.

Clauses 1 to 4, the Enacting Formula and the Long Title were added to the Bill.

Shri Morarji Desai: Sir, I beg to move:

"That the Bill be passed."

Mr. Chairman: The question is:

"That the Bill be passed."

The motion was adopted.

14.05 hrs.

TELEGRAPH WIRES (UNLAWFUL POSSESSION) AMENDMENT BILL

The Minister of Transport and Communications (Dr. P. Subbarayan) Sir, I beg to move:

"That the Bill further to amend the Telegraph Wires (Unlawful Possession) Act, 1950, be taken into consideration."

I think many words are not needed from me because this is a measure which is badly needed. Copper wire thefts are becoming more and more common. We have been trying our best to prevent this. But the punishment provided in the old Bill has not been found to be commensurate with the offence and magistrates even for the second offence have not given deterrent punishment. The punishment for the first offence is left entirely to the discretion of the magistrate, but for the second offence penalties are being increased both by way of imprisonment and fine. I hope that the House will agree to the Bill being passed.

Mr. Chairman: The question is:

"That the Bill further to amend the Telegraph Wires (Unlawful Possession) Act, 1950, be taken into consideration."

The motion was adopted.

Mr. Chairman: Let us now take up the consideration of clauses. There are no amendments to clauses 2 and 3. I shall put them together. The question is: