SWATANTRA IN PARLIAMENT

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Briefly Speaking

This issue covers the latter part of the Budget Session of Parliament this year which ended on May 19, 1969. Naturally, in the context of the fast moving events particularly witnessed in the current Monsoon Session, the text of this issue may look somewhat pedestrian and even a little out of date. Pedestrian it may be, but, by no means out of date, for the governance of a nation which is the business of Parliament, is a continuous process despite adventurist policies and ordinances, which streak across like red herrings but are nothing more than temporary distractions. It has been often remarked that Parliament presents an empty House when serious matters like Finance Bills or other issues which keep the business of Government going are discussed but has a full House when matters of a sensational kind are the topics of discussion. This is entirely in keeping with human nature.

In this issue, the subjects covered are of grave importance to the country's democratic set up and its future as a free nation. For instance, the Bill to amend Fundamental Rights commonly known as Nath Pai's Bill (after its sponsor) continued to evoke bitter opposition from our benches consistent with the Party's philosophy that Fundamental Rights are inviolate. The menace of the Naxalites was another issue which agitated our members. In yet another debate, a member pointed out the far from impartial role being played by All-India Radio. This was in a speech made in May. Readers are undoubtedly aware of how unashamedly tendentious AIR has become, ever since the Ordinance nationalising Banks.

Our members opposed a move seeking to abolish the Privy Purses, on the simple ground that what was involved was the sanctity of the pledged word. The discussion on the Finance and Appropriation Bills saw our members putting forth very cogent arguments for fiscal commonsense, financial probity and economy.

We, at the National Headquarters, regret the delay in the publication of this issue. A quicker receipt of speeches delivered by our MPs in both the Houses would greatly facilitate more timely publication. *Swatantra In Parliament* also wishes to give greater coverage to questions raised by our Members in Parliament and the replies. If our Members could send us without undue loss of time, copies of their Questions and the Answers they elicit, we could begin a column to report on this very important aspect of Parliamentary activity.

Foreign Affairs!

Mr. Speaker, Sir, in initiating the debate on foreign affairs, I do not know whether I should not be talking about the problems facing us between Telengana and Andhra, between Mysore and Maharashtra, between Orissa and Andhra, between Goa and the Konkan or between the East India and the rest of the country or, what is still worse, whether we would not be really discussing the relationship between the Minister of External Affairs and the Minister of Finance or the relationship between the Prime Minister and the Deputy Prime Minister.

PILOO MODY, April 3, 1969

Accident?

Now, the picture that has emerged in the case of India, with possibly the lowest rate of growth, is not an accident. It is the end result of various industrial and economic policies pursued and adopted by this Government over so many years in the past.

D. N. PATODIA, April 2, 1969

Refuge

Apart from the economic working, I find, and possibly all of us find, that unfortunately these public sector projects have been made a tool in the hands of politicians; they have become a ground for refuge for condemned politicians; they have become a source for all sorts of vested interests. Regular misappropriations, regular thefts and regular over-staffing have become the watchword for all these public sector projects.

D. N. PATODIA, April 2, 1969

Giant Pigmies!

The giants of India are not even pigmies of the world. The world's largest, General Motors, employs 7,25,000 persons in the company and their net profit every year is almost equal to the budget of the Government of India.

D. N. PATODIA, April 2, 1969

Modern Gurus

The teachers always cared for the well being of the students and it was their sacred duty. They were called *Gurus*. But, now, Sir, regardless of the effect that it will have on the people, it is unfortunate that the teachers have taken up to the new method of anti-social and anti-national activities.

J. MOHAMED IMAM, April 17, 1969

Pride of the Nation

What else is there in this country of which we can be proud than the army, than the defence forces? We may not be so very proud of our Prime Minister and Ministers; they may not be proud of us. We are all together proud of our army.

N. G. RANGA, March 24, 1969

Going round and round

What are the Treasury Benches, Sir? One is right, the other is left and in between there is no fulcrum; *they are going round and round.*

N. G. RANGA, April 14, 1969

Quick change artists

They (Communists) want to destroy the fundamental rights of our Constitution under our very nose. They take the oath here, breach it the very next day, they take oath there from the Governor, then defy him and make him eat his own word, if he would be willing. Because if he was not willing, they want to dismiss him. If they cannot dismiss him, they insult him.

N. G. RANGA, April 14, 1969

Holy Communists

Unfortunately, quite a number of them are as well educated as myself and yourself. But then they, sanctum sanctora of all the great universities of the world, have only retained what is being taught to them either by Moscow or by Peking.

N. G. RANGA, April 14, 1969

Rather strange

It is curious that the people like the hon. Ministers, when they are in their seats of power for a long period of time, cannot see the needs of the industry; when they are themselves in power, they do not see the writings on the wall. As soon as they are out of power, they start seeing sense and make sensible recommendations.

N. K. SOMANI, April 16, 1969

Flourishing

In fact, our legislation machinery is a flourishing machinery. It is almost a basic industry. We have been producing so many Acts. It is the only industry which is flourishing very well in this country.

K. M. KOUSHIK, April 28, 1969

(Continued on page 50)

Constitution (Amendment) Bill, 1967

The Bill, more commonly known as "Nath Pai's Bill" seeks to abridge or abolish the Fundamental Rights enshrined in Part III of the Constitution.

The debate on the Bill, as reported by the Joint Committee, was further postponed to the next session of Parliament.

N. G. Ranga

It was not clear what was the idea of the Government behind their motion to postpone the discussion to the next session, whether they continued their commitment for the support of this infamous Bill or they had changed their mind. If it was an unconditional postponement and if they were going to give up that commitment, we might not have much objection. If, on the other hand, they stood committed to the earlier commitment to support this Bill and were not prepared to agree to the gentleman's agreement with all of us that this Bill was going to be recommitted to a Joint Committee, we would have no other option but to oppose this. The Government did not seem to know its own mind and went on changing its position from one to another. It was a very indecent way of dealing with the House.

May 14, 1969

GOVERNORS

A member moved the following Resolution:—

"In view of the recent controversy regarding the powers and functions of the Governors, and in the context of smooth Centre-State relations, this House is of opinion that a Committee of 30 Members of Parliament be constituted to consider the necessary amendments in the Constitution of India."

J. M. Lobo Prabhu

The controversy around the office of the Governor had arisen because of the changed political situation after the emergence of non-congress Governments.

It must be recognised that though different parties could exist at the Centre and at the State level, there was no real cause for differences unless the circumstances provided them. In the States of Madras, Orissa and even Kerala, the stability of Government had not brought the Governors into conflict with their Chief Ministers. It was where there had been instability, that the institution of Governor had been questioned and derided and was being demanded ~~to~~ be abolished. If the institution of the Governor was abolished who would act in case of instability in a State? It was, therefore, absolutely necessary that the institution of Governor should continue. If we did not have the institution of Governor we would not have democracy and constitutional Government.

As regards the appointment of Governors everyone was aware that Governorship was a haven to the disappointed politicians; Governorship was a refuge for someone when the Government either wanted to oblige him or wanted to placate him lest he should be troublesome elsewhere.

It had to be ensured that the office of Governor was properly filled. The President, in consultation with the Prime Minister, the Chief Minister, the Leader of the Opposition, and the Chief Justice of the Supreme

Court, should select the Governor of a State. That would prevent use of the office for party purposes. If that was secured, everyone would respect and accept the Governor.

Any office was useful and respected when it had a function. Because of the development of our Constitution from convention, the Governor had ceased to have any functions at all except certain formal functions. He must be given a function. As desired by Rajaji the Governor must be made functional in respect of two things: (1) the Police and (2) the administration. As long as the Police remained dependent on the Party in power, they would not exercise their duties to maintain law and order. It was therefore, absolutely necessary that the Police should be insulated from political interests. The second proposal of Rajaji was that just like the Police the administration should be insulated from political influence. We could make the Services dependent on the Governor for their posting, their promotions and their independence. We would then secure an instrument of service for the country not merely a service for the party in power. We should have our Governors to control the police and the administration.

April 11, 1969

Constitution (Twenty-second Amendment) Bill, 1969

Granting autonomy to the hill areas of Assam within the State of Assam.

N. G. Ranga

We appreciated the scheme of the Bill which had been brought to help the people of the Hill areas to develop their political personality and also to decide in what manner the funds available should be made use of so that their areas and their people could be developed. We would like the Government of India and also the leaders of Assam to take the necessary steps to help Rani Guidalu and her people to come into this particular scheme.

Secondly, there were the people of Cachar, who had been asking for some kind of an autonomy. We did not find any provision in this Bill for that area. The Government of India should keep their case and needs also very prominently in their mind and do something in order to satisfy their aspirations.

The people of Telengana were demanding a separate State. There was a *bandh* declared today and a great deal of feeling had been generated. Thousands of them were in jail. Therefore, it would be wise for Parliament to make an approach in this direction and give Parliament as well as Government the power to make it possible at a later stage, if and when they deemed it wise and necessary, for other areas, specially like Telengana, to come to have an autonomous State or a sub-State.

April 15, 1969

M. Ruthnaswamy

The proposal before the House was one of the most important that the Parliament of this country had been called upon to deal with. It was the solution of a very difficult problem, a problem which had been created by the geographical position of these areas. This was not only a frontier area but was also a backward area. These hill areas had been neglected by whichever Government sat in Shillong, whichever Government was in charge of Assam. Even in the British days this area was dealt with in a special manner.

Various proposals had been suggested. There was Nehru's original proposal of Scottish pattern whereby a special Minister for the hill areas was to be appointed, a special secretariat was to be constituted and special arrangements were to be made for the administration of these areas. Then came the Pataskar solution which also had been found unsatisfactory. Then there was the Union Territory solution which would have been the best solution of this problem because the Union Territory had a special kind of Constitution, a special kind of Government and it was directly dependant upon the Government of India, more directly than the ordinary State, and on account of the backwardness of the area, that area could expect special financial contributions from the Union Government.

The proposal which had now been suggested was a compromise solution. It was a solution which was acceptable both to the Assam Government, the Government of the plains and to the hill area people. And after all, this was only an enabling measure. The details of the Constitution would have to be framed by the Parliament Bill that would come up soon after this Constitutional amendment had been accepted.

It was unfortunate that the word 'State' had been used in regard to these hill areas. The use of the word 'State' of course raised the question whether we were going to have States within States, whether we were going to have another reorganisation of the States and so on. If the use of the word 'State' had been avoided, it would have been better. There could have been something like a Regional Council. The Member hoped that the Parliament Bill that was to be framed after this Constitutional Amendment was passed, would provide for real autonomy for the newly constituted State or Region and especially in regard to finance there must be a special provision for financial powers of the new Administration. They must have financial autonomy to a certain extent and they should not be dependant upon the Assam Government for financial contributions.

The Member hoped that this new Constitution that we were providing for these hill areas of Assam would be a half-way house to fuller and complete self-government for these hill areas.

Rajya Sabha, April 30, 1969

Enlargement of the Appellate (Criminal) Jurisdiction of the Supreme Court Bill, 1969

K. M. Koushik

The question which we were considering was not as to what would be the cost, and whether the man would be able to bear that or not. The question was that the right of appeal under article 134 of Constitution had been fixed arbitrarily, that is, in case of death sentence only, and there was a genuine feeling as to why the right of appeal should not be granted if there was a sentence for 10 years imprisonment or more. After all, 10 years punishment meant that the person would be confined in jail for such a long time and it was a slow death for him. He was worse than a man who had been convicted with a death sentence.

Therefore, this arbitrary limit should be relaxed in favour of a sentence like transportation for life or for 10 years punishment or more.

April 18, 1969

Demands for Grants for the Ministry of Law

N. G. Ranga

We should take the earliest possible opportunity to discuss as to what kind of relations should subsist between the Secretaries and the Ministers.

Something had got to be done in order to see that the Secretaries got definite instructions as to how they should behave towards the Ministers. And the Cabinet Ministers also should have some kind of assurance as to what they could expect from their Secretaries. If by any chance, the Secretaries were to prove to be powerful, the Ministers should get full protection from the Prime Minister. Today it was feared that they were not getting it. We also did not know the relationship between the Cabinet Minister and the various Ministers below him. The leaders of the various parties should be taken into confidence about this.

We should not do anything in a hurry to weaken the prestige of the Secretaries also. The civil service should not be demoralised either by the reactionaries or by the so-called leftists. The civil service should be strong, efficient and capable of taking decisions in a courageous manner.

April 28, 1969

K. M. Koushik

The old British Judges of the Bombay High Court did not even respond to invitations to parties in Government House. They wanted strictly to adhere to what was known as 'judicial seclusion'. But things were different today. A news item appeared in the press recently that a Judge of the Allahabad High Court entertained the Chief Minister to dinner and the members of the bar were greatly agitated over it. All this was happening because the Chief Ministers had got the power to appoint High Court judges as members of inquiry commissions and also to send them to foreign countries on certain occasions. These were some of the favours which a Chief Minister could confer on the judges of the High Court. That was why the High Court judges tried to please the Chief Ministers and some of them actually waited on the Chief Ministers. Therefore, the rule that after retirement a High Court judge should not be appointed on a commission etc. should be strictly followed. The Law Commission's recommendations with regard to the appointment and transfers of judges should be implemented.

The delay in courts was a very important matter. The number of cases pending in the High Courts and the Supreme Courts was really shocking. As Justice Shah had said, the whole judicial system would break down if the accumulation went on with the present speed. He also pointed out that the reason for this was "the ill-drafted, ill-conceived, sometimes slovenly drafted acts, rules, regulations, orders, directions and circulars which are poured out in a continuous and ever-increasing stream from the legislative branch". All this could be avoided to a very great extent if really there was no hurry in pushing through legislation.

April 28, 1969

PRIVY PURSES

A member moved the following Resolution:

"This House is of opinion that the continuation of tax free payment of privy purses to the former rulers of Indian States and of special privileges is against the democratic and egalitarian principles enshrined in the Constitution, and therefore recommends to the Government to take all necessary steps, both executive and legislative, to complete the abolition of these payments, subject to an outright rehabilitation lump-sum payment of seven times the annual privy purse amount or a sum of one million rupees, whichever is smaller, by the 2nd October, 1969."

M. R. Masani

The concessions regarding privy purses were not unilaterally granted to the Princes; these were bilateral treaties entered into between contracting parties. The Princes gave away a great deal. They gave away their sovereignty, their authority, their States and their privileges. They were only given compensation. Compensation was highly consistent with democracy. It were only fascist and communist dictatorships which expropriated. To say that the compensation was undemocratic was utterly baseless.

The Princes brought into the Indian Union, not less than 43 per cent of the area of the Dominion of India and 28 per cent of the population and in return they got this paltry privy purse and these small privileges.

This was just a reasonable compensation which was provided in our Constitution and was, therefore, highly democratic. Not to give this compensation or to give part of it would be violation of democracy. Even in the considered opinion of the Congress Working Committee of June, 1967, the privy purses were compatible with democracy, but the smaller privileges were incongruous.

The real issue was a moral one. Was it right to break promises solemnly made? Was it right to break treaties into which a country entered with hands completely free? These commitments were made by the Government of India and passed in the Constituent Assembly completely freely. We entered into them because we thought that they were fair and just. It was highly improper that the same Government that entered into these contracts should now go back on them.

The Mover of the resolution suggested that we should choose the birthday of Mahatma Gandhi as the day on which we should be guilty of this breach of faith. If he had known Mahatma Gandhi a little, he would have realised that Mahatma Gandhi attached the greatest value to truth and to the pledged word. It was an insult to the memory of that great man to suggest this kind of thing.

Let us also consider the effect on the confidence of the people in the morality of this Government and the validity of our Constitution. If one part of the Constitution was violated, what were our Fundamental Rights worth and what were the obligations of Government worth? Let us also consider the effect abroad. If this Government could break its pledges to the Princes of India, why should the foreign creditors and the people who gave money to this country expect it to honour the commitments that we make? These were very great reasons, apart from abstract morality.

May 9, 1969

West Bengal Legislative Council (Abolition) Bill, 1969

M. R. Masani

Opposing the motion said: The introduction of the Bill was not consistent with the rules. According to rules, unless a Bill had been available to members at least two days before it was sought to be introduced, its introduction could not be allowed, if any member objected. The memorandum submitted by the Law Ministry made out no case whatsoever for urgency in this matter.

This was a highly controversial Bill and it sought to do away with the second chamber in a State. We were not bound to follow the wishes of any State Assembly just because it passed a resolution. Some of us here would like a little more time to consider this Bill and determine our attitude to it. After all this might form a precedent for other States and it might ultimately form the precedent for a resolution that the Rajya Sabha also be abolished.

If there was any State where a revising body was necessary it was today the State of West Bengal because there a group of people, who held only 43 per cent of the popular vote, had obtained a fictitious majority in the Legislative Assembly.

May 13, 1969

J. Mohamed Imam

It seemed some alliance had been made between the Congress Party and the Communist Party of West Bengal and they seemed to have come to an understanding as a result of private agreement to abolish the West Bengal Legislative Council. This was the first time that Parliament was abolishing a duly constituted Legislative Council under the Constitution. That would be a precedent for the future and Government should carefully find out its implications and consequences.

The idea of having a second Chamber at the Centre and in the States was that there would be an effective, intimate and continuous influence of the will of the people on the affairs and conduct of Government. By way of abundant caution, bicameral legislature had been provided by the framers of the Constitution. Article 72 said that there would be an Upper House called the Council of States. Article 162 laid down that there would be a Legislative Council for each State, though in certain circumstances, the Council could be abolished. Anyhow, the Constitution had more or less laid down that existence of the Upper Houses was mandatory. That was why Legislative Councils were created in a number of State. In Bengal also, the Council had been in existence right from the very beginning.

Bicameral legislature was absolutely necessary in a parliamentary system of democracy. Many countries wedded to parliamentary democracy were having bicameral legislatures. In England, the Upper House which was the House of Lords had been in existence for centuries and those people, who were so much wedded to democratic ideas, had found it absolutely necessary to retain the Upper House to act as a check on the vagaries of the Lower House.

Without a Legislative Council, in a democracy there was every possibility of the Legislative Assembly becoming not only dictatorial but developing, by virtue of its majority, into a tyrannical body. And tyranny by majority was worse than tyranny by an individual. With the view to safeguard against the emergence of such a situation, it was necessary that we had the second Chamber.

The Central Government said that they had been pressurized by the West Bengal Government to abolish the Upper House. Perhaps, the Central Government had not taken into consideration the pros and cons of it. The West Bengal Government wanted the abolition of a body which was in existence for the last twenty years. The reason was that in the last elections, a particular party had been flushed with electoral success and it was dominating the West Bengal Legislative Assembly. That party was not wedded to either democracy or the parliamentary system of government. It wanted to follow a dictatorial rule for which it found the Upper House an inconvenient obstacle.

We did not, certainly, approve of the Government of India to be so easily guided and influenced by the Government of West Bengal to accept the resolution. After all, it was not mandatory; it was not binding on it to accept the resolution. We regretted that, at this juncture, taking into consideration the political set-up, and the dangers that the country was encountering, the Government of India had acted in great hurry to accept a resolution sponsored by the communist Government. They had laid a trap and we were walking into it.

May 16, 1969

PRESIDENCY

President (Discharge of Functions) Bill, 1969

Sriraj Dhrangadhra

This Bill sought to fill the lacuna which should have been filled long ago. But the proposal put forward by Government was not the best arrangement. In a vast country such as ours, there was need for a full time office of Vice-President to share or lighten the burdens of the President and to deputise for him in all kinds of duties and contingencies.

As to the Chief Justice of India being the second in line of succession, while some cogent things had been said against it in this House, we already had the precedent in States that the Chief Justice officiated for the Governor when the need arose. If we created a new and a different practice and precedent for the Union, the same presumably would sooner or later be followed by the States.

The Judiciary was a stable and a permanent body. If the Chief Justice briefly officiated as President, it would in no way impair the judiciary of the Government. As Chief Justice, he need not adjudicate in matters arising out of a law signed by him while acting as President.

May 15, 1969

Dahyabhai Patel

This proposal was only to look after a contingency, God forbid if such a calamity should occur. The Vice-President is an old man. Taking into consideration the situation, if a second election became necessary, to have something on the Statute Book which would be lasting, the Home Minister had brought forward this Bill.

The Home Minister had rightly pointed out the analogy of the States where in the absence of the Governor the Chief Justice discharged the function. This arrangement seemed to have been working very satisfactorily all these years. There should not be a controversial person to sit in a high office like this, however temporary a period it might be. Therefore, the Member whole-heartedly supported this Bill.

Rajya Sabha, May 19, 1969

HIMACHAL PRADESH

A member moved the following Resolution:

"This House is of opinion that the Union territory of Himachal Pradesh be raised to the status of a State."

J. M. Lobo Prabhu

The Central Government said that Himachal Pradesh was not financially viable. We should find out as to what would be the additional cost from the formation of a separate state. If the status of statehood was granted to Himachal Pradesh they would have a Governor in place of a Lt. Governor. That was a matter of a few thousands or so. They could have a Public Service Commission and a High Court common with Haryana for the time being. Administrative expenditure would also come down if Himachal Pradesh became a full-fledged state.

The Centre would pay to Himachal Pradesh Rs. 200 lakhs and the share of State-tax would be about 500 lakhs. The people of Himachal Pradesh were ready to raise resources through additional taxes. So, it appeared that the financial bogey had been raised by Home Minister to protect his own power over this Territory.

The second reason why formation of Himachal Pradesh was objected to was that there were demands for States from many regions. The case of Himachal was different. This State already existed. Then there was some kind of commitment mentioned by Sardar Vallabhbhai Patel that the State would be granted Statehood as soon as possible and in any case, there were no problems in respect of Himachal Pradesh as there were in Andhra or Maharashtra or Vidarbha.

The third argument was that this was a border State where the Centre's presence was necessary for the security of the country. Though this was a border state, it was less vulnerable because the Himalayas were higher there. Only the Sipla pass was there to be defended and the Centre should continue to do this.

The demand for a separate statehood should be accepted provided there was an agreement that Himachal Pradesh would get Lahaul and Spiti and they would not ask for a separate High Court.

March 28, 1969

KASHMIR

Statement by Chief Minister of Jammu and Kashmir in the State Assembly

Loknath Misra

The "Free Press Journal" had reported: "The Kashmir Chief Minister, Mr. G. M. Sadiq, yesterday made it categorically clear to everybody that he will not tolerate any external interference in the internal affairs of Jammu and Kashmir State including Laddakh."

The paper had further reported: "......yesterday on a call-attention notice by an independent Member Mr. Sadiq said that Jammu and Kashmir State had its own integrity and it was 'our' responsibility to look after its internal affairs. So long as we are here, things will be done with our consultation and we will not have a Commission imposed on us from above. Mr. Sadiq asked why, when so many things went on happening in other parts of the country, no parliamentary commission was going to visit those places. The Chief Minister said, Members of Parliament were free to say whatever they wanted in Parliament or elsewhere but they must weigh their words."

There were two objectionable matters in this statement. Firstly, Shri Sadiq did not deserve to be a Chief Minister anywhere in India. He did not feel that he belonged to India. Therefore he could not tolerate any external interference. If Parliament's interference was considered by Shri Sadiq as external interference, he had no place in India; he must go out of India.

Secondly, he had asked the Members of Parliament to weigh their words. Members of Parliament were responsible enough and the Chairman of this House and the Speaker of the other House were the only persons who could regulate the Members as to what they spoke. If a person like Shri Sadiq came up and advised Members of Parliament, it would perhaps involve him in a privilege issue.

Rajya Sabha, May 14, 1969

Re-examination of Centre-State Relations

A member moved the following Resolution:

"That this House is of opinion that immediate steps should be taken to re-examine the Centre-State relations with a view to formulating concrete measures to enlarge the autonomy and powers of the States and to restrain the concentration of power at the Centre, so that national integration is promoted and democracy strengthened."

M. Ruthnaswamy

We were, more or less, under a federal Constitution, though it had a slight slant towards the unitary system. In a federal system there was a division of functions between the Central Government and the State Governments. Money was the core of every administration. That was the most important division, the division in regard to taxation. Customs, external excise and income-tax were the main sources of taxation for the Central Government. The State Governments were allotted sources like land revenue, internal excise, taxes on transactions in the State, sales tax, etc. In the division of sources of income, of taxation as effected in our Constitution, the Central Government got all the more productive sources of taxation like external customs, external excise and income-tax whereas the sources of taxation allotted to the States were the rigid and inflexible things that could not improve from year to year. And that was what caused all the trouble that we had been hearing of between the State Governments and the Central Government. That was the real and most luscious bone of contention. The only limit to the taxation of the Central Government was the taxable capacity of the citizen and the taxing capacity of Finance Ministers which, in our country, seemed to be unlimited. That was what created all this trouble between the State Governments and the Central Government. That was why there was provision for grants and subsidies being made by the Central Government to the State Governments. On account of the fundamental differences in the sources of taxation open to the Central Government and the State Governments, the State Governments depended for their services, especially welfare services, mainly on the grants and subsidies granted by the Central Government. There was a political obligation on the part of the Central Government to be generous, in fact, over-generous in regard to the grants and subsidies made to the State Governments. The Central Government ought to make free and generous grants to the State Governments not insisting upon any matching grants, because it was only then that the Central Government could bring about the rapid development of the services. If this financial relationship between the States and the Central Government was established in a spirit of generosity, much of this dissatisfaction expressed by State Ministers in regard to the treatment that they got from the Central Government would disappear. Outright grants and not grants that had to be made by matching grants seemed to be the solution of this problem.

In the U.S.A., there were bound to be disputes and quarrels between the State Governments and the Central Government in regard to taxation, but provision had been made for all the doubts and difficulties and disputes by the creation of an independent federal agency called the Federal Tax Agency which tried to smooth out all these difficulties between the States and the Central Government. There were a number of other federal agencies established by statute, not established by the executive Government as some Committees were established in India. Some such agencies also should be established in India. The time had come when the Central Government should have its own independent agencies, independent of the State Governments. Then there would be less trouble between the State Governments and the Central Government, and the Central Government would be able to have its way in States. It was on these lines that the relations between the Centre and the State Governments should be smoothened, bettered and improved. It was not by introducing changes in the Constitution.

Rajya Sabha, May 9, 1969

Policy Decisions announced outside the House

S. K. Tapuriah

Although the Speaker had ruled on several occasions that policy decisions and amendments thereto should first be announced in the House if the Parliament was sitting, the Government was adopting a cavalier attitude and was by-passing the House. They must be pulled up for treating the House with contempt.

We read in the papers sometime back that the Government had taken a decision on cement decontrol and it was only after 10 days of that decision that the Minister placed it on the Table of this House. A month back, the Minister of Railways announced certain concessions and extensions of amenities while the House on that particular day was discussing the demands of the Railway Ministry, Again, they announced to the Press a few days ago, when the House was sitting, the taking away of certain items from the banned list of licence. It was an important policy decision which must have been announced before the House.

April 21, 1969

Demands for Grants for the Planning Commission

J. M. Lobo Prabhu

The Planning Commission's Draft Plan Report was a proverbial mouse produced by mountainous labour in four years. In 367 pages, there was nothing but a survey. There was not one word of criticism of the existing Plan; there was not one constructive suggestion. It was not a draft for success; it was a drift from failure. What was more, this report was silent on the questions of unemployment, inflation, idle capacity and so on which were erupting as political situations.

A total of 70 million people in this country were unemployed or underemployed. In the report it was disclosed that the population had risen from 447 million in 1961 to 527 million in 1968. Nonetheless, the increase in employment had only been from 12.49 million to 16.2 million. In 1967, the increase in employment was only 0.8 per cent and, in 1968, there had been no increase in employment at all. If a Plan did not make use of the labour of the people, it was neglecting the greatest asset available. Unless this report was recast, and took note of the labour that was being wasted, it was not fit to be anywhere except in a waste-paper basket.

The report admitted that the prices had risen from 124 points in 1960-61 to 213 in 1967-68. But it never inquired into the reason for this increase and did not suggest any solutions for inflation. On the other hand, it proposed an investment of Rs. 14338 crores in the Fourth Plan. It proposed to increase the Government income by raising irrigation rates and electricity charges, by imposing an agricultural income tax etc. which meant that the burden would fall on the poor cultivators. Increase in excise duties would also fall on the poor people. All that was not socialism.

There had been a great deal of talk of priority being given to agriculture. But the total investment on agriculture was only 19.9 per cent as against 20.3 per cent in the previous Plan including irrigation. On irrigation, the proportion had been reduced from 6.7 per cent to 3.9 per cent. Such a plan could not be called a plan for the vast rural masses of this country. Without irrigation, the inputs would be absolutely useless.

When our steel units were working only upto a capacity of 4 million tonnes against the existing capacity of 6.5 million tonnes the Plan proposed to increase the capacity to 9 million tonnes. That meant wasting the money of the people on useless projects. Similarly, while there was so much less utilisation of fertilizer capacity, the Plan proposed to increase this capacity.

All this money was going to be taken out of funds required very badly for other projects like roads. In respect of roads, there was a deficiency. Even on the national highways, there was a gap of 400 kilometres and 17 bridges had to be completed on the national highway and that amount was not being provided for.

In the name of serving the masses, they had only served the classes. During the 20 years, they had failed to provide means of livelihood for the people. The whole Plan had to be recast if the solutions to the peoples' problems were to be found.

April 24, 1969

N. Shivappa

Every time a new Plan was formulated an assurance was given that it would raise the standard of living of the common man. But that rise in the standard of living of the people had not come so far inspite of the completion of three plans.

The kind of statistics maintained by the Planning Commission were mere jugglery of figures. The people were not going to be satisfied with those statistics. So many departments in the Governments were maintaining statistics in regard to agriculture, industry and so many other things. But, no satistics about the real condition of the people in this country were anywhere available.

It was regrettable that Rs. 13 crores had been allocated for publicity in the draft Fourth Plan, when the people were dying of hunger and they had no clothes to wear. Where was the necessity for having Plan publicity schemes at such a heavy cost?

It was a mistake on the part of the Government to have devalued the rupee. It should not have been done. This money which had been put in had not gone to the benefit of the poor or common man in this country. What was going on now? Prices were rising. There was inflation rampant. The poverty of the country was increasing.

The contractors were not doing their work properly. Even after spending crores of rupees the work was not completed. If the work was not completed according to schedule of the terms of the agreement was not the duty of Government to punish the man responsible for the non-fulfilment of the agreement as per stipulated terms?

It was regrettable that in the formulation of our Plans the agriculturists were not consulted about their problems and difficulties.

April 24, 1969

Discussion on the Draft of Fourth Five Year Plan — 1969/74

M. R. Masani

There was a general misunderstanding that our party was against planning. But the fact was that our party believed in democratic planning by persuasion such as was practised in countries like France, Britain and the Scandinavian countries and was opposed to the Soviet type coercive planning which had failed so miserably wherever it had been tried. We were for the State to play its role in economic affiairs. We were for a mixed economy and for regulation but on a minimum basis. Therefore, we would like to dissolve the Planning Commission which had become in effect a parallel Government unknown to the Constitution and would replace it with a genuinely expert advisory body with which agriculture, industry, labour and other interests would also be associated.

The Prime Minister made some amazing claims to progress during the past few years. But what was the reality? Almost all the targets of the Third Plan remained unfulfilled today. The prices had risen sharply during the last five or seven years, incomes and savings had been stagnant, the capital market was dormant, unemployment was rampant. India's share of world exports today was less than one per cent. We were bankrupt in the eyes of the world because we were unable to meet our international obligations, and we had to go abroad and beg a re-scheduling of debts.

So far as social justice was concerned, after the *second and third five year Plans*, only one out of three Indians had one rupee per day as his income. The actual living standards of the people had had to be cut back as a result of the second and third Five Year Plans and they were poorer today than they were ten years ago. Still the Prime Minister this morning complained of lack of excitement about the Plan. But was it surprising in the light of the above facts? India was bored with the kind of Planning which had been thrust upon her.

The Fourth Plan draft was unreal. It advanced two alibis for failure–two wars and two draughts. Two wars and droughts had undoubtedly made a little impact, but certainly they were not responsible for the grim situation in which we found ourselves. Our difficulties had risen as a result of bad planning and bad policy. The Plan document showed that not a single lesson of the past had been learnt. Therefore, we totally rejected this Plan.

As regards what transpired in the National Development Council meeting held recently, certain garbled reports were put out to the press. Only three States were said to have dissented from the Plan. But this was not correct. Four States dissented from the Plan, and the fourth State was the State of Orissa.

The Plan was based on unrealistic assumptions and targets. The National Income, it was said, would increase by 5.5 per cent per annum. Agricultural production they said would go up by 5 per cent. Then, it was said that the rate of investment would go up from 11.5 per cent to 13.8 per cent, that foreign aid would be so much and that deficit financing would be Rs. 850 crores. But all the same, the prices would not rise. Was it not a joke to say so? We were sure that the prices would go up sharply.

We were told all these years that agriculture would get priority, that there would be a shift to agriculture. But the Fourth Plan marked no improvement whatsoever over the third Plan in rectifying the balance between heavy industry and agriculture.

An important feature of the Plan was the emphasis laid on the State enterprises which had miserably failed. They had been running in loss. Still the Prime Minister defended them by saying that profit was not the sole motive underlying the public sector. No body had ever suggested that it was. But what mystic virtue should the country read into the gigantic losses by public undertakings?

The Prime Minister repeated certain verbal concessions made in the Plan about control. She said that the Government did not want excessive controls. Then, why was it practising them? Why should it not give them up, because most of its controls were excessive and unnecessary? Perhaps the verbal concessions were meant to throw dust into the eyes of Parliament and the people. The real intention, as indicated in the Plan itself, was to have more controls, more State monopoly and more regimentation.

As a result of this Plan, the conditions of the poorer sections of our people would not be one bit better in 1972-73 than they were today. The likelihood was that they would be having an even more miserable life. The Plan was going to come to nothing except disaster and doom for our people.

The Plan could not be called a bold Plan, or an ambitious Plan. It was a contemptible, petty Plan from small minds who could not think big. It was a pedestrian Plan of stagnation for the next five years. The Prime Minister wanted us to join in accepting the minimum needs, but those minimum needs were not acceptable to us because they were not fit for the Indian people. We wanted a maximum acceptance of maximum needs.

There was nothing in this Plan which would make any one man work harder than he was doing today; there was not one thing which would make for initiative, enterprise or invention. Politicians, corrupt business and officials was the only class that would thrive under this Plan. We wished to have no part in this miserable Plan which would lead the people to stagnation and doom.

May 8, 1969

Dahyabhai Patel

We were beginning this debate with a reference to a railway accident. Had not planning in this country been subjected to a series of accidents all through and, therefore, the objectives of the plan, particularly after the First Five-Year Plan, had never been achieved? There was too much emphasis on heavy industries and it was only recently that the Government had awakened to the need of improving agriculture.

The Member had pointed out again and again that this habit of deficit financing, ignoring the need for economy had caused pressures and prices had been steadily rising. He had also urged that the fraud of the rupee payment agreement had acted very adversely on our economy. What had the Government done about it?

A critical examination of the Plan document disclosed that neither the proposed public sector outlay of Rs. 14,398 crores nor the Rs. 10,000 crores for the private sector had any firm basis in visible resources. The balance of the current revenue available during the last three Annual Plans was Rs. 219 crores. As against this, the Fourth Five Year Plan expected as much as Rs. 2,355 crores *i.e.*, about Rs. 417 crores per annum, underlying the assumptions that the non-Plan outlays would be restrained, economies would be effected and food subsidies would be done away with, which were things of a doubtful character.

The surplus of the public sector enterprises, Central and State, had been taken at Rs. 1,713 crores as against Rs. 350 crores in the past three years. Over and above these assumptions, additional resources to be mobilised by the Centre and the States were to be of the order of Rs. 2,700 crores. Judging by the deficit Budget presented by the various States during the current year, it was not clear whether the States were prepared to play their role in raising resources. The States were expected to make efforts to raise resources to the extent possible by taxing agricultural incomes, which was more by using additional resources obtained from the Centre and the financial institutions strictly for productive and highly remunerative purposes. But was this going to be achieved?

The Government had so far invested Rs. 3,000 crores in commercial and industrial undertakings. Further investment was made in this sector by the Government at the rate of about Rs. 400 crores per year by way of loans and purchase of shares. The investment so far had not proved fully productive and with efficient implementation and better management, an additional output of over Rs. 300 crores could have been produced. The investment in the public sector undertakings had proved less productive. The Government should not invest more in new industrial and commercial enterprises until the existing units had proved their worth. It was equally necessary that the projects which were under construction should be completed speedily. Interference by the administration should be kept to the minimum and the public undertakings should be made accountable to Parliament in respect of their general performance only, rather than day-to-day administration. Managers should be made to have personal interest in the enterprise by linking part of their remuneration to the profit of the undertaking. Transfer of top levels should be avoided.

It was wrong to suggest that the private sector did not have a very efficient record. The private sector had a vigilant shareholders' body which clamoured if they did not get their dividend, apart from the employees who clamoured, if they did not get their regular salaries and their bonuses. On the contrary, the public sector enterprises were shielded from the rigours of competition and, therefore, they were not prone to be efficient enough. It was, therefore, necessary to ensure that the enterprises in the public and private sectors were treated on an equal footing.

The Fourth Plan document continued to identify the problem of resources mobilisation with a programme of taxation without examining whether taxation by itself increased or lowered the capacity of the nation. A general reduction in taxes would actually increase national savings and help the economy to progress at a higher rate.

The Planning of the Congress Government lacked efficiency. There was no machinery to see that the work carried out under the Plans was done efficiently.

Before we had industries which were worth the name, people started thinking of monopolies. The biggest monopoly in this country was the State. The State had got Rs. 3,500 crores in the public sector undertaking and Rs, 3,000 crores in the Indian Railways. The Indian Railways used to pay dividend regularly. It used to make a contribution to the Central Revenues. That was also gone now. So on Rs. 6,500 crores the country was not getting the normal, natural return which the country should get, and if this country got it, there would be no need for this high taxation. If this high taxation was not there, the people would breathe a sigh of relief. The prices would come down. If prices came down, it would be good for industry and good for the Government also because the Government would not have to pay this high dose of dearness allowance and it would put the Government's own machinery in proper gear.

The Government's policy in the matter of oil exploration in Gujarat had been slow and faulty. The expenses of exploring oil were perhaps the cheapest in the whole world in Gujarat. Instead of rapidly expanding and making use of the oil, the Government planned otherwise.

The shortfalls in the growth targets in the successive Plans were not due to lack of financial resources. In fact, in each Plan the actual outlay considerably exceeded the original estimate. The shortfall in achievements was due primarily to misapplication of the resources resulting partly from wrong planning and partly from faulty implementation of the programmes. Both these factors combined in lowering the output-capital ratio which was an index of the efficiency with which resources were utilised.

The Member did not feel at all happy or enthusiastic about the type of planning that was done or the draft of which had been put before the House.

Rajya Sabha, May 13, 1969

Loknath Misra

In the Third Plan the utilisation of the resources was much more than in the Second Plan. The aggregate came to Rs. 8,577 crores while the estimates were Rs. 7,500 crores. But in spite of the utilisation of this money what could actually be done? The national income rose, according to the Government figures, by 13.3 per cent. during the Plan, but the *per capita* income which had been generated as the real income, remained stagnant. There was no change in it.

As regards the allocation this year, the public sector industries had again been allotted Rs. 3,055 crores. The performance of the public sector undertakings had been awful that no investor worth the name with any money consciousness would have probably invested a pie for them. In fact, the public sector was not the place for investment.

There was absolutely no effort to find out which would produce things sooner and more. The same ideology persisted even now, and it persisted only because some of the fellow-travellers and communists had got into the Congress Party and they went on haranguing day in and day out that it must be public sector. Any human being with standard intelligence should be capable of understanding that public sector was a colossal failure. It was not going to yield a dividend, nor was it going to yield anything to get the country overcome the lack of production and lack of amenities. Therefore, whatever could produce sooner and more should be the sector that should get the investment.

In order to boost up the public sector to the exclusion of the private sector, even the agricultural sector had been neglected for long. A little incentive, a little assistance, somewhere an additional pump, somewhere a little electric connection, would probably boost up the production in the agricultural sector immensely. But that was not going to be done. The Government still did not realise the mistakes committed by it. It perpetuated them.

The Plan allocation in the Third Five-year Plan for the agricultural and irrigation sector was 20.3 per cent. Now in the Fourth Five-Year Plan, instead of increasing the allocation they had brought it down to 19.9 per cent. What a wrong way of working!

If this Government had any faith in democracy it should invest more money into consumer goods industry, promote power and transport and enforce discipline among industrial labour.

Quick-yielding schemes should be taken up rather than schemes with long gestation periods. Labour intensive schemes should get priority over everything else because, as everybody had indicated, there was already a huge back-log of unemployment.

It was a very dismal picture so far as the Orissa State was concerned, *vis-a-vis* the Fourth Five-Year Plan. Many projects, which the Orissa Government had proposed and seriously recommended had been overlooked. Number one was the Vimlagarh-Talcher railway line. It should get the priority which was necessary; it connected all the mining areas of Western Orissa, Madhya Pradesh and South Bihar to the port of Paradeep.

About the fertilizer project in Paradeep, the Government of Orissa made representations; all Members of Parliament irrespective of parties from Orissa met the Minister in charge and they were given a sort of assurance that it would receive serious attention but the Member was surprised not to find it in the Plan document. If the Government could not do it in the public sector, it must leave it to the private sector.

Manganese ore and iron ore were getting piled up at the pitheads and there was growing unemployment because the Ministry of Foreign Trade said that there was no market abroad for our ore. All the same they were giving licences to different parties who were suppliers. These suppliers took advantage of the situation and they functioned as middle men and they ate up a lot of money from out of the bargain with the local mine-owners. The MMTC Chairman was appointed six months back. Out of six months, he had been abroad probably for five months and ten days and ultimately after his return from Japan he issued a statement to the press that he was not able to find a market for the ore. If he was not able to find a market, what did he do all these five months and ten days abroad?

Rajya Sabha, May 14, 1969

Appropriation Bill, 1969

N. G. Ranga

The need for economy was something in regard to which there could be no difference of opinion between the Opposition and the Government and, specially, the Finance Ministry. We were glad that the present Finance Minister had been very keen on economy. But unfortunately he seemed to have felt helpless to achieve very much of economy as he had hoped for.

We knew what an unpleasant task it was for the Finance Minister to go on playing the role of a watchdog and then making himself unpleasant to all the other Ministers. The Finance Minister should examine whether it would be possible for him to take a Joint Secretary from the Finance Ministry or some one who had held a very high position in the Central Board of Revenue to the Cabinet Secretariat and place him in charge of this particular aspect of financial affairs. i.e., economy. Let him go on examining and scrutinising as to how moneys were being utilised and spent and then let him place a detailed report with recommendations before the Finance Minister. The Cabinet Secretariat was supposed to be entirely independent of the other secretariats and, therefore, it might be possible for it to give just that kind of independent consideration which the Finance Minister himself would like to be given to this matter.

There should also be a high-powered sub-committee of the Cabinet to be presided over by the Finance Minister, which should carefully make an examination and put the axe wherever it was possible, consistent with the efficiency of the administration and also the objectives for which these grants had been made, so that it may be possible for it to achieve some economy.

We were extremely anxious that at least Rs. 100 crores out of these Rs. 4,000 crores in the Capital budget as well as Revenue budget should be saved. Let it be seen if he could avoid this deficit financing. The State Government were all in need of money; they would be demanding more and more and therefore, the Finance Minister might be obliged to resort to Rs. 200 or Rs. 300 crores of deficit financing. So, he had got to keep a tight control over the expenditure.

Let all this money which could thus be saved used for the security of the country and for providing the much-needed relief in the famine-affected areas of Rajasthan and other States.

April 28, 1969

M. Ruthnaswamy

With the present Defence Force, would India be able to defend itself against two fronts? In fact, there were three or four fronts because the Pakistan front extended all over the border in the North-West and linked up with the Chinese menace in Ladakh. Pakistan and China combined would be a terrific combination. It was true that the Navy was doing much. But, with the present equipment, would any one dare to say that the naval defence of India was adequate? The study group of the Naval Department had come to the conclusion that the Naval defence of India by India itself would be utterly inadequate to meet the menace from the seas and they came to the daring conclusion that India should take the initiative in organising a South-East defence alliance to meet the menace on the East. If the utterance of the Prime Minister meant anything that the Himalayas were no longer a defence of India, the Government of India, especially the Ministry of Defence, should follow that principle to its natural Military and Naval conclusion that we must be able to organise the defence of India on a co-operative basis.

What was more necessary for the defence of our sea-coast was a couple of mine-layers, specific mine-layers or ships equipped with mine-laying equipment, only mine-sweepers would not do. One Naval dockyard at Mazagaon was not enough. We should have more than one dockyard. Goa offered a very fine site for another Naval dockyard, and on the east coast, not only Vizag but other ports should be surveyed in order to find whether they could offer a site and opportunities for the building of Naval dockyards. It was not so much the conventional army that was going to defend India. Our troops required guerilla training. Officers and men should be trained to depend upon themselves, depend on their own initiative, on their own individual resources, in order to find their way about on the border and be equipped with small arms to be able to defend themselves or defend their locality and to attack the enemy.

Both the Chinese war and the Pakistani war had shown that our intelligence was very weak, not highly developed, not well-equipped. It was hoped that the intelligence unit would be well developed because it was on the work of the intelligence service in the navy, army and air force that the success of our defence forces and our preparedness for any attack on any front would depend. It was good that the new External Affairs Minister spoke of national interest as being the determining factor in the shaping of our foreign policy. The Government should pursue a positive policy. Recent events had shown that India, like Pakistan had actually come into the Russian sphere of influence. A clever external affairs policy would be to play Russia and China against each other. But that required cleverness, caution and foresight also. In order to keep independent of both Russia and China and of every other power, it was not necessary to tow to the Russians as the Minister of External Affairs did the other day when he went out of his way to support Russia in its conflict with China. It was in our interest to let them collide with each other, so that they might divert their attention from us.

In the development of our foreign trade, our missions could play a useful part. We had the commercial attaches attached almost to every mission.

Recent events had shown that our police force was utterly inadequate to deal with the problems of to-day. We would have to live with riots at the present time. They were part of our daily life; and for that, a special riot police as had been organised in France and in the United States of America, ought to be established in this country.

Education was the special responsibility of the Central Government which was charged with the duty of developing morally and materially the welfare of the people. In India literacy was our fundamental problem. Eighty per cent of our people were illiterate. It was, therefore, the duty, the responsibility, of the Central Government to pump aid into the States so that they could make literacy develop at a much faster rate. The present adult population must be made literate in order to be of any use to the country, political or economic use.

The Committee on Roads, the Sinha Committee, recommended that India should spend at least Rs. 75 crores per year for the development of our roads especially of village roads. Agriculture could not flourish unless there was a rural road connecting the farm and the village with the nearest town, with the trunk road which would allow the farmer to go and sell his produce at the best price possible at the nearest market.

The coastal trade was also neglected. Waterway traffic was much cheaper, especially for bulk cargo than the railway or even the road traffic. There ought to be a busy coastal traffic between all minor ports and major ports.

Rupees hundred crores were to be spent on family planning. If this amount of Rs. 100 crores had been spent upon the education of our youth, upon the education specially of girls, if some of these hundred crores had been spent on rural housing, that would have added much for the limitation of our population. We should raise the age of marriage and thereby improve the quality of our population. Improving the quality would *ipso-facto* bring down the numbers of our population.

The Administrative Reforms Commission, which cost about Rs. 14 lakhs a year, looked like a vested interest. But what had this Administrative Reforms Commission done to solve the immense problem of the cost of administration? Our Government was not cost conscious. People had compared our Administrative Reforms Commission with the great Hoover Commission of the United States of America. There was no point of comparison at all. They would have done more useful work if they had gone into the question of the cost of administration because money was vital to any system of administration. Unless the Administrative Reforms Commission went into this specific question of the cost of administration, and showed how the costs could be reduced by so many millions of rupees, the Administrative Reforms Commission could not serve any useful purpose at all.

Rajya Sabha, May 6, 1969

J. Chandramouli

Ninety per cent of the tobacco sold and exported to the foreign countries was produced in Andhra Pradesh. It fetched a foreign exchange of Rs. 40 crores; it brought to the Government a revenue of Rs. 170 crores by way of excise duty, Rs. 22 crores by way of additional duties and Rs. 4 crores by way of export duty. Altogether, it came to about Rs. 200 crores. As far as revenue-yielding was concerned, it stood third. The first was petroleum products; the second was jute and textiles and the third was tobacco. Still, the Government was treating the tobacco growers and the tobacco trade in a step-motherly fashion.

Tobacco was graded into two varieties. One was the high-grade and the other was the low-grade. Most of the foreign purchasers, especially from the United Kingdom and other European countries, bought high-grade tobacco. A problem had now arisen as to how to dispose of the lower-grade stuff. For the last three years, the tobacco traders were having with them low-grade variety of tobacco worth Rs. 4 crores. The Government must come to the rescue of tobacco trade and pursue a policy immediately of purchasing the tobacco and helping the ryots.

The Government had been talking a lot about the 'Green Revolution'. It was said that the farmer had turned the corner and in a few years' time the country would be surplus in foodgrains. According to the Government, this was all due to the hybrid seeds and fertilizers etc. No doubt, the Government had done a lot. But it forgot that it was the farmer who had invested a lot of amount on fertilizers and had put in hard labour to get such bigger yields. The Government, instead of thanking the farmer for reducing the amount of foreign exchange spent on the import of foodgrains was now thinking of levying, by way of punishment, this duty on fertilizers. The Government policy of levying the *ad valorem* duty of 10 per cent. on fertilizers was bound to affect the grow-more-food campaign and the farmer would not dare to use fertilizers.

The levy of wealth-tax on land was dangerous. At the same time, the Member was very much doubtful whether the Central Government could levy wealth-tax on land. This was going to be a disputed point and this might lead to a lot of litigation in courts. Therefore, the Finance Minister should withdraw both the *ad valorem* duty on fertilizers and wealth-tax on land.

Rajya Sabha, May 7, 1969

B. N. Antani

While authorising payment and appropriation of a colossal sum of more than 16072 crores of rupees, one had, as in duty bound to the tax-paying people, to ask whether the tax-payer got the proportionate return for the expenditure. Before asking for vote for this payment, would the Government satisfy the people by proving that its economic policy was quite healthy? In formulating economic policies on the principles of socialism of their conception, by even over-taxing the people and discouraging thrift in every direction and closing their eyes on wasteful expenditure, had the Government been able to bring prosperity to the country? Did they expect to establish sound security on borrowed money indefinitely? The hon. Finance Minister had, once again, framed the Budget which, he too would admit, would not revitalise the economy of the country on healthy lines. The move to abolish the privy purses of the erstwhile Princes, which amounted only to Rs. 4.8 crores, was unethical and it was going back on the solemn and sacred pledges made by the Government and the late Sardar Vallabhbhai Patel to them, when seen in the light of the loss of crores of rupees incurred by the various corporations in the public sector. If the Finance Minister had not turned his attention to making all possible economy in expenditure, he had no right to come before this House and ask for appropriation of this big amount.

Our foreign missions were indulging in wasteful expenditure. Was the tax-payer going to foot this colossal bill to satisfy the sense of platitude of protocal and the sense of false prestige?

Forty crores had been sunk in building the port of Kandla in Kutch and yet there was, up to now, no guarantee to have a scientific development of that major port, with the result that it was on the point almost of being closed.

There were statutory bodies to audit and check the expenditure as provided in the Constitution. Reports after Reports were being produced. Had the Government taken any action on those Reports? There should be a steady and vigilant check on the expenditure, on the money that we voted. This Government was collapsing and making the country absolutely bankrupt. We were by no means against planning. But planning should be done in a way which was commensurate with the capacity of the country, with the continuing process of prosperity and development. Unless and until we had as priority the question of self-sufficiency in food all these huge projects like the Bokaro, the Food Corporation, the State Trading Corporation, would be a hot bed of corruption, giving no return whatsoever. We should pay some attention to Kandla and put it in the free trade zone. We should provide some advisory bodies which could help the Port Commissioner to see to the possible ways of development of trade in that major port.

Rajya Sabha, May 8, 1969

Finance Bill, 1969

N. G. Ranga

A point of order had been raised that the wealth-tax on agricultural land ought not to be included in the Finance Bill.

In the Constituent Assembly when land was put in the State List, it was understood that everything pertaining to land as property would be included in it. Therefore, we thought that it was being kept within the province of the States. We were doubly assured about it when we found in the Central List the clear expression "excluding taxes on land".

But the Finance Ministry had an evil genius and, therefore, they wanted somehow or other to bring the peasants and the agriculturists within the mischief of the Central system of taxation. So, they had included it here. If they insisted upon getting this thing included in their taxation system, the Kisans would take the matter to the Supreme Court and it would come to be quashed.

At the same time, the Chair had a special duty in this regard. It had got to look at these things not from the legal point of view but also from the commonsense point of view and then see whether really this could be construed to be coming within the purview of this Parliament and the Centre by any stretch of imagination. It was not as if we were asking the Chair to use this authority in an extraordinary manner. In the past, the Speakers had used this authority whenever they found that what was being suggested and proposed by the Government was not coming within the four corners of the ordinarily imaginable limits of their authority. Therefore, the Chair should declare this part of the Finance Bill to be outside the authority of this House and the Finance Bill excluding this part alone should be allowed to be discussed and voted upon.

April 29, 1969

C. C. Desai

What the Congress Party believed was socialism which was bordering on Communism. They believed in confiscation, exploitation, the denial of the pledged word as in the case of abolition of privy purses and in the confiscation of property without payment of adequate and just or fair compensation.

On the other hand, we who believed in Gandhian socialism, wanted that the rich should become less rich; the poor should become less poor; the gap between the rich and the poor should be bridged as early as possible; that there should be free economy, free agriculture and more production, better distribution, better transport and better facilities which were all symbols of an improved and sound economy of a welfare state.

According to the statements given in the Economic Survey, the per capita income of India was even today about ten per cent less than what it was four years ago. Although the total amount of foodgrains was six millions more than what it was in 1964-65, the rise in population had more than offset this marginal increase. The production of commercial crops had not yet reached the 1964-65 level and the per capita availability of foodgrains was still less than what it was in 1964-65.

The Finance Minister seemed to find a great satisfaction in the fact that the general price level was somewhat lower than what it was last year. But he forgot that only during the last three or four months the price level had gone up by five per cent. The public could not forget and had to realise every day of its life that according to Government of India's own figures price had gone up by more than 60 per cent in the last five years and that during the great plans of 20 years and of Control Licence and Permit Raj, the prices had gone up more than two and a half times.

Everybody said that the gap between the rich and the poor was widening everyday. Monopolies were also growing. The Government could bring in a legislation to restrict monopolies, but the real trouble was that the Congress people themselves were sympathetic and favourably inclined towards big industrial houses for obvious reasons. They had to collect large sums of money for election purposes. And that was the main reason why even now, in spite of the pressure from the back-benchers of the Congress Party, Government did not seem to be keen on bringing forward that legislation on donations by companies to political parties. In 20 years of the plans, far from bringing the millenium the Finance Minister was fondly hoping for, had brought nothing but greater poverty and greater social injustice than ever before.

As for the administrative performance of the Government, in 1966-67, in which, according to the figures available, the recession was at its worst, the Government of India had performed the remarkable feat of controlling their development expenditure but had raised their non-developmental expenditure by as much as 18 per cent.

The internal public debt of Government had gone up three times between 1961 and 1968. But it was in the field of external debt that the figures were really staggering. From an amount of nearly Rs. 1,800 crores of assets which we had inherited in 1947 from the outgoing British, today we had a debt of Rs. 6,000 crores. The servicing of foreign debts would alone require an annual outlay of about Rs. 400 crores which was a substantial percentage of our export earnings.

The Finance Minister had not referred to the wonderful achievements of the Public Sector. It was admitted that in relation to the capital employed, gross profit declined from 4.3 per cent to 3.6 per cent. It was because there was wasteful extravagances due to bad planning from beginning to the end and mismanagement of personnel. Therefore it was necessary that Public Sector were managed in the same way in regard to cost, profitability, etc. as the Private Sector projects. The desire to restrict salaries in Public Sector Undertakings was obviously at variance with the attitude of Government in regard to the Private Sector. The Government should apply to the Private Sector the same principles as regards remuneration which Government applied and enforced in the Public Sector.

The Finance Minister had stated that there would be an additional expenditure of Rs. 49 crores on account of increases in salaries and dearness allowances. This increase had become inevitable because of the alarming increase in the price level.

There was, of course, increase in defence expenditure and that was inevitable. That had been brought about by lack of diplomacy or incompetent diplomacy on the part of successive Governments and Foreign Ministers. If other countries did not have to face the same problem, why should it be necessary for us to face it? If it was inevitable from the defence and security needs of our country or the development of our national life, for creating opportunities for better and more gainful employment, for our landless labour and for the educated unemployed, the people of the country would, no doubt, be well-prepared to bear the burden gladly and cheerfully, but Government had not proved that they had practised, the utmost economy in expenditure.

The Finance Ministry went on sanctioning expenditure, but their conscience was roused suddenly and they thought of economy when a demand came from MPs for a revision of their salaries, allowances and perquisites. Even the unanimous recommendations of a Joint Committee had not been given effect to. The Joint Committee was representative of all groups. It was hoped that the Congress Members would tell the Finance Minister that they were not prepared to support his taxation measures and the Finance Bill unless and until either he or the Prime Minister of the country made a definite statement on the floor of the House that the recommendations of the Joint Committee would be accepted and implemented.

The proposed taxes on agriculture were the most mischievous features of the Finance Bill, 1969. So far as the power-driven pumps and motor spirit were concerned, they would affect the transport system. We knew in Haryana and the Punjab, wheat had been ruined last year because it could not be moved from one centre to the other. If the trucks were going to be more expensive, it would create further difficulties for the agriculturists and the farmers. This, together with all the other levies on the farmers, on what he owned, used for production was the result of our Government yielding to the pressure of the Planning Commission who had already ruined our economy during the last decade and now wanted to arrest our agricultural progress by taxing the farmer just when it was about to explode. The levy on the agriculturist, and on agriculture must be resisted here and now on the grounds that these levies were totally bad for the country, and particularly the agricultural wealth-tax was wholly unconstitutional.

About the agency of the income tax department, no more scathing condemnation of the department could be made than that by the Working Group appointed by the Administrative Reforms Commission on the Central direct taxation administration. The Committee had come to the staggering conclusion that there was at present a complete sense of frustration and discontent in the Department and the whole Department looked more like a battlefield than an organised, disciplined force dedicated to the tasks it had undertaken. What could the Government expect out of the disgruntled and frustrated lot of people? How long could the fear of punishment and of the Special Police Establishment keep the efficiency and morale of the people straight? And they were given unrestricted right, discretion in the matter of assessment, whether it was income tax, wealth tax or any other tax.

April 29, 1969

N. K. Somani

The managerial science was not only a science, but it had become a technology and the Indian Institute of Management was now treated on par with Indian Institute of Technology. Therefore, there was no reason why the know-how in respect of management development and the development and transfer of this skill should not be made available for the concessions that were being made?

It was not fair to discriminate against such companies which had already taken steps for providing technical know-how and therefore the limit of 1st April, 1969 as the date of entitlement to this concession should be withdrawn and with the approval of the Government of India all such past contracts should also be acceptable for this concession.

So far as clause 11 was concerned, we would like to plead that people like architects and town planners, enginers and scientists, doctors and lawyers who had reason to go abroad and earn a part of their fees in foreign exchange should also be given these concessions.

May 1, 1969

D. N. Patodia

During the last 20 years, the State had assumed larger and wider control over the economic activities of the country. The State could acquire larger funds and finances by raising taxation, borrowing within the country and outside and by resorting to deficit financing. It was a matter of regret that inspite of all that our economy was in a very bad condition.

The total number of unemployed persons today was estimated to be between 70 lakhs and 1 crore. Out of them a very large number of people were qualified engineers, graduates and so on.

In the 1950-51 census, the total number of illiterate persons in the country was 29.8 crores; in 1969, it was estimated at 34.9 crores. Every 67 persons out of every hundred in our country are illiterate even after 20 years of independence.

Housing was a basic necessity in our country today. Compared to 1951, the total number of persons without housing now was very much more. Every day the problem was becoming more and more acute.

So far as the lower middle class and the poorer sections of the community were concerned, the level of consumption of the basic necessities of life like cotton cloth, foodgrains, sugar, edible oils etc. had substantially come down during the last 20 years. As for the per capita income during the whole of the Third Plan, not even an iota of increase was recorded in real terms at prices of 1948-49.

All these things showed that the economy had been directed on wrong lines. First of all the money had been taken away by rising expenses of the Central and the State Governments. The total expenditure of the Central and the State Governments in 1954-55 was of the order of Rs. 930 crores which today stood at Rs. 5,000 crores.

We had resorted to continued deficit financing for more than ten years. Taking into account the debt of the Central Government with banks in the last ten years, deficit financing had been to the tune of Rs. 2,500 crores and this year it would increase by another Rs. 250 crores. If deficit financing was accompanied by an equivalent rise in production, it could be justified. But what we found was that deficit financing had been resorted to meet rising expenditure and investment in non-yielding projects. It had resulted in inflation.

As for the public sector, there was uneconomic planning, continuous losses, idle capacity and overemployment. With an investment of about Rs. 3,500 crores, even this year it would result in a loss of Rs. 95 crores. The Prime Minister had said in the AICC that their gestation period might go up to 15 years. It was a new theory in economics. By whatever standard anywhere in the world, all worthwhile capital equipment were liable to become obsolete after 15 years; in modern technology the gestation period was never more than five years. The result of her statement would be the shattering of economy.

The other justification about the public sector given by the Prime Minister was that the public sector was highlighted on account of its being accountable to the public and Parliament, and if a probe was made into the private sector, the results would not be all too flattering. She was completely ignorant of the functioning of the private sector which prevented the occurrence of loss. If the private sector industry was going to run inefficiently and at a loss, the inbuilt mechanism would compel it to die; and this very fear of survival would compel the industry to work efficiently. On the other hand the public sector was living at the cost of society; it was living at the cost of taxation of the people and it was only resulting in higher and higher taxation in our country.

The third ground on which the Prime Minister had justified the public sector was that in respect of the public sector, profit motive could not always be the consideration. Firstly, that was against the directive principles in respect of the public sector industries. And secondly, presuming that there was no profit motive behind it, then, where did the benefit of no-profit go? Did it mean that by having no profit motive, the commodities made by the public sector were being offered cheap to the public? Or, were the losses and inefficiency of the public sector being covered by saying that profit motive was not there? It was in the interests of the public sector and socialism that the performance of the public sector improved.

This year, there was an additional taxation of Rs. 127 crores, which had been reduced by Rs. 5 crores. There was deficit financing of Rs. 250 crores. There was an additional taxation by the States of about Rs. 40 crores to Rs. 50 crores. The economy of the country would be further burdened by more than Rs. 400 crores. It was bound to create an inflationary condition without an equivalent rise in the income or wages.

The incidence of new taxation on free sugar would be of the order of Rs. 40 per quintal. The Finance Minister did not care to see that so long as this impost continued sugar was bound to continue to be expensive for the people.

The Finance Minister said that agriculture was capable of bearing something more. By all standards, our cost of production of foodgrains was higher as compared to other countries. Did the Finance Minister feel that in respect of agriculture we had arrived at a saturation point and there was no need for further growth? If the Finance Minister sincerely felt that further growth was necessary, the imposts on agriculture did not go with the spirit of it. The imposition on fertilizers, kerosene and petrol should again be looked into and withdrawn.

The Finance Minister had announced some relief in respect of cement. He said, originally the conversion from specific to *ad valorem* proved to be a little more and so it was being neutralised. Due to conversion from specific to *ad valorem*, the increase was Rs. 3.30 per tonne. The relief announced today was only Rs. 1.86. There was still a gap of Rs. 1.44. The Finance Minister should calculate it again and see that in spirit and in action, both of them were equalised.

On 28th February, certain reliefs were announced in respect of jute goods and tea. But these reliefs were not adequate. Both in respect of jute and tea, India had gradually but steadily lost the export market in favour of Pakistan and Ceylon respectively. It was because both these countries stood at a positive advantage compared to India in respect of these two items. Our export policies should not be directed towards revenue collection. They should be directed towards promotion and growth of trade.

This Budget continued to be one in the chain of bad budgets. Our budgets were needed to be growth-oriented and not collection of tax oriented. They were needed to provide the guideline to the economy which might ultimately promote growth, provide employment opportunities, provide housing facilities and which might raise the standard of living of the people. This needed a bold step.

This was a year when necessary conditions were available for taking a bold step. Our agricultural crop was good, exports were picking up and for the first time after many years there was price stability. We could have taken a bold step by giving reliefs and by creating conditions for making the economy growth-oriented. But we had not taken advantage of it and had lost a golden opportunity.

Then, relief had been given by the Finance Minister by permitting deductions by 25 per cent of the foreign income to a class of professionals like playwrights, artists, actors etc. The objective of providing this particular relief was to encourage Indians seeking income abroad and to earn more foreign exchange. We did not see any particular justification why the particular class of professionals should be singled out for this concession. Therefore, this concession should be applicable to all assessees so long as they had any earning of foreign exchange, irrespective of their profession.

Under the present law, an assessee paid as per demand and in case of difference the assessee paid within thirty days of the filing of the return. Therefore, there did not appear to be any particular advantage in Finance Minister seeking that it must be submitted by such and such a time if it exceeded by 33-1/3 per cent. This charge was completely unnecessary.

At present, the penalty due to short payment of advance tax was payable only if advance tax paid fell short of 75 per cent of the assessed tax. In other words, a margin of 25 per cent had been kept so that if there was a mistake within a margin of 25 per cent, the assessee would not be penalised. But by the provision under this Bill, this margin was removed completely and the effect would be that as soon as there was the slightest difference in the amount of tax paid and the amount of tax assessed, on the amount of difference the penalty and interest would be payable. The Finance Minister should not rule out the possibility of a genuine mistake. Some sort of a margin was necessary so that an assessee was not made to suffer on account of genuine mistakes. The Finance Minister should consider the conditions of the small traders and businessmen spread over the entire country who were not that much well aware of the rules which were very cumbersome. Secondly, by removing the margin, more and more powers were being given into the hands of the income-tax officers and were likely to be misused.

Clause 24 could not be supported. Whether it was wealth tax on agriculture or it was a tax on fertilizer, Government were unnecessarily complacent about the development of agriculture in the country. In fact what we needed was pumping more surplus into the rural and agricultural front rather than squeezing the surplus out of it. But by imposing this tax on agricultural land, we were creating conditions by which agricultural growth was bound to be curbed and retarded. Therefore, this particular provision was ill-conceived.

As regards the penalty, as compared to the provision in the Bill differed basically from the previous position. Previously, the penalty was applicable in relation to the amount of tax evaded; now it had been made applicable to the total amount of wealth involved. It would mean that if a man had a property of Rs. 1 lakh and, after waiting for five years for assessment to be finalised, the ITO assessed that property at worth Rs. 1,05,000 then the penalty would be around Rs. 1,50,000. But the amount of wealth tax payable on the total wealth of Rs. 1,05,000 in the course of five years would be only Rs. 125. So a tax which was capable of getting a revenue of Rs. 125 was now made capable of drawing a penalty to the extent of Rs. 1,05,000. This was confiscatory, unjust and absolutely irrelevant. Whatever be the penalty, it had got to be related to the amount of tax involved, not to the amount of total wealth.

The industry of processed food was still in a state of infancy. It was working against every possible odd. Many of the industries had already started closing down or they were converting to other jobs. Out of a total of 900 licences already granted, more than 90 per cent were units working in one small room. It was like a cottage industry which needed to be protected and encouraged. The imposition put by the Finance Minister would be a very hard blow which would throw the industry out of gear and create unemployment. The duty imposed on processed food should be withdrawn.

There were about 26 varieties of textiles on which previously specific rates of duty were applicable and they had now been converted to *ad valorem* basis. By this conversion, in respect of many items, duties had gone up by as much as 300 per cent. Many of these varieties were such that they were used by poor people, were used for industry material and were export-oriented. It was very unfair to permit the cost to rise in respect of these items by a fresh imposition in this manner. This increase should not be applicable to any cloth valued up to Rs. 3 per square metre.

April 30, May 1/6, 1969

R. K. Amin

This Budget was more inflationary than what the Finance Minister supposed it to be. He had already provided for Rs. 250 crores of deficit financing. With the revival of industry taking place, if he injected this amount of money into the economy, it was bound to be doubly inflationary. Moreover, he had also increased taxation worth more than Rs. 100 crores and even the State Governments had taken into account more than

Rs. 50 crores. Thus, while the deficit financing would increase the demand, push inflation, this expenditure of Rs. 150 crores of taxes would increase the cost, push inflation.

Secondly, this Budget was not sufficiently growth-oriented. By the wealth tax, all the savings of the people would go either in ornaments or in gold, and not to agriculture. Thus, this tax would stop capital formation in that field at a time when more and more capital needed to be injected into the agricultural field.

The tax on fertilizer was sought to be justified by giving example of grape cultivation where profits had been made. But that was only one sector of agriculture. Like industry, there were several sectors of agriculture where profits did not accrue every year.

The taxes on registered firms should also be withdrawn because there was a gross double taxation which the middle class traders could not bear; otherwise, formation of partnership in the economy which was required most in order to encourage traders and the mercantile community, would be killed.

May 6, 1969

M. R. Masani

Clause 2 enabled additional taxes to be levied on individuals and firms. The first increase was on members of the lower middle-class whose incomes ranged between Rs. 10,000 and Rs. 20,000 a year. This group would include people who drew about Rs. 800 or Rs. 750 a month. As we were all aware, the lower middle-class people had fixed income. They had been the biggest victims of the bad economic policies and planning of this Government which had been responsible for rising prices and continuous inflation during the last ten years. Unfortunately, the Finance Minister picked on this very vulnerable class of our society to increase their burden. This tax on lakhs of people of modest incomes could not be supported.

The other increase in taxation was on registered firms. Firms and partners had no separate legal entity; there was unlimited liability. Already there was double taxation. Any firm making more than Rs. 25,000 a year had to pay tax as a company and then each partner must also pay tax. That was bad enough. The Finance Minister now sought to lower the floor from Rs. 25,000 to Rs. 10,000. A little firm making a profit of Rs. 800 a month would thus become liable to double taxation. That would only aggravate an injustice that already existed.

The concession given in clause 9 should be made applicable to all assessees, not only companies, but firms and individuals and organisations also. It should also be extended to managerial know-how as defined already in the Income-tax Law for other purposes. The Finance Minister should also consider to remove the incentive to delay and deny justice by making it enough for application to be made before 1st October. Furthermore, he should extend it to agreements made at least during the past year, if not for a longer period.

All these years, income-tax payers had been made to pay their tax which was going to become due next year. It was harsh enough to ask a man to pay tax on income he was yet to earn. But we had got used to the present procedure. So far the assessee was not only the assessee but he was also the collector of the tax on behalf of the Government from himself. Now, the Finance Minister wanted that the assessee must not only collect the tax, but must calculate it on behalf of the Government and if he (assessee) made a mistake, the Government would punish him.

It was outrageous that not only should a man be asked to pay tax in advance but the onus of knowing in advance how much he was going to earn should be laid on him. Not only that, if the estimate of the assessee turned out to be wrong, he would be penalised. One did not know how could an assessee be so sure of his income to be earned in the next 12 months. Seen from that angle, this kind of provision was inequitous and oppressive.

All these clauses, from 12 to 22, were unnecessary and mischievous and should form no part of this Bill.

Clause 24 had three parts. The first two parts dealt with the application of wealth tax on agriculture and the third part dealt with the increase in penalties on wealth-tax. Both the provisions were equally objectionable.

Agriculture needed incentive. It had been a depressed industry which had been very harshly treated and shabbily neglected during the last twenty years. The capital inputs had been denied to it. If in spite of that there were citizens of the country who strived hard and produced a good crop and made a profit, it was premature at this stage to try to tax them. A few years later, if agriculture did extremely well, the proposition might be considered. Till that happened, we opposed the wealth tax on any agriculturist whatsoever.

The penalties proposed for non-filing of returns of the wealth-tax were most severe. The existing penalties were already too severe, that is, 2 per cent of the tax assessed for every month of default, but not exceeding 50 per cent of the tax assessed. Now, the Minister proposed to double the penalty. It would defeat the very ends of justice. Therefore, it would be better if *status quo* in that regard was maintained.

As regards clause 25, it was a strange argument to say that because the current rates did not go across the ceiling, the ceiling should be abolished. Ceiling was meant to be permanent and to guard against subsequent rising of the taxation. The clause sought to remove the ceiling and opened the door to mischief in the future.

Petroleum and motor-spirit had been taxed mercilessly over the last 10 to 15 years. Every year, in spite of the unconscionable burden, a little more burden was put on road transport. We were aware of the injustice done to the small road transport operator whose life and business were made impossible. The additional duty on petroleum products, particularly motor-spirit, was entirely unconscionable.

Today, the Indian peasant, who used fertilizers paid a price which was 50 per cent or more higher than the world prices. Therefore, there was no room for adding to his burden. Fertilizer was something that should be made cheaply available to every farmer. The duties on petroleum, motor-spirit and fertilizers should be dropped.

In the First Schedule the exemption limit from the present figure of Rs. 4,000 should be raised to Rs. 7,500. It was recommended by Mr. Bhoothalingam in his report last year. At the present money values Rs. 4,000 was a fraction of what it was some years ago. Collecting money from those very small people did not give much money but added a great deal to the income-tax administrative expenditure.

As regards the firms, they were already being taxed first as a firm and then as partners. That was a measure of double taxation which was already an injustice. Now the Finance Minister seeks to bring in smaller firms who did not make a profit of even Rs. 25,000 a year; he wanted to lower the limit from Rs. 25,000 to Rs. 10,000. This was not fair and should not be done.

May 1/6, 1969

Dahyabhai Patel

The Bill was not going to serve the objectives with which the taxation proposals were introduced. It would cause inflation. In fact, the Government suffered from two misconceptions.

First there was the talk of the green revolution. A large number of pamphlets had been issued by the Government talking about the green revolution. But actually one saw only a red revolution that was overtaking the country. Events in Calcutta were very clearly indicative of it, but the Government seemed to be absolutely complacent about it. Where was the green revolution? What percentage of the farmers was able to use the new techniques, the new type of seeds and the fertilizer? The notion that the Government had, was a little exaggerated. So, this emphasis on what had happened to our agriculture and of trying to tax agriculture and agricultural land was a little too much in haste, perhaps like putting the cart before the horse.

Secondly, Government's interference at every stage made things more and more difficult. Everytime we tried to manufacture tractors or anything else in this country, we found difficulty at every stage, because of the uncertainty of the Government policy which was changing every time.

The real difficulty was the vacillating policy of the Government and Government's inability to take decisions. The Tata fertilizer factory was an example of how delay was costing the country so much and the Government did not seem to bother about it. If the Government took quick decisions, all the projects would come into operation, the people would get employment and the Government would get taxes from the people who were employed. It was this policy of the Government that was resulting in loss of revenue to the Government.

The telegraph rates and the telephone rates were the highest in this country for such a poor service.

The Government made a very heavy profit—something like two hundred per cent—on the telephones and trunk calls. If the Government shared the responsibility, there would be quicker expansion of the service and the Government would get more money.

Every year there was a fresh dose of deficit financing and this deficit financing brought in its wake inflation. Then the cost of living went up and there was demand for more allowances. The Member failed to see anything in the Budget that was striking at the root of this great disease that had overtaken the Government. Therefore the Budget and the Finance Bill were disappointing.

The poor agriculturist and the poor middle class man were very worse off after this Budget. The Finance Bill gave them no relief, the relief that most of the Members in this House and in the other House also pleaded for.

Certainly, the House and the country were worse off by this that the Government had found a new source of revenue by imposing agricultural wealth-tax. The Government's needs were to balance the Budget, nothing else. There were other ways of balancing the budget.

Rajya Sabha, May 10, 1969

G. K. Sundaram

The Member was grateful to the hon. Finance Minister for the concessions shown to the South Indian Textile Mills and the Engineering industry in withdrawing the proposed duty on power-driven pumps and the reducation in the excise duty of certain counts of yarn and certain types of cloth. The Member was particularly grateful to him for reducing the *ad valorem* duty on certain types of cloth from 15 per cent to 7½ per cent.

The Finance Minister should watch the performance of the industry and whenever needed, he should give further help and assistance at the appropriate time.

The measures that had been adopted so far did not help the reopening of any of the mills that remained closed now. In addition to these concessions in excise duties, loans were given to the handloom societies for stocking more cloth, but these did not help the closed mills. For exports, a sum of Rs. 5 crores was granted and those exports had assisted only in reduction of these stocks. Further expansion of the spinning industry had been stopped for the time being. Lowering of the margins of hypothecation and pledged goods by the scheduled banks was also not enough. It did not in any way help the re-opening of the closed mills. A special additional rebate for the handloom cloth had helped to clear the stocks of the handloom societies, but it did not help either the spinning or the weaving mills. It was said that a scheme had been sanctioned for the stocking of cotton yarn by the Southern Indian Mills and the Tamil Nadu Mill Owners Association. But unfortunately the terms had been so hard that not a single pie could be utilised for this purpose. The Industrial Development Bank, no doubt, had come forward to extend credits for 10 years and above only in suitable cases. The suitable cases were only these viable units and units that were making some reasonable profit.

Then again the cotton mill industry had been added to the Fifth Schedule of the Income-tax Act. There also only those mills which could make profit would be able to provide for the additional depreciation that was allowed by these concessions and no other mills that remained closed or which could not make any profit would be helped by these measures.

The Government should consider very seriously, and make a serious attempt, to reopen these mills. The only way to help these sick units was to provide them with some kind of raw material which would enable them to earn some profit and work with reasonable efficiency. The Finance Minister should consider the import of synthetic fibre, namely, viscose and acitate synthetic fibre, which was already in short supply in this country so that these mills might be able to reopen and work.

It seemed that the policy of the Government had been to tax all industries alike. The Government did not want that the private sector industry should flourish at all. At any cost, the moment a new industry was put up and the initial gestation period was over, when it started making profits, immediately excise duty was clamped on it and it was not allowed to make any profits whatsoever. There was already no capital market. During the year 1968 we had seen underwriting by the financial institutions to the tune of Rs. 48 crores, the highest ever underwriting. Hereafter at this rate we could not expect any public subscription whatsoever and the entire financing of industrial development had got to be done only by the Government and the financial institutions. The Member was sorry to say that all that was mobilised in this manner had been invested in public sector undertakings and administrative expenses. The Government had invested so much in these public undertakings and having invested so much even when they did not get returns in time, they were going on spending much more endlessly year after year. If only the Government had paid proper attention and taken proper care to work these industries efficiently, they would have raised a revenue of Rs. 320 crores and there would not have been any need for additional taxation on any of the industries in India today. A parliamentary committee of all parties should be appointed and it should be assisted by experts in productivity and it should go into all cases of losses or unproductivity in public sector undertakings, and suggest suitable measures. The recommendations of that committee should be mandatory and binding on the Government.

There was plenty of scope for economising expenditure—administrative and non-developmental expenditure. Only the other day, there was an instance brought to the notice of the Ministry of External Affairs where we had a very big establishment for our Deputy High Commissioner in London. Much wasteful expenditure was being incurred on it.

There was very tight control on the production, distribution and price of the textiles all the time but when it came to the STC we did not find the same policy being adopted there. In auction No. 25 of second-hand used car, a Mercedes Benz 250 SL 1968 Model was auctioned for Rs. 1,70,550. In another auction No. 24, another Mercedes Benz 250 S, 1966 Model was auctioned for Rs. 1,35,000. When the State wanted, it could do it and sell for any price whatever.

There was plenty of room for effecting economy by import substitution. Even in the Defence expenditure, quite a lot of import substitution could be done. Given an opportunity, the private sector could do quite a lot of saving in the big item of expenditure of Defence.

There seemed to be some change in the policy on power looms. The Central Government itself was encouraging a scheme in Goa territory. The Member was grateful that at least now the Central Government had thought that this power-loom sector had to be encouraged and if this had been followed 2 years back, the textile industry would not have been in the present state.

Wealth tax measure would come into effect only next year, but the farmers should be well-educated and well-informed about it. The Agriculture Minister should take up this propaganda through the village programmes of the AIR so that the farmers might be properly educated as to the implications and complications of this Wealth-Tax Act.

Rajya Sabha, May 10, 1969

M. K. Mohta

The first provision that had been made in Clause 3(b) was that there would be some change in the criterion that would be applied to decide this question and this criterion would apply from the first day of April 1970. Since the Minister had accepted this principle of applying this particular criterion to this question whether a company was one in which the public was substantially interested or not, it stood to reason that it should be made applicable from the 1st

April, 1969, instead of from the 1st April, 1970, so that the companies might get the benefit of this clause from the current year.

The conditions in which the Indian economy found itself to-day were such that it was difficult for any entrepreneur to sell 50 per cent or more of the shares of his company to the public even if he wanted to do so. Therefore in the circumstances obtaining to-day, a company should be treated as one in which the public were substantially interested as soon as 40 per cent of its shares were held by members of the public or by the Government or a corporation established by a Central, State or Provincial Act, and so on and so forth, so that the company might get the benefit of a lower rate of taxation and be free from the penal tax.

By the provision of clause 8, a dividend of Rs. 1,000 had been made tax-free, instead of Rs. 500 as was the case up to last year. But even this tax-free limit of Rs. 1,000 would not be encouraging enough for the members of the public to invest in industrial equities because the tax advantage that would accrue to the lower and middle income groups by this incentive would be so small that it would not be any attraction at all. So, this tax-free limit should be raised to at least Rs. 5,000 so that the capital market might attract the savings of the community, and the industrialisation of the country might get a fillip.

The scheme of penalty, which had been introduced in Clause 22, was too harsh, considering the type of default that was made by the tax-payer. The tax-laws to-day were so complicated that it was very difficult for any assessee to know for sure as to what exactly would be his tax liability in certain circumstances. Even the tax authorities were not unanimous in their decisions. So the penalty of the type that had been provided in the Bill was out of all proportions to the mistake committed by the assessee.

Agricultural wealth-tax was a new concept. The prices being what they were the exemption limit that had been provided by the Finance Minister, namely, Rs. 1½ lakhs, was a very small figure and it would rope in a very large number of farmers under the purview of clause 24. The agriculturists would be put to, by such a small exemption limit, a lot of harassment, a lot of difficulty, in filing a return, in making an assessment and evaluation of land, and in getting the assessment done. The exemption limit must be realistic enough so that a large number of very small farmers could be left out of the scope of this taxation and only very large farm-holders might be roped in. The exemption limit should be raised to Rs. 2½ lakhs.

The penalties provided in Clause 24 were very severe and they were so harsh that they would be positively unjust to the persons covered by this clause. Although the intentions of the Minister were to treat very harshly the tax-evaders, the people who would really be hit under this clause were not the tax-evaders, but the people who fell in marginal cases, who really did not understand the intricacies of tax laws and who unwittingly failed to file their returns in time. Anybody who thought that his wealth was Rs. 50,000 or Rs. 55,000 worth but if it was assessed to be worth a lakh and fifty thousand rupees according to the assessment of the Wealth-Tax Officer, he might find that most of his property was simply confiscated by the Wealth-Tax Officer by the provision of the penalty clause introduced in this Bill. Therefore, the Minister should have fresh thinking on this matter.

Plantations would be very harshly hit by this wealth tax on agriculture because the plantations held by or owned by individuals already paid a very high rate of income-tax in their respective States and on top of that if they had to pay a very high rate of wealth-tax also, the development of plantations would suffer a set-back which would mean a set-back to our export effort and, therefore, the plantation needed special consideration at the hands of the Minister.

The cotton textile industry seemed to have been singled out by a kind of non-preferential treatment because this priority status would be given to this industry only for the purpose of development rebate but not for the purpose of rebate in the tax rate. All other priority industries were also entitled to a rebate of 8 per cent in their income-tax rate but this unfortunate industry which was facing such a grave crisis today, so much so that 80 mills were closed and 85,000 workers were unemployed and there was a serious crisis in the country today, this unfortunate industry had been denied part of the concession which all other priority industries had been given.

The scheme of surcharge on income-tax was only time-consuming, making the tax law more complicated and causing harassment to the assessees. Instead of having the system of reduction in income-tax, on the one hand, and, on the other, imposing a surcharge on that, it would be much better to increase the rate of income-tax itself if more revenue was desired as this complicated procedure was not suited to efficient working of the department.

According to the provisions made in the Fourth Plan, the private sector had been given the task of increasing industrial production by 8 to 10 per cent every year involving an investment of nearly Rs. 3,000 crores. This kind of a responsibility could not be fulfilled by the private sector unless adequate fiscal incentives were also granted. The corporate tax rate ought to be decreased to 45 per cent in all cases.

Rajya Sabha, May 12, 1969

Estate Duty (Distribution) Amendment Bill, 1969

R. K. Amin

The Government was introducing taxes one by one, in an *ad hoc* manner, without taking into account the entire picture. In its distribution also, they were adopting different principles because the taxes were introduced bit by bit. It was time for the Finance Minister to consider the entire scheme *de novo* so that no injustice was done to any State whatsoever.

After the recommendation of the Finance Commission, there had been one or two changes. We had, for instance, a separate Hill State in Assam. In order to avoid making changes every now and then, he would consider referring this matter again to the Finance Commission and when it gave the final report, it could also make a final recommendation.

In the apportionment of this tax to the States, the principle should be that their share should be what they would have got if they had introduced these taxes. If that principle was adopted, there was no need for making this discrimination between moveable and immoveable property.

May 7, 1969

Industry and Commerce

Demands for Grants for the Ministry of Industrial Development, Internal Trade and Company Affairs

D. N. Patodia

The picture of industrial development in the country today was somewhat gloomy. During the last three years, total employment in private sector industry which was 68.1 lakhs in March, 1966 came down to 66.8 lakhs in March, 1967 and to 65.2 lakhs in March, 1968. Thus, within two years, the total employment in the industrial sector came down by three lakhs. If we compared these figures with the rise in population in our country it became still more frustrating.

Perhaps the rate of industrial growth in our country was the lowest in the world and this was not an accident. It was the result of various industrial and economic policies pursued and adopted by the present Government over so many years in the past.

The Hindustan Machine Tools had five different units, two in Bangalore, and one each in Pinjore, Kalamsery and Hyderabad. The total capacity of these five factories was 5000 machine tools annually. But in 1966-67, when the production was at peak they produced only 2665 machines which was nearly 50 per cent of the rated capacity. Thereafter, production started going down and in 1968-69, it was expected that the total production would not exceed 1500. Even at this low rate they had accumulated a huge stock of machines. The result was that the Hindustan Machine Tools lost a sum of Rs. 65 lakhs in 1967-68, and in 1968-69 it was estimated that the loss would be still greater. This was due to the unnecessary creation of additional capacity. The Government knew that the two units at Bangalore were capable of making as many machines as were needed in the country. In spite of that, they went on increasing the capacity without any justification. Just because every state must have one unit, one was established in Punjab, another in Andhra Pradesh and the third in Kerala, with the result that all these plants were lying idle, and there was fabulous increase in the cost of production. The cost of machine production by the Hindustan Machine Tools, as compared with the cost of an equivalent machine in other parts of the world, was possibly the highest.

The total number of persons employed in Hindustan Machine Tools was 12,706. Out of which as many as 1,673 were only managerial and supervisory staff, a proportion never known before. But this was so not in the case of Machine Tools alone, practically every important public sector project was behaving similarly at the moment. Idle capacities, wasteful investment, overemployment, lower efficiency, larger overheads and a very large proportion of rejections were the regular features in all these projects. Even this year the public sector projects would be incurring a loss of as much as Rs. 35 crores, which would go on accumulating for many years to come.

Apart from their un-economic working, these public sector projects had been made a tool in the hands of politicians; they had become a ground for refuge for condemned politicians. Regular misappropriations, thefts and over-staffing had become the byword and watchword for all these public sector projects. This was how the image of public sector had been projected in the country. Unless the Government took rectifying steps, the image of public sector projects would be so much destroyed that the nation would lose confidence in them.

So far as the private sector was concerned, its growth had been retarded, deliberately handicapped. For instance, there was the motor car industry. It had been subjected to a particularly rough treatment over all these years and this resulted in retardation of growth, lack of profitability and inadequate return on capital. The result of the survey made with regard to taxation of the road transport industry in all the countries of the world, was that road transport industry in India was the highest taxed industry compared to any other country of the world.

We had evolved a system of fixing prices on the basis of Tariff Commission's report. But the Tariff Commission did not sit every year. Last Tariff Commission was constituted in 1956 and on their recommendations the prices were fixed at Rs. 10,146 in respect of a particular brand of car. The same car after 12 years was now costing Rs. 13,799. Now the difference in the 12 years was Rs. 3,653. Out of the total difference of Rs. 3,653, with an exception of Rs. 330, the entire sum had gone away in the form of rise in taxes and duties. This difference had been pocketed by the State in one form or the other. The manufacturer had not been benefited. The consumer had been penalised. This was the pattern of pricing developed in the last 12 years.

As regards the pattern of cost of manufacture in the last 12 years, the cost of every item of manufacture had been considerably gone up. The manufacturers had been making representations year after year to the Government suggesting that a compensating rise in the price had got to be permitted in view of the rise in cost in the last 12 years. But the Government had refused to permit any increase in the price by working through backdoor or by gentlemen's agreement.

Apart from that, there was another interesting factor that had developed during the course of the last twelve years. The Planning Commission made a forecast that by the end of the Third Five Year Plan the total requirement of trucks in the country would be as much as 60,000. Accordingly, the truck manufacturers increased their capacity. But the total requirement was not even one-half of it. They invested huge amount of capital which was mostly lying idle. This was true about all the automobile manufacturing companies. The return on the capital was very low and they were in a terrible state of affairs. Now we were told that the report of Tariff Commission was awaited. But that was not the point. Whatever be the report of the Tariff Commission the point had to be remembered that the cost had gone up and it was no more possible for the automobile manufacturers to market them. A time had come when this industry had got to be put in its proper perspective.

As regards the Cable Manufacturing industry, both the private and the public sector had their units. At present the cable-manufacturing industry in the private sector was working at 25 per cent of installed capacity and 75 per cent of the capacity was lying idle. They had submitted proposals to the Government that with an additional investment of only 1.5 crores of rupees they would be able to meet the demand of cables required during the Fourth Plan. In spite of all efforts, Government had thought it wise not to sanction this production in the private sector industry, and they were seriously thinking in terms of setting up another factory in the public sector although the Public Accounts Committee had categorically said in their Fortieth Report that before any proposal for setting up a new factory was examined, the existing installed capacity of the private sector had got to be fully utilised.

As regards tractors, the demand in our country at the moment was about 50,000 tractors and our indigenous production was only 15,000 which was likely to reach about 20,000 in course of time. Efforts for imports had only partially succeeded and we must manufacture them in the country. Therefore, we should try to see whether in the existing factories in the private sector we could increase the production or whether we should set up a new factory in the public sector. Here, again, private sector factories had submitted definite proposals to the Government that with very small additional investment they should be able to produce these tractors. But the Government was sitting silent.

There was undue delay in disposing of papers and this stood in the way of economic recovery. A Japanese delegate who had recently come to our country had said that "in Malaysia, it takes two years to start a factory. In India, it takes two years for the permission to start a factory." According to various estimates we had made, not less than 1,500 to 2,000 applications were pending in the Ministry awaiting disposal. The States had been complaining that the Central Government were delaying permits for setting up new industries and for creating additional capacies. But nothing was being done to rectify the position.

A few weeks ago while addressing the FICCI the Prime Minister said that controls and licences were justified on grounds of social justice. This was a typical example of the misguided attitude towards industrial and economic development. Our experience was that when there were controls, there were scarcities, black-marketing and profiteering; whenever controls were removed, scarcity conditions improved and fair market prices prevailed. Government knew very well that permits and licences were working against economic growth. But they did not remove them because there was a vested interest that had grown in them. These controls and licences were now being used as a lever for attracting all sorts of favours and advantages.

One reason why we were unable to expand and progress was that we had adopted a very negative attitude towards economic development, a negative attitude in respect of monopolies and concentration of wealth. In these matters we were today adopting an attitude which was rejected all over the world many years back. Today's was a world of international competition and rising efficiency. If we had to live in a competitive world, we had to face that competition and we had to recognise the development of science and technology.

April 2, 1969

Demands for Grants for the Ministry of Foreign Trade and Supply

N. K. Somani

Our exports during 1968-69 had been fairly creditable. During the first ten months of the year the exports increased to Rs. 1,135 crores and imports declined to Rs. 1,519 crores, thereby reducing for the first time the adverse balance of trade to Rs. 358 crores against double this average for the previous year. But any complacency at this stage was not called for and there was great need for a continuing helpful climate and environment in the country and a purposeful import-export policy whereby the frontiers we had advanced were not only consolidated but extended a little further.

The textile industry was the most important segment of the industries that was under this Ministry. The tragedy was that the cotton textile crisis had deepened to such an extent that by its sheer size, volume and complexity its successful solution continued to baffle both the industry on the one side and the Government on the other. The help that had been sought to be given to the textile industry so far by the Government had both been halting and hesitant and completely out of tune with the needs of the day.

Shri Manubhai Shah who was concerned with the administration of this Ministry for a long period of time had submitted two outstanding documents of the textile industry. The recommendation made in those documents were very sensible and should not be thrown in cold storage.

In view of completely changed situation now, whatever little semblance of controls which were in operation in the textile industry were completely uncalled for. The huge and cumbersome organisation of the Textile Commissioner's office in Bombay was no longer necessary. Therefore, the Government of India should take early steps to de-control the remaining varieties of cotton textiles that continued to be under his operations.

One of the important recommendations of Shri Manubhai Shah was in respect of a Merger Commissioner. He had recommended that the weak units might be taken over by the stronger ones which were running efficiently, and who had not only got technical expertise but also marketing experience. Government should not hesitate in bringing forward further measures in addition to the Bill passed last year in terms of reconstruction and rehabilitation of the silk mills. These measures should be taken within a reasonable time so that all help was provided to those mills.

Shri K. K. Shah, some time before he became a Minister in the Union Cabinet, had also made certain valuable recommendations in respect of the Textile Commissioner's Office, abolition of the controls and the unnecessary plethora of rules and regulations. Those recommendations were still not fully implemented. Either the Government of India should say that whatever steps had to be taken had been taken; otherwise Shri Shah must take up the matter at the higher level, if the present Minister could not do so.

Cotton continued to baffle us and Rs. 82 crores was utilised every year on its import. Efforts were being made by the Indian Cotton Mills Federation to tackle this problem by the cotton development project. In our national interest and in the interest of saving foreign exchange and also in the interest of the cotton textile industry those efforts must be reinforced.

The priority sector had failed to export ten per cent of its annual production out of this country. Out of 341 units only 37 had fulfilled their plans. The units that had defaulted in terms of this national responsibility should not be made captive to authority as far as foreign exchange and import licences were concerned. Government should treat them with more penal measures.

The prices of both the traditional commodities and the non-traditional commodities were not stagnant in any part of the world and depending on the demand and supply situation, the overall picture of the international trend went on changing. Therefore, it was necessary that the various Attaches attached to our embassies and consulates throughout the world should make a weekly study of the prices and send their comments about any large import tenders in which Indian businessmen could be interested and things like that. That should come on a weekly basis either through the telex or the telecommunication department.

The sending of trade teams abroad was certainly a very well-advised step. But the personnel and composition of those terms were not satisfactory. For instance, in the team sent to Latin America only top industrialists were included which was not proper. In these trade teams professional people such as public relations managers, marketing managers and staff consultants including the public sector managers should also be included.

It was a great pity that the world fairs that were held from time to time were not taken note of properly by the Government. The world fair at Osaka was made known to the world for the last four years. But the Ministry woke up just last month and took a decision of sending its architect a few days ago to select the site and to pass the terms of reference that were there. It was certainly very painful to see this attitude. On account of lack of time Government would not be able to get a good and sound architect and design and our industrialists would not be able to put on a brilliant display. The Minister should investigate where this abysmal delay occurred and who was responsible for this particular attitude.

Several cases had been brought to our notice about nominations of import entitlements which were allowed to be sold and nominated in favour of the parties who could supply us with raw materials. This system was subject to grave misuse. For instance, a Bangalore party was recently allowed to buy nominations for milk powder worth lakhs of rupees, while it was very well known that its own factory would consume only Rs. 1 or 2 lakhs worth of milk powder for its entire products. Such entitlements which fetched a very handsome premium in the market allowed unsocial elements to make illegitimate profits.

Government should devote a little more attention to the developed countries, as far as exports were concerned. It was somewhat futile to try to sell our goods to developing countries. Instead we should extend a little more enterprise and efforts to obtain even a tiny portion of the fabulous developed markets like America, Europe and other advanced countries, where labour was in short supply and several goods made in India could find a place. We might not completely close the shop with developing countries, but the balance in our policy should be such that we got the maximum advantage in our international trade.

There was a news item that three American drug firms were alleged to owe India Rs. 9 crores as compensation for over-charging tetracyclene over ten years' time. The ministry must look into this. Our country imported 800 million capsules of tetracyclene from 1957 to 1967. This drug which cost the manufacturers 1.6 cents was imported and sold to this country for 51 cents. It was for the Government to move the American Government to see that this compensation was realised.

As far as the MMTC was concerned, it was regrettable that one single firm Messrs. Ram Bahadur Thakur had been given the monopoly of the export of manganese ore which had raised a number of problems. We failed to understand why the MMTC could not buy this on a quota basis.

April 16, 1969

Durgapur Steel Plant

Mr. D. N. Patodia called the attention of the Minister of Steel and Heavy Engineering to the serious mishap in Durgapur Steel Plant resulting in the stoppage of blast furnace and the reported alarming increase in indiscipline among the workers, which may lead to the closure of the steel plant.

The Minister of Steel and Heavy Engineering (Shri C. M. Poonacha): On 12-4-1969, the Blast Furnace No. II of the Durgapur Steel Plant, which had been commissioned about two months ago after major overhaul, suffered a breakdown. The molten slag was coming out from a region around one of the inlets through which hot air is blown. The furnace was immediately brought down to low blast and the hot metal was taken out. The refractory work around the area from where the slag had issued, was found damaged; similar defects were noticed near a few other inlets. The views expressed by the experts called in from other Steel Plants were that the damage was serious and that a complete relining involving a period of two months may be necessary. However, there was a possibility of stamping and bricking at the place of breakout from outside, and blowing in the furnace by closing the tuyeres (inlets) in that area. Measures like water cooling on the outer surface and specified operational precautions to help the formation of build-up over the brick work would have to be taken. The latter course of action had been accepted by the Management and the repairs undertaken immediately and the furnace has been blown in on 16-4-69. The furnace was being carefully watched and all precautions were being taken. After about 10—15 days, the assessment will be made as to whether the furnace was capable of normal functioning. A Committee of Enquiry, consisting of experts from both HSL and from other Steel plants had been constituted to go into this matter.

During the last two months there had been several acts of indiscipline by the unruly workers who had abused, threatened and intimated officers. When an accident took place in the Skelp mill on the 22nd March, 1969, the officers were gheraoed for several hours. Some property was also damaged. On the 24th March, 1969, there was a violent demonstration by the unruly elements of the Security Staff, who were later joined by other workers as well. Several officers were assaulted and considerable damage to property caused. The men on guard had to open fire in self-defence. Again, on the 10th April, 1969, a few of the officers returning from the Plant were beaten by the unruly workers. The position had not returned to normal yet. The indisciplined members of the Security Force were still refusing to take orders from the Chief Security Officer. They continue to man the gates of the Steel Plant. The West Bengal Government issued instructions to their police force to assist the management to take over the gates of the Steel Plant from the unruly elements of the Security Force. It had, however, not been possible for the State police so far to render any effective assistance in this regard. In certain other sections of the Steel Plant also, especially the Roll Shop, the workers allocate their own duties in disregard of the instructions of the officers.

While the Government were prepared to deal sympathetically with all legitimate grievances which the workers might have, they were determined to re-impose the authority of the management without which the Plant cannot function.

The Durgapur plant had been continuously incurring heavy losses. In 1966-67, the loss was Rs. 13 crores. In 1967-68, it rose to Rs. 18 crores. This year, we were likely to close up with an approximate loss of Rs. 21 crores. It could not be precisely said what percentage of it could be attributed to labour unrest. But if it was a major shut-down for two months for repairs, the loss was likely to be Rs. 50 lakhs a month.

April 21, 1969

Demands for Grants for the Ministry of Steel and Heavy Engineering

N. K. Somani

The successful functioning of the Ministry of Steel and Heavy Engineering was very vital to the accelerated development of our country. Out of a total of Rs. 3500 crores invested in the entire public sector a total of Rs. 2,000 crores had been appropriated by this Ministry. Therefore it was all the more important that this Ministry and its units functioned well.

As against the expected resonable profit that any public sector or private enterprise ought to give either to the national exchequer or to the shareholders of a particular company, we found that the annual loss of this industry ranged somewhere between Rs. 80 crores to Rs. 100 crores. The plea advanced was that most of those projects had a long gestation period. But it was difficult to accept this plea. It was high time the mess that had been created in those projects was cleared.

The steel industry all over the world was constituted in a rather complex manner. The prices, the varieties, product-mix, the deliveries, the new technological innovations, all these things were such important factors that the Ministry would have to be alive to the needs of the situation not only within the country but also outside. So, we would have to design our own product-mix, curtail cost of production, schedule our deliveries both for the internal plants which were also export-oriented eventually and also the primary product from steel mills which ought to be sold in the competitive world markets. That called for a very radical, progressive marketing policy and a very efficient organisation.

We believe that not only in terms of steel demand but in terms of the virtual necessity of the poverty in our country on one side and the unemployment, the spectre of inefficiency and the return from the public sector projects on the other side, from any given point of view, it was really criminal to set aside such a huge amount for a project like Bokaro. When even the great project at Ranchi had no orders beyond 1972 where was the need for setting up another white elephant? Bokaro would have no work at all. But, nevertheless, if the Government wanted to go ahead with the project what had to be ensured was that the most efficient and economic use of that money must be made.

Whenever a package deal was struck with any country for supply of any material it was very necessary to get the cost estimates looked into by our own experts. But what did we find in the case of Bokaro? We did not know why detailed working drawings had to be brought from Moscow at the sweetwill and mercy of the Soviet designers who wanted to keep away all the Indian engineers who could be fruitfully utilised in the Bokaro Project.

As far as the organisational aspect of the various plant level teams was concerned, the Financial Controller of any given unit was not under the supervision or the discipline or the authority of the Managing Director at a plant level and he reported directly to the Finance Ministry. This was not proper either from the modern management technique point of view or from the discipline point of view. All the aspects of a given plant—financial, production, marketing, management and industrial relations—should be under the Management Director.

The latest balance sheet of Hindustan Steel that was available to the Members of Parliament for a close scrutiny was only of the year 1967-68. We knew that the accounts of 1968-69 could not be closed with such rapidity that the new finalised audit balance sheet might be made available to Members. But if some kind of a six-monthly document of financial and physical performance versus the targets was made available and a general picture was submitted to the House, that would certainly make our discussions a little more meaningful.

The Durgapur Steel Plant was beseiged completely by indiscipline at the workers' level, intimidation of officers and other people, strikes gheraos and deliberate attempts at sabotage. Therefore the earlier we set it right the better it was for all concerned.

The Hyderabad Administrative Staff College had gone into the manning aspects of the Durgapur and they had said that out of 20,000 workers that were employed there, at least 25 per cent were in surplus to the requirements of this plant. A solution to this overstay problem would have to be found. We could only suggest that the increasing needs of Bokaro might be drawn from the surplus cadre of workers from Durgapur.

There were about 400 steel re-rollers in the country. Their production accounted for a total capacity of Rs. 80 crores and they employed over 40,000 people and they earned the country nearly Rs. 13-15 crores of rupees of foreign exchange every year through exports of their products. We were told that Raj Committee themselves, as far back as 1962, expected a minimum of 75 million tonnes billets would be required every month even on the basis of a single capacity. Still they had restricted the availability to 50 or 60 thousand tonnes a months. The result was that the steel and rail mills of our plant had a lot of unutilised capacity.

As regards personnel management it was learnt that the Ministry had not been able to find a successor for the Managing Director of the H.S.L. who resigned a few months ago. We were also told that three functional directors in the HSL were still under the active consideration of the Ministry for the last few months. But these were things which should receive urgent attention.

In the Ministry's Report, there were sad comments on the poor maintenance of the plant and equipment at Durgapur. This 1 million tonne plant was running continuously for the last 9 years without any preventive maintenance being done and their condition had now considerably deteriorated and unless a scheme of preventive maintenance and regular maintenance was taken up, they would find themselves in a sorry mess.

The Bokaro project was suffering because of not only delayed delivery of various equipments but also because of lack of coordination in the working of various Departments under the Ministry. Out of the order of 11,365 tonnes of belt conveyers, auxiliaries and miscellaneous equipments which were meant to be delivered to Bokaro, only 194 tonnes had been delivered so far by the end of 1968. Unless there was better coordination, we could not envisage the successful functioning of this Ministry.

April 25, 1969

Birla Group

A member moved the following Resolution:

"Having regard to the seriousness of the charges that have been levelled against the Birla Group of concerns by very responsible persons including Members of Parliament, this House is of opinion that a High Power Commission should be appointed by the Government to go into those charges and recommend appropriate action."

J. M. Lobo Prabhu

The mover of the Resolution had chosen two particular charges against the Birlas. If he had seen the papers laid on the Table of the House the position in respect of the charges would have become clear to him. The first finding was that the fibres that had broken in the mills were not to destroy any cloth; they were accidental and had destroyed only a little cotton. The second case was about the Ruby and National Insurance companies. The Additional Solicitor General had examined the case and had found that there was no case against those companies.

The mover had relied a great deal on Mr. Chandrashekhar's booklet, But perhaps he did not know what poor opinion Mr. Chandrashekhar had of the Communist Party in Kerala. Talking about the bamboo deal he had said in his booklet that Birla was able to enlist the sympathy of the Communist Government in Kerala. That being the case, the Communists and the mover of the resolution had no right to criticise the Birlas.

It we were anxious to keep Mr. Birla where he should be, the proposed Commission should not be appointed. It would frustrate the very purpose of its appointment. All the proceedings which had been initiated by Government would stop.

It was most regrettable that the House was being used for defaming persons who were not there to defend themselves. In levelling charges against Mr. Birla, it had been forgotten that he had provided employment to 2.5 lakhs of persons. On the other hand the Communists had reduced employment opportunities and had caused strikes and flight of capital.

If Mr. Birla had been able to obtain so many licences, and to evade income-tax, it was because the Government had introduced the Statist system of Government. The Government had taken over the business of the country; it had controls and State enterprises. And the Government was providing Mr. Birla and other businessmen who were alert with all the opportunities to take advantage of it.

April 25, 1969

Monopolies and Restrictive Trade Practices Bill, 1967

Dahyabhai Patel

This was a very important measure. The Member would like the Minister to take his own time, give his considered opinion and give his amendments in that form. As soon as the Committee was appointed, the Member had pointed out that the Members should be supplied with two things: firstly, the effect of Government monopoly, because if they were having an enquiry into the effect of monopolies, its detrimental effect on the progress of this country, on trade and industry, one of the things that should be done was to enquire into Government monopolies and how they were working. The other thing which the Member had pointed out was the matter of size of companies. But the Member had been brushed aside whenever he raised these points.

One thing that hurt every Member and every citizen of this country was the telephone and the effect of the Government monopoly in the matter of telephones in this country. The Government was making a 200 per cent profit on this monopoly. Was it fair? The worst profiteer and monopolist in this country was the Government today. If the Government could not give a better telephone service, it should hand it over to people who could give a better service.

The hon. Shri Himmatsingka from the other House had pointed out one or two examples of how the operation of this Bill would take place particularly in the matter of connected and inter-connected undertakings. He circulated one or two examples before the Committee. There was no answer. It was unfair to this House and to the country that a piece of legislation of this type was sought to be put before the House and the people even when the Government was not clear about the meaning of the legislation or of what it wanted to do.

The rush and hurry with which the Government started did not seem to be at all necessary. The Minister was not able to be present at some of the meetings of the Joint Select Committee. This was not fair to the Ministry, to the Minister and to this House and this Committee.

In this era of world competition and growing industries, even countries like Great Britain, with all their large companies, had had to think in terms of mergers and amalgamations, particularly when they were faced with competition from the European Common Market. Under the advice of the Government the General Electric Company and the Associated Electric Company had agreed to merge at least as far as their foreign trade was concerned to get advantage of the size and of the competition, that was available to them. Similarly, that was the case with two of the big Japanese companies.

In the present form in which this Bill had come before us, it was not going to be workable. This measure was completely ill-conceived and ill-timed. When we were short of capital and when we wanted to invite foreign capital, a measure like this would only drive away capital.

The Committee got no foreign witness before it. When we embarked upon measures like this, the Companies Bill or the Patents Bill, we invited people not only from this country but also from outside and took their views and advice.

Rajya Sabha, April 28, 1969

Companies (Amendment) Bill, 1968

M. R. Masani

It was a highly controversial Bill which should be scrutinised and carefully examined by a Select Committee representing all the parties in the House. The first time this issue was raised in this House was in 1960 when, unfortunately, the Congress Party alone in this House had the distinction of opposing that reform of banning company donations to political parties.

Company contributions to political parties had become particularly pernicious in a controlled economy. Where there was unfettered enterprise, the hold of Government over enterprises was minimum and business could decide for itself what it wanted to do. But in a controlled economy, they could extort contributions as had been the case. Thus these contributions became an engine of oppression, which the Congress Party had used adequately to its own advantage and to the harm of the country during the last 20 years. A new class had come on top consisting of unscrupulous politicians and their corrupt friends in business who jointly exploited the common people.

Political contributions were also unfair to the thousands of shareholders who came together to form the company. They did not know the political affiliations of each other or of the company and they would differ with the decision of the board of directors which decided to make contributions to a political party. From all these considerations, company donations to political parties should be banned.

It was not a well-worked measure. There was no definition either in this Bill or in the Companies Act as to what was a political purpose. To say that the company could not make a contribution to political parties was one thing. But when it was said that it could not make contribution for a political purpose, complications would come in. Therefore, a Select Committee might be useful in order to lay down what was the political purpose for which contribution could not be made, because sometimes the educational and political and other purposes came very close.

The proposal to abolish the managing agency system was a hasty ill-conceived move. The hon. Minister had tried to mislead the House by trying to give a dog a bad name and then hang him. The managing agency system in India was responsible for the larger part of the process of industrialisation which took place under British rule, and in the face of a great deal of obstruction from the British Government in India. Yet, the Minister had the effrontery to suggest that the managing agency system was a kind of stooge of the British Raj.

The managing agency system had a very honourable and constructive record in this country. The earlier managing agents did a good job in pioneering. Indian capital was very timid. They drove it out into the money market by giving it a hall-mark of honest and good administration. In a way, it was an anticipation of what we today called scientific management. Now, under the impact of modernisation, this system was fading out. Already the number of managing agencies had gone down from about 5000 in 1956 to 720 in 1967.

As far as new companies were concerned, Managing Agency was not very much favoured. In 1964-65, there were proposals for 15 new companies to be formed with managing agents. In 1965-66, there were only four such proposals. In 1966-67, there was only one proposal to have a new managing agency. This showed that without any of the unnecessary and unwarranted meddlesome interference, technology and modern management were driving them away and there was no need to disturb what had already grown up in this country which had roots in this country. If they were left alone, very soon the managing agency system would in another 30 to 40 years become a thing of the past.

It was said that there were abuses. But were there no abuses in the managing director companies which we were now going to have? Were there no abuses in Government? Abolition of this system would also violate the principle of Government non-interference and the freedom of choice to the producer and the shareholder of the way they wanted to run the business.

If Clauses 4 and 5 of the Bill were passed, considerable damage to our economy was going to be done after one year. Managing agencies were cheap and economic form of management, because the same services were given to all the companies at cheap cost. If Managing Agencies were broken, each of these companies would have to duplicate these services and Parkinson's law would begin to operate. The cost of management in 720 companies and the cost of our products to our consumers would go up and our competitive capacity in the markets of the world to foster our exports would be damaged. Today we were also short of experienced managerial talent and the abolition of this system would be a drain on the managerial talent.

In the *statement of objects and reasons*, the Minister had quoted the Monopolies Commission of 1965 out of context and given the impression that the Commission did not like Managing Agency system and wanted its abolition. The fact was that the Monopolies Commission refused to recommend the abolition of managing agency system giving reasons why they did not advise its abolition.

May 7, 1969

D. N. Patodia

The system and functioning of managing agency in India had been discussed on the floor of the House on several occasions in detail. We had hoped that the discussion in the House would help in clearing the confusion that existed in the mind of the government. But it appeared that the confusion was not only not cleared but had become more acute.

The Minister had stated that the managing agency system in India was the creation of the British Government. In all developing countries of the world, sort of group management had always been responsible for initial development of the economy. If we looked to our tea, jute, cotton, textile, engineering and even the steel industries in the pre-independence days, we found that it was the group management system which was entirely responsible for their growth. The creation of the railways, the development of the system, was also entirely due to the managing agents when the capital market was non-existent, when there was an element of risk.

Then, in the post-independence period during the Second and Third Plan periods, most of the industrialisation was due to the managing agency system. The Minister had said that managing agents contributed only 6 per cent of the share capital but why should he forget about the contribution made by these houses in general subscription of the public in shares? The managing agency houses enjoyed a better reputation in the matter of selling shares as compared to the Government of India. He should not minimise their contribution.

If the Government felt that we did not have sufficient managerial calibre available in the country, and that our economy needed further stimulation, then the proven system of management, the system of managing agency available in the country should not be disturbed.

The Government had given two arguments to bring this legislation. One was that managing agency system had been responsible for concentration of wealth and the other was that managing agency system was responsible for many misuses in our economic structure. The concentration of wealth had nothing to do either with this legislation or with the managing agency system. If concentration was possible it was possible even without this legislation, and if concentration could be broken up, it could be broken up even with the existence of the managing agency system.

So far as the question of misuse was concerned, if there was any misuse in any particular system, that could not justify the entire system being thrown away. The existing legislation was sufficient to curb and check any misuse that the hon. Minister might be having in his mind. At present, there was a statutory limit that any managing agency could not be appointed for more than 15 years; thereafter, it could not be renewed for more than ten years. In 1966, a notification was issued by the Government of India by which in respect of some of the important sectors of the economy, namely tea, cement, sugar, jute and textiles, the managing agency was to be terminated on 2nd April, 1969. Over and above that Section 324 of the original Act empowered the Government to discontinue the managing agency in any one particular industry or industries whenever it was found that it was not desirable to continue. In view of the fact that all these legislative provisions were already available, this particular piece of legislation was not going to help either the country or the Government or the industry except disturbing the proven system of management.

The only remuneration that a managing agent could draw was 10 per cent of the total net profit. In most of the cases, it was much less than 10 per cent. No other alternative managing system would be able to work at a lesser remuneration.

May 14, 1969

R. K. Amin

One could not understand the reason why, along with the abolition of managing agency, they could abolish the secretaries and treasurers. Regarding abolition of the managing agency system, there was a lot of woolliness in the thinking. In our economy, we required a system to organize the business effectively. There were two alternative systems available to us: one was the managing agency system and the other was the managing directorship. Between these two, it was sought to abolish the managing agency system and retain the managing directorship. If the evils in the *managing directorship system* were less than in the managing agency system, we would have certainly accepted it. But there were evils in both the systems, while the good points of the managing agency system were not available in the managing directorship system. In the depression that came after 1964-65, we had noticed that the companies which were in the managing agency system survived while many of those which were floated with managing directorship took away the money of the shareholders.

We would like to avoid the evils of the managing agency system not by abolishing the system altogether, but by reforming the system. We should take lesson from the experience of Japan in this connection.

May 14, 1969

Dahyabhai Patel

This Bill and the provisions of this Bill might generally be divided into two parts, one part relating to the prohibition of donations to political parties and the other part relating to managing agencies. All the Opposition parties, including the Swatantra Party, had been urging the need for the placing of a ban on donations to political parties since 1960. It was only the Congress Party, which had been getting the bulk of the donations, that had been against it. Willy-nilly, half-heartedly they had now agreed to it. Agreeing to it in spirit meant that the coercive machinery of the Government would not be used to extort funds as had been the practice of the Congress Government all these years. The previous system of extorting funds by Ministers for political or even non-political purposes must go. So far as this provision of the Bill was concerned, it was welcome.

There was the other provision regarding the managing agency system. Particularly for a country whose economy was rising, where the industry was just in a state of beginning, this system had served a very useful purpose and, perhaps, if allowed, would also continue to serve a very useful purpose. It had proved to be useful in this country. There were certain things that could be said against it also. But why should the energies of the Government be diverted to something that was so small and so declining? Just before the last Companies Act was passed, there were 5,055 managing agents out of a total of 29,874 companies according to the 11th Report on the Working and Administration of the Companies Act published by Government. But gradually the number had gone down. By 31st March, 1963, there were only 1,450 companies left with managing agents and the last figure we had as on 31st March, 1967, showed that there were only 720 companies left with 439 managing agents. So, the abolition of the managing agency system by a law like this was not likely to be helpful. On the contrary, it might cause difficulties. It had to be recognised that, when companies took loans, a guarantee by the Managing Agents was required. And if suddenly the managing agency system was abolished, who was going to furnish the guarantee? Would the hon. Minister enquire as to how many companies had been told that when the managing agency system was abolished their guarantee would not be acceptable and fresh guarantee would have to be produced. In certain cases, the personal guarantees of directors had not been considered enough. It was because the guarantee of a managing agency firm was a collective thing and their guarantee would serve a larger purpose perhaps, whereas in the case of an individual his financial solvency perhaps would not have been considered so much.

This Bill came to us at a time when we were supposed to be making a big drive to promote our export trade. How could we promote our export trade when production itself was not raised to the maximum amount possible? Already we were suffering because we were not able to compete in many items abroad. Our costs of production in this country were going up and with such legislation being passed in haste without giving it due consideration would only raise prices still further. Therefore, this was an ill-advised measure and was taken up at a time which was not sufficiently propitious.

It was in 1966 that Shri G. S. Pathak, the then Law Minister, in a policy statement in this House had stated that the managing agency system would not be abolished in such haste. The Member did not know why the hon. Minister had taken upon himself this task of hurrying through a measure like this.

Rajya Sabha, May 17, 1969

Loknath Misra

There were some lacunae in the Bill. The first lacuna was that partnership and trusteeship were not included in the Bill.

In the case of a bribe, both the giver and the taker should be penalised. Now, here in the case of political donations, the Minister who received it went as a gentleman still, while the man who parted with the money became the accused. Everybody in the House would agree that both the giver and the taker should be punished. The member hoped that the Minister would bring in an amendment to this effect, or else it would mean that he was not serious about it at all.

Mr. Biju Patnaik had been given a licence for fertilizers. Mr. Biju Patnaik got the licence when his case was being examined by a commission of inquiry under the Commissions of Inquiry Act. Naturally the same consideration of company donations would have been the reason for this licence being given. How could a person who was going to be accused as a criminal get the licence executed? He wanted Rs. 6 crores from another State Government and the Government of India was sponsoring his case and was backing it.

The Member hoped that after this information had been brought to the notice of the hon. Minister, he would immediately cancel the licence given to Mr. Patnaik.

Rajya Sabha, May 17, 1969

Demands for Grants for the Ministry of Information, Broadcasting and Communications

J. Mohamed Imam

At present our broadcasting was confined only to sound broadcasting. Television broadcasting was still in its infancy and was confined only to Delhi and its suburbs. On the other hand, mere sound broadcasting was supposed to be archaic and out of date. Therefore, the Ministry should take care to see that there was a powerful set-up of television system.

There was a growing feeling among the public that this Ministry was being taken advantage of by some Communist countries to spread their own doctrine and their own ideas in our country. The agreement with Novotsy, the Russian news agency, under which Indian literature was to be circulated in Russia and Russian literature in India, was an example of this. Russia had taken full advantage of the opportunity that had been given to it. Our entire country had been flooded with Russian literature in every Indian language and it was circulated in every nook and corner. We had given them the best occasion to impose their own ideology on our people. The Government had not realised the danger of such wide-spread Russian literature in this country.

There was a society called the Films Division Society. It had entered into an agreement with Russia to produce a children's film called 'Black Mountain' depicting that India was a land of elephants, tigers, Maharajas and so on. It also contained many views which were not complimentary to Indian life. The Russians would not be interested in such a venture unless it helped them to spread their doctrine.

Recently, there was a talk in 'Spotlight' feature of All India Radio by one Shri C. R. Das, who was an avowed Communist. In that talk, there was nothing but wholesale condemnation of the Central Government for their attitude towards the Bengal Government. It supported the *bandh* movement and held the Government of India responsible for all the ugly developments that had taken place there. Such a speech, which was not only pro-Communistic but also anti-Indian and anti-Government propaganda, was allowed to be broadcast through the All India Radio. We must beware of the dangers of communist imperialism which was spreading its sphere of influence. It was attendant with grave consequences and danger. The Government should not flirt with the country which pretended to be a friend and under the guise of friendship wanted to spread its own doctrine here.

The All India Radio must be impartial and just to every section of the people and to every party. This could not be secured unless it was converted into a corporation as the Chanda Committee had recommended.

April 18, 1969

Central Universities (Students' Participation) Bill, 1969

D. N. Patodia

The spirit of the Bill was commendable. By this process of student participation, some constructive coordination would be possible between the students and the educational authorities so that the energies of the students could be canalised more towards education and constructive thinking and not towards various political activities in which they were indulging at the moment.

However, certain provisions of the Bill could not be supported. For instance, the provision in clause 2 regarding compulsory formation of students' union in each University and automatic enrolment of every student as a member of the union unless he notified to the contrary would not serve the purpose of the Bill. It would give a handle to various political parties to convert these unions into a chess-board of politics.

Already, the political parties were getting themselves more and more involved with student movement.

Similarly, the provision in clause 6 that in various courts, academic councils and other bodies of the University the students would have compulsory representation would mean that in the matter of the selection of curricula, the selection of heads and even in the appointment of teachers, etc., the students would sit along with University authorities and would have their voice.

There was a proposal in some of the unions that some office-bearers should be provided with a permanent conveyance to work for the union. The implications of this would be clear to anybody. The spirit of the Bill should be to promote the cause of education and to bring about better coordination between the students and educational authorities and not to promote the causes of rift and make them pawns in the chess-board of politics.

April 3, 1969

Demands for Grants for the Ministry of Education and Youth Services

R. K. Amin

In August 1967, Parliament had endorsed the National Education Policy—a report prepared by the Members of Parliamentary Committee and policy resolution based on it. Except two recommendations, most of the recommendations were almost unanimous. At least they indicated the consensus of Members of the Committee regarding the medium of instruction in the Universities. The Committee, for the convenience of the Ministry had also indicated a sixteen point programme for immediate action. Many of the steps to be taken involved quite a significant amount of expenditure where some delay could be understandable. But, there were many recommendations where financial involvement was not there. But we did not know what action had been taken during the last two years on those recommendations.

Quite recently, the Kerala Government had amended the Kerala University Act. Because of this Amending Act the autonomy of the University was jeopardised, and the Government's interference had increased considerably. This was quite contrary to the recommendations of the Committee of Members of Parliament on Education. The Minister should state if the U.G.C. was consulted when the Kerala University Act was amended? Did the Amendment Act follow the principle of autonomy of the University as laid down in the Report of the Committee of M.Ps on Education?

It was very essential that education should not be the vehicle of propaganda for political parties especially for the party in power. It should also not be an instrument of the State Government, which might wish to provide its people with ready-made mental suits. At every level there should be a sense of freedom and equality in the University, scope for experimentation and free thinking.

There were Universities which did not bother about the security of teachers in affiliated colleges. Even when the teachers were driven away without following the prescribed procedure, the University could not do anything to protect the interests of the teachers. Now the Governor of Gujarat, when he found the state of affairs becoming worse in the Gujarat University, had asked the State Government to see that the security of teachers not only in the University but also in the affiliated colleges was maintained and protected. It would have been better if this step had been suggested by the U.G.C. But the U.G.C. had not done anything in this regard.

The M.Ps Committee had made a very important recommendation regarding textbooks. They had said that the quality of textbooks should be kept at the highest level by attracting the best talent available through a liberal policy of remuneration by giving special encouragement to outstanding teachers. They had also said that the Government of India should also take immediate steps for the production of high quality textbooks which may be adopted in the States. The Minister should state what had been done in this regard.

The M.Ps Committee had also recommended that textbooks in the regional languages for universities should be prepared, and probably very soon Government were undertaking that responsibility. In doing that, care should be taken to see that the type of mess we had created in regard to textbooks for schools was not repeated in the case of textbooks for colleges and universities. The Minister should also give an assurance that state monopoly in textbooks would not be created and that control over educational institutions would not be to restrict their free choice.

Another important recommendation made in the M.Ps Committee report was in regard to the teachers. They had said that the academic freedom of teachers to pursue and publish their studies and researches and to speak and write about the significant national and international issues should be protected. They had also recommended that the teachers should also be free to exercise all civic rights including the right to participate in elections; and when doing so, they should be entitled to and take leave of absence from their substantive posts. It did not cost anything for the Government to implement this basic recommendation. But nothing had been done about it so far.

April 17, 1969

J. Mohamed Imam

Primary education was a State subject. But it had been neglected. It appeared to be nobody's responsibility. The most important mandate of the Directive Principles of our Constitution making primary education compulsory was being neglected.

The system of education must be such as would contribute to the development of science and technology, it should foster social and national integration among the people and should be such that it was acceptable to all the people living in this land of diversity. It must instil in the people a sense of discipline and develop the character of the young people.

It was true that educational facilities had been improved. The number of universities had gone up from 20 in the year 1947 to 75 at present. There were nearly 3000 colleges throughout the country, both technical and non-technical. The number of school-going and college-going students had also increased considerably. But all this increase was not in quality, but in quantity only. The rapid expansion of education had lowered the standard. Most of the institutions were ill-equipped and ill-staffed.

Our teachers were busy in the furtherance of their own advancement rather than the intellectual advancement of the students. Never before we had witnessed teachers' strikes.

In order to improve the university standards, the University Commission had recommended starting of Central Universities. Bangalore University should be converted into a Central University for in the South there was no Central University. A Central University had the advantage of attracting students from all over the country and thus promote unity and emotional integration.

In Mysore, several medical and engineering colleges had started on the basis of high capitation fees. Admissions to these colleges were made not on merit but on payment of money, the amount ranging between Rs. 6,000 and Rs. 20,000. The UGC and the Central Government must decide on the policy to be followed towards these colleges.

April 17, 1969

Discrimination by Delhi University

Loknath Misra

The Delhi University discriminated between the Indian School Certificate Examination and the Secondary Board Examination. In the case of a student who passed the Indian School Certificate Examination, before his admission to the Delhi University they deducted 7 per cent out of his total marks and brought him on a par with the other students who had passed through the Secondary Board of Education. It was only the Delhi University which discriminated that way when it took students.

Rajya Sabha, May 17, 1969

Developments in Pakistan

Mr. Piloo Mody called the attention of the Minister of External Affairs to the recent political developments in Pakistan and the reaction of the Government of India thereto.

The Minister of External Affairs (Mr. Dinesh Singh): During the last few months, there had been widespread expressions of democratic urges in Pakistan and the people of Pakistan had been demanding changes in the political system which would result in greater popular participation in the government of the country. This upsurge of popular feeling resulted in a Round Table Conference from 10th to 13th March, 1969, between the Government and the Opposition leaders. At this Conference, the Government of Pakistan accepted a federal parliamentary Government and conceded the demand for direct elections based on adult franchise.

The political situation in Pakistan did not stabilise even after this agreement. On the evening of 25th March, 1969, President Ayub Khan, in a dramatic move, handed over power to General Yahya Khan, Commander-in-Chief of the Pakistan Army. Immediately on assumption of power, General Yahya Khan placed Pakistan under Martial Law and assumed the powers of the Chief Martial Law Administrator. The Constitution was abrogated, National and Provincial Assemblies were dissolved and the President, the Governors and the Council of Ministers both at Centre and in the Provinces ceased to function with immediate effect.

With the people of Pakistan, we had ties of history and culture and we were close neighbours. We were naturally interested in stability, peace and progress of Pakistan. It had been our constant endeavour to establish good neighbourly and friendly relations with Pakistan. Unfortunately, we had not met with much success so far. Despite the present difficulties in our relations, we earnestly hoped that relations between India and Pakistan will be normalised and will lead to friendship and cooperation in many fields.

We had no desire to interfere in any way in the internal affairs of Pakistan. It was for the people of Pakistan to decide the Government they would like to have and political and economic policies that were best suited to their national interest.

March 28, 1969

Demands for Grants for the Ministry of External Affairs

Piloo Mody

There was a time not long ago when the World believed us, believed in the genuine concern that we shared for the under-dog, for the small country, for the emerging country, and for the poor country. There was also a time when 47 nations of the world voted with us solidly at the United Nations there used to be a scramble to find out what India was thinking on a particular issue. Indians travelling abroad used to be respected. But now the respect which India commanded had gone.

India's foreign policy could be condensed on two very simple planks. Our first plank was to do everything possible not to offend the Soviet Union or even suggest anything that would go against their intentions, and the second major plank of our foreign policy was to exert every conceivable type of pressure on the poor little country of Costa Rica so that we could get the extradition of Dharma Teja.

We had not followed the path of moral righteousness in our attitude to certain problems. We could have condemned the invasion of South Korea. We could have also condemned the invasion of South Vietnam by North Vietnam. Just as we had condemned American interference in South Vietnam we could have condemned the interference by the Soviet Union in Hungary as well as the American interference in the Dominican Republic and Lebanon. We could have castigated the Soviet Union for the invasion of Czechoslovakia and we could have ridiculed the British for what they were doing in Anguilla. We could have done all these things without having any fear in our minds either about foreign aid or about friendship or about whom we were going to offend, because that would have been the right thing to do. Instead, we had twisted and had bungled and blundered.

In Indo-China we had shirked our responsibility as the leader of the International Commission of bringing peace to Vietnam, Laos and Cambodia.

South East Asia was for us a sphere of special interest. But we had refused to show any type of leadership. We had refused to participate and to accept our responsibilities as the major country in that region; we had refused even to encourage the creation of ASPA which was regional co-operation for economic, cultural and social matters; we had also refused to participate in ASPAN which was just an instrument of collective security for this region.

Europe treated us like a joke, with our squeamish perambulations on the Soviet invasion of Czechoslovakia. When the Soviet troops invaded Czechoslovakia, we could not see that too clearly. We had certain special interests to protect. Protecting interests at that low level was not conducive to the formulation of a great foreign policy. The Soviet Union was consistently interfering in the internal affairs of Hungary, Czechoslovakia, Rumania and Yugoslavia. What support did we give to President Tito in his greatest hour of need.

Japan laughed at our pretence of being a power in Asia. Tito cried at the memories of what Nehru once promised him. Nasser shrugged his shoulders and said he got new friends. China scoffed at us daily on its radio and in its press. As for the Americans, they did not even bother to consult us any more. They had enough of us and showed sheer indifference towards us. We bore all this for only one simple reason that our big brother, Russia, sent us a few old submarines and aeroplane parts and patted us on the back patronisingly.

There had been a recent shift in the Soviet policy. The Soviet Union needed Pakistan as much as it needed us. Therefore, the Soviets had decided that henceforth, Rawalpindi or Islamabad or New Delhi would be equi-distant from them. They had already served notice that we could no longer rely on the Soviet veto in the Security Council.

Therefore, what were we going to do about it? Any self-reliant Government would have immediately rushed to Taiwan. We should have laid the firm foundations of a lasting peace with the people of Taiwan and ultimately we should have tried to persuade them to use their veto in our favour. This would have been diplomacy.

The Government had demonstrated their pig-headed refusal in recognising the republic of Israel. Nobody had the courage to admit the mistake and rectify it. There was a time when our foreign policy was based on principle. Today it was entirely based on 'flair and feeling'. Without the necessary hard work, study and respect for facts, necessary for any successful policy.

The world situation had changed. The great confrontation had ended between the East and the West. There was a thaw in the cold war, occasionally resulting in Joint action. Such joint pressures changed the balance of power and the politics of this country. Joint pressures on smaller nations that had been flowing out of this thaw had become irresistible and the only way out was to co-operate with smaller nations on a regional basis. Unfortunately, being wedded to co-operatives within the country, we seemed to have developed an aversion for co-operation abroad.

Our Government was in possession of the most incriminating evidence about the money that was being spent in this country by the Soviet Union to further its own propaganda. The Government was also aware of the amount of money that was being spent in this country, particularly during the last General Election in flagrant violation of the principle of non-interference in the internal affairs of the country. If there had been no exposure of this, it was only because there were many hands in this matter that were not too clean.

The Soviet Atlas which gave the version of the Soviet Union and the world had shown all of NEFA and Ladakh as part of Chinese territory. Of course it had shown the whole of Kashmir as part of India. Today there was a shift in the Soviet policy. In their next map they would show half of Kashmir with us and half of it with Pakistanis. Even the boundaries of this country were depending on the shifts in the Soviet policy.

This country should take its rightful place in the comity of nations. We were the largest country with the largest population barring China and we were the most industrialised nation in Asia barring Japan. Unfortunately, the entire country was in the hands of too small, too timid and too inconsequential people.

April 3, 1969

Negotiations with China

N. G. Ranga

We had no objection to Government having talks with anybody. But we must be clear about the stand which we had taken earlier. It was unfortunate that the Prime Minister should have made the statement in a unilateral manner.

Any agreement with China, which excluded sovereignty to Tibet and was reached without vacation of our territory would not be acceptable to the people.

April 28, 1969

Demands for Grants for the Ministry of Defence

S. K. Tapuriah

The Demands of the Ministry of Defence should be opposed. Its entire working was shrouded in mystery. Government refused to disclose anything on the ground that it was not in public interest to give the desired information. It was not that information was withheld only on vital matters but information regarding acts of commission and omission of the Government was also kept back because, if divulged, it could be embarassing to Government.

Government have failed to prepare the country fully to defend itself by its own resources and production in the face of a common concerned attack. It had failed to economise in its expenditure and failed to control wastage of our scarce resources and it had also been wrong in setting up priorities. The demands presented here did not import any new dimensions to our defence strategy.

There should be economy in defence expenditure. We had been pleading for it for a long time. But always our plea was twisted by saying that we wanted curtailment in expenditure. We never meant that. Our point for economy had been vindicated by the recent report of the PAC in which it had been said that in the last year alone, Rs. 52 crores were saved. We would still urge that there was much scope for economising and seeing that with the limited resources that we had the Government should give its first priority to see whether we could save and to what better use we could put that money.

Many examples of wastage had given in the reports of the Public Accounts Committee and the Public Undertakings Committee. The PUC Report said that the target of production of gliders in the HAL had to be curtailed. The Committee had said that they *could not escape the conclusion that the then management at the Kanpur division made no serious efforts to keep up the schedule of delivery.* Similarly, there was the example of Shaktiman trucks; they never reached the target which they set for themselves. Even when they scaled down the target, they could not achieve that. Even in regard to manufacture of weapons and ammunition, inspite of a total investment of Rs. 8 crores our production was five years behind schedule.

Much of the wastage occurred due to the delay in purchases which were made through the DGSD. In our defence establishments, in the manufacturing programme, sometimes, we had to go out for components or the raw materials, and they had to be purchased where time was of the essence and the consideration was not just money only. But the DGSD got bogged down by its rules and red-tape. Therefore, the Ministry of Defence should be allowed to purchase them directly.

In regard to defence planning no doubt improvements had taken place since the days of Krishna Menon's lamp-shades and stoves and we were now making arms and ammunitions in our factories. But the question was: were our factories working at full capacity? Did we have the wherewithal to sustain a major military conflict? At present production capacity worth only about Rs. 4 to 5 crores was added every year. The gap in our requirements was so big that if we added to the production capacity at this rate only, we could not be self-sufficient by ourselves.

Modern war meant sophisticated weapons and they were really very expensive. The sum of Rs. 1,100 crores that we were spending a year on defence production was too small and we would not be able to sustain ourselves. Whatever production capacity we might have and whatever might be our stockpile, we had a capacity to sustain ourselves only for a week, in case there was a war. If we took all the resources available and the capacity in our country and put it to use still we could not manufacture goods and equipments to last us for more than a couple of months.

The Minister might again tell us while replying what things we had been manufacturing. But we wanted to know, if he could take us into confidence, what steps he would take for securing aid, what steps he would take to make reasonably sure that again, in case of difficulty, we were not to be blackmailed by any country. Why did we not shop all round the world for goods which we could pick up from any place we wanted, so that in times of emergency we need not depend on the one or the other?

Government should also change their pattern of management. Defence did not necessarily mean only taking strategic decisions in times of war. What was more important was defence production. When they were holding charge of so many factories, why don't they have some men as management experts, those who knew what was production. At least one of the Ministers should also be one who knew the job, who had very good background and experience of production control and raw material control. We had seen in the United States how experts who were appointed as Defence Secretary, had brought about economies and how they had been hailed all over. Perhaps the Government of India shared his view because they had sent to the United States a team of experts from the Defence Ministry and ordnance factories to study the methods of production, controlling expenditure, bringing in economies etc. We would like to know what were the recommendations given by that team and had the Government implemented any of their recommendations?

Though we had been spending a huge amount of money on defence, only Rs. 13 crores were meant for research. It was high time that we stepped it up. If we had to double our own needs, if we had to cut down all collaboration, if we had to make our own goods with our own designs by our own people, then we must have more and more outlay on research.

Government should confine itself to production of strategic goods and decide the priorities in which they would like to make investments. We could possibly understand their hesitation in trying to give orders to private firms at large but for things which were not of strategic importance like trucks, tractors and earth-moving equipment—why should they go on spending their scare resources instead of trying to farm them out to private firms?

April 21, 1969

If the Minister did not want the morale of the junior army officers and other ranks to deteriorate further, he must look to their problems of housing, schooling of children, etc. Their tenure of posts in hardship areas should also be reduced.

The Audit Report and the Public Accounts Committee's reports on the Ministry had stated without equivocation that bad planning, faulty execution, erroneous manufacture and inefficiency had led to huge losses. The Defence Minister should, therefore, carry out a complete house cleaning in his Ministry and all its Departments so that instead of asking for more money he could proudly come to this House and say that he had cut the defence estimates without endangering the sovereignty or the safety of India.

Senior appointments in the Services should be announced well in advance, so that the new incumbent could understand the policy and the day-to-day working of his new post before he took over. Also, this would give less opportunity of politics and factionalism raising their heads and causing disruption in our Armed Forces.

It had become a precedent that retiring Heads of Services were given high diplomatic posts. This made these officers subservient to the Government and because of his future prospects he would not disagree with his masters, and as a consequence matters of strategy were often left to gentlemen quite incompetent to make them.

The production of our ordnance factories run by the Government of India was adequate in peace-time, when for training purposes a limited amount of stores and ammunition etc. were required. But these ordnance factories could not possibly meet the demand in war time. Therefore, the major industries in the private sector should be asked to have a plan to switch to defence requirements, if and when required. Unless the private sector was given a definite role and firm orders so as to justify their expenditure on research and retooling, in times of emergency a complete breakdown of essential supply might occur.

The Indian Army had the highest ratio of Teeth to Tail. It was something like 24, whereas the U.K., Germany, France, etc. kept a ratio of about 14. There could be considerable saving in money and man-power if this ratio was reduced.

There were disturbing rumours about our producing a fighter aircraft called the Jagaur under Anglo-French collaboration. We had the sad tale of the Avro 748 where India was used as a guinea pig for prototype manufacture and the so-called collaborators themselves did not manufacture these planes. A little serious thinking was needed before we took any firm decision on these matters.

Though a certain augmentation of the Navy was vital, the undue priority given to it at this moment was like putting the cart before the horse. In any possibility of a sea-borne invasion of any part of our coast, it was not the Navy but the Air Force ferrying troops to the site that was going to hold our coastline. Therefore, we should rather increase the transport squadrons of the Air Force.

April 22, 1969

Demands for Grants for the Ministry of Food, Agriculture, Community Development and Cooperation

Y. G. Goud

This Ministry was one of the most important Ministries of the Government of India whose help had to reach 70 per cent of the population of our country who happened to be agriculturists. Although adequate funds had not been kept at the disposal of this Ministry, it had brought a green revolution in the country for which it deserved congratulations.

Some of the schemes evolved by the Ministry after deep thinking and a lot of research were not being properly implemented in the States by the persons in charge of implementation. There was for instance the T. B. Project in Andhra Pradesh where water was let into the canals nearly 15 years ago, but 50,000 acres in this area still remained undeveloped. All these things must be thoroughly gone into by the Centre.

The Suratgarh Farm was set up for the production of good seeds for distribution to the farmers. But it had completely failed to achieve its objective. The Public Accounts Committee had, therefore, strongly recommended the abolition of this Farm and the distribution of its land of progressive farmers.

When the Indian Council of Agricultural Research was constituted it was intended that 80 per cent of the money allotted to it should be spent on research work and only 20 per cent on administration. Now, what had happened was that they were spending about 80 per cent of the money on administration and only 20 per cent on research work.

As regards the distribution of the high yielding seeds, taking advantage of the great demand of these seeds from the farmers, some middlemen had come in the field. They had somehow been able to get agencies from the Central Seeds Corporation and were making a lot of black money. Therefore, Cooperatives should be entrusted with the work of distribution of seeds.

For Youth Exchange farmers were selected to go to foreign countries to study the development of agriculture in those countries. But the selections were not made on the merits of the candidates but on party considerations.

Then, the Government were giving titles and prizes to farmers with a view to give impetus to produce more. Here again, only the persons who could manoeuvre to get the statistics inflated were being given the prize.

The State Bank of India had been instructed to give financial assistance to the farmers. But the State Bank authorities did not appear to know the rules and regulations properly. This caused great inconvenience to the farmers.

Co-operative societies were working more on political lines rather than with a view to helping the agriculturists. If co-operative institutions were headed by Congressmen, they got all the benefit but if they were headed by non-Congressmen, they were condemned. All these aspects should be got examined.

If Government could not take up big projects like Nagarjunasagar or Tungabhadra, let them at least make available drills so that underground water might be tapped and lift irrigation arranged. These drills should be made available to the community development blocks in all the States.

The scheme of community development and cooperation had completely failed. The posts of gramsevaks and gramsevikas should be abolished as these people did not do any work. Instead engineering supervisors or additional demonstrators should be made available to the community development blocks.

As regards primary health centres, Rs. 42,000 were being spent on the staff while the cost of medicines to be used there was only about Rs. 7000. Even that small quantity was not supplied to them and they had to purchase only from certain medical stores where they were not available. Therefore, the doctors should be given more authority to purchase the medicines.

Government had an intention to set up a vanaspati factory at Adoni. It was learnt that the State Government had recommended some new society for his purpose. But a society called the Adoni Co-operative Marketing Society was already there since 1939. The Government said that the old society was not working properly and, therefore, the new society had been given that plant. But the work of the old society had been praised at all levels by the Department during all these years. The Minister should send a team from here to look into the matter. This team should also examine who were the promotors of the new societies.

Government received more than Rs. 194 crores from tobacco through the excise duties in 1969. Yet, they did so little to help the tobacco growers. Tobacco stocks worth more than Rs. 10 *crores*, graded and redried and produced during the last three years, were still lying in godowns because the S.T.C. had not made any effort to promote its export. This year the STC had even refused to make any purchases, so that its favourite firm from Bombay could have freedom to purchase tobacco at low prices. As a result of this mischief by that firm and STC, peasants and traders were losing heavily and they had no credit to invest in the next crop. Therefore, the STC should be persuaded to enter the market, purchase this years's tobacco and thus help growers.

April 9, 1969

K. M. Koushik

There was no doubt that in the First Plan Government had laid much stress on agriculture and the result was that production increased by 25 per cent and foodgrain prices came down by 20 per cent. But in the Second Plan, there was a shift in Government's policy and heavy industry was given more importance. In the Third Plan there was a complete shift towards heavy industry and agriculture was completely neglected. Therefore, production was very low resulting in heavy imports, controls, zones and monopoly procurement.

Now in the Fourth Plan, the Government had realised that due attention had to be given to agriculture and they wanted to adopt new scientific techniques like use of improved seeds, heavy dose of fertilizers, weedicides, insecticides, etc. But they must not forget that the biggest bottleneck in India was water, so far as agriculture was concerned and all these scientific techniques would be absolutely of no avail unless we actually give the farmer timely and adequate supply of water.

Government had formulated big projects of irrigation. But our country was so vast that a few big schemes here and there would not supply water to all the areas. Also, big projects required a long gestation period and involved a heavy expenditure, which was not possible for us to do in our present financial position. The alternative was to take to minor irrigation projects. That was the only thing that could give the agriculturist timely and adequate supply of water. Therefore, Government should take up a crash programme of improving every tank in every village.

As regards holdings, if they were uneconomical the peasants would not be able to modernise the land and use improved methods of cultivation. If only they had economical holdings they could make use of them. Therefore, we must decide what should be our policy, whether there should be a ceiling on land or not. These policies must be decided so that there might not be any drag on agriculture.

The method of storing foodgrains had to be revitalised. There was considerable loss due to rodents and pests every year. Therefore, new methods of storage would have to be devised not only for storage of foodgrains of the Department but also of the agriculturists.

The food problem was a creation of the Government which thought that food zones were a magic remedy for all scarcities and State Trading was the cure for all ills of distribution. If the intention of the Government had been to supply cheap grain, they had miserably failed. The surplus States wanted to exploit the deficit States. The producer was made to supply foodgrains at a rate which the State Government fixed and he was not having a free market. The consumer was not happy because he was not getting it at a cheap rate. Therefore, the zonal barriers should go.

In the months of March-April relaxation of the restriction on the movement of grams and pulses was ordered. As a result the price had stabilised and there was no difference or fluctuation at all. The removal of restriction by Punjab, Haryana, Uttar Pradesh, Bihar and recently Madhya Pradesh on the movement of coarse grains like Jowar and Bajra outside the State had a salutary effect of steadying the prices of coarse grains. Therefore zonal restrictions had not been helpful either to the producers or consumers and they should be removed.

The Food Corporation was intended to be a competitive venture for providing cheap food to the consumers. But everybody now felt that it had become a monopolistic concern. It was functioning like a typical middleman. There was no use of such a body if it functioned in that manner.

We were already short of cotton and something should be done in order to step up its production. If necessary steps were not taken, we would be in a predicament and we would again be made to import cotton from foreign countries.

Increase in cattle wealth had not been taken into consideration at all. Apart from the fact that it supplied milk and fat, it would increase manure which we needed to save our agricultural land from becoming useless as a result of constant use of chemical fertilisers.

April 10, 1969

Meetha Lal Meena

Serious drought conditions were prevailing in north Rajasthan. The farmers there wanted to dig tubewells and were also prepared to bear the expenses for the same. But before that could done, the Government should despatch a rig machine to determine the depth of water so that they could start boring wells after the success of the experiment.

The irrigation officials in Sawai Madhopur were corrupt. They did not supply water to the farmers due to which lakhs of mounds of paddy was lost. An inquiry should be made in the matter and they must be punished.

In Rajasthan, the Government had doubled the land revenue instead of abolishing it. There was also taxation on cash crops. Now the Centre had imposed duties on pumping sets and fertilizers. All this had discouraged the farmers. The Food Corporation should be abolished as it was indulging in corrupt practices. In Rajasthan, there were many cases of misuse of funds by officers and employees of the Corporation. In one of the godowns, 1000 quintal wheat and 75 quintal milo were missing.

As a result of bad paddy crop last year in Rajasthan, many rice mills there had closed down. At such a moment, it could not be understood why more mills were being allowed to be set up in the cooperative sector.

The Rajasthan canal should be completed as early as possible.

Agricultural colleges should in future be opened in the rural side only.

April 10, 1969

Sale of Gift wheat in black market

Mr. S. Xavier: called the attention of the Minister of Food and Agriculture to the following matter of urgent public importance, namely—Reported sale in black market of 13,000 bags of American gift wheat meant for free distribution in the drought affected areas of Tamil Nadu.

It was not correct to say that 9,000-and-odd bags were taken like this but 13,000 bags had been taken away from the Madras Port with the connivance of the Deputy Director of dock operations at Madras Port. This transaction had been going on for four months, from June 1968 up to October 1968, and the entire stock of 13,000 bags had been consigned from Madras free of freight—the freight being about Rs. 20,000 or Rs. 30,000—to Kadambur and Koilpatti in Tirunelveli District in Tamil Nadu. One P. Sundaram had been at the bottom of all these things. He had signed at Madras as 'P. Sundaram' in English and had endorsed the railway receipt to two persons, by names Pooliah Thevar and Sankararaj. This P. Sundaram had not gone personally to take delivery of those consignments at Koilpatti and Kadambur but had endorsed the railway receipts in the names of two persons mentioned and in the endorsement he had signed not in English but in Tamil as P. Sundaram.

These bags were sold in the black market by the agents of Sundaram at Koilpatti and Kadambur at Rs. 50 a bag and Rs. 8 lakhs have been swindled by the said Sundaram and his partymen.

Mr Annasahib Shinde, Minister of Food and Agriculture: Government do not nominate the party to whom the gifts had to be delivered; the voluntary organisations themselves nominated the party. From the Government's records it appeared that one P. Sundaram was the party nominated by the voluntary organisation to receive these gifted foodgrains. The CBI was inquiring into the matter.

April 28, 1969

Demands for Grants for the Ministry of Home Affairs

J. M. Lobo Prabhu

The Home Ministry dealt with a number of subjects one of which was the minority communities. The responsibility for minorities was a matter of importance not only to the minorities themselves but to the Government and the country. There were a large number of Buddhists, Muslims and Christians in this country and they had been living in complete friendship and cooperation.

Article 25 of the Constitution gave all religions the right to practise, profess and propagate their faith and the Home Ministry had been upholding this right. But there had been some misapprehension regarding the Cabinet decision that foreign missionaries should not be encouraged in this country and that the priesthood of the Christians should be Indianised. This needed to be clarified.

There were 5000 missionaries in the country. Last year about 300 of them had left. They had left because every year they had to get their visa renewed. This was not fair. We had no sympathies for any foreigner who interfered in the security of this country and the Home Ministry could very well turn out such persons. But let those persons not be made the victims of some kind of intrigues.

It was not at all fair to doubt the loyalty of minorities in this country. In the Indo-Pakistan conflict, the first to lay down their lives were Christians and Muslims. In these circumstances, let the Home Minister avoid these slight pin-pricks of getting rid of a priest or two because that placed us very wrong with the rest of the world and it made us feel that they did not accept us.

Police was another important subject under the Home Ministry. The Calcutta High Court had clearly enunciated that the police had to act according to the law and according to the Criminal Procedure Code, irrespective of any directions from the Government. That was a very important principle, and it was the duty of the Home Ministry and this Parliament to encourage the police to do their duties irrespective of what the passing government of the country might tell them. There were two ways in which the police could be assured of independence. Let the Home Ministry adopt Rajaji's suggestion that the police and the administration should be a reserved responsibility of the Governor. If they did not wish to go that far, let them at least place the promotions and postings of the police in the hands of an independent authority like the Public Service Commission. If they were to depend on the Public Service Commission they would be free to act according to the law and in the interest of the public.

Today law and order was suffering because the police did not take action under the preventive sections of the Criminal Procedure Code. If preventive action was taken, there would be no riots and that action was the simple precaution of demanding bonds under section 107 from whomsoever likely to break the peace.

If we wanted our police officers to be quick in attending to the calls of duty it was necessary that they were well-equipped. Could they not provide a motorcycle for Station House Officers? Could they not provide jeeps especially in the bigger cities, and could they not have a control room? These were two very vital things. and the country would not grudge an extra crore or two if Government were going to provide this equipment to make the police a modern force.

The question of defections was very important. We had the spectacle of four Governments collapsing this year. These four States had gone through a mid-term election, and the prospect arising was no better than what it was before. A Committee on Defections had been appointed. But would their recommendations be implemented?

Then there was the question of the Governors. One Governor in West Bengal refused to read the address against himself presented by the Ministry, and another one in Punjab did it with a great deal of flourish. Who was right? Had the Government made up their mind what the Governor should do?

The Governors did not know where their loyalties lie. Should they be loyal to the Centre or to the State Governments? Shri C. Rajagopalachari had suggested that the office of the Governor should be made a functionary one. They should be given reserve powers to look after the police and administration, and thereafter we would possibly have a situation where the Governor would be better than what he had been so far.

As regards the Public Service Commission, even though 21 years had passed, the Government had not yet finalised the rules about the appointment and powers of the members. If they wanted members to be independent, let them be serving offices or High Court Judges. If serving men were appointed they would get the confidence of the people.

So far as the High Courts were concerned about 333,000 cases were pending before them. The Law Commission had warned that there would be a breakdown if law was so dilatory. The Home Ministry should consider seriously the question of delay arising from adjournment, convenience of lawyers or of judges or corruption of officials who wanted to make money from delay. This was a problem which could not be allowed to linger long.

As regards corruption, so far we had the offices of the Vigilance Commissioner and Grievance Commissioner to keep a watch on the public servants. Now we were going to have the Lokpal. But had there been any significant improvement in regard to this matter? Of course, this year, the number of complaints about corruption had gone down. But it did not mean that corruption had decreased. It only meant that the public have lost confidence in that office and they felt that the Vigilance Commissioner was of no use. Though much was being expected, the Lokpal was also not going to be very much better. It was because the Government had taken no steps to find out why corruption existed. In this regard delay was a very important factor. The Grievance Commissioner's figures showed that 60 per cent of the complaints related to delay. Therefore, the first thing to do was to ensure that there was no delay in the disposal of papers.

March 26, 1969

M. Santosham

In view of the changing political scene in recent times, the Home Ministry should be really dynamic in its action. We were in the grip of three serious developments, namely, the instability of various Governments, internal insecurity and disunity inside the States and the chances of disintegration. These had resulted because of the political pattern that we had built up and it was necessary that not only the Home Ministry should become active and apply proper remedies in those particular places, but also seek reform measures of longstanding nature.

The drama of floor crossing had resulted in a great deal of instability. This development was perhaps due to the fact that politics had been built in this country through years on a pattern in which political affairs practically had become a sort of commercial enterprise. Today people spent a large sum on elections and, therefore, it was natural for them to expect some return for it. Therefore, it was necessary that our election law should be changed. The election law should be so revised that election expenditure could be controlled and proper kind of people would have an opportunity to contest the election. The Election Commission should take necessary steps in this direction.

In recent times lawlessness had broken out in every State. The people who were indulging in lawlessness and preached class hatred became heroes in their region. They got elected; they became Governments themselves; and as a result the Naxalite outrages took place. But we had not taken any serious notice of these things.

Every one from every place had condemned the *Shiv Sena*. They had condemned only in words and not in deeds. They had not raised even a little finger to put down such *senas*. If the Government which had got power, did not do anything to control such unruly movement on the part of a section of people they should accept the charges that they were abetters in the crime.

It was said that the minorities were well-protected in the country. It was not a well founded claim. The Christian minorities were being discriminated against. If a scheduled caste individual got converted to Christianity he did not get the usual concessions. But if the scheduled castes person got converted from Christianity back to Hinduism,, he got all the usual concessions. It was a partisan attitude and must be stopped. All those benefits which a person got as a scheduled caste when he got converted to Hinduism must be given to him even if he remained as a Christian.

The reorganisation of States on the basis of languages had not solved the problems of the States. Every State wanted to be divided into various other States. The examples of Haryana, Punjab and Assam were before us. The country, as it were, was getting into dissipation. This tendency must be curbed. Perhaps the unity and uniformity could be secured in the country only by creating oneness of thinking. And oneness of thinking and expression could come only through a united, common and conversational medium, namely, language. It was, therefore, essential that we should now resolve that there should be only one language for the administration and for the whole country.

The Government of India should give permission to the Tamil Nadu Government to use English words of command by the National Cadet Corps. After all, English had to exist side by side with Hindi and there should be no harm in giving permission to the Tamil Nadu Government to have English words of command for the National Cadet Corps.

March 31, 1969

WEST BENGAL

Discussion arising out of police firing on Gun and Shell Factory Employees at Cossipore on 8th April 1969 and the resultant total strike on 10th April 1969, sponsored by West Bengal Government.

N. G. Ranga

We fully knew the machinations and the capacity of the Communists for perverting and destroying democracy everywhere. We had had so many *bandhs* in the past organised by them. But in this one-day *bandh* which they organised in West Bengal on the 10th April, they committed the capital mistake of disclosing their game to the public.

The railways, the postal department, the airports and other services were rendered completely helpless in Calcutta. In every country wherever they got the control over Home Affairs they had played the same kind of game. Let us not be foolish to think that a time would not come when they might declare independence. The Centre had already become weak and had been playing it too soft. The right thing should have been to dismiss that Ministry. The Communists had never made a secret that they believed in Marx and that their aim was to bring about a bloody revolution. They did not believe in democracy. They wanted to exploit democracy in order to establish their proletariat dictatorship. They wanted to utilise the democratic institutions to the uttermost possible extent, for this purpose. When it suited them, they quoted the Constitution and spoke of fundamental rights, but never hesitated to violate those rights when it served their aims and objectives. Their only purpose in talking about fundamental rights was to benefit themselves and hold us to ransom by quoting these things and keeping our hands tied completely and then to cheat us all of our fundamental rights.

If the Constitution was to be protected and enforced, the Communist Ministry in West Bengal as well as in Kerala should be dismissed and all the Communist parties should be banned.

April 14, 1969

NAXALITES

Formation of new Communist Party of India on Mao's ideas

Shri M. K. Mohta called the attention of the Minister of Home Affairs to the reported formation of a new Communist Party of India on Mao's ideas under the leadership of extremist Naxalite leader Kanu Sanyal and the Government of India's reaction thereto.

The Minister of Home Affairs (Shri Y. B. Chavan): According to the information available with the Government, at a meeting organised by the extremists in observance of the May Day at Calcutta on May 1, 1969, Shri Kanu Sanyal announced that a third Communist Party, styled as the Communist Party of India (Marxist-Leninist) had been formed on April 22, 1969. He was reported to have emphasized that the new party would follow the teaching of Mao Tse-tung that "power grows out of the barrel of the gun". Shri Sen, who presided over the meeting, was reported to have stated that only the Chinese Communist Party could give a lead for the emancipation of the oppressed throughout the world and that the revolutionaries in

India would take a cue from China and her leader Mao Tse-tung.

The Central Government was fully alive to the implications of the activities of the extremists, which had reached a new stage with the formation of a new party based on the theory of armed insurrection. The Minister proposed to discuss with the leaders of the political parties in Parliament the action to be taken to deal with the activities of the extremists.

This was certainly a new development, a serious development. But what action should be taken was a matter which the Minister would like to discuss with the leaders of the political parties in Parliament.

The Minister reiterated that these forces were anti-national, that these forces needed to be dealt with firmly by the people and by all the political parties.

Rajya Sabha, May 7, 1969

GUJARAT

Escape of Pakistanis from Police Custody in Kutch

B. N. Antani

The Member wanted to raise an important issue about the reported escape of 7 Pakistanis from police custody in Kutch-Mandvi as reported in the 'Times of India' of 18th May, 1969.

They were actually spies who worked under the garb of smuggling which was rampant on the border of Kutch, in collusion with the police. From the Police Superintendent down to the constable, all were involved in shielding the smugglers. How could these people have escaped by sea unless there was some collusion in the interior of the maritime line? This was a continuing thing, happening on the border of Kutch in spite of the fact that we had got a huge border police force.

Rajya Sabha, May 19, 1969

VIOLENT DISTURBANCES

Bombay

Dahyabhai Patel

Bombay used to pride itself on being the most progressive city, the most cosmopolitan city which welcomed people from not only all parts of India but all over the world with open arms, a city that was free from communal, religious or racial prejudices.

It was a matter of history how the States reorganisation agitation took place and how there was a militant group which heard no reason. Violence, burning, all sorts of things were resorted to. There were a good number of people of Maharashtra who condemned them but certain elements did take advantage of this and somehow misled the people and made them feel that such an agitational attitude, such an attitude of intimidating people was the only way to get what they wanted.

Shri Bupesh Gupta mentioned the Swatantra Party in this connection. Just because the Swatantra Party had its headquarters there and one of the workers there happened to be friendly with Shri Bal Thackeray, did it mean that the Swatantra Party was encouraging it? The Swatantra Party, as long as people like Rajaji, Prof. Ranga, Shri Dandekar and the Member himself had anything to do with it, would never have anything to do with parties that believed in violence of this type.

This country was being misled and grievances of the people, such as unemployment, want of housing and all that were being exploited by certain elements who had not their loyalty to this country. Their loyalties were abroad. They wanted to create disruption in this country, and make this country weak, so that their friends could come and take over.

The Shiv Sena had been created because of the attitude of the Maharashtra Government and now they wanted to disown responsibility just like the Rishi—Vishwamitra—who had disowned the child after it had been born.

The peace-loving businessmen—the Madrasis, the Sindhis and the Gujaratis—who were not concerned with politics, who only did their business, were the people who lost much and they were being terrorised.

The straightforward attitude of condemning violence and of trying to solve anything by violence was what was required and the Congress Party, its leadership in Maharashtra, had failed to do it. If the Home Minister of India and the Government of Maharashtra had spoken up and acted in time, the sufferings that the people of Bombay had to undergo would not have been there. This was a tendency which had to be condemned and dealt with firmly. The tendency to have all these different Senas must be curbed. We must think more of the unity of this country than anything else. We must think of preserving law and order. The responsibility for all that rested with the Government. The Government could not enjoy power and shirk its responsibilities by not taking the blame for its failure.

Rajya Sabha, March 31, 1969

Trouble in Telengana

N. G. Ranga

There was clearly an atmosphere that an injustice had been done to Telengana all these years. The Chief Ministers who had been at the helm of affairs of Andhra Pradesh all this time were responsible for this. But the Government of India was also equally responsible. The late Shri G. B. Pant gave an assurance to the Telengana people that the assurances given to them would be implemented and a Council was also formed for that purpose which had representatives of Telengana, Rayalaseema and the coastal Andhra. If at any time there arose some dispute or difference of opinion between the Council and the Ministry in regard to any particular issue, it was the duty of the Governor to arbitrate and to give a decision which was to be accepted by the Cabinet. Not once, however, did the Governor make any such decision. The Central Government did nothing whatsoever in spite of their assurance. Therefore, the Government of India had failed. It is they who were at fault.

The Andhra Government had failed in discharging its primary responsibility of enforcing law and order in the area. When it found that the local authorities were not willingly cooperating, in a fright it asked for the Army to come in. It was the most imbecile way of tackling a situation. Nobody was satisfied with the present regime there.

The present Government was not capable of enforcing law and order. Therefore, it became the responsibility of the Centre to see that the Chief Minister should either quit or make the Cabinet broad-based. All elements even within the Congress were not included in the Cabinet as it was formed now. The other alternative was to form an all party Government there.

It was the duty of the Telengana MLAs to go to their constituencies and ask the people to behave properly. The way they were behaving at present would do them no good and would not make Telengana socially or politically viable.

April 1, 1969

A member moved the following Resolution:

"That the question of privilege against the Chief Minister of Andhra Pradesh be referred to the Committee of Privileges for investigation and report."

C. C. Desai

Before the matter was referred to the Committee of Privileges, we should find out what was actually said and in what way did it interfere with the normal functioning of the Parliament. All that Shri Reddy said was that in his opinion, the appointment of a Parliamentary Committee would amount to interference in the internal affairs of the State. That was a legitimate expression. It did not prevent us or cast any disability on this House. So no purpose would be served by referring the case to a Committee of Privileges.

April 7, 1969

Appointment of a Parliamentary Committee to study Telengana situation

C. C. Desai

There was no reason why Government should have any hesitation in agreeing to the proposal for a Parliamentary Committee to visit Andhra Pradesh. It was obvious that the situation was serious. Everyday buses were being burnt, shootings were taking place and people were being killed. The official report of the number of those killed was very much of an underestimation. As many as 28 persons had been killed so far, not 3 as reported officially.

From the very first day, since Telengana was merged with Andhra Pradesh 12 years ago, the Telengana people had not been treated properly. The wealthy people and big landlords from coastal Andhra had gone into Hyderabad and Telengana, bought lands and started businesses, and even brought labour from outside to work in Telengana. The Telengana Ministers in the Cabinet were so chosen that they were stooges and were, therefore, ineffective in ensuring that the safeguards were implemented.

The case of Andhra was distinguishable from Orissa or from Madras because of the special responsibility that attached to Telengana. It was not a case of interference in the internal affairs of the State. A situation had arisen which had got to be taken notice of beyond the four corners of the Andhra State. There were various parts of the country where similar demands might be made. Unfortunately, the Government did not want to take the cooperation of the opposition. A Parliamentary Committee would give solace to the people. When the country's security and safety was in danger, the question of prestige of an individual, the State Chief Minister should not come in the way. In fact, the Chief Minister should step down.

April 8, 1969

Rabindra Sarobar Stadium Incidents

Loknath Misra

The news received regarding the Rabindra Sarobar incident was so horrible that anybody anywhere, not in India alone but anywhere in the world, would hang his head in shame, if he had any shame in him.

The behaviour of the press correspondents of Calcutta was also very surprising. The incidents were extremely horrible because animal lust was publicly let loose and yet they did not get a place in the newspapers in Calcutta for three days. A Commission of Inquiry had been ordered by the State Government. It was not satisfactory at all because the objectivity would not be there unless a gentleman, who did not belong to the High Court of that State, was given charge of the Inquiry. A person enjoying all-India jurisdiction should be entrusted with this inquiry. A lady member should also be there on the Commission. Unless this was done, respectable ladies would not come out to give evidence before any gentleman.

The Prime Minister said that the entire thing was exaggerated. When an inquiry was on, why should the Prime Minister make such a statement. It looked a little irresponsible.

Rajya Sabha, April 28, 1969

BANASKANTHA BY-ELECTION

Withholding of the declaration of the result, by the Chief Election Commission, of Banaskantha by-election

N. G. Ranga

According to the information received by our party, many ballot boxes were found to be tampered with when they were brought in before the Returning Officer. He (Shri Ranga), therefore, thought it to be his duty to his party and to democracy to raise this matter with the Election Commission. We also told the Election Commissioner that the Collector, who was the Returning Officer, was changed just before the election date. We were told that this Collector was an interested person. The Election Commission had also received telephonic communications from our candidate as well as several others. It was in the light of all these things that the Election Commissioner had intervened as he did, in order to inquire into this matter. According to us, he had done the right thing under the present circumstances and had acted in an impartial manner.

May 13, 1969

Piloo Mody

From the manner in which election was fought in Banaskantha and the manner in which the votes were divided, it was a highly incredible result that had emerged from the ballot-box. We had, in the past, suspected that there would be a certain amount of tampering going on with the entire election process from beginning to end. We had made several representations to the Collector who also happened to be the Returning Officer warning him against our apprehensions. As the counting of votes started we received telephone calls from Palanpur to say that the seals on the ballot-boxes had been tampered with. We also received information to say that on certain ballot-boxes there were no seals at all. Now the only recourse that we had at that moment was the Chief Election Commissioner. Therefore, Prof. Ranga wrote a letter to the Chief Election Commissioner giving all the information we had gathered so that proper action could be taken.

May 13, 1969

Union Territories (Separation of Judicial and Executive Functions) Bill, 1969

B. N. Antani

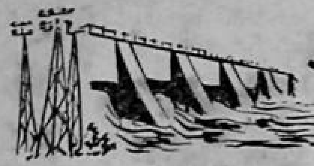
Separation of judicial and executive functions had been an old demand in the whole of India by the Indian National Congress for the last so many years. Twenty years had elapsed after the independence of the country. Yet we did not see that demand of the people being conceded.

The Member had been complaining about States where there were executive Magistrates who were mamlatdars and revenue officers. There were district magistrates who were District Collectors. And what a colossal abuse of judicial powers they were indulging in.

Why should we still continue this anachronism in this democratic set-up? Why could we not have a complete detachment, complete separation of the judiciary from the executive?

There were so many inconsistencies in this that it would be very difficult to call ourselves a democracy in the Union Territories if we pursued this Bill with the hypocrisy of separation of the powers of the judiciary and the executive. Not only in this but in the general process the powers of the Executive magistrates must never be given to any revenue officer whatsoever. Powers of District Magistrate also should never be given to a revenue officer, with which they were invested at present.

Rajya Sabha, May 15, 1969



Irrigation and Power

Demands for Grants for the Ministry of Irrigation and Power

M. K. Nanja Gowder

There were many inter-state river water disputes still unresolved, impeding the progress of the nation as a whole and the States concerned in particular. These disputes should be amicably settled as early as possible. Keeping in mind the national integration and honour and in the best interest of the development of the entire country, the States concerned should adopt a give-and-take policy, giving up parochial outlook in solving the disputes.

Adequate control measures had not been taken to combat floods. Floods were a recurring occurrence in our country resulting in heavy toll of lives and property. Adequate precautionary measures had to be taken to avert such havoc.

Just 11.31 per cent of our villages had been electrified upto 30th September, 1968. This was not laudable taking into account the total expenditure incurred for power generation, namely, Rs. 3,641 crores.

About 42 million acres of land had been brought under irrigation out of an estimated irrigation potential of about 112 million acres. This represented only 37 per cent. What was more distressing was to note that irrigation facilities had been made in Tamil Nadu for only 0.29 million acres out of an irrigation potential of just 0.58 million acres.

The Avanashi Canal Scheme in Coimbatore district had been hanging in fire for a pretty long time. The Scheme had been included by the State Government in the Draft Fourth Plan. Every thing possible should be done to take up the scheme immediately.

The Nilgiri district being a small hilly district and having a number of river valley projects had been taken up as a whole under the soil conservation programme. This programme, in the local agriculturists' point of view, had done more harm than good to the farmers. The enormous amount expended on the scheme had been imposed on the poor, small landholders in the name of long-term loans. The Minister should reconsider the whole issue in consultation with the State Government and to waive the loans and to save the poor peasants from liquidation.

March 31, 1969

D. N. Deb

In going through the Annual Report of the Ministry, we felt happy to note that they had realised the importance of Irrigation and Power. These were the two important fields which we had to develop thoroughly to achieve real prosperity for the nation. Without irrigation, we could never improve agriculture. We had been susceptible to the vagaries of nature such as drought, flood, cyclone etc. To fight all these, our main aim should be to provide irrigation. It would also make us self-sufficient in food. Without water supply, other means of production such as fertilizers, tractors etc. were not of much avail.

Extension of electricity to villages would change the rural side completely. Orissa was short of funds. Therefore, the Centre should help the State for extending the electric lines along the river banks. The agriculturists would be very happy if they were enabled to have lift irrigation by energised pumps.

A parliamentary committee went into the question of rural electrification and submitted an interim report. It laid stress on correcting the imbalance that existed in this connection between some States and others. Kerala had got the highest percentage of 71.20 as against Assam which had 0.71 and Orissa which had 1.71. The Committee had suggested a special allotment of funds so that the States which were lagging behind could come up. An assurance should be given in that regard. Similarly, the regional disparities that existed in regard to irrigation facilities should be removed.

March 31, 1969

Demands for Grants for the Department of Social Welfare

D. R. Parmar

The main object of this Department was the eradication of untouchability which was a blot on our civilised life. Though a cognizable offence under the Untouchability Act, 1955, untouchability was still in practice in rural areas in acute form. We would like to know how many cases had been filed by the Police Department under this offence. Perhaps the Police Department did not have the knowledge of this Act. In Ahmedabad, no Harijan was admitted to any department of the textile mills except spinning.

Recently, the Shankaracharya of Puri made a statement supporting untouchability. Thereafter, statements from other responsible persons were also being issued in his support, poisoning the atmosphere of the country. We would like to know whether such statements were not an offence under our Constitution and under the Untouchability Act and, if so, what steps Government had taken or was going to take against the Shankaracharya and others who had supported him.

For the social as well as economic upliftment of Scheduled Castes and Tribes, land should be allotted to them so that they might stand on their own feet. There were rules for the allocation of lands to them but they were not properly implemented. When any person from Scheduled Castes or Tribes requested for, waste land to be allotted to him, the Gram Panchayat, by a resolution, transferred such lands to *gauchar*. There should be a commission for proper distribution of surplus land to Scheduled Caste and Scheduled Tribe persons.

The housing problem of Scheduled Castes and Scheduled Tribes was very acute. They lived in extremely unhygienic conditions. Proper help should be provided to them in the form of interest free loans and subsidies for construction of dwelling houses.

The Government was not filling the reserved quota for Scheduled Caste and Scheduled Tribe persons in Government services. In many Government undertakings, there were no Scheduled Caste employees at all. They were also discriminated against in the matters of promotions. Their confidential reports were deliberately spoiled.

The Social Welfare Board was established in 1953. At that time it was a fully Government body. Till recently, it was a semi-Government body. On 1-4-69, it was registered under the Companies Act and hence it was now a private body. Could the Department advance grant-in-aid to such private organisations?

April 15, 1969

Demands for Grants for the Ministry of Labour, Employment and Rehabilitation

S. Xavier

The problem of unemployment was a major problem. It had been there for a long time and the Government had not found out any satisfactory solution till today. At the end of the Fourth Plan, the number of unemployed people would be fourteen million and this number would further increase. The situation would become worse if modern methods such as mechanisation and automation were adopted. Social conditions of India required that all men should be employed first and then only we should resort to modern methods and techniques. Therefore, with a view to provide employment to more persons, it was necessary that we gave up our craving for modern methods.

Unemployment amongst educated persons had created a very serious problem. Hundreds of engineers, M.Sc., and M.As., were unemployed. In some cases, the people were unable to get a job even for Rs. 15 a month. The employment exchanges were unable to secure employment for all the persons registered with them. The notified vacancies came to only one fifth of the applicants registered.

All our economic ills were referred to the Planning Commission. But the Planning Commission was apathetic; there was no mention of the unemployment problem in the Fourth Plan. The number of the unemployed increased from plan to plan and their remedies did not touch even the fringe of the problem. We had spent about Rs. 20,000 crores over three five years' plans. But the problem of unemployment had not been tackled at all. In the meeting of the NDC the other day, the Prime Minister herself had said that so far the landless labour, Harijans and the tribals had not been touched at all by the Plan. Our Plans should, therefore, be radically changed to solve the problem of unemployment and to give the necessary relief to poor people.

So far as agricultural labour was concerned, it was paradoxical that they produced and yet they starved. The Government must consider the question of giving to agricultural labourers, provident fund, bonus, pension and gratuity as in the case of labourers in industries. Besides, there must be minimum wages for agricultural labour; it would provide them some security. The village industries and cottage industries which were now lying scattered should be spread over all the villages in the rural areas in an intensive manner.

April 22, 1969

D. Amat

Within 20 years of Independence, with the growth of industrial complex in the country, the number of trade unions also had increased. Side by side, labour unrest was increasing day by day, resulting in gheraos, bundhs, lock-outs, lay-offs, pen-down strikes and even hunger-strikes.

In labour unions, if labour interests were to be protected it was necessary that they were managed by the workers themselves. Nowadays, the unions generally became the appendages of political parties, reflecting the aims and objects of that very political party which dominated the trade union activities of the union concerned. This practice should go. Only the workers should be allowed to hold office and no outsider should be allowed to enter the labour unions.

In U.P. during the President's rule, 4000 trade unions were derecognised for non-filing of returns in time. Similar strict action should be taken in other States also.

In public sector undertakings, the Central Government should be an ideal employer. So, all the responsibility in connection with labour trouble and disputes should be the concern of the Central Government. The Central Government should see that the industries in India were not doomed to destruction by the labour movement.

The wage board recommendations had no consideration for productivity. Nobody would deny workers getting more wages corresponding with the living index, but some machinery should be evolved so that wages were linked up with productivity.

The ultra-modern Rourkela plant was built at the cost of the home, hearth and everything of the poor adivasis. We were given the assurance that they would get house for house, land for land and first preference in employment. But all those assurances had gone to winds. This was very unfair. Government should not exploit the Adivasis. They did not want to become engineers and mechanics. But at least they should not be considered unfit for the job of peons and messengers.

April 23, 1969

OBITUARY

Sad demise of Dr. Zakir Husain, President of India

M. R. Masani

The whole nation was in grief at the death of Dr. Zakir Husain. In the earlier times, most of us knew him as an educationist who set up Jamia Millia. Later on, we knew him as Vice-Chancellor of Aligarh University, Governor of Bihar and then as Vice-President.

Dr. Zakir Husain was an embodiment of culture, patriotism and love of the country, gentleness and humility. He was a great Gandhian and a great democrat.

He hardly belonged to the world of politics, which he neither temperamentally nor intellectually liked. But then the question arose, if good men like Dr. Zakir Husain were to eschew public life and politics, what was to become of our country?

When he became President, he gave us an exortation of things most needed in our lives: "The situation demands of us work, work and more work, silent and sincere work, solid and steady reconstruction of the whole natural and cultural life of our people". We mourned the passing away and the loss of a great gentleman, a dedicated educationist and a very mellowed statesman.

May 5, 1969

Dahyabhai Patel

Dr. Zakir Husain presided over and conducted the proceedings of this House with great distinction. When tempers were excited, he used humour and personality to bring normalcy and calm into the proceedings of this House. He devoted himself to the work of the House with great diligence. He used to come regularly very early and meet people to iron out the difficulties so that the proceedings of this House might be conducted in a smooth manner. He had left an example for the youth of this country, an example of how a person rising from humble circumstances could be of such service to the country and to the nation. Though he was such a distinguished scholar, he never showed it. His manner of dealing with people was very humble and yet when one came in his presence it was impossible not to realise that one was dealing with great personality of such sterling qualities.

Rajya Sabha, May 5, 1969

(WE SAID IT—Cont'd from page 2)

Who ?

The Government is making a 200 per cent profit on this monopoly (telephones). Is it fair? Who is the monopolist? Who is the profiteer? The worst profiteer and monopolist in this country is the Government today.

DAHYABHAI PATEL, April 28, 1969

Don't We Know!

It is said that there are abuses. Of course there are abuses. Are there no abuses in the Managing Director companies which we are now going to have? Are there no abuses in Government? Do we not know of corrupt officials and corrupt Ministers? Have we not had enough evidence of this in the Union Government and in the States? So, because of the abuse, abolish managing agents and because there are corrupt Ministers, abolish the Government and have anarchy in this country. This is the preverse logic of my Hon. friend opposite.

M. R. MASANI, May 7, 1969

Consistent !

There is something mulish about the members of our Planning Commission—mulish in two respects. One, they are obstinate like mules; as Gandhiji said, they have the consistency of an ass; secondly they are mulish in that they are sterile and are incapable of producing anything. They are intellectually sterile people. The have sat there for ten years and produced nothing.

M. R. MASANI, May 8, 1969

White Blackmarket ?

We see on the textiles very tight control on the production, distribution and the price all the time but when it comes to the STC we do not find the same policy being adopted there. In auction No. 25 of second-hand used cars, a Mercedes Benz 250 SL 1968 Model was auctioned for Rs. 170,550. Normally this car, when landed after paying 100 per cent duty will not cost more than Rs. 45,000.

G. K. SUNDARAM, May 10, 1969

SWATANTRA MEMBERS OF PARLIAMENT

Rajya Sabha

Name	Permanent Address	Delhi Address	Tel. No.
Mr. Sitaram Jaipuria	Swadeshi House, Kanpur, U.P.	78, Shahjahan Road New Delhi	382288

NOTE

Dr. K. C. BAGHEL, M.P., we regret to announce, has expired.

Mr. MANUBHAI AMERSEY'S Election has been set aside by the Supreme Court.

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