

## FINANCE (NO. 2) BILL—contd.

**Mr. Speaker:** The House will now resume further clause by clause consideration of the Finance (No. 2) Bill.

Out of eleven hours allotted for the general discussion and clause-by-clause consideration, 10 hours and 48 minutes have already been availed of and 12 minutes now remain for clause-by-clause consideration. After the clause-by-clause consideration is over, the third reading of the Bill will be taken up, for which one hour has been allotted.

Hon. Members must be aware that at the end of 12 minutes I will guillotine the whole thing. Schedule I was under consideration.

**Shri Naushir Bharucha** (East Khandesh): Schedule I cannot be put to vote as amendment 16 of the Government has not yet been moved.

**The Minister of Finance (Shri T. T. Krishnamachari):** Yes, it has to be moved. That is for Part II. If you are putting the Schedule as a whole, I have to move the amendment.

**Mr. Speaker:** Schedule I, Part I is over. Let that also be moved. I will put the whole Schedule.

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

Page 17, for lines 16 to 32 substitute—

“Sur-charges on super-tax

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

(a) A sur-charge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of super-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 super-tax which would 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 super-tax payable on a total income of Rs. 1,00,000;

(b) A special sur-charge on un-earned income at fifteen per cent. of the difference between the amount of super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income has been the total income.”

The amendment seeks to make available to the divisible pool the sur-charge of 15 per cent on unearned income of individuals and Hindu undivided families about which I mentioned both in my opening remarks and subsequently.

**Mr. Speaker:** The question is:

Page 17,—

for lines 16 to 32 substitute—

“Sur-charges on super-tax

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

(a) A sur-charge for purposes of the Union equal to the sum of—

(i) five per cent. of the amount of super-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 super-tax which would 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 super-tax payable on a total income of Rs. 1,00,000;

(b) A special sur-charge on un-earned income at fifteen per cent. of the difference between the amount of

super-tax on the total income and the amount of super-tax on the whole of the earned income, if any, included in the total income, if such earned income has been the total income."

The motion was adopted.

Mr. Speaker: Amendment 15 has been discussed. I will put amendment 15, also to the vote of the House. It has been already moved and discussed.

The question is:

Pages 14 to 16,—

for lines 1 to 39, 1 to 39 and 1 to 3 respectively substitute—

"(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.

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

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

Provided that for the purposes of this Paragraph—

undivided family whose total income exceeds in either case Rs. 20,000 shall not exceed the aggregate of—

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

(ii) the income-tax payable shall in no case exceed half the amount by which the total income exceeds the said limit;

(iii) the income-tax payable by an individual who is married or a Hindu

(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.

[Mr. Speaker]

The limit aforesaid shall be—

(i) Rs. 6,000 in the case of every Hindu undivided family which as at the end of the previous year satisfies 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 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 would 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 income 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 from any other living member of the family;

(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 motion was adopted.*

**Mr. Speaker:** Now I will put amendment 57. The exemption limit

has been reduced to Rs. 3,000 and they want it to be Rs. 4,200. That is, the tax will be reduced. It does not require any recommendation from the President.

The question is:

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

*The Lok Sabha divided: Ayes 57; Noes 171.*

### Division No. 24]

### AYES

[12.23 hr 9.

Awarthi, Shri  
Benerjee, Shri S.M.  
Beck, Shri Ignace  
Bhanja Deo, Shri  
Bharucha, Shri Naushir  
Chandramani Kalo, Shri  
Daulta, Ch. P.S.  
Deo, Shri P.K.  
Dharmalingam, Shri  
Dwivedi, Shri M.L.,  
Elias, Shri M.  
Gaikwad, Shri B.K.  
Ghodasar, Shri Fatehsinh  
Ghose, Shri Bimal  
Godsara, Shri S.C.  
Gopalan, Shri A.K.  
Goray, Shri  
Gupta, Shri Sadhan  
Imam, Shri Mohamed

Jadhav, Shri  
Kar, Shri Prabhat  
Karni Singhji, Shri  
Kattu, Shri D.A.  
Kodiyan, Shri  
Kumaran, Shri  
Kumbhar, Shri  
Kunhan, Shri  
Matin, Shri  
Menon, Dr. K. B.  
Menon, Shri Narayanankutty  
Mohan Swarup, Shri  
Mukerjee, Shri H.N.  
Mullick, Shri B.C.  
Nair, Shri Vasudevan  
Nayar, Shri V.P.  
Pandey, Shri Sarju  
Patil, Shri Nana  
Patil, Shri U.L.  
Proddhan, Shri B.C.

Punnoose, Shri  
Raghunath Singhji, Shri  
Rai, Shri Kushwaqt  
Rao, Shri D.V.  
Rao, Shri T.B. Vittal  
Reddy, Shri Nagi  
Singh, Shri Kamal  
Siva, Dr. Gangadhara  
Sonule, Shri H.N.  
Soren, Shri  
Sugandhi, Shri  
Supakar, Shri  
Thakore, Shri M.B.  
Vajpayee, Shri  
Valvi, Shri  
Verma, Shri Ramji  
Warrior, Shri  
Vajnik, Shri

### NOES

Achar, Shri  
Achint Ram, Lala  
Ajit Singh, Shri  
Ambalam, Shri Subbiah  
Anjanappa, Shri  
Ashanna, Shri  
Atchamma, Dr.  
Bahadur Singh, Shri  
Bakliwal, Shri  
Balmiki, Shri  
Benerjee, Shri S.K.  
Banerji, Shri P.B.  
Banerji, Dr. R.  
Bangshi Thakur, Shri  
Barman, Shri  
Barrow, Shri  
Barua, Shri Hem  
Barupal, Shri P.L.  
Basappa, Shri  
Basumatari, Shri  
Bhagat, Shri B.R.  
Bhakt Darshan, Shri

Bhargava, Pandit M.B.  
Bhargava, Pandit Thakur Das  
Burbal Singh, Shri  
Bose, Shri P.C.  
Brahm Perkaash, Ch.  
Brajeshwar Prasad, Shri  
Chanda, Shri Anil K.  
Chandak, Shri  
Chaturvedi, Shri  
Chettiar, Shri R. Ramanathan  
Chuni Lal, Shri  
Daljit Singh, Shri  
Dasappa, Shri  
Das, Shri N.T.  
Das, Shri Ramdhanu  
Das, Shri Shree Narayan  
Datar, Shri  
Dunesh Singh, Shri  
Dube, Shri Mulchand  
Dublish, Shri  
Blayaperumal, Shri  
Gaekwad, Shri Fatesingh Rao

Gandhi, Shri Peroze  
Gandhi, Shri M.M.  
Gohain, Shri  
Guha, Shri A.C.  
Gupta, Shri C.L.  
Harjansingh, Shri  
Harvani, Shri Ansar  
Hathi, Shri  
Hazarika, Shri J.N.  
Heda, Shri  
Hem Raj, Shri  
Hukam Singh Sardar  
Jagivan Ram, Shri  
Jain, Shri A.P.  
Jain, Shri M.C.  
Jena, Shri K.C.  
Jhunjhunwala, Shri  
Jogendra Singh, Sardar  
Jogendra Sen, Shri  
Joshi, Shrimati Subhadra  
Kanakasabai, Shri  
Kanungo, Shri

Karmarkar, Shri  
 Khan, Shri Osman Ali  
 Khimji, Shri  
 Khwaja, Shri Jamal  
 Khataya, Shri  
 Krishnamachari, Shri T T  
 Kureel, Shri B N  
 Lachhu Ram, Shri  
 Lahiri, Shri  
 Lal Shri R S  
 Laxmi Bai, Shrimati  
 Mafids Ahmed, Shrimati  
 Majithia, Sardar  
 Malliah, Shri U S  
 Malaviya, Shri K D  
 Mandal, Shri J  
 Mathur, Shri Harish Chandra  
 Mehdi, Shri S A  
 Mehta, Shri B G  
 Mehta, Shri J R  
 Mishra, Shri B D  
 Mishra, Shri Bibhuti  
 Mishra, Shri L N  
 Mishra, Shri M P  
 Misra, Shri R R  
 Mohiuddin, Shri  
 Munisamy, Shri N R  
 Morarka, Shri  
 Murthy, Shri B S  
 Nadar, Shri P T  
 Nair, Shri Kuttukrishnan  
 Nallakoya, Shri  
 Narayanasamy, Shri R  
 Nathvani, Shri  
 Nehru, Shri Jawaharlal  
 Nehru, Shrimati Uma  
 Nek Ram, Shri

Onkar Lal, Shri  
 Oza, Shri  
 Padalu, Shri K V  
 Palaniyandy, Shri  
 Pande, Shri C D  
 Pangarkar, Shri  
 Patel, Shrimati Maniben  
 Radha Raman, Shri  
 Raghuraj Sahai, Shri  
 Raghunath Singh, Shri  
 Rahman, Shri M H  
 Rajiah, Shri  
 Ramaswami, Shri S V  
 Ramaswamy, Shri K S  
 Rampure, Shri M  
 Ram Saran, Shri  
 Ram Subhag Singh, Shri  
 Rane, Shri  
 Ranga, Shri  
 Rangarao, Shri  
 Rao, Shri R J  
 Ray, Shrimati Renuka  
 Reddy, Shri K C  
 Reddy, Shri Ra  
 Reddy, Shri Viswanatha  
 Roy, Shri Bishwanath  
 Rungtung Sussa, Shri  
 Sadhu Ram, Shri  
 Sahu, Shri Bhagabat  
 Saigal Sardar, A S  
 Samanta, Shri S C  
 Sanganna, Shri  
 Sankarapandian, Shri  
 Sarhadi, Shri Ajit Singh  
 Satish Chandra, Shri  
 Sen, Shri P G  
 Shah, Shrimati Jayaben

Sherma, Shri D C  
 Sharma, Pandit K C  
 Sharma, Shri R C  
 Shastri, Shri Lal Bahadur  
 Shivananjappa, Shri  
 hukla, Shri V C  
 idananjappa, Shri  
 Singh, Shri Babunath  
 Singh, Shri D N  
 Singh, Shri D P  
 Singh, Shri H P  
 Singh, Shri T N  
 Sinha, Shri Anurudh  
 Sinha, Shri Gendraprasad  
 Sinha, Shri K P  
 Sinha, Shri Satyendra Narayan  
 Sinha, Shri Satya Narayan  
 Sinha, Shrimati Tarkeshwar  
 Siva, Dr Gangadhara  
 Somani, Shri  
 Subbarayan, Dr P  
 Sumat Prasad, Shri  
 Suryanarayanamurthy, Shri  
 Swaran Singh, Sardar  
 Thimmasah, Shri  
 Thomas, Shri A M  
 Tula Ram, Shri  
 Uike, Shri  
 Upadhyaya, Shri Shiva Datt  
 Venkatasubbaiah, Shri  
 Vyaa, Shri Radhela  
 Wadiwa, Shri  
 Wasnik, Shri  
 Wilson, Shri J N  
 Wodeyar, Shri

*The motion was negatived*

**Pandit Thakur Das Bhargava** (His-sar) There are other amendments which have not been replied to by the hon Minister I do not want it to be said that we have withdrawn them We have placed them before the House with all the force at our command The amendments are Nos 77 and 87 to 99

**Mr Speaker.** I shall now put these amendments to the vote of the House  
 The question is

Page 14, lines 6 and 7,—

omit "and every Hindu undivided family"

*The motion was negatived*

**Mr. Speaker:** The question is

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 7500 of total income Nil"

*The motion was negatived*

**Mr. Speaker:** The question is

Pages 14 and 15,—

(1) 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.

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 14 and 15,—

omit lines 35 to 39 and 1 to 4 respectively."

*The motion was negatived.*

**Mr. Speaker:** The question is:

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 satisfies 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."

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 15,—

for line 5 substitute—

"(ii) Rs. 3,600 in every other case."

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 15,—

omit lines 28 to 39.

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 15,—

after line 38 add—

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

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 17, line 4,—

omit "Hindu undivided family".

*The motion was negatived.*

**Mr. Speaker:** The question is:

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".

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 17,—

for line 8 substitute—

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

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 17,—

after line 15 add—

"If the Hindu undivided family consists of two persons entitled

[Mr. Speaker]

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."

*The motion was negatived.*

**Mr. Speaker:** The question is:

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."

*The motion was negatived.*

**Mr. Speaker:** The question is:

Page 17, line 39,—

for "12½%" substitute "10%".

*The motion was negatived.*

**Mr. Speaker:** The question is:

"That the First Schedule (both parts inclusive) as amended, stand part of the Bill".

*The motion was adopted.*

*The First Schedule, as amended, was added to the Bill.*

#### The Second Schedule

**Mr. Speaker:** I must apply the guillotine now.....

**Shri T. T. Krishnamachari:** I have an amendment to the Schedule.

**Mr. Speaker:** .. subject always to Government amendments.

*Amendment made: Page 26,—for lines 17 to 19 substitute—*

"(xxxvii) in Items Nos. 27(4)(a) and 27(4)(b), for the existing entry against each of them in the fourth column, the entry '1875 naye paise per Imperial gallon' and '20 naye paise per Imperial gallon' shall respectively be substituted".

— [Shri T. T. Krishnamachari]

**Shri T. T. Krishnamachari:** The intention of the amendment is that the import duty on kerosene which was raised in the Finance Bill as a countervailing duty against the excise duty, is also sought to be removed. It has been done by means of executive direction, but we want statutory sanction for it.

**Mr. Speaker:** The question is:

"That the Second Schedule, as amended, stand part of the Bill".

*The motion was adopted.*

*The Second Schedule, as amended, was added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri T. T. Krishnamachari:** I move:

"That the Bill, as amended, be passed".

In moving this motion, I would like to take this opportunity of making an announcement regarding some small concession which we have been able to give in the matter of excise duties.

The House will recall that while imposing the excise duty on vegetable non-essential oils, my predecessor had reduced by executive Notification, the duty on cotton seed oil by half. When I had proposed the enhancement of duty on these oils from Rs. 70 to Rs. 112 per ton, the rate on this particular vegetable oil was similarly reduced to half of the standard rate. We have since examined the report of the Oilseeds Crushing Industry Enquiry Committee. In pursuance of

their recommendation and in order to encourage the crushing of this seed for oil and in the hope that this would enable some groundnut oil to be released for export, the Government have decided to remove the excise duty on this commodity altogether. Effect to this decision would, as in the past, be given by Notification under Rule 8 of the Central Excise Rules.

This concession is estimated to cost the exchequer Rs. 2½ lakhs for the remainder of the current financial year.

**Shri Goray (Poona):** What a concession!

**Shri H. N. Mukerjee (Calcutta—Central):** Mr. Speaker, Sir, we are nearing the end of an annual drama, but this time it is more than usually poignant on account of the multitudinous imposts which the Finance Minister has inflicted on the people. We shall not be true to the trust reposed in us by the people if we do not strenuously oppose the passage of this Bill.

The Finance Minister wants an additional revenue to the extent of some Rs. 100 crores this year which, he says, is the barest minimum necessary to carry out the Demands already granted by the House in regard to the Plan, to defence and to other services. I do not deny that money is needed, though we all know very well that moneys in the hands of Government are too often woefully mis-spent. I do not deny also that to finance development, a large measure of reliance on taxation is essential. But I object very strongly when the Finance Minister swears by a new and integrated pattern of taxation while, if we look at the Wealth and the Expenditure Tax Bills, it seems largely to be a fake, and with that as his moral alibi, he plays havoc with the life of the people.

The Finance Minister sees that the Members of the Opposition—perhaps also on this occasion we might say that it is not only the Members of the Opposition but Members of the Congress Party—have been vehement in

their opposition to the many imposts which he has brought forward. But he says that Members who do not agree with his point of view are generally unable to suggest alternative methods of raising money for the Plan and for Defence. I submit that this is just not true. I submit that if he holds his nose in the air, indifferent towards the suggestions and ideas thrown up by Members from different parts of the House, and rejects those proposals which go counter to his own and throws them into the waste-paper basket, then, it is just not fair. And, what is worse, it lands the country in a mess and that is exactly what has happened.

Sir, that the Finance Minister must have a very large share of the responsibility for the mess we find ourselves in today goes without saying. Our foreign exchange position, about which so much has been said but more requires to be said later on, is bad. Our import policy has been short-sighted, almost criminally so, and in spite of the Finance Minister saying that he is willing to stand any scrutiny in regard to that matter, I do hope that ways and means are found in order to examine our import policy, in order to examine the implications of the mess in which we find ourselves today in regard to foreign exchange position.

From the Finance Minister also we have heard for the first time, from a Member of the Cabinet of his distinction, we have heard the term, some kind of pruning of the Plan. I note from the debates which I studied fairly carefully that soon afterwards a Congress Member—I think Shri Mathur—when he got up to speak, he objected to the very use of the expression, 'pruning of the Plan', because it went against the grain.

Only the other day when a question was asked, when the Prime Minister was here, in regard to the defeatist mentality which prevails in certain sectors of the Administration, then, he came forward to say things in a manner which suggested that at least 'pruning of the Plan' is an expression which we should avoid. There might



[Shri H. N. Mukerjee]

be some kind of flexibility attached to the Plan; there might be some kind of readjustment. But 'pruning of the Plan' is a phrase which is being propagated in this country by certain people from whom the Finance Minister tries to demarcate himself, sometimes a little too protestingly. But that expression has come from him in the course of this debate and that is a very bad portent. I say it is a very bad portent because I have noticed and the House has noticed very frequently that Members of the Cabinet speak with different voices. The Food Minister speaks, for example, in one kind of voice but the Prime Minister, on the contrary, takes a very different point of view.

Apart from grossly indiscriminating imports which we have had till very recently, our continued extravagance over foreign purchases is a matter which causes a great deal of worry. In regard to this question of import, it is really fantastic that in the year 1956 we imported tinned fish and tinned fruits to the extent of Rs. 830 lakhs, while the year before we were content with tinned fruit and tinned fish to the extent of Rs. 567 lakhs. But this kind of thing happened, and I do not know why. I do not understand why in 1956-57, we have got such things as knives, scissors and electric washers, electrical contrivances to wash your crockery after you have had your sumptuous meal. This kind of thing has gone on for too long and something has got to be done. I am not in a position at this late stage to go all over it, but I refer to the question of foreign purchases.

Some time ago, in answer to a question in this House, as a matter of fact on 24th February, 1956, the Government said that the stores purchased abroad under the auspices of the Ministry of Works, Housing and Supply amounted in 9 months April to December, 1955, to Rs. 74,52,11,000, that is about Rs. 74 crores and a half. That was the nine-month import of foreign purchases by the Works, Housing and Supply Ministry. The

other day, on 5th August, Shri Reddy replied that during 1956-57, a 12-month period, Rs. 198 crores of stores were purchased abroad. This is fantastic. We are supposed to be trying to ensure that only stores which we essentially need to purchase from other countries should be brought from there. But, as a result of this kind of screening of foreign purchases, we find that we are getting more from foreign countries in 1956-57 than we did in 1955.

In regard to this, I do not see my hon. friend Shri K. D. Malaviya here. But the oil mess which has happened is something which has got to be cleared up. We are losing a lot of foreign exchange and it has been estimated that foreign exchange worth Rs. 25 crores is being lost because we are sitting on the proved oil resources in Assam. We just refuse to move a finger to pump up this oil and use it. In December last year, the Minister said that all arrangements were complete with the Assam Oil Company. Then something went wrong and only the other day, he came before the House and said that nothing had been done. It seems, therefore, that Government cannot make up its mind. Government cannot go ahead with the scheme which is ripe and ready because oil is there. It is not a matter of speculation and we can go ahead with schemes which can save foreign exchange to the tune of Rs. 25 crores. In the meantime we import lubricating oils from abroad and the amount of money we are spending from year to year is increasing. I have got the figures here but I do not have the time to refer to all that in any kind of detail.

I do not understand also why the Finance Minister does not give any serious attention to the question of income-tax evasion which has been mentioned over and over again. He said yesterday that Members of the Opposition and members also perhaps of his own party were content to send him only anonymous correspondence alleging certain instances of so-called

corruption or something inside the income-tax administration or evasions on a large scale. But I say that it is not only anonymous letters which we sometimes have to send to the Ministry because we have not any means of verifying the contents of those communications. It is not only anonymous communications but communications with names given. I have here a communication which the Finance Minister must have got because this is a copy of that sent to him with names and addresses of the informants, with actual details in regard to alleged evasion to a very large extent of income-tax. Now, this kind of thing is done. I know even earlier—I have been in this House for nearly 6 years now and I have noticed that whenever these kinds of cases are brought to the attention of Government, they are, perhaps, sent to the waste-paper basket.

Only the other day, there was a question in the House and the Minister answered that Government is not going to have any public association with the income-tax administration. A question was asked by somebody, not a Member of the Opposition as far as I remember, who said that it is a good idea to associate the Commissioner of Income-tax in particular regions with a committee of public-minded persons, and the answer was that Government has decided not to do so. We are having a socialist pattern of society.

The Finance Minister comes forward and poses as a wonderful exponent of the idea of socialisation. But what kind of a plan are we going to have if we refuse to associate the people with every layer of the administration? My friend, the Minister of Communications, Shri Shastri is there, and I hope that when he comes forward to reconstruct his department, then, he would see that it is absolutely essential to associate the representatives of the workers as well as, if possible, representatives of the public in every layer of the administration. But, that is not done. Evasion amounts

to so much. Arrears amount to nearly Rs. 180 crores. Arrears in regard to Estate Duty amounts here and now to Rs. 1.15 crores. I do not say that these arrears can be collected straightaway. I do not say that all the money that is evaded can be collected straightaway. But, where is a serious effort being made? Where does the Finance Minister give this House and the country an inkling as to what exactly he is going to do to stop this kind of evasion?

We know very well this game has been going on, and going on with the assistance of all kinds of people, of leading lawyers who are leaders of society. About them the Income Tax Investigation Commission has made the most damning comments. They have said about people who sell their talents, legal and otherwise, in order to protect those who are guilty of something which in the present context of things in our country is treason. If today, while the Plan is in jeopardy, we do not punish those who cheat the country of its legitimate dues then, surely, we have no right to talk about fondling the Plan. We have no right to talk as if the Plan is nearest to the heart of the Finance Minister. If it was so, I would have been very happy. Sir, I have found no reason to believe that the Finance Minister really thinks that the Plan ought to be proceeded within that spirit which is absolutely necessary if it is going to be a success.

Then, what about the food muddle? This food muddle is illustrated in the fact that by 1956 the idea was that food imports will not be necessary and now we find that we will have to wait till the Greek Calends if we are to have a cessation of food imports. This kind of thing is what bedevils our entire financial position. This will make it impossible for any Finance Minister, whatever his talents, whatever his dialectical ability, whatever his capacity of countering arguments of other people by making all kinds of facetious observations, to bring about a success of the Plan.

[Shri H. N. Mukerjee]

In regard to iron and steel we have got information in answer to a question that we are paying Rs. 198 crores by way of foreign exchange. I was told only the other day by Sardar Swaran Singh that 20,000 tons were refused last year by Government departments which had indented for the iron and steel, and that iron and steel costing about Rs. 3 crores to Rs. 4 crores was sent out into the black-market. We know for what very wonderful purpose this is done, and the Government says we are not particularly perturbed. Actually, in that reply where the Minister for Steel, Mines and Fuel agreed that 20,000 tons were refused by Government departments after having indented that quantity, he said that Government has incurred no loss whatever. What a wonderful integrated view of the economic life of the country in a period when the Plan is in operation! The first year of the Second Five Year Plan is the most crucial period when all kinds of dangers and difficulties have attacked our social and economic structure. That is the time when the Minister says that 20,000 tons of iron and steel, for which we pay even Rs. 3 crores to Rs. 4 crores, was refused by Government departments, and Government has incurred no loss as a result of that particular proceeding.

And, the Government goes on wasting this iron and steel in Churchgate Station, Bombay. They build a six-storeyed structure unnecessarily. In the Perambur Factory foreign observers have told the Government that they are wasting steel which could easily be substituted by some other kind of material. We are wasting this kind of thing.

But, at the same time, we do not try to remedy the defect which has got, so to speak, organically into our economic and political thinking. That thinking has got to be altered entirely altered, really and properly changed. But the Finance Minister

does not seem to do so. The Finance Minister takes up attitudinising poses. The Finance Minister refers to other people in terms which suggest his unassailable superiority in regard to economic matters. He may very well be a very superior person. But the Finance Minister will not be able to tackle the problems of our country until he sheds this kind of thing. The Finance Minister should remember, for example, that today the whole world is watching this country, the future of the experiment which India is making to have a Plan in an economy which is largely capitalist controlled. This is something very much worthwhile, whether one likes it or not. This is a tremendous experiment, and how we deal with it is a matter not only of concern to the people here—it is of the deepest concern to us, of course—but it is of concern to the people abroad also. They are scrutinising everything that is said in the course of the proceedings in this House.

But, what do I find the Finance Minister behaving like? He says, you people don't seem to like the Plan as much as I do. He says, I am making certain impositions on the people certainly but you have to make sacrifices. I say, we are ready to make sacrifices. We are much more ready than you are to make sacrifices. We are ready here and now to go to the working people of our country and to tell them to undertake real sacrifices. But, when and how can our people make those sacrifices. They can only make those sacrifices when there are social services at least of an elementary character in our country.

We have the directive principles of state policy, but the directive principles of state policy in regard to education, in regard to health, in regard to employment are with impunity given a go-by. But, when it comes to a question of safeguarding the interests of certain people who have been enjoying for generations the property

bequeathed by their ancestors, then the articles of the Constitution are invoked.

What is this kind of demand for sacrifice? We are ready for sacrifices, but provide social services first, provide a minimum standard of living for our people first. And, we do not ask for the moon. Shri Lal Bahadur Shastri over there knows very well what the demand of the people working under him in his department is. Why can't we try to provide for our people the basic minimum of living? Why can't we take away from the minds of our people the worry in regard to health of their children and the education of their children?

The Finance Minister today comes and imposes income tax on people who have an income of Rs. 250 a month. So, we know what is what. We know how we people have been educated. We know how our people, our parents had to stint in order to give education to us. I know somebody might get up and say, you went abroad and therefore you cannot say that. I went abroad because I happened to get a scholarship. I know very well how it is for middle class people to somehow manage to live. We know very well how it is a terrific problem for our people to give education to their children. Provide facilities for education, for health, to our people and then you will find them coming forward to offer all the sacrifice in the world that you want. Till you have provided social services you have no right to expect sacrifices. Till you have lit the glow of enthusiasm in the heart of your people, you have no right to talk about everybody being mobilised for the sake of the Plan.

We are only too ready to be mobilised for the sake of the Plan, but what are Government going to do about it? What has Government done so far about mobilising the enthusiasm of the people? Why do we find this stupendous contradiction in the life of our people, that everywhere we want our people to go ahead, our people want to share in the tasks of going ahead but,

at the same time, our people can't go ahead. They have not got the wherewithal, they can't make both ends meet, they can't somehow manage to carry on from day to day. That is the dilemma which we have to solve.

But, the Finance Minister thinks that by bandying some kind of ridicule at the Opposition he can get away with it. Of course, he can get away with it in this House where he has got his own majority, but if there is a free vote I am not very certain whether the Finance Minister would get his Budget passed in the way that he expects to do.

The Finance Minister is a very superior person. He refers to things like Marxism. He refers to a colleague of ours like Shri Prabhat Kar and says that he is not a Marxist but he is a Communist of the Indian variety. I do not know what kind of facetiousness it is, but if somebody is a Communist of the Indian variety because he happened to be an Indian and happened to embrace the Communist ideology, I think it is a very good thing.

Of course, the Finance Minister talks about Marxism. I do not know, he may have delved deep in the springs of Marxism, but I fear, a little Marxism is a very dangerous thing, and it is very important that the Finance Minister guards against these unnecessary expeditions into realms of which he is completely unaware; he might very well confine himself to what he knows and his officials know. He might very well work on the basis of the advice which he gets and he might very well try to bring about what my friend Shri Masani used to say, a sort of welfare State, a middle,—middle State that you know of and all that kind of thing. He might very well do that. He might very well profess to be completely ignorant of the philosophy of Marxism or the practice of Marxism, but he says, "In the Soviet Union, these are the things done. I know all about that in Poland and a gentleman called Gomulka", about whom I know very little but Shri Masani knows a great deal, it seems.

[Shri H. N. Mukerjee]

He says he can deal with all that kind of thing. I am flabbergasted; I am astounded. I do not want to hear this kind of thing at all. I do not want to hear the Finance Minister referring to the Soviet Union and saying, "Oh, look here, in the Soviet Union, people make these sacrifices and you chaps, Indian Communists, 'why don't you say hallelujah as the Soviet have shown and why don't you say, 'we shall also offer sacrifices to the Government of India'" of which the Finance Minister is such a very distinguished ornament?

How, in the name of mite, how in the name of all that you hold sacred, how are you going to compare our conditions in this country with conditions in the Soviet Union? After all, in the Soviet Union, they have had a stupendous revolution—the 1917 revolution—and there have been decades of a kind of history which we can hardly conceive. We have been brought up very differently. We have a very different kind of tradition. How can you expect the people of India, conditioned as they are, to go through the kind of sacrifice which the Soviet people have obviously undertaken—Rightly or wrongly, it is not for us here in this Parliament, to decide? But they have undertaken certain sacrifices; they have achieved certain tangible results. They did it because of the compulsions of the situation; because of a certain objective readiness for social development. But here, in this country, we have to deal with a particular situation. What are you going to do about it? The Finance Minister does not say a word. Only his colleague, the Prime Minister, occasionally tries to theorise about the whole matter; occasionally it is worth hearing, but then again, there is a philosophy of hesitation; there is a philosophy of the beauty of compromise; there is the philosophy of not tackling any of those vested interests which, like the interests of the scribes and the Pharisees of the age of Christ, have continued since the beginning of

time. Because of all that, our position gets bedevilled and we see dark shadows overhanging our country and the second Five Year Plan continues to be in jeopardy.

I want the Finance Minister to remember today that worries over food spread today all over the country. It is not only that. You hear from Andhra that it has got a surplus and will keep it. In Uttar Pradesh today, an agitation is going on because of starvation conditions there. I read in the Congress papers in West Bengal that in the district of Nadia, people are nearly dying of starvation.

**Mr. Speaker:** This is the third reading. The hon. Member has spoken for 25 minutes.

**Shri H. N. Mukerjee:** In one minute I shall close. There has been no emotional integration of our country. Otherwise, today, the Foodgrains Enquiry Committee, in its report—

**Shri Shree Narayan Das (Dardhanga):** May I know whether the hon. Member is supporting the Bill or opposing it?

**Mr. Speaker:** The hon. Member may draw his own inference.

**Shri H. N. Mukerjee:** I will tell the Finance Minister that today we are in a very difficult position not only in regard to food but also in regard to the lack of emotional integration among our people. In regard to rehabilitation, schemes like the Dandakaranya scheme are being put forward but it might turn ultimately to be a stupendous make-believe. In the South, there is a kind of feeling that the North is trying to dominate over the South. Crises are arising all over the place. The Plan itself is threatened. There is a creeping feeling of helplessness, a feeling of despair which is everywhere in the country, and today, because of that, it is very necessary for Government, as leader of the country, as the administrator of things, to come forward and enthuse the people, to offer them something

in return for which they can offer voluntarily their enthusiastic service for the successful implementation of the Plan. That has not been done at all. There has been a complete lack of imagination in regard to the tackling of these problems which are so important today. That is why I say that in spite of perhaps the good intentions of the Finance Minister, this Finance Bill will not produce the results that we all desire, and that is why I say that on account of the very heavy imposts upon the people who are already bearing such a very heavy burden, we cannot support the Bill as he has presented it before the House.

**Shri Bimal Ghose (Barrackpore):** I had desired to speak at the consideration stage but that was impossible and as we have already passed the taxation measures, I do not think I can say anything on the taxation proposals. But I believe that I can salvage some of the things that I wanted to say at the consideration stage and use them now without doing violence to the propriety of discussion at this stage.

The Finance Minister has himself conceded that the budget is of a formidable character and he has presented the nation with a heavy bill of fare in the shape of taxation measures. He has urged in extenuation that the Plan has run into difficulties. We would have had to impose very heavy taxation measures even if the Plan had not run into difficulties. But the question arises as to why the Plan should have run into difficulties. Even then, when so much taxation has been imposed, there are friends who say that the Plan must be pruned and even the Finance Minister probably, to a certain extent, agrees with that suggestion. The main reason why we have run into difficulties and why there is this demand for pruning the Plan is that apart from the defects and imperfections in the Plan such as internal imbalances or under-estimation of certain investment proposals, some of the assumptions in the Plan have gone wrong since the Plan was adopted, and they have gone wrong in three impor-

tant respects, namely, food, foreign exchange and development of inflationary process. We have to ask as to why is it that the assumptions that we had made in the Plan just about a year ago or just a little over a year ago have gone wrong.

Let us take them *seriatim*. Let us take food which, I believe, is a more difficult proposition than even foreign exchange. We do not know why the food situation is such as it is today. What has gone wrong? When we accepted the Plan we thought that we would have no difficulties. The Government have not enlightened us on that matter. The pronouncements that have come have been confusing. We do not know whether there is faulty understanding on the part of the Minister or the statistics are faulty or both are at fault.

**Shri Ranga (Tenai):** Whatever the climatic conditions.

**Shri Bimal Ghose:** The fact remains that there has been some bungling in the food situation and I think we can now examine it and say that, in retrospect, the Government could have done something in the past which would have, to a certain extent, improved the position today. For example, in 1955, when the price policy was announced, we could have bought sufficient food which we did not do then. Then, about bank advances, there was a relaxation in September, 1956 which should not have been done. Then, there was, in the initial stages, only instructions issued by the Reserve Bank. There should have been directives instead of those instructions which came much later.

Then there is foreign exchange. I shall not say anything about that because we have discussed that fully, but I want to make three observations. I remain unconvinced by what the Finance Minister has stated here as to the substance of the charges that we have brought in this House. Secondly, whatever comments have been made, either inside or outside, go to demonstrate that our fears were correct. Thirdly, the Finance Minister stated

[Shri Bimal Ghose]

that he took a calculated risk. I presume that the assumption that he took a calculated risk means that he wanted to achieve something. Then, either he has achieved that or he has not achieved. If he has achieved it, why is this outcry? There should be no difficulty. If he has not achieved what he wanted to achieve or what he set out to do, then, I would like to ask the Finance Minister "where have you gone, why have you gone wrong and what have you gone wrong in?" He has to explain as to why he thinks that having taken a calculated risk we are in a position in which we are today.

The next point is about the inflationary situation. Why is it that the inflationary situation has developed to such a serious extent? When we adopted the Plan and agreed to deficit financing of Rs. 1,200 crores, we knew the dangers of deficit financing. But still we adopted it on the ground that there would be no serious rise in prices, that there were sufficient indicators and we would know when to stop. Now there has been a serious rise in prices in 1956-57, in spite of the adventitious factor of very large imports. The Finance Minister was assisted by a surplus in the balance of payments to the extent of Rs. 292.5 crores. The rise in the supply of money was only Rs. 129 crores in 1956-57, as against Rs. 264 crores in 1955-56. But still prices have gone up. As the Finance Minister will realise it is not the general price index that is important; it is the cost of living index, because it affects the wage structure ultimately.

13 hrs.

Now the serious thing today is not that the prices have risen so much. The cost of living index had gone down in 1955-56 compared to 1954-55 from 99 to 96, in spite of the fact that there was an increase in money supply of Rs. 264 crores during 1955-56. In 1956-57 although the increase in money supply is only to the extent of Rs. 129 crores there is a rise in the cost of living index from 96 to 107.

There is a rise of more than 11 per cent., and that is a most serious thing. And it is due to this rise in the cost of living index that we find that it is in 1956-57, it was not in 1954-55 or 1955-56, that there is this threat of strikes, that there is labour unrest and other things.

I agree with my hon. friend Mr. Dange that he could not instigate the workers to strike. He has not that force, even if he wanted it unless he were assisted by the powerful cost of living index. It is the powerful assistance given by the cost of living index that has assisted Mr. Dange or it may be anybody else, to make the workers feel that they could not carry on with costs rising so rapidly. The cost of living has gone up so much that they were impelled to strike.

There is another reason why we have gone wrong. We had assumed when we adopted the Plan that because there will be heavy investment in heavy industries, naturally there will not be capital for investment in light industries and therefore consumer goods must be provided by small industries. There our calculations have gone wrong. There was considerable fear when the Plan was adopted that probably this sector will not be able to meet the demand for consumer goods.

Now I have two charges against the Government in that regard. The first is that having accepted that proposition, they did not set up the machinery to fulfil that assumption which was implicit in the Plan. Secondly, having taken no step in that direction they also did not take any step to extend productivity in the mill sector. We no doubt took certain risks, but when we adopted the Plan we knew that this was the position, and these were our assumptions. Those assumptions have gone wrong, as I shall show presently, because the Government failed to take steps in time.

Now I shall come to another question, and that is whether the situation

being what it is today, we can raise sufficient resources to implement the Plan. We have given the Finance Minister all the taxation measures that he wanted, but still there is doubt. I feel that if we can go about it in the right way, there is no reason why Indian economy should not be able to raise the resources necessary for the Plan.

I can compare things with China. One might say that the position in China is different, but I am coming to that. It is very interesting to find that in China in 1952 the proportion of *per capita* investment or proportion of national income going to saving was much higher. In India it was only 5·7 in 1952 or getting down to Chinese calculations 6·7 in 1952, and in China it was about 15·7 per cent. In 1956 in China it had gone up to 22·8 while in India it was only 8 per cent. or according to Chinese calculations 9·5 per cent. The reason why I say this is this. It is not difficult to raise even with our meagre resources the necessary revenues, because in 1952 there was not much difference in *per capita* income of the Chinese and the Indian. The *per capita* income in 1952 in China was 227; in India it was 235; as a matter of fact, it was higher in India. But still the saving there was 15·7 per cent., whereas in India, according to the Chinese calculations, it is 6·7 per cent. only.

Now, as the Finance Minister knows, very well, the problem of development is how to convert, in the words of Arthur Lewis an economy which was 5 to 7 per cent. saving into an economy with 11 to 12 per cent. saving, and if you can do that, the economy will take charge of itself and future progress will be ensured. Unless we can increase our savings which is not impossible, we shall not be able to fulfil the Plan.

To those who say that the taxes are very heavy on the rich classes, I would only say that in Japan taxation is much higher. Not only is taxation much higher, but Japan is more egalitarian, has more socialistic economy

today than India has. But still industry is progressing even under private enterprise.

Finally I want to say this. Although the Finance Minister may have all these taxation measures, unless certain other things are done in other fields, he will not be able to make a success of the Plan. The other things necessary are first he has also weapons at his command—the monetary and the financial policy must also be attuned to the requirements of the time. I think that we do not take measures in proper time. For example, in regard to bank credit and its restriction, as the Finance Minister will know, one-third of the money supply today comes from banks; about 800 crores out of 2,400 crores consist of bank money. The Reserve Bank Act was amended and powers were given to the Reserve Bank. Why did we not increase the statutory reserve requirements of banks much earlier? Why did we not impose higher margin requirements much earlier? Why did we not ask for the issue of directive much earlier? So, it is necessary that we should have a better financial policy in this situation. It is necessary that we must do something about increasing the consumer goods. We must resolve the bottle-necks. What is our attitude towards small and cottage industries? If we think that we can do something, then we must start machinery for that purpose, because unless we have the machinery, mere financial institutions or marketing institutions will not help them. We have to buy the whole commodity from them; give them commission to produce the thing. Only in that way can the small scale industries thrive.

Thirdly we must check non-development expenditure, that is increasing. The Finance Minister must do something about it. Fourthly, we must see to it that the State Governments fulfil their part of the obligation. They are increasing their non-development expenditure. They are not raising the portion of the funds which they should raise. Unless something is done about it I do not think the Centre by itself



[Shri Bimal Ghose]

will be able to carry through their obligations. It is a peculiar situation. Having adopted the Plan, the Centre feels that they have to find all the resources; although there is a commitment on the part of the States to raise a part of the expenditure, the States do not do it. The Centre, because the whole world is looking at it, feels that it is its obligation to find the resources.

There must be economy in expenditure, about which I shall say nothing more. Finally, I think there should be some more coherence in ministerial pronouncements. I find different Ministers saying different things. We found the other day a Minister saying that there is going to be a Rs. 1,000 crore housing project. I do not know where the money is to come from. Then one of the Ministers of State in the Ministry of Transport and Communications stated in this House that he would encourage, or at least countenance enterprise to develop civil aviation. But that is not permitted under the Industrial Policy Resolution, because civil transport is in Schedule A. Then, some Minister says, there will be new railway lines. But the Plan provided only railway lines to serve the steel areas. Ministers make pronouncements which have no connection with the Plan. For example, there was the controversy between our Information Minister and the Irrigation Minister. So, one is astounded as to how a chaotic team like the one we have today can effectively implement a Plan of this magnitude.

We are prepared to give the Finance Minister all the resources, but the question of internal resources is not a simple one. Yet, mere taxation will not help him in seeing the Plan through. We speak of the Plan not being fulfilled, but we need not shout so much, because we claimed that the first Plan was fulfilled, although (a) we did not reach the target of production and (b) we did not reach the target of expenditure. We did not reach the target of production in most of the things; except two items in agriculture and three or four items in industrial production, we did not reach

the targets in many of the other items.

In pig iron, we reached only 17 per cent.; finished steel 45 per cent., aluminium 47 per cent., superphosphate 13 per cent., mill cloth 72 per cent., handloom 61 per cent. and power alcohol 11 per cent. But still we claim that the Plan has been successful. Even a 15 to 20 per cent. short-fall in the second Plan would mean Rs. 750 to Rs. 1,000 crores. We might have kept quiet and the Plan would have been successful. We did not keep quiet, because some of the schemes requiring foreign exchange came into the picture. I can only say...

**Mr. Speaker:** The hon. Member must resume his seat now. I have already given him 18 minutes.

**Shri Bimal Ghose:** I will finish in 20 seconds. If these big schemes which require foreign exchange have to be made successful, all that I can say is that I wish the Finance Minister luck in his unofficial mission to America.

**Shri T. T. Krishnamachari:** Mr. Speaker, the battle is over and the skirmishes have begun. The Opposition has let loose on the House its fight artillery, because my hon. friend, who today chose to make a personal attack aided by that inexhaustible vocabulary which he has picked up in Oxford, when he was not able to command the language, made up for it by involuted gesticulations. But probably it is his method of getting into a fury, because he is in private life a very charming person and would not hurt a fly. Even when he writes a letter to me, he is very apologetic and says, "I am very sorry I am taking up your time". Why should that man work himself up to a fury?

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Apart from that, I do not want to be hard on my hon. friend, because he has to play a part and I think it is that of a good dramatist; he has played a dramatist. I do not take what he says very seriously, but I am sure he credits me with an ordinary amount of common sense and a little amount of honesty, so far as my intellectual pretensions are concerned. He was just more or less talking in a spree in order

to amuse the people sitting behind him, who had a good laugh at the expense of the Finance Minister. I do not grudge them that, because I do not think they get many chances of laughing. If my hon. friend, Mr. Mukerjee, would provide the material for them to laugh, I do not grudge them that.

But what did he say? Words, words and more words! English is a nice language. Probably if I had the privilege of going to Oxford myself, I might have been able to speak better, but unfortunately, my father was a very orthodox man and he would not send his son abroad. I envy Mr. Mookerjee's command of vocabulary, but, of course, I do not envy the various other things that he has to do in order to get himself up to a mood when he can speak with a facility which is not facetious. Characterisation of whatever I have said as being facetious, of my not being serious, of my thinking that I have got a monopoly of intelligence, if it amuses people, I do not grudge them that. But nobody says today that we are infallible. In fact, that is an attitude that we never take on anything. I do not think anything that we do, we do because we feel, with an attitude of self-righteousness that what we are doing is the correct thing.

Mr. Mukerjee says, for the first time the cat is out of the bag. What a cat? It is not even a rat; it is a tiny little mouse. We speak of the core of the Plan. Naturally when we speak of the core of the Plan, the core must be reached by some scraping off. One might say, I have scrapped it; I have pruned it. I have not said that the Plan must be pruned, so that the objectives of the Plan are in any way taken away from it. If such language has been used, he might have warned me. But I do not think he should take advantage of it, because pruning by itself in the context of my speech does not mean that the Plan is going to be watered down.

He mentioned about his party's own work for the Plan. Actions of his party belie his statement.

**Shri Nagi Reddy (Anantapur):** Not at all.

**Shri T. T. Krishnamachari:** A denial will not help. Everything that that party does is to subvert the economy of this country.

**Shri Nagi Reddy:** Certainly not.

**Shri T. T. Krishnamachari:** I say, denial will not help. On every occasion that you take, every meeting that you address, every crowd that you gather, you only want to subvert not only the economy of this country, but the Constitution of this country.

**Shri Nagi Reddy:** We gather a different crowd from the one you gather.

**Shri T. T. Krishnamachari:** There is no point; I think better be honest about it. You want me to be fed, but you won't give me food, Yes; I want you to be fed, but I won't give you food. This is a thing which, I am afraid, if it is an intellectual effort, is childish; if it is intended to cover the real intentions of the party, I think it is futile. Where does this question of infallibility come? You think you are acting in a manner by which everybody else is lured into a sense of security. I do not feel so. In fact, the threat to the Plan comes from you primarily.

**Shri Nagi Reddy:** It comes primarily from the Government.

**Shri T. T. Krishnamachari:** By the propaganda that hon. Members here and their party make, it is they who make it difficult for us to implement the Plan. Otherwise, we think it is possible.

It is true; Mr. Mukerjee said, what about social services? Yes; I would like to provide social services. If my Plan is cut down in one side where foreign exchange component is needed, because we can raise internal resources if we have the will to do so, we have to spend it in such a way so that the expenditure goes into social overhead capital in order to provide the people with a little hope.

[Shri T. T. Krishnamachari]

My hon. friend mentioned something about my colleague, the Minister of Works, Housing and Supply speaking about a 1,000 rupee plan. If you want to take advantage of a slip of the tongue, you can. You can make a mountain of it. What did he say? He was mentioning a figure mentioned in the Planning Commission's report where the private sector has been given a particular figure, near about Rs. 1,000 crores or slightly more for the purpose of housing. Housing investment by the private sector, that is, by the individual would be of that order and provision has been thought of in regard to supplies for that purpose. I do not think my hon. friend ever meant that he is going to spend Rs. 1,000 crores on housing during the Plan period. I do believe, if my hon. friends are honest about it, that if we are going to cut down the Plan in some way, we can extend it in some other direction. We can spend more money on slums; we can spend more on low income group housing. We can spend more money on rural housing. We can do that. It is possible to do that. If he really means what he says, I am with him. It is not being facetious. It is not making false promise. It is not even doubting your bonafides when there is every reason in the world to doubt your bonafides. It is because what you want to achieve is what we also want to achieve. It is never the intention of the Government, it is not the intention of any Member of the Government that the people in this country who are living in sub-marginal standards should suffer. If you want something in the future, if you want to build the economy of the country, some sacrifice is inevitable. If you say you are asking the poor people to make sacrifices, the point really is, there are not enough rich men from whom I can get sacrifice.

Then comes the question of tax evasion. What is it that I have said that makes my hon friend excited? He occasionally sends me a note about

something. Whatever he sends, we make enquiry. We go into it. But, it is not this way that we can put down evasion. I realise there is evasion. He says, sometimes I dissociate myself from that class of evaders and sometimes I get near, that is, actually I am not with them. No. No Finance Minister can be with the evaders. But, it is that I hate them as you hate. So far as I am concerned, it is not a question of black and white. You say, don't stray into communist ideology, it is my particular privilege, I have studied communism in Oxford, I am the man that can expound communism for platform purposes whereas my other friends will work underground.

**Shri Nagi Reddy:** Even by accident, you won't stray.

**Shri T. T. Krishnamachari:** I am neither speaking for communist ideology nor for communist ethics which is non-existent. I am telling you, there is no point in saying don't do this so that social services can improve. We can do it. We can accept even your bona fides for the time being. But, what is it that you want to say? Do you want to co-operate? If I say Dandakaranya scheme, you say it is all smoke. It is not. I have no administrative responsibility except Finance. But, I am devoting my personal attention to this scheme. In fact, I am gathering together various secretariat people, talking to my colleagues, bringing all the Ministries interested in it to see that the scheme might succeed. It is not easy; it is a very difficult, extremely difficult proposition. But, it does bring us a solution, some hope that we might be able partly to solve this problem of Bengal refugees. Hon. Members need not think that they alone have the heart which they have surrendered somewhere else. We also have got a heart. We go and see the people in Bengal and other places. We see their suffering. We are not out here just because we are Ministers enjoying palatial residences, huge cars, an amount of leisure and all the parties that go with it I do not know whom my hon.

friend means I do not have it and I do not think my colleagues are people who are ease-loving or leisure-loving. So far as I am concerned, the day begins with 5-30 a.m. and ends at 11-30 p.m. But, I am not doing all this for the sake of pleasing Shri H. N. Mukerjee or his party. I am doing it because there is a responsibility on us, on this generation—I am not even speaking of the Congress party—on this generation to see that we do something to alleviate the sufferings of our people.

I do not think Shri H. N. Mukerjee needs anything more than that. He says that my approach is dialectical. I read dialectics from people whom he admires. He says that my approach is facetious. I try to imitate Shri H. N. Mukerjee, who in spite of the grimness with which he shakes hands and makes gesticulations, seems to me to be facetious. He does not mean what he says. The party itself puts him up as light fire, if there is anything in which they find nothing much serious. He cannot damage. He will say something which is more than he feels. That is enough for Shri H. N. Mukerjee.

Shri Bimal Ghose remains unconvinced. The trouble about it is, he was born at a time when the star that was ruling seems to be a star which carried no conviction about it. I have tried and taken the time of the House, prepared materials and I have shown—I think I have shown justly—that during the period of four or five years, we have kept the import and export policy on an even keel. He says, I remain unconvinced. If he remains unconvinced, one does credit my hon. friend Shri Bimal Ghose with, at any rate, a capacity for being obstinate, even though it is not a human virtue. But, I am afraid, we have to leave him at that. He will remain unconvinced. We cannot carry conviction to a man who remains unconvinced. I am afraid, Shri Bimal Ghose will remain unconvinced for a long time to come, not only in regard to the import policy, but in regard to many other matters. I hope he would not finally end up in

a stage of supreme *Advaita* where it makes no difference whether one exists or not. I hope this would not wound the religious susceptibilities of anybody here.

He has made certain points, particularly in regard to credit. Why did you take away the restrictions some time in September or October, why did you re-impose it later, why was it not effective, what about Rs. 880 crores of bank credit. The point really is this. This is the trouble about reading blue books and never understanding them. If I can revert to Shri H. N. Mukerjee, he suffers from, rather, may I say, if he will permit me, indifference. When he reads blue books, he mistakes lakhs for crores. It makes very good effect. When you say we have imported canned fish, canned meat and other things for Rs. 8 crores or 10 crores or Rs. 11 crores, it is very impressive. What has the Government been doing. It is only a matter of lakhs, because, figures of sea borne trade are indicated in lakhs. They do not go into crores. We have got the figure here. It is easy to quote—slip of the tongue again. We can make very good use of it and show that we have been negligent.

My hon. friend Shri Bimal Ghose read figures. He was trying to show that in relation to foodgrains we did not take proper care. There is no intention on the part of Government to stifle credit in regard to other matters where undoubtedly some good is likely to come for an expansionist budget. There is no object in taking an overall picture of the bank advances and saying, you have not brought it down. I agree that so far as advances for foodgrains are concerned there are a lot of loopholes. When we took away the restriction on rice, we were told that prices were dropping. All State Governments telegraphed to us that prices are dropping and if you do not give any credit support, prices will drop further. Then, we took it up. Later on, things hardened. We have now found that apart from bank credit, agriculturists have got a holding power. We also find that the recent innovation made by us

[Shri T. T. Krishnamachari]

in regard to providing loans for the co-operative banking sector, which is not very well organised and which cannot be controlled, has been made use of in certain parts of India. He says that the directives have not been obeyed. Yes. They have not been obeyed to some extent. We find that not merely the Scheduled Banks did not obey, but the State Bank found it difficult. Because, it is easy to lend money; it is difficult to ask for money to come back. You can't put the screw suddenly. In that case, there would have been a spate of protests and adjournment motions in the House. You have to put the screw on gently. Still we insist that advances should be drawn down to 66 and 2/3 per cent. of what obtained in 1956. We are coming down. I think the figure on 18th of August was somewhere about 81 per cent. of the 1956 figures. I do not say that it is very efficient. We have to make our administration more efficient. Now we have a Reserve Bank with a fair amount of powers and we have a State Bank which can have a predominant voice in the monetary structure and the credit policy of the country. If the suggestion is that we have to make increasing use of them, I accept the suggestion very cheerfully. I will certainly say that we should try our best to see how we can control the inflationary pressures by using the credit policy, though it is not altogether possible in every case. I think my hon. friend Mr. Sadhan Gupta asked a question: how are you safeguarding the switching over of credit from one to the other? He might have got credit for iron and steel. He may switch it on to food-grains, for a person may own a number of companies. That is possible and we have no check on that now. We accept these suggestions, we accept these criticisms in good spirit because we cannot carry through a plan of this magnitude in an economy of this nature, which is not like China which gets co-operation from everywhere, without accepting the useful suggestions, examining them and trying to integrate them with our policy.

My hon. friend referred to China. He said the per capita income in India is slightly higher while the rate of savings is less. The only difference is: here is a democratic government, a federal government; not merely it is democratic and cannot make people obey immediately, but is also a federal government. We cannot even bring the States into line quickly. That is our difficulty. Democratic planning has a lot of pit-falls. That is where my hon. friends come in. If the country is organised on a communist basis, planning might be successful. Even if it is not successful, nobody dare complain, nobody dare strike, nobody dare go-slow. That is why planning today has been made a success in the totalitarian countries and it cannot be engrafted to a democratic set-up. Nobody denies the fact that it is a very very difficult task and that is why I welcome the suggestions made by Mr. Bimal Ghose.

Now I come back to the point about iron and steel. He said that Rs. 190 crores is given. It is true we had planned for the import of four million tons. It was deliberately planned. For one reason, it was needed for the purpose of economy because today the engineering industries are in full swing and secondly because we have prepared a plan for the production of 6 million tons. The country has got to get used to it because if I start producing in October 1959, 5 million tons, the country cannot use it straightaway. It is a planned effort. But, maybe, in one or two cases Government had ordered and they had not taken delivery. Sometimes Government are not able to make use of what has come in. I remember, I had asked the railways at one time to go round to every dock, look into every dump and take what they can. But they say that those gauges won't suit them. Probably, it has gone to the blackmarket or the structure fabricating centre and has been made good use of. Today, well, maybe in some cases, there is blackmarketing. We are trying to avoid it by raising the prices. That is one of the reasons for raising the price

though people have often criticised us for raising the price. I am trying to protect the price of cement so that when the price increases the demand for cement may show down and we may have a cushion. My friend of the Forum of Free Enterprise has stated that we are allowing blackmarketing and Government are blackmarketing. These are matters which my hon. friend does not know fully and he can ask questions. I am quite prepared, even though it is a portfolio of my friend, Sardar Swaran Singh, to satisfy him. We shall certainly satisfy him in these matters. But if you think that by making a speech here and making "lakhs" into "crores"—you have made a great effect and you made your party laugh, you made others also laugh. I do not grudge that—you have achieved something. I may tell you, you have not scored any particular point.

Now I come back where I began. We have full faith in the Plan. Any amount of eloquence on the other side to say that we do not believe in the Plan and they only believe in the Plan, which they seek to sabotage, is a thing which nobody will believe. We have been, more or less, hitching our wagon to this Plan and we propose to go on hitching to it and, as I said the other day, we propose to try our best to do what we can do to implement it. It may be that one Minister speaks with one voice and my voice might be a piping little voice and another Minister might have a stentorian voice. We cannot speak with the same voice because we have no voice culture or voice training. So, there is nothing in it. So far as an individual is concerned, he sometimes expresses a personal opinion. I might have some views about agricultural income-tax or land tax. It does not mean that because I am the Finance Minister in the Centre, every State should accept it I believe in diversity of views and unity of action and I do maintain that there is unity of action so far as the Government is concerned. I may be a very very minute

limb of this Government or, may I say, a lynch-pin? But still I will try my best to hold the whole thing together so that we may, God willing, be able to implement the Plan and whether it is the core of the Plan or whether it is pruned a little here and there, most of the targets that are to be fulfilled will be gone through.

**Mr. Speaker:** The question is:

"That the Bill, as amended, be passed."

*The motion was adopted.*

#### WEALTH-TAX BILL, 1957

**Mr. Speaker:** The Wealth Tax Bill has been allotted 9 hours and it has to be allotted to the various stages. Now it is 1-30 and we can go up to 5-30 I think we will allot 5½ hours for the first reading, 3 hours for the clause by clause consideration and half an hour for the third reading. Now the hon. Minister.

**The Minister of Finance (Shri T. T. Krishnamachari):** I beg to move\*:

"That the Bill to provide for the levy of wealth-tax as reported by the Select Committee, be taken into consideration".

As the House is aware, the Bill was referred to a Select Committee consisting of about 35 members on the 17th of July. The Committee submitted their report to the House on the 17th of August. They had 12 sittings in all, during which they deliberated upon not only the various provisions of the Bill, but also the general principles underlying the taxation of wealth in all its aspects, as envisaged in the Bill. The Committee considered the points raised by the hon. Members of this House, when the motion for reference to the Select Committee was under discussion.

\*Moved with the recommendation of the President.