

HOMAGE TO A DEPARTED LEADER

"A progressive farmer and patriot who had taken part in the freedom movement", to use the words of the Chief Minister of Uttar Pradesh, Mrs. Sucheta Kripalani, passed away on March 26. He was Mr. Raghavendra Pratap Singh of Mankapur, member of the State Assembly since 1937, member of the Swatantra Party's Central Organising Committee and indomitable leader of the Swatantra Group in the U.P. Assembly.

The U. P. Vidhan Sabha adjourned for the day as a mark of respect for the departed leader after observing a minute's silence in his memory. Tributes paid to him crossed party lines in moving testimony to the respect he commanded from people of all shades of political thought and opinion.

The Swatantra Party bows its head in memory of a fearless comrade and offers its deepest sympathies to his family and to his colleagues in the Uttar Pradesh unit of the Party.

ALL INDIA KISAN SAMMELAN

Over five thousand kisans from all parts of the country gathered in the Capital on March 30 to record their protest against the Constitution (17th Amendment) Bill.

This is the first time the Swatantra Party has organised a major rally in Delhi. Presided over by a kisan from the Punjab, Choudhury Inder Singh, the rally was addressed by peasant representatives from the different States. Prof. Ranga and Rajaji also addressed the Sammelan.

After the deliberations had concluded, those assembled marched in procession to Parliament House. Almost a mile-long, the procession was marked by its orderly and disciplined behaviour. Outside Parliament House, Swatantra Members of Parliament including Mr. M. R. Masani, Mr. Dahyabhai Patel, Mr. P. K. Deo, Smt. Gayatri Devi, Sardar Kapur Singh and Thakur Yashpal Singh, addressed the marchers.

Separate deputations of the processionists were led by Prof. Ranga to the Speaker of the Lok Sabha and Mr. Dahyabhai Patel to the Deputy Speaker of the Rajya Sabha, Mrs. Violet Alva. Mr. M. R. Masani introduced to President, Dr. Radhakrishnan, the following morning a deputation.

The Sammelan adopted unanimously a resolution warning that, if the 17th Amendment Bill became Law, the peasants of India would resort to peaceful Satyagraha. See Annexure for full text of resolution.

Speaking on the occasion, Rajaji said: "Let this be a warning from this parliament of peasants to the

Indian Parliament, which is now tampering with the sacred Constitution, that the peasants of India will resist this amendment with all the force at their command."

He added that they must face the ruling Congress Party which was suffering "from high blood pressure and paralysis" and draw blood from it as they had done in Rajkot, Amroha and Farrukhabad.

Prof. Ranga told the Sammelan that the party would organise an agitation if it failed in its efforts to get the Seventeenth Amendment withdrawn. "What is the use of having independence for the country if the farmer is not to be free? Who will protect the country's independence if the peasants are to be enslaved?" he asked.

The Sammelan helped to bring into sharp focus the peasants' opposition led by the Party and the disastrous effects the measure would have on not only agricultural production but on individual freedom itself.

Statewise, the representation at the Sammelan was as follows:

Andhra Pradesh 22, Bihar 290, Delhi 100, Gujarat 140, Himachal Pradesh 32, Madhya Pradesh 20, Madras 21, Maharashtra 235, Mysore 25, Orissa 30, Punjab 600, Rajasthan 2,000, Uttar Pradesh 1,500.

The Delhi unit of the Party, which played host to the Sammelan and made arrangements for the reception and stay of the kisans, deserves a word of thanks for having discharged their responsibilities in a commendable manner.

PARLIAMENT REJECTS 17th AMENDMENT BILL

While going to Press, we have received the welcome news of the 17th Amendment Bill having failed to obtain Parliament's consent.

This has however been quickly followed by reports that a special session of Parliament is to be convened later in May with the specific purpose of pushing through this Bill but under a different label viz the Constitution (Nineteenth Amendment) Bill.

The next issue of our *Newsletter* will carry in greater detail the report of discussions in Parliament on this Bill.

KISAN DAY

To reiterate the Party's strong opposition to the Constitution (17th Amendment) Bill to be now known as the Constitution 19th Amendment) Bill and to lodge its protest against the attempt to once again get this Bill adopted, the Swatantra Party has called upon State Units to mobilise the people's protest by observing Sunday, 24th May as KISAN DAY.

SHEIKH ABDULLAH'S RELEASE

The release of Sheikh Abdullah by the Kashmir Government, with the concurrence of the Government of India, created a new situation and it is natural that leading members of the Party should comment on it. Since there is no Party decision on the subject of Kashmir, members of the Party have the freedom to express their individual views.

In this connection a reference to the background of the Party's position may be of interest. The Party's Statement of Policy of March 1960 lays stress on "the settlement of outstanding issues with Pakistan and serious consideration of the offer made by Pakistan for collaboration in the defence of the sub-continent." This stand of the Party was reiterated by the General Council on February 10, 1963, in the course of a resolution considering measures for strengthening the country's security and defence.

During the last few years, Prof. Ranga and Mr. Masani have on more than one occasion joined with leaders of other opposition parties and groups in addressing letters to the Prime Minister urging the early release of Sheikh Abdullah.

During the debate in the Lok Sabha on Foreign Affairs on September 16, 1963, the leader of our Group, Prof. Ranga had said: "In regard to Kashmir, I would like to know why it is that the Prime Minister allows that Conspiracy Case to go on for all these years. Why has he been satisfied, in keeping with all his love of civil liberties — all of us have stood for civil liberties — one of the great leaders of the Kashmir area and the Kashmir people, Sheikh Abdullah, once a bosom friend of the Prime Minister, in jail and detention during those years, and now under this pretence of a conspiracy case, in jail, for so many years? Does this redound to our credit?

Does it in any way help us in our approach to the Kashmiri people vis-a-vis the Pakistanis, or enable us to grow to be in a position some day, if we may have to do so, to persuade the Kashmiri people to choose their comradeship with India by an overwhelming majority? I want answers to these things."

During the weeks prior to Sheikh Abdullah's release, Mr. M. R. Masani followed up this line of thought when he spoke at Ambala and Jaipur during the month of March. "Whether we do it today or tomorrow or decades later," he observed, "we have to make friends with Pakistan to ensure India's security..... It will be a happy day when we will be able to live like good neighbours even though we may not like one another." Mr. Masani urged the need for winning the goodwill of the people of Kashmir and suggested the release of Sheikh Abdullah, mid-term elections to the Kashmir State Assembly to enable the people of Kashmir to have a government of their own choice, followed by discussions between the Government of India and the new Government of Kashmir regarding the future status of Kashmir. Addressing the first Regional Convention of the Bombay Unit of the Party on April 5, following on Sheikh Abdullah's release, Mr. Masani observed that if the people of Kashmir wished to remain a part of India nothing would make the people of India happier. If, on the other hand, they insisted on a special relationship such as that between India on the one hand and Sikkim and Bhutan on the other, we could not deny them that alternative.

Welcoming Sheikh Abdullah's release, Rajaji wrote in *Swarajya* of April 11, "May Sheikh Abdullah be inspired and enabled to do a caesarean operation and extricate Kashmir from the Indo-Pakistan problem, thereby strengthening both India and Pakistan. We may now hope for some clear thinking on the question of what is to be done with the Kashmir Problem. If Kashmir is an 'integral part' of India, let that bond rest not on compulsion or the illusions of legalism but on the urge of the heart, on confidence and cordiality. Many smaller States in the world enjoy autonomy, and there is no reason for refusing autonomy to Kashmir, specially when it is good for all concerned. There is no way of establishing peace and good neighbourly feeling between India and Pakistan except by making Kashmir an independent and friendly State. The Gordian knot would then be cut, and there is nothing thereafter to divide Pakistan from India.

Following this up on April 18, Rajaji wrote again in his Dear Reader Column of *Swarajya*; "Kashmir is not real property to be disputed on the basis of title-deeds and assignments. It is a community of people who have all the rights of similar communities in the present-day world, and undoubtedly Sheikh Abdullah is their best leader who has suffered for their sake. India's reputation will reach its nadir if unwise counsel prevails and leads to any imposition of restraints on Sheikh Abdullah now. Let there be an election in Kashmir with Sheikh Abdulla leading a party standing for whatever solution he considers to

be the best. Let Sheikh Abdullah be opposed by any other leader, be it Bakshi or Sadiq or any other and their group standing for the Indian formula of accession already completed. Such an election would be democratic and simple, and be as good as a plebiscite without its implications. Forsenic arguments will not bring about peace and happiness either to India or to Pakistan; it would be foolish to reiterate them in order to acquire real property for India which will yield no rent or income but only increase our liabilities, civil and military."

Once again on April 25, Rajaji in a front page article in *Swarajya* entitled 'Am I Wrong?' wrote: "I see India and Pakistan cannot go on as they are now going on, without both of them utterly ruining themselves soon. Take Kashmir out as a live baby and both India and Pakistan can be saved as they deserve to be — as the civilized and peace-loving peoples of the world want them to be Is there any hope for India or for Pakistan, if we go on hating each other, building our two houses, both of us on the sands of continued foreign aid against a future Kurukshetra?"

"To fight on two fronts, Pakistan and China, was considered folly. But when Pakistan had begun a gesture of uniting with China and making a joint front, the folly of keeping two enemies going is trebled in magnitude. . . ."

Rajaji went on to ask, "But today the plain and the only question is: does not the good of India and of the sub-continent as a whole, and indeed of Asia as a whole as against the dark forces of communism, lie in Indo-Pakistan reconciliation?"

Rajaji concluded with the exhortation: "Let us not act like common village litigants fighting for a piece of real property."

Following a different line, Mr. P. K. Deo spoke in the Lok Sabha during the discussion on the Demands for Grants of the External Affairs Ministry on April 9: "We all know that Kashmir is an integral part of India, in fact and in law. This is affirmed by history, tradition and culture. We got the legal status by the Instrument of Accession of Maharaja Hari Singh, and it has been further ratified by the Constituent Assembly of Kashmir and subsequently by the elected Assembly of Kashmir."

"However firm it may be, if we want that it should be permanent, we will have to win the heart of the

people of Kashmir, and make them feel one with us. This cannot be achieved by thrusting on them an unpopular and corrupt government as we have done for the last ten years."

"The separatist provision of Article 370 has to be abrogated. That will hasten the process of full integration of Kashmir with India."

The same attitude was given expression to by Mr. K. M. Munshi when he gave an interview to the *Gujarat Samachar* in Ahmedabad on April 18. Alleging that the Government had deliberately created trouble by releasing Sheikh Abdullah, Mr. Munshi argued that constitutionally Kashmir cannot be separated from India.

RAJYA SABHA ELECTIONS

The Biennial elections to the Rajya Sabha took place in March. From the overall point of view, our Party has reason to be satisfied. We have emerged as the single largest Opposition group in that House, the Communists having been relegated to second place. Mr. Dahyabhai Patel now occupies Mr. Bhupesh Gupta's position.

With DMK support, the Swatantra nominee in the Madras Assembly, Mr. S. S. Mariswamy, General Secretary of the Tamil Nad unit, secured the highest number of votes polled.

In Uttar Pradesh, as a result of our understanding with the Jan Sangh, our candidate, Sardar Ram Singh, was declared elected despite our strength in the U.P. Assembly being only 14.

In Rajasthan, Mr. Devi Singh of Mandava romped in, with the support of the Jan Sangh.

In Orissa our Candidate Mr. Sankarprasad Singh Deo of Dhenkanal was declared elected.

In Gujarat, Mr. Dahyabhai Patel the leader of the Group in the Rajya Sabha, who stood for re-election, was returned with a comfortable majority.

In Bihar, however, the Party's first candidate, Mr. Parmanand Kejriwal, was surprisingly defeated despite the strong Swatantra Group in the State Assembly. The Party's second candidate, Mr. Anandchand of Bilaspur, was however declared elected.

As a result of the biennial elections the Swatantra strength in the Rajya Sabha has gone up from 11 to 13 and that of the Communists has been reduced from 13 to 11.

News from State Parties

BOMBAY

The Bombay unit of the Party organised its first regional Convention on April 6. The Convention was inaugurated by Smt. Gayatri Devi and presided over by Mr. Piloo Mody Vice-President of the unit. Dr. (Mrs.) Shantabai Gulabchand welcomed the speakers and the delegates. Mr. M. R. Masani and Mr. Bhailal-bhai Patel were among others who addressed the Convention.

Seven resolutions were adopted. These were: on Civic Affairs which conveyed the unit's decision to contest the forthcoming Municipal elections in the city; a second calling for the setting up of an independent and autonomous planning authority charged with the responsibility of drawing up a Master Plan for Bombay; a third on the Inami and Special Land Tenures Abolition Bill of the Maharashtra Government; a fourth warning against the nationalisation of the foodgrain trade; a fifth on the rise in prices; the

sixth on corruption and the seventh on the Budget proposals.

After the Convention had concluded, the unit organised a public meeting at Chowpatty the same evening addressed by Smt. Gayatri Devi, Mr. M. R. Masani, Mr. Bhailalbhair Patel, Mr. Dahyabhai Patel and Mrs. Shantabai Gulabchand. Mr. Piloo Mody presided.

Other activities in March included a meeting on March 4 organised by the Colaba unit on the "Impact of the Union Budget" addressed by Prof. P. J. Shroff and presided over by Mr. Lalchand Hirachand. Another public meeting on "Current Political trends and the Union Budget" was addressed by Messrs Piloo Mody, R. V. Murthy and B. K. Mistry under the presidentship of Dr. Sequira on March 8. The Bandra unit, as usual, organised a cultural and sports event which included a canoe race, a swimming competition and a Live Duck Dip on March 29.

MYSORE

The State Committee has set up an Action Committee to organise public meetings in different parts of Bangalore city to focus the attention of the people on four issues, viz. (i) soaring prices, (ii) Buildings Tax Act, (iii) Unsatisfactory Bangalore Transport Service, and (iv) Electricity Tariff rates on outlet basis. The idea behind this project is to gear Party machinery and prepare for the forthcoming Corporation elections in the City.

Already between the 1st and 28th March six meetings have been organised in the City.

The first meeting at Malleswaram was presided over by Dr. I. S. Patel. Messrs Gopala Salenna, M.L.A., Dr. M. G. Seshadri and Mr. P. Ramadev Corporators and Messrs P. H. Seshagiri Rao, M. R. Janardana,

B. N. Gupta and M. S. Rajagopalan addressed the meeting. A resolution urging the Government to withdraw the Buildings Tax Act was unanimously adopted.

The second meeting held at Rajaji Nagar on March 12 under the presidentship of Mr. B. Channabyre Gowda, M.L.A., was addressed by Mr. Seshagiri Rao among others.

The meeting on March 15 was held at Laxminarayanapuram with Mr. S. V. Kashinath, M.L.A. in the Chair. Among those who addressed the meeting was Mr. S. K. Ramanuja Iyengar (President of the Malleswaram Rate Payers Association).

An important feature of the fourth meeting held at the Harijan Colony in Mariappana Palya was the presence of a very large number of poor Harijans including a fairly large number of women who presented a memorandum to our leaders assuring their support. Mr. Gopala Salenna M.L.A. presided. Mr. J. M. Lobo Prabhu and Mr. Daniel were among those who spoke at this meeting.

The Gandhi Bazaar Circle meeting on March 23 was the occasion for a moving speech by Mr. P. H. Krishna Rao. President of the Basavangudi unit Mr. K. G. Abdul Samaad Khan presided. State General Secretary Mr. V. T. Sreenivasan, and Mysore city and District unit President Mr. H. Ramaraj Urs addressed the meeting.

The last meeting of the month at Sajjan Rao Circle on March 28 was held under the presidentship of Mr. P. H. Krishna Rao. Speakers included Mr. B. Channabyre Gowda M.L.A. and Mr. Abdul Samad Khan.

The Mysore unit wishes to express, through the columns of this Newsletter, its grateful thanks to Mr. P. S. Sridharamurthy for having so kindly placed a room free of cost at the disposal of the Basavangudi Constituency unit.

Swatantra in Parliament

Texts of speeches received from our Parliament Office in New Delhi indicate the leading part taken by our members on issues that came up for discussion ranging from Petro-Chemical Plants to the Budget and banning of books.

We have, subject to limitations of space, given extracts of speeches delivered in both Houses of Parliament in the months of March and April.

Three speeches, one by Prof. Ranga on April 21 during the discussion on the Third Reading of the Finance Bill and two others by Mr. Masani during the debate on the Finance Bill (April 17) and the Companies (Profits) Surtax Bill (April 22) will shortly be published in booklet form.

In the Lok Sabha

THE BUDGET

Smt. Vijaya Raje — March 4

We were anxiously looking forward to the Budget, and the rural population too had been eagerly looking forward to some relief by way of cheaper food and cheaper clothes. But I regret that the Budget in this respect has proved to be both a great disappointment and a betrayal of the hopes and aspirations of the common man.

Unfortunately, the Finance Minister has not given any express indication of controlling the prices of

daily necessities, the burden of which is reacting sharply on the common man.

The food prices have not declined, and the price of cloth has already registered an upward rise, and threatens to rise even further.

Instead of producing food, the Government is wasting its time in socialisation of food distribution and controls, which have been the bane of our economy. Even the Minister of Community Development is said to have complained that the lack of progress in the rural sector is due to too much centralised planning. It is a thousand pities that in an agricultural country like ours, agriculture should have been so criminally

mismanaged for the sake of the Government's planned economy.

However, I am glad that the Prime Minister has, even at this late stage, changed his views on the subject at last. Addressing a meeting of the National Development Council on 8th November last year, he said:

"People seem to think that an industrial plant solves all the problems, which it does not. At the present moment in India, whichever way you start, you come back to agriculture. We dare not be slack about it as we have been I am afraid."

Even Mr. Khrushchev, in November 1962, said at the Communist Party Central Committee that it was old-fashioned to regard steel as the only measure of modern economy.

Industry seems to have fared no better. Here, too, because of the Government's socialistic policies, the State sector is pitched against the interests of the country. Though the performance of the State sector leaves much to be desired, yet the investment in this sector seems to be on the ascent. In the First Plan it was 46 per cent, in the Second it was 54 per cent, and in the Third it is estimated at 61 per cent. I am afraid that with the new taxation measures, the Finance Minister will be accelerating the speed of State monopoly in all economic fields, and will eventually succeed in completely eliminating private enterprise from the industrial map of India.

According to a news item in February, 1963, the State Trading Corporation and the Atomic Energy Commission had created a muddle trying to outbid each other in Japan over the export of ilmenite, resulting in a loss of one crore of rupees worth of foreign exchange.

The Comptroller and Auditor-General of India, in his Audit Report (Commercial), 1963, has stated, after analysing the financial result of 46 Government companies as on March, 1962, that on an employed capital of Rs. 1,090.75 crores, the net result of operation of all these companies shows a loss of Rs. 10.60 crores.

According to the same report, the three steel plants of Bhilai, Durgapur and Rourkela had together incurred a loss of Rs. 40 crores.

The yield of the public sector is therefore a matter of concern, since the resources employed there would have yielded better results elsewhere, had the money remained with the people.

In comparison, the private sector has to its credit the development of a wide range of industries. We learn from responsible quarters that during the first decade of planning, not only has the private sector developed various industries, but it has provided additional employment for over one million persons. In the first two Plans, the whole of the private sector undertook 50 per cent of the national investment and produced more than 80 per cent of the additional income in that period. So, private enterprise has proved to be not only an essential, but an effective part of our economy, and, therefore, I hope the Government will not continue to take an unfriendly attitude towards this sector. Mr. Eugene Black has

rightly observed that people must come to accept private enterprise not as a necessary evil, but an affirmative good.

I would now like to turn to a very disturbing factor which is greatly agitating the public mind. That is the growing corruption that is spreading like cancer and destroying whatever good that is left in us. Today, there is not a single department of administration at the Centre or in the States which is free from this malady. I feel that there are two major factors which promote this evil, the system of control and the plethora of laws and regulations which result in the concentration of power in the hands of the administration at all levels. My submission, therefore, is that in order to eradicate this evil we should do away with the licence-permit-quota system as this is the breeding ground of all corruption.

PETRO-CHEMICAL INDUSTRY & NATURAL GAS

Mr. Purshottam Bhil — March 13

At the outset, I take up the Petrochemical industries. A Refinery with a refining capacity of 2 million tons of oil per annum with prospects of expansion upto 3 million tons is being set up in the (Gujarat) State and the work of construction of the Refinery is proceeding according to schedule and it may be ready for production in about a year's time. There is no definite indication, however, of the policy proposed to be adopted in regard to the petrochemical industries to be developed in this area. Dr. Henney, the World renowned French Expert has in his report submitted to the Government of India in regard to the development of petro-chemical complexes in the country emphatically stressed the need for the establishment of such complexes as early as possible. According to him the failure to build petro-chemical industries will result in an yearly import bill amounting to about Rs. 51 crores in 1965-66 and about Rs. 150 crores in 1970-71. This alone is sufficient to necessitate immediate action on the question of establishment of petro-chemical industries. It is absolutely necessary not only to finalise but to keep ready the petro-chemical complex much ahead of the date on which the Refinery goes into production and the bye-products become available. It is, therefore, highly essential to establish a special agency to co-ordinate and synchronise the plans of establishing petro-chemical complexes in the country in general and the Koyali refinery area in particular so that no time is wasted when the refinery starts operation and raw materials for Petro-chemicals are readily available.

Unfortunately no clear indication is yet available to the prospective industrialists interested in the development of petro-chemical industries as regards chemical and other properties of the oil and gas, or the types of bye-products likely to be available from the Refinery, continuity of supply and the prices at which such products are likely to be made available. It is absolutely necessary to clarify these matters and to adopt a long term policy in the interest not only of the better and more economic utilisation of the

bye-products of the Refinery as also to enable the prospective industrialists to plan in time for the establishment of such industries where these could be utilised.

The dispute over the fixation of gas price is very much agitating the mind of our people. Much heat has been generated over the behaviour of ONGC in this connection. It came as a rude shock to us when we are told that our people will have to pay as much as 90 to 100 rupees per 1000 cubic meters of natural gas to ONGC for the gas produced from the oil fields of Gujarat.

To compare with prices in other States, Oil India Ltd. charges Rs. 9 per 1,000 cubic metres for Nahorkatiya gas in Assam while the ONGC asks for Rs. 80 to Rs. 100 in Gujarat. The fact that the ONGC has no control over Oil India's policies does not explain away the unconscionable disparity. Again, the ONGC demands Rs. 100 for Ankleshwar associated gas supplied to industries in Baroda, Rs. 90 from the Gujarat Fertiliser Company and Rs. 80 for Cambay gas supplied to the Gujarat Electricity Board. These prices cannot but give a rude jolt to consumers who had hoped that the cost of generating electricity and that of fuel can be substantially reduced with the discovery of oil and gas within the State itself.

Various persons and organisations in the State have objected to the high level of prices. The basic contention has been that the State and its industries should be enabled to secure fuel at cheaper cost. The State has all along suffered from a major handicap in its programme of industrialisation—the high cost and irregular supply of coal. The high railway freight more than doubles the pit-head price of coal. Absence of any big hydro-electric projects made cost of electricity quite high.

It was hoped that the cost of generating electricity and that of fuel for industries would considerably drop with the discovery of oil and gas in the State. The prices now fixed by the ONGC have given a rude jolt to these hopes.

Sir, can ONGC take any satisfaction in its work when people start describing it as a 19th Century monopolist.

I think it is pertinent to point out that the benefits of natural resources found in a particular region are usually allowed to be enjoyed by the industries located thereabout. It is greatly disconcerting to note that Gujarat has been deprived of this natural advantage in the matter of fixing the prices of gas to which it is legitimately entitled. The objective of the Central Government of stimulating regional development can be achieved more readily if a uniform policy were to be adopted in regard to the benefits that may be allowed to accrue to each State in respect of its natural resources.

There is no justification for a policy that varies in its application in respect of one commodity from State to State and from one natural resource to another resource i.e. one policy for coal and hydro-power and another for oil and gas. In view of the need for accelerating the industrial development in

Gujarat State and stimulating tempo in this region, it is strongly urged that gas be made available to the industries etc. of Gujarat at a price of coal prevailing at the pit head so as to ensure competitive capacity of the industries of this region.

I quote here what Dr. Henny of the French Petroleum Institute, in one of his speeches stated about the reasonable price of gas. It, according to him, may be 50 nP. per 1000 cubic feet. It is also reported that the ONGC too had considered and also discussed the guaranteed supply at the price of 50 nP. for 1000 cubic feet with the various major consumers of gas in Gujarat and the officials of the State Government.

It is hoped that the Government of India as well as the Arbitrator appointed by them to deal with this question will take these factors into account so as to enable the State to wipe off the backlog of development and achieve the pace of growth attained by other States by fixing the price of gas at a reasonable level, keeping in view pit head costs of natural fuels.

Sir, I understand that by the end of October 1963, 122 million cubic metres of gas had been flared up (burned off) at Ankleshwar. The value of this gas at the proposed value of Rs. 100/- per 1000 cubic metre, is about Rs. 1.25 crores. This amounted to 20 per cent of the Oil and Natural Gas Commission's total earnings from the sale of Crude Oil, which amount to Rs. 6.92 crores. If the ONGC can avoid such gross national loss, the question of conflict between the Gujarat and the Central Government for fixation of price would not arise. Why not try to economise and thus help the State economy and also strengthen our Central exchequer.

DEFENCE

Prof. N. G. Ranga — March 20

Mr. Speaker, Sir, from the manner in which we have had the benefit of experience and contacts that our Communist friends have of the working of our ordnance factories and all other installations and establishments which are associated with the Defence Ministry and the defence departments, we can see who, in an indirect way, is running the Defence Ministry and who, in an unauthorised manner, in an unacknowledged manner, is the real Defence Minister in this country. This is a warning which, I am sure, my hon. friend, Shri Chavan, must have already noted for his own benefit and the benefit of the Ministry of which he is in charge after he has taken over charge of the Ministry.

I have had the honour of visiting quite a large number of our ordnance factories. . . . There is a kind of diarchy going on there. It is an unseen one in a way and an unacknowledged one in another way. I do not know whether it would be possible for some time to come for the Defence Ministry and the Defence Minister to gain real control and then say that all these defence installations can be depended upon completely, under all circumstances, whoever may be our allies, whoever may be our enemies.

I am surprised at the vehemence with which continuously they (the Communists) pursue the same line of exhorting our country to pursue the patriotic line of being entirely independent of all other countries in the world not only in regard to the three arms of our defence forces but also in regard to their equipments, ordnance factories, the science and research behind them. What would have happened if Soviet Russia had pursued that line when she was attacked by Hitler? What would have been the fate of England during all those turbulent times if she had not sought and welcomed the support of her allies including, Soviet Russia in the later stages? One would only have to think about it to be warned properly in regard to the advisability or otherwise, the political tenability or otherwise of this (very brave and very patriotic advice) that our Communist friends are giving to us. They would have no objection if we could get more and more from Soviet Russia by way of armaments, experts, know-how and also political advice.

I have never raised any objection to Soviet Russia coming in and helping us.

Shri S. M. Banerjee: Who cares for your objection?

Shri Ranga: That is true. When these two big Parties are in alliance with each other, they can afford to be indifferent to the attitude of other opposition parties in this House. That is quite obvious. But should we not welcome and continue to welcome whatever assistance the democratic countries are capable of and are willing to give to us in spite of whatever other difficulties they might have, in spite of whatever other differences they might be entertaining between themselves and ourselves in regard to our own political situation in our country and also in regard to our political as well as other attitudes towards our neighbours? That is the most important thing.

It is true that America and England are pursuing a line now in regard to Kashmir which we do not like. They have said so. But when our Communist friends and some of our other friends also went to the U.K. High Commissioner what did he tell them? He told them: "You did not agree with us on so many occasions. You abused us, you condemned us and you attacked us there in the United Nations in no uncertain terms almost bordering on hostility. But we made no complaint about it. We took it in our stride." Did they not say so? They told our friends like that and our friends were tongue-tied.

Shri Sham Lal Saraf (Nominated — Jammu and Kashmir): All the same, the ball was left in his court.

Shri Ranga: I do not know in which court it was — it may be in the Kashmir court of my hon. friend. But I know only one thing. That is what he said. He told them: "Why do you raise all these things now when we differed from you? Yes, they have differed from us. We deplore it. We are not happy. But is that any reason why we should not welcome the support of those people, coming from those quarters in other spheres? That is our point, and I am sure they will agree with us in regard to that."

Having said that, I want to make it perfectly clear that we also, in the Swatantra Party, are in favour of the State itself being completely responsible for defence, not merely the defence forces — of course, that is taken for granted — but also defence production.

There was the NEFA report by General Henderson Brooks. The country was reminded of it the other day when he was rightly rewarded by the Government. We are glad that he was rewarded. But what happened to that report? At that time, may be, there was some justification for my hon. friend to keep it strictly confidential and secret. Why is it that he has not published it till now? Since more than one year has passed, why should the country be kept in ignorance about it?

Then, what is the progress that has been made in the light of the recommendations made by that committee and in the light of the revelations that were contained in the short summary that my hon. friend, Shri Chavan, has placed on the Table of the House, in regard to military intelligence, subversion and so on? Who in our country can confidently say that in the Communist Party of India here is not that China lobby? We have got the Soviet lobby too, but we are no longer afraid of it because they have become the unofficial Defence Ministers, as I have said. But what about the China lobby in this country? It is there; it is a fact. Among them some are brave and courageous and some of them are perhaps members, I do not know, of either this House or the other House—I speak subject to correction. What is the policy that the Government has been following or pursuing? My hon. friend, the Defence Minister, may say that it is for the Home Minister and Prime Minister and not for him, but he cannot absolve himself completely of all responsibility in regard to this matter because it is for him to take the initiative and reach the Cabinet Sub-Committee and, later on, the Cabinet and see that proper policies are pursued in regard to the China lobby in our country.

Shrimati Renu Chakravartty: What about the American lobby?

Shri Ranga: The American lobby, just like the Russian lobby, has to be tolerated.

Shri Raghunath Singh: He is in the American lobby.

Shri Ranga: I think my hon. friends of the Congress benches ought to know better than throw a fling like that at me. They would only be stultifying themselves by indulging in such cheap jibes at my cost, because I am no smaller patriot than any one of them, including the Prime Minister, and it would be wrong for any one, it would be foolish for any one, to begin to entertain any such idea about me, about a person who had been a freedom fighter for 35 years, who had been their colleague till the other day, who had to differ from them not because he had disobeyed them, not because he had asked for a job or position and it was refused—as I said earlier, I repeat it that there was not a position which it was in the

power of the Prime Minister to give and which he was not prepared to offer to me—and yet why did I leave them? I left them for definitely known purposes, for protecting the peasants. Therefore, I would like to tell my hon. friends that it would be high time for them to begin to see who are their friends and who are their doubtful friends in patriotism. I do not wish to go beyond that and I do not want to be deflected from the course of my speech.

My hon. friends in charge of the Defence Ministry cannot claim to be any greater experts than anyone of us here in this House and certainly not greater experts than my hon. friends to my right because they are also laymen like me, like everyone of us. They have got to be guided and advised by their experts. But then how can we be sure that the advice given to them is the right one? To check it up, the Air Exercise must have helped them and the recent naval exercise also must have given them some useful information. I do not see any reason why my hon. friends of the Communist Party should be complaining about these exercises and saying, "Oh! the Americans have gained so much information at our cost" as if the Americans did not have that information. It is for us to gain something from the proximity of their own exercises. That is exactly what the Government has done. I am glad, the hon. Prime Minister, in spite of the Soviet influences which are all the time tugging at his apronstrings, has mastered sufficient courage to allow these two exercises to go on here in this country in spite of the other two mistakes that he made by not allowing the transmitter (V.O.A.) to be brought over here and about that umbrella idea.

... There is this question of China and Pakistan. Are we quite sure that there is not much of, to a serious degree, sabotage in our country—saboteurs who have either come here or disguised themselves as Indians or some from our own people who have sold their own souls to others? High-powered military officers and airforce officers were lost the other day. We all mourned their death. They were patriots and what is more, by their death, the country has suffered so much. Why were they lost? Till now, we have no information, Sir, about the fate of that Ilyushin and we are told now—I speak subject to correction—that Government also knows the fact that there is a ghost aerodrome, radio signalling, which has been misleading our planes and it is quite possible that this ill-fated Ilyushin might have been misguided in that manner. We would like to have more information about this. We would like to be assured that the Government, whatever might be in the past, is now capable or is trying to be capable of checking and controlling these dark forces.

There is also one other thing. The frontier between India and Pakistan on the east is much bigger than the frontier on the west. That frontier has been subjected to so much pressure from Pakistan forces, also in the west, and all these frontiers. Only the other day, my hon. friend Mr. Tyagi was patriotic enough to rise above any party demands or responsibility and

loyalty and warned the Defence Ministry, "Either you defend the country properly, strengthen our borders effectively, keep a clear and close watch over what is happening on our frontiers, or get out." Now, that proposal I would like to place not merely before the Defence Ministry but before the whole of this Cabinet. I personally feel that this Cabinet has been remiss in this regard, that this Government has been sleeping over it. It is most unfortunate for our country that just at this juncture...

Shri Tyagi: My purpose was not to see they get out; actually I wanted to goad them into action.

Shri Ranga: I am saying the same thing. It is most unfortunate that even at this juncture...

Shri Hari Vishnu Kamath: I hope they have been goaded.

Shri Ranga:..... What are we doing on the Communist China front? The Prime Minister has quietly told the Prime Minister of Ceylon and through her, the Prime Minister of China without the knowledge of his own officers, without the knowledge of his own colleagues, I suppose, at that particular moment, that it is not the intention of India to go up to the McMahon Line. We have been claiming our right that all this land up to McMahon Line has been India and is India and we would not allow, we would not tolerate, China to come and trespass into that area. All the trouble has arisen over that. Yet he said so. Why? He might say then we are not strong enough to go upto that line and why annoy them and irritate them. But then would it not be possible for them to turn round and say, "We have occupied so much of this area; we have placed so much of our claims there; it is ours and it is no longer yours."? Have we not had the bad example, bad precedent, set up by our own Prime Minister by simply saying, Longju belongs to us. But we are not occupying Longju. Even when the Chinese leave Longju, we are not going to re-occupy Longju.

Shri Tyagi: For the present.

Shri U. M. Trivedi: 'For the present' is the important thing; 'for the future' is of no importance.

Shri Ranga: That is the Prime Minister and his political liability that we have got to carry, unfortunately, here in our country on our shoulders and that is why I take very strong objection to the assurance that the Prime Minister has given. If anyone else had given it, we would have called him a traitor. But because the Prime Minister has done it, we abstain from throwing that appellation at him in his face. But, surely, I would like him to know that we take the strongest possible objection to this and we would consider this as one of those very bad and very unfortunate and unpatriotic things which we consider him to have been responsible for.

Why is it that with all this growing equipment and strength that we have been developing during the last year and a half, our Defence Minister has not been able, first, to be advised by his own Chiefs of Staff, and next, has not been able to advise the

Prime Minister that we should be able, and we are in a position, to go and stake our claims with the civilian administration to start with and then military occupation also in a few places, so that we could always claim later on before the international world that we had never accepted or allowed the Chinese occupation or non-occupation or evacuation or control over those areas, and that we have never treated them as no-man's-land? Why has that not been possible? I count that as one of the major points against the Defence Minister.

In conclusion, I would like to say that last year I wished well of the Defence Minister and I hoped that he would be able to come to this House by this time with a record of achievement which could be accepted by us as good or if that is not possible, as tolerable. I am sorry to have to say that I cannot say that my hon. friend has succeeded in the primary responsibilities that have been placed on his shoulders by the nation.

IRRIGATION & POWER

Mr. P. K. Deo — March 30

I would like to speak something on power, which is so essential for our industrialisation. It was estimated that we will achieve the target of 12.5 million kws. by 1966. Though there will be a shortage in fulfilling our target so far as the irrigation potential is concerned, we will be achieving the power target by the end of the third plan. The shortfall, would be to a tune of one million kw in our power demand, because there has been a delay in the progress of industries like steel, aluminium etc.

There could be no two opinions that an All India Grid is an ideal proposition. We are pleased to note that some power has been switched on to the deficit West Bengal zone from the Rihand and the DVC has been connected with Rihand; some surplus is available from Hirakud to the DVC. So, if this Hirakud system could be connected with the Machkund, we will get an entire All India connection of electric grid right from the down South to Uttar Pradesh. This should be done without any delay.

Though in the second plan of my State, it was proposed that Hirakud grid and Machkund grid could be connected somewhere in my constituency, this has not been given effect to as yet. As a result of this, the paper mill which should have been established at Keysingha has to be transferred to Rayaghada because they have to be connected with 132 kv line from Machkund to the Hirakud system.

My remarks in this debate would not be complete unless I take this privilege on this occasion to point out the biggest fraud that has been committed by the Orissa Government on the nation, by asking the Prime Minister at Tikkerpara to lay a stone on which was inscribed "Let the great project serve the nation". The Government of Orissa says it was the foundation stone of the Tikkerpara project. In reply to the various questions in the Lok Sabha and Rajya Sabha, the Minister has replied very nicely in words couched

with diplomacy that it was not a foundation-stone, but it was a commemoration stone. I would like to know what it will commemorate. It cannot commemorate a vacuum. I would request the Minister to throw some more light on this subject.

A few months back it appeared in the papers that Shri B. Patnaik, the Chairman of the State Planning Board, had written to the Prime Minister to make a provision of Rs. 1000 crores for this project, before the Prime Minister laid this foundation stone. Shri Asoka Mehta, the Deputy Chairman of the Planning Commission, came out with a statement that it has not received the approval of the Planning Commission. The Central Water and Power Commission, which is the highest expert body on the subject did not give green-signal to this project. Now the nation is going to be committed to an expense of not less than Rs. 278 crores, being estimated now. This has been estimated by an eminent engineer like Dr. Khosla. But we know; his first estimate of Hirakud was Rs. 48 crores and it went up to Rs. 100 crores. So, this estimate of Rs. 278 crores will go up to what astronomical figures, I do not know. But at the initial stage, the nation is going to be committed to the tune of Rs. 278.31 lakhs, submerging 1000 square miles of most fertile land, uprooting 4 lakhs of people. This is possible because the Chairman of the State Planning Board is not the Chief Minister, who is responsible to the Assembly. Here some third person is at the helm of affairs of planning and he by-passes the Planning Commission; he by-passes the Central Water and Power Commission and goes to this stage, throwing to winds all canons of planning and all priorities fixed by the Planning Commission. I do not know whether we are in a stage of planning or astrology.

Coming to the Indravati project, I beg to submit that top priority should be given to that. It is one of the cheapest projects for power generation in this country with a head of 1200 feet and a flow of 2774 cubec. According to Dr. Khosla, the cost of generation of electricity per unit in this project works out to Rs. 1.26, which compares very favourably with other profitable power projects like Idikki (Rs. 1.77 nP), Pamba (Rs. 1.33 nP) and Koyna (Rs. 1.33 nP). It is only beaten by Sharavati where the cost works out to 1.22 nP; but in Sharavati there is no irrigation. It is purely a power project but this Indravati, besides generating 390 megawatt, would be irrigating 2,32,000 acres of very fertile land in Kalahandi District which is the second largest surplus district in Orissa so far as foodgrain is concerned. The cheap power available there could be utilised for the aluminium industry and for developing the Dandakaranya area which is one of the backward areas in the country and where a large quantity of bauxite is available.

Then I would like to say a few words about irrigation. Our rise in food production has not kept pace with the rise in population. Last year we imported to the tune of 4 million tons of foodgrains and by the end of the Third Plan we fear that there will be a

shortfall to the tune of 20 million tons every year. So, as has been pointed out so ably in the previous debate, Indian agriculture has been subject to the vagaries of the monsoon and our agricultural production, in spite of the high statistics given here, has declined by 3.3 per cent in 1962-63. They say that it is on account of adverse weather conditions. In a predominantly agricultural country, like India, which constitutes 87 per cent of the rural population, land is there where we could grow additional food provided we could supply moisture at the right time. India's sunshine is so good that we will be capable of raising two and even three crops in the course of a year. So, taking into consideration all these facts, the Third Plan envisages the creation of an irrigation potential to the tune of 16.3 million acres. But we got a very gloomy picture from the mid-term appraisal which shows that the shortfall would be to the tune of 5.2 million acres. The reasons given are that assessment of the target was optimistic and the delay in execution was due to increased revised estimated cost due to the rise in the cost of material and wages and shortage of foreign exchange etc. But all these things should have been taken into consideration at the time of formulating the Third Plan. I do not find any reason why this House should excuse the various lapses. But, at the same time, I submit that attempts should be made to achieve these targets.

I would like to say a word about the Rajasthan canal. This canal has got a great potentiality which could turn this desert into a garden. But we get grim reports of famine conditions there—shortage of food, shortage of fodder and shortage of drinking water in Lunkkeranser Brackish belt of Rajasthan. The drinking water is taken by rail-borne wagons every day from Bikaner. People have been put to a great hardship. I think all these things have to be looked into and Rajasthan Canal should be completed without delay.

STEEL & HEAVY INDUSTRY

Prof. N. G. Ranga — April 9

I am glad that this is a young ministry and it is manned by youthful Ministers. As I was listening to these two young colleagues of ours I felt as if they were preparing for their M.A. or M.Sc. examination; they were in such a hurry.

So far as their achievements have gone till now, not of this particular Ministry as it has come to be constituted but of these plants taken together, I think, the epitaph had been written temporarily by their own friend who is an ultra-socialist and who, at the same time, knows something of business management because he belongs to the brood of private enterprise as well as successful entrepreneurs. He has stated it quite clearly yesterday how in regard to all these three great iron and steel mills we have spent three times at least, sometimes even five times, as much as we had projected for. And the achievements are most unsatisfactory. One thing alone is enough to strengthen this conclusion that we have

reached. Before the First World War and after the Second World War, we were told, as per the steel equalisation fund, that the cost of production of steel in our country was much lower than the world parity price and, therefore, whatever we imported into our country, since it was costing us so much more, was put into a pool with our own local production. Thus the prices were equalised and some *ad hoc* price was reached and it was at that price that steel was being sold in our country. What do we find now? That equalisation process has been given up. Why? They have given some reasons but the most important reason appears to me to be that our local cost of production has gone up by leaps and bounds. As Mr. Morarka was saying yesterday, it is somewhere near the maximum anywhere in the world. If that is the achievement that my hon. young friends of the Ministry wish to be proud of, I cannot congratulate them.

I would like to ask for one or two explanations from my hon. friend in regard to the Ramachandrapuram project and also the Trichy project. There is an interesting detail about this matter. In regard to the other projects, they have put it in heavy lead; I do not know why, when it came to the smaller projects or newer projects, they put it in ordinary print. Is it because they have given a lower priority to these things? I do not know. But then, let us look at it. If one reads carefully about what is being done with regard to the heavy power equipment plant at Ramachandrapuram and the high pressure boiler plant at Tiruchirappalli, one would find that there is some difference in their progress. One is being developed a little more carefully and assiduously and speedily than the other one. I would like to know whether there are any special reasons for this. Is it because one local Government is more co-operative than the other? Or is it because this particular Ministry itself is interested more in one plant than in the other?

Shri C. Subramaniam: My hon. friend is very unfair.

Shri Ranga: It is for my hon. friend to tell me. I am not making any final judgment yet. But my hon. friend can himself read it, and he would be able to find out the position. I do not want to go into the details here, because I do not want to draw a definite conclusion here and now.

Then there is the very serious question of labour. We were told in the earlier years that one of the great advantages of having a State enterprise, a nationalised industry, is to be able to get the maximum possible co-operation from labour because labour would then think that it all belongs to them. That is how Marxism has been popularised. But what do we find in our country today? My hon. friend, Shri Nath Pai, was obliged to lead a movement a few years ago, a strike of employees of State enterprises. Now we are having a strike at Bhopal. Only yesterday or the day before the Minister was wondering why the communists who believe so much in State enterprises, who

should, therefore, naturally cooperate with Government, are allowing themselves to be exploited or are trying to exploit the situation thereby buttressing those workers in their uncooperative and unsocial activities against that highly-prized Bhopal factory, a big plant. Everyday's stoppage is costing us Rs. 4 lakhs. Lakhs may not matter very much to this Government which is dealing now in crores and crores, but they do matter to the people at large. But why has this happened? Why is it that Government has not been able to settle this matter as any ordinary industrialist or entrepreneur would have tried to? We have come to realise now that once there is trouble between Government and its employees, there is no other third factor, no third element, to try to intercede between them and bring about some peace. On the other hand, supposing it had been a private entrepreneur who was involved? But there have not been such serious strikes taking place as is taking place here now. Why is it taking place here?

Shri C. Subramaniam: Evidently the hon. Member is not aware of the situation in the country.

Shri Ranga: I am coming to that.

Take Rourkela. Even the Deputy Minister deplored the fact that production is going down because there is a go-slow process. The senior Minister himself also deplored it at the time of the question hour. Why is all this happening? It is because of the wrong labour policy that is being pursued by Government, not only here but over the whole gamut of their State enterprises, more so here. Is it not necessary for my hon. friend to begin to think that just as he is asking the staff and various other people to think of their interest and stake in a particular plant and in its production and so on, similarly labour also should be helped to feel the same way, feel that the plant is theirs also and they are partners in that great enterprise and therefore, they should co-operate with the management? What is it that is standing in the way?

This Government is functioning there first as the management, next also as a labour leader through its own Congress Party and its labour wing, the INTUC. I was one of the founders of the INTUC because I was anxious that labour in our country should be liberated from the clutches of the communists and the communist-controlled AITUC. That was years ago. But now we have made so much progress with these State enterprises. The time has come when they must begin to think that it is much better for them not to think in terms of INTUC or AITUC or HMS or any of these political and All India Unions, but to deal with labour as they would deal with their own staff, as if they are one of the partners in this great enterprise and help them to play their role in an honourable way instead of taking advantage of repressive laws.

Shri Surendranath Dwivedy: That is too much to expect of them.

Shri Ranga:... My leader Rajaji has been warning

the country for a number of years against what is known as gigantism and Statism. My hon. friend was also once his *chela*.

Shri C. Subramaniam: Even now.

Shri Ranga: I am glad he claims himself also to be one of my colleagues now.

Shri Nath Pai: He says he is Rajaji's *chela*.

Shri Ranga: I am also, and so we both are colleagues.

With his experience, ambitious though he is, as he ought to be, he should see that this gigantism in the shape of huge, big projects, which were expected to cost us only Rs. 350 crores to start with, and which have now come to cost us Rs. 800 or Rs. 900 crores; he must be seeing now how much truth there is in the warning that Rajaji has been giving against gigantism.

EXTERNAL AFFAIRS

Mr. P. K. Deo — April 9

It is regrettable to note that the graph of tension so far as our relations with Pakistan are concerned has been increasingly rising. We hear distressing reports of firings by the Pakistani Rifles along our border. Several instances of violation of cease fire have come to our notice along the Kashmir border. Communal passion has been let loose in Pakistan, which has led to the migration of nearly two lakhs of refugees from East Pakistan. This stream has not yet dried up. The influx is at the rate of 5,000 per day. As many as 30,000 Christians have come from East Pakistan from the Mymensing area. We learn that Buddhists are also coming away from Pakistan. We will have to give them full opportunity for rehabilitation. After all, it is we who were a party in agreeing to the vivisection of this country on the basis of religion. I condemn all those who say that we should retaliate. It is unchivalrous, cowardly and un-Indian.

As you know, the joint talks at the Ministerial level on Kashmir had failed. On the eve of the talks, the Sino-Pakistan alliance, a marriage of convenience, was solemnized, and the dowry given was 2,000 square miles out of the 32,000 square miles of Indian territory illegally held by Pakistan. It came as a bang just on the eve of these talks.

For the Kashmir problem there should be a national approach; it should not be a parochial or partisan approach. It should not be thought that it is the National Conference, which is a part of the Congress, which is the only organisation which can deliver the goods. There are patriotic elements like Shri Premnath Dogra, and the Praja Parishad, which is a unit of the Jan Sangh. All these patriotic forces should be rallied together and a national Government should be forged if we want the people of Kashmir to be with us for all time to come. Once the people of Kashmir are with us, no evil design of Pakistan or China is going to succeed.

Coming to China, we get grim reports that there

has been larger concentration of troops since 1962, and that they outnumber us at the border. We also hear that where there was nothing a bunker has been put up, where there was a bunker, a tent has been pitched, where there was a tent now there is some stone structure. By occupying large chunks of Indian territory, China has been reaping military and political benefits. It is most unfortunate that we have acquiesced in these illegal acquisitions of China. Till now no step has been taken to redeem the pledge of November 14, 1962, to oust the intruders from the sacred soil of this country. We rely on Colombo proposals and the several talks which are likely to take place. But any talk prior to redeeming the pledge of November 14, 1962 would be derogatory to India's honour. We hear of the Second Bandung Conference in the name of non-alignment and Afro-Asian solidarity. It seems to be a trap to invite India, to make India eat the humble pie and accept the status quo on the northern border. We should be careful.

We are of course grateful to the West for their timely help, for the joint air exercises, for the economic aid and for PL 480 aid. But the acquisition of genuine friendship is more important than acquisition of military hardware. With India's diplomatic fumbling China has stolen a march ahead of us in diplomacy. While China has been making new friends, we are losing our confirmed allies. At the age of 63, the Chinese Prime Minister walked over our head in his hectic tour of Africa and in the periphery of the Indian sub-continent to make friends. We should shed our big brother attitude. We are fast losing our ground in Burma, Ceylon and Nepal. If you take into consideration the export figures of 1960-61, our export to Burma was Rs. 651 lakhs which is today Rs. 189 lakhs. From 1843 lakhs in 1960-61 in the case of Ceylon, it has come down to 819 lakhs. I do not have the figure for Nepal for 1960-61; for 1961-62 it was Rs. 916 lakhs; it has come down to Rs. 490 lakhs.

What was our attitude towards Malaysia. We lack genuineness of heart to support the cause of Malaysia the genuineness of heart with which Tunku Abdul Rehman supported the cause of India when this country was the victim of naked Chinese aggression in 1962.

In the past by our inconsistent behaviour we have lowered our prestige and turned many friends into foes. As a glaring example of double standard I shall quote one. The simplest exercise in foreign affairs is recognition and establishment of diplomatic ties. By switching recognition from Formosa to Peking we have laid down the principle that any regime which governs the territory is entitled to recognition whether it is to one's liking or not. But we do not follow this noble principle so far as Israel is concerned. It is a living reality and we have been guarding the Israel border on behalf of the United Nations in the Gaza strip. Is it not the fear of offending Nasser? A small country like Burma has diplomatic ties both with Israel and UAR.

Coming to anti-colonialism, I beg to submit that

even though we condemn Portuguese colonialism in Angola and Mozambique, we accept the Chinese colonialism over Tibet. If we take cognizance of this medieval treaty of China with Tibet to establish Chinese suzerainty over Tibet, we cannot afford to ignore the treaties of Salazar and his clique for their claims over Goa.

Sir, we expressed indignation at the murder of Lumumba, but we remained completely silent when Imre Nagy was killed. We loudly regretted the assumption of direct rule by King Mahendra in Nepal, but we kept mum when democracies were thrown overboard in Asia and Africa by determined cliques, when graveyards of democracy were dug by the perpetuation of one-party rule and when Presidents were elected for lifetime by their own henchmen.

BAN ON Mr. PATTERSON'S BOOK

Mr. M. R. Masani — April 14

I come to another issue* which is the issue of the banning of a book recently which is entitled *Peking vs. Delhi* by Mr. George N. Patterson.

An Hon. Member: How did you get it?

Mr. Masani: I will explain. It is a pity that it is necessary to protest against the banning of books in our country. We claim to be a democracy. Our Constitution provides for freedom of expression and writing. I would concede to the Government that, by and large, our record in regard to the banning of the books is not too bad. But there are occasional lapses and this is the latest of them, and, therefore, it becomes necessary to protest. I think every lapse from the correct path sets a bad pattern. It sets a bad habit. Although it may not be very important whether a particular book is read or not, if the habit or pattern is set, then our democracy gets eaten up slowly but surely.

I thought it was past the time when people were treated like children; we are a grown-up people and a grown-up nation and particularly the class of people who read books like this in English and understand these books is not the class that is going to be led away into any tragic thing by reading the book. The banning of such books makes us, or gives us, two results. At home, it creates some interest in the book and, as in this case, these books are available. When people want to read the book, they get it. This book is available in all the leading cities of India today in spite of the ban. Similarly, the book *Rama Re-told* by Aubrey Menen and *Lotus & Robot* by Arthur Koestler, which were also banned, have been read by me and several of my friends in India without any difficulty. It does create greater curiosity about the book but it has a more limited circulation. Abroad, it brings the country into ridicule. Our country be-

* The earlier part of the speech dealt with the Dange Letters which have been reported in detail in the "Freedom First" of May 1964, published by the Democratic Research Service Bombay and "Current" Weekly of May 2, 1964.

comes a laughing-stock. We do not stop the rest of the world from reading this book or any other book which is banned here. The Chinese are not going to be denied the evidence, whatever the book contains. Only our people are denied this.

Why is this book banned is the question that arises. Since January 10, I have been requesting the Home Minister to tell me why this book is banned; either to lift the ban or to give some reason. I am sorry to say that till this date, inspite of all my efforts privately, I have failed to get any indication as to why this book was banned. Otherwise, I would not have brought this matter up in this House. I know that in the last two weeks he has been busy with things of greater import and matters which are of a much more tragic nature. But from January up to now is a long time and, and now that this is a matter of public interest, let it be publicly argued.

The author is a very serious scholar on the Himalayan region and Tibet. He has spent more time in Tibet and the Himalayas than any living Indian today. He has written two previous books, *Tragic Destiny* and *Tibetan Revolt*. I do not mind telling you that by reading this banned book I have learnt a lot about our border areas and about Tibet. I am sure other hon. Members would benefit also.

An Hon. Member: What is the name of the Book?

Shri Masani: The name of the book is *Peking vs. Delhi*, by George N. Patterson, published by Faber, and Faber, one of Britain's well-known publishers.

Shri Shivaji Rao S. Deshmukh: How did he get it?

Shri Masani: That does not matter.

An hon. Member: Is he prepared to circulate it?

Shri Masani: I am sure the hon. Home Minister would learn a lot about border States like Bhutan, Sikkim and Nepal by reading this book.

Shri Sham Lal Saraf: May I ask whether he is in possession of a proscribed book now?

Shri Masani: Oh, yes. When books are proscribed, people get them into the country and one reads them because it is one's duty as an intellectual to read those books. I have found this book very educative about Tibet, Bhutan, Sikkim and Nepal. The facts there are worth reading. They are not tendentious. These are facts that we should know.

Now, let me read two or three reviews about it from Indian and other sources. In the *Times of India*, Girilal Jain writes:

"It is a notable book because as far as I am aware this is the first time that fairly detailed information on Sino-Indian relations in general, developments in Tibet and on the Sino-Indian border and the Himalayan States of Nepal, Bhutan and Sikkim is available under one cover."

Dr. M. S. Aney: Is it after ban or before?

Shri M. R. Masani: He goes on to say, "...One wonders if that is sufficient justification for banning the book. The Government of India seems to have made it a habit of banning books."

In the *Radical Humanist*, Professor Shibnarayan Ray writes:

"It is an important book which should be widely read and discussed in India. From a recent report from London, however, it seems that the book, for some obscure reason, has been banned in India. If this is true, it is certainly a wrong decision and does no credit to Indian democracy."

The *Times Literary Supplement*, London, one of the highest literary authorities gives it front page coverage and says:

"Mr. Patterson's great contribution has been to put down on paper his views on the Himalayan crisis in the light of his wide experience in the recent affairs of Nepal, Sikkim and Bhutan and to attempt to relate Chinese Himalayan policy to the present realities of Himalayan politics... There can be no doubt, for example, that *Peking versus Delhi* contains the best description of the modern history of that feudal anachronism, Bhutan, which has yet appeared...."

"Mr. Patterson has not himself found such a policy; but he at least is looking. In this sense *Peking Versus Delhi* is a very important book."

Is this the kind of book that we should ban and prevent our people from reading?

I shall be asked then, why is this banned? I do not know. Since the Home Minister would not oblige, I shall make some guesses. I shall ask him certain questions, so that he can reply to them. Can it be that this book has been banned because of the criticism of appeasement of Communist China, which has brought defeat and humiliation to our country, on the part of our Prime Minister? Can it be the regret expressed in the book of the poor understanding shown of Communist China by our Prime Minister and the members of our Government and of the betrayal of Tibet? On page 17 of the book, the author criticises our Prime Minister's Government for suppressing information in the possession of the Government from the people, a charge that many of us have made in this House. On pages 177 to 189, he condemns the bungling on the part of our administration in Nagaland. On pages 274 to 276, he comes to his conclusion, which is as follows:

Shri Sinhasan Singh: On a point of order, Sir. The book has been proscribed. Can it be referred to in Parliament page after page? What is the sanctity of the proscription if the book is referred to here and quoted?

Mr. Deputy-Speaker: There is no point of order. He criticises the attitude of the Government. There is nothing wrong in that.

Shri K. C. Sharma: The point is that an offence has been committed. Is this a sanctuary where offence can be committed with impunity, as the possession of the book is an offence in itself?

Shri Surendranath Dwivedy: The only offence committed is that you have interrupted him.

Shri Masani: The possession of the book is not an offence. The import of the book under customs regu-

lations is the offence and that is not being committed at the moment.

Shri Sinhasan Singh: My point of order is...

Shri Masani: I do not yield any more, Sir.

Shri H. C. Mathur: When a point of order is raised, he must yield.

Mr. Deputy-Speaker: I have held there is no point of order.

Shri Masani: The author says:

"Right from the beginning of their relationship, Peking has deliberately exploited and almost certainly without exception outwitted Delhi in the contest for leadership in Asia."

Two pages later, he says:

"Meanwhile India has been completely isolated and Delhi seems paralysed in the face of the Chinese political offensive, restricted to sending protest notes or requests for further talks."

Then on page 283...

The Minister of State in the Ministry of Home Affairs (Shri Hathi): I do not want to interrupt the hon. Member. I would only read out the notification issued by the Government of India. Mr. Masani said that only importing it is banned. For his benefit and for the information of the House, I will read out the notification issued by the Government:

"Whereas in the opinion of the Central Government, the book entitled *Peking Vs. Delhi* by George N. Patterson and published by Faber and Faber Limited, London, contains prejudicial reports as defined in clause 7 of rule 35 of the Defence of India Rules, 1962.

Now, therefore, in exercise of the powers conferred by Rule 45 of the Defence of India Rules, 1962, the Central Government hereby—

- (a) prohibits further sale or distribution of the said book or any extract therefrom or any translation thereof and declares that the said book and every copy or translation thereof or extract therefrom to be forfeited to Government; and
- (b) directs every person possessing any copy of the said book to deliver the same to the local police authority."

Shri K. C. Sharma: So, it is an offence to possess the book.

Mr. Deputy-Speaker: You need not read from that book. You can criticise the attitude of the Government. But I would not allow you to read from that book.

Shri C. K. Bhattacharyya: After what he has stated, that book ought to be forfeited at once.

Shri Masani: I bow to your ruling Sir; I will not read further from it.

Shri R. S. Pandey: Whatever quotations were given by Mr. Masani should be expunged from the record.

Mr. Deputy-Speaker: They shall be expunged. (Interruptions.)

Shri Masani: No, Sir, I do not accept it.

Shri H. V. Kamath: Under what rule are they expunged, Sir?

Mr. Deputy-Speaker: It is a book which has been proscribed. I allowed him to criticise the attitude of the Government. But I cannot allow him to read from that book.

Shri Masani: I have stopped reading.

Mr. Deputy-Speaker: Whatever has been read shall be expunged.

Shri H. V. Kamath: On a point of order, Sir. Under rule 380...

Shri P. R. Chakraverti: I have been standing for 5 minutes. I rise on a point of order.

Shri Surendranath Dwivedy: Sir, he has agreed not to quote from that book. But I want one clarification. It relates to your earlier order. I want to know whether we are not permitted to bring proscribed books and quote from them. I think we are free to quote them. If at all any action is to be taken, it would be taken, by the Government outside this House. We can bring any matter we like provided, as has been pointed out just now, it is not undignified or defamatory and things like that. If the Press publishes from the quotations given here, it is their responsibility. But so far as the House is concerned, I think he is free to quote from any book he likes unless it infringes our rules.

Mr. Deputy-Speaker: I do not agree with the hon. Member. This is a law-making body, and whatever is done in this House must be constitutional and lawful. Nothing can be quoted from a proscribed book.

Shri H. V. Kamath: May I, Sir, in all humility, bring to your notice another aspect of the matter? Suppose we want to persuade the Government and to convince the Government that their action has been wrong, then we are within our rights to bring the book here so that they may withdraw their order.

Mr. Deputy-Speaker: The hon. Member can take it up with the Government.

Shri H. V. Kamath: This is the forum where we can take it up with the Government.

Shri M. R. Masani: Sir, I did not take an opportunity to speak on the point of order raised on your ruling. May I before resuming my speech draw your attention to rule 380. I would like to be quite clear that I am speaking on the basis of rule 380 being respected and what I have said so far not being touched in the records of this House. It is on that basis I am continuing; otherwise I would like to be excused from carrying on with this public duty.

I am really shocked at the spirit shown by some hon. Members which seems to show a "slave mentality." I have mentioned that from January 10 I have been trying by correspondence with my hon. friend, Shri Nanda, to get him either to withdraw the ban, the shameful ban on this book, or to let me know, at least privately, what is wrong with it. From January, 10 I have been patiently waiting, sending him reminders. My hon. friend the Deputy Home

Minister sitting opposite knows that a week ago I said to him that I would not like to raise this matter on the floor if he would kindly get a decision taken. He too failed to get a decision taken one way or the other. What other alternative is left to anyone who wants to preserve liberties in this country but to come to this high court of Parliament and raise it? I feel, Sir, that the attitude of certain hon. Members amounts to throttling me in the pursuit of my public service in this country.

This is a chapter that brings no credit on this Government. They have banned a book which will be good for every scholar on this subject in India to read. It is a book that brings us education on the realities that surround us on our frontiers, and just because it makes a perfectly legitimate and restrained criticism, which I am trying to read to this House, against the shameful record of the failure of our Prime Minister in dealing with the affairs of this country, is this book to be banned?

After all, Acharya Kripalani, my friend Shri Jayaprakash Narayan, Dr. Lohia and I have said much harsher things about the Prime Minister in this House and outside. If a scholar on the subject shows us by documentary proof that our Government has been made a complete fool by Chou En-lai, is that a reason for banning the book?

And who are we fooling? Are the Chinese not going to read the book and benefit by it? Is the whole world not reading it today? Has it not been reviewed on the front page of the *Times Literary Supplement*? Who are we trying to fool? Only ourselves. We are trying to put blinkers on our eyes so that we may go on believing that we are on the right path when we are not. It is only one more example of that self-righteousness which our Prime Minister quite rightly denounced yesterday, when I had the honour to say "hear, hear" to him. This is an example of self-righteousness, putting on coloured glasses and saying that nobody dare criticise us in the world. We might be tin pot dictators in our own country, but the world is not going to stand for it. Our name is sullied when we do these things.

There is another book which is now coming out and I want to ask the Home Minister about it. It is called "Study of the Border Question" by Professor Lamb. Professor Lamb is one of the foremost scholars, like Mr. Patterson, on these areas. He has written a book called "Study of the Border Question" which, unfortunately for us, does not see eye to eye with our Government's position on the frontier dispute. It is published by the Royal Institute of International Affairs, Chatham House, one of the most esteemed and distinguished learned societies of the world. Are we going to ban it? Are we going to again make a laughing stock of ourselves?

Who are we to tell the people of India what they shall read or not? Who are these men, these semi-literate men, to tell the people of India whether they should read a book or not? If they have no time for scholarship, if they have no time to read high class

books, why should they stop others from reading such books? (Interruption.)

Shri Sinhasan Singh: Sir, is "semi-literate" parliamentary?

Shri Deputy-Speaker: Order, order.

Shri Masani: Sir, it is possible that the Home Minister and his colleagues are not interested in knowing the facts about our dispute with China. It is possible that they want us to lose Sikkim and Bhutan, one after the other, by their follies. Are the rest of the country to sit tight and see this country dragged to ruin as is being done by our Government today?

Therefore, if you want the people of India to know the facts — and our Constitution says that the facts shall be known — then I say that this ban on this book is an outrage on our Constitution. Article 19 of the Constitution simply lays down certain reasonable restrictions. The reasonable restrictions can be on one of the following three grounds: One is the security of the State. Is it suggested that the security of the Indian Republic is endangered because a high-level study of our dispute with China, which is anti-China, pro-Tibetan and pro-India, is read by our people? Can any man in his senses misuse in this way the authority given to him by the Constitution? I say the Home Minister has misused his authority. That is why from January to now he could not give an honest reply. He does not know the reply yet. No doubt, he will fabricate a reply by tomorrow.

Shri C. K. Bhattacharyya: Sir, Shri Masani just now called us semi-literate men. Will you kindly tell him not to waste his words on these semi-literate people?

Shri Masani: I referred only to those who banned the book and not to the hon. Member. I know he is highly educated, as good as myself.

The point that I was making was this — that the security of the State is not going to be endangered by people in this country reading a book. The whole point of the book is that the Chinese are aggressors, that the Chinese Communists are bandits, that they destroyed the liberty of the people of Tibet, for whom Mr. Patterson has a special affection, and the only criticism of us is that we do not know our real interests and, in trying to placate the Chinese, we betrayed and sacrificed the poor people of Tibet.

Shrimati Yashoda Reddi: Sir, on a point of order. Just now the hon. Member has said or asked "who is this Government to ban this book?" My point is the hon. Member can question the discretion of Government in the case of any particular book and say this particular book should not have been banned for any reason. But can he question the right of the Government themselves to ban the books? Because, they have the right and discretion to ban any book. So, he cannot ask "who is the government to ban this book?"

Mr. Speaker: It is his peculiar way of putting it that it has been done wrongly.

Shrimati Yashoda Reddi: He should put it in a better way.

Shri Masani: I am too old to learn from the esteemed young lady Member how to speak in this House. She will have to put up with me as I speak since my constituents have been mistaken enough to think that I should speak in this manner.

There are three purposes only for which a book can be banned. One is the security of the State. I have made out that there can be no question of the security of the State being endangered by a book, the very title of which is *Delhi versus Peking*, which goes to make out that Peking is wrong and Delhi is right, which praises our Prime Minister, which even praises our policy of non-alignment, with which I am in extreme disagreement. Therefore, I have no reason to agree with every word in this book; I have to disagree with many parts of this book; for instance, when Mr. Patterson praises or applauds the policy of non-alignment, he is wrong. But is that a reason for banning the book? That is the question I am asking. Therefore, it is quite obvious that a book which is anti-Communist China and pro-Tibet and pro-India cannot endanger the security of the State.

The second argument can be that the book offends against friendly relations with a foreign State. That is the second reasonable restriction under article 19. Which friendly State does this book endanger our relations with? Not Tibet; only Communist China. Is that a friendly government? I ask again: Is it a friendly government? We are at semi-war with that Government and, but for the weakness of the Prime Minister, we should have officially declared war on them. *De facto* we are at war with Communist China. Therefore, it cannot endanger friendly relations with a friendly country. The second argument does not apply to this book. I hope it does not, and I hope it is not as an act of appeasement of Mr Mao Tse-tung or Mr. Chou En-lai that the Home Minister has banned this book against our own interests.

And the third objection can be decency, morality or defamation. Decency, defamation or morality does not arise in this case. Then I ask my hon. friend under what power given by the Constitution have they incorrectly banned this book? It is no good the Minister reading some rules which say he has the power. Today he is misusing that power and the whole purpose of my speech today is to point out that this government is misusing the powers given to them under the Constitution, and that is what are here for; the opposition in this House is here to point out the misuse of power and misdeeds of this government.

Shri C. K. Bhattacharyya: Why does he not challenge it in a court of law. There the hon. Member would be out of court.

Shri Masani: It may be the hon. Home Minister or the Ministry feels that it is not a good book or they feel that on details it has gone wrong. But are bad books to be banned in a free society? Are our markets not full of bad books of various kinds on various subjects? If he starts banning bad books or un-

desirable books, where are we going to stop? The only reasons for banning books, as I have shown, are the security of the State, endangering relations with friendly powers, and indecency or pornography, and I have given arguments to show that this book does not fall under any of these three categories. Therefore, I have to come to the conclusion that there has been gross misuse of authority by the Home Minister in this case.

I am sorry that the Home Minister, to whom I gave three months' notice to put himself right, in spite of repeated promises to read the book and make up his mind, has failed to do so. I am very sorry that he has done this. If he had given a straight reply, I might have argued with him and need not have raised this issue here. Now I hope we are entitled to ask him at the bar of this Parliament to account for his misdeeds, to tell us how dare he, why does he, interfere with our right to read what we want in this country. We are free citizens, we are adult people and our intelligentsia, which reads this book in English, is not going to be contaminated by some dangerous thoughts. If you bring in the doctrine of dangerous thoughts, if there are any Fascist trends, we in this House are there to see that these incipient Fascist trends that are divulged by incidents of this kind are put a stop to.

Well, Mr. Speaker, while you were not in the Chair, an attempt was made, I am sorry to say, by some hon. Members in the same spirit of intolerance to ask that the remarks I made here, including quotations, from the book should be expunged.

Mr. Speaker: The hon. Deputy-Speaker has promised to consider it.

Shri Masani: Therefore, I am only appealing to you to look at rule 380.

Mr. Speaker: It is for the hon. Deputy-Speaker to do and I am sure he will consider that.

Shri Masani: Very well. I can only express the hope that the same judicial approach will be preserved in this case as has been suggested and as it has always been the case in this House, and nothing that is in order under rule 380 will be expunged from the record of this House. Otherwise, it means that we are being throttled in carrying out our public duty.

CANCELLATION OF ISRAELI RECEPTION

Mr. M. R. Masani — April 16

Initiating the discussion on the demands for grants of the Finance Ministry in the Lok Sabha on April 16, Mr. M. R. Masani referred to the cancellation of the Israeli Day reception on April 15. He said that such incidents would not help in creating a favourable climate for attracting foreign capital into the country. He felt that such acts might give a wrong idea of India's image.

He said that, among the invitees to the reception, were members of the American businessmen's delegation who were not aware of the cancellation and came to attend it. The reasons given by official sour-

ces for objecting to the holding of the reception made the situation worse. What would be the impact of the Government's behaviour on people like these Americans businessmen, he asked.

Mr. Masani described the incident as an "act of discourtesy" to the Consul and "churlish behaviour". Nothing short of an apology was called for on the part of the External Affairs Ministry to the Government of Israel.

In the Rajya Sabha

THE BUDGET

Mr. Dahyabhai V. Patel — March 10

Sir, as I rise to speak on the Budget of the Government of India for the year 1964-65, my mind goes back to a similar occasion last year when I had characterised the Government's and the Prime Minister's attitude to different Finance Ministers and I had compared it to that of Bluebeard who could not stand a wife very long.

... And that remark roused very angry protests from the then Finance Minister. However, subsequent events have shown that my remarks were not unjustified.

In his Budget speech, the Finance Minister has enunciated principles which are basic to the needs of a developing economy. While stressing the importance of making the most efficient use of investments already completed and at the same time stepping up further the tempo of investments, he has rightly pointed out that the prime objectives of our economic and fiscal policy must be to generate savings, both in the hands of individuals and in the corporate bodies.

He considers it of the outmost importance for the economy that the enterprises in the public sector should not only make profits, but should make good profits. He feels that it is equally important for our development that the private sector has the resources to expand in the fields assigned to it in our planning, and that in the corporate sector the primary need of the hour is to infuse some confidence. In order to make full use of private capital sources in the world outside, to augment the external aid we receive, he thinks we should specially welcome foreign investment in the shape of equity capital. According to him, the taxation policy, apart from producing revenue, has also to be geared to the paramount task of promoting growth. If these concepts are put into the framework of an integrated policy, the three inter-related problems of prices, growth and balance of payments would find a speedier solution and bring the goal of attaining an economy of abundance and assuring to the individual a national minimum standard much easier.

The question now is whether this has been done. Many of us feel disappointed at this and feel that he has not been able to carry out his intentions. While he appears to give relief in a certain measure, in effect, the relief is not there, or it is counterbalanced

by certain other imposts which make the person concerned pay higher. In the case of the middle-class tax-payer who, I feel, is the hardest hit, this is particularly true, more so with the rising prices all over.

The Budget proposals which he later announced do not, however, measure up to the criteria laid down by him in the earlier part of his speech. The overall effect of his proposals, whether in the field of investment or savings, would be depressing. What he has granted by one hand he has, more or less, taken away by the other, with the result that the tax burden on the individuals, barring perhaps persons in the lower income groups, and the corporations has, by and large, continued to be heavy. Even in the case of assesseees with incomes below Rs. 15,000, though there will be benefit as a result of the withdrawal of the Compulsory Deposit Scheme, the net burden of direct taxes will be much higher than that of 1962-63. It is indeed a paradox that in a developing economy like that of India where the need for an incentive taxation is being increasingly felt, the rates continue to be unduly high, while in advanced countries like the United States of America where the economy is booming, the income-tax rates are being slashed. In the United States, in the case of individuals the present range of 20 % to 91% will be slashed to 16% to 77% this year, and 14% to 70% in the year 1965. For large corporations, the present rate of 52% will be cut to 50% with retrospective effect from January 1 of this year and to 48% by January 1, 1965. In the case of our country the need for bringing down the burden of taxation is all the greater. Higher investments in our country will be possible only when the corporations and individuals both have more savings.

It should not have been difficult for the Finance Minister to lighten the burden as the revenue from the direct taxes has shown a considerable amount of buoyancy. Corporation and income taxes together during 1963-64 are likely to exceed the original expectations by Rs. 70 crores, i.e. Rs. 53 crores of Corporation Tax and Rs. 17 crores of income tax. This is indeed a feature of our budgeting where revenues have been underestimated and the expenditure over-estimated year after year. Sir, when I spoke last time I had quoted figures of the last preceding five years, showing how this had become a feature from year to year, and I was quoting from the Reports of the Public Accounts Committee which are published and are available to Members of Parliament and to the public. The same feature continues this year also.

Another point which needs consideration is that the sum total of all the taxes imposed in India exceeds the total income of an assessee after a certain level of income, when erosion of capital starts. In the Kaldorian scheme of taxation which the Finance Minister accepted, the ceiling on income-tax rates was put at 45 per cent. But in our present scheme of taxation, all the unfavourable features are introduced without the redeeming ones. For instance, the various allowances which are granted to an assessee in advanced countries are denied to us. The incidence of tax in India as percentage of earned income,

salaried income, is much higher than in advanced countries with the result that the net income in the hands of an assessee in India is considerably lower. Perhaps the burden of taxation on assesseees could have been less if the public sector enterprises had made the expected contribution to the exchequer. Against the anticipated surplus of three hundred crores of rupees at the Centre during the Plan period, the public sector enterprises have paid a dividend of Rs. 1.36 crores in 1962-63 which is expected to go up to 2.16 crores in 1963-64 and 2.32 crores in 1964-65. This has been paid on an investment of Rs. 806.47 crores in share capital and the return works out to 0.25 per cent. In effect, the people are being whipped for the failure of planning and for the failure of management of these plans and for the failure of Government. The Finance Minister admits that the Super Profits Tax produces psychological resistance and affects industrial growth to some extent. The Super Profits Tax goes but it is substituted by a surtax on profits of companies. Even with a higher standard of deduction, and the inclusion of some loans in the capital base and the grant of some rebate of Corporation Tax in respect of a few scheduled industries, the burden of the new Surtax on companies will by no means be small. . . . The proposal to levy a dividend Tax on equity capital runs counter to the policies of Government to boost up investment. On the contrary, it is bound to dampen the investment climate and is, therefore, a retrograde step. The imposition of the Capital Gains Tax on bonus shares will be another inhibiting factor to the investor. It will be in the nature of double taxation or perhaps treble taxation because the bonus shares are given from resources built up after payment of tax. Further, bonus issues are subject to Super Tax of twelve per cent. A tax then for capital gains is, therefore, inequitable. The removal of the ceiling for Capital Gains Tax is another undesirable feature of this Budget. The increase in the rate of Super Tax from twentyfive to thirtyfive per cent. in the case of companies in which the public has no substantial interest or which are subsidiaries of public companies is not a wholesome feature of the Budget as this will tend to retard the rate of industrial growth. These companies are performing a very useful role and, therefore, do not deserve to be discriminated against. . . . The reimposition of the Expenditure Tax and steeping of the rate of Estate Duty and the Gifts Tax, to put it mildly, are harsh steps, hardly justified. The rate of higher levels in the case of Estate Duty and Gifts Tax are confiscatory and punitive and will react sharply on the propensity to save and as a result affect the investment and capital formation will be just the reverse of what the Finance Minister expects. The decision to reimpose the Expenditure Tax will tend to undermine the confidence of the public in regard to long-term policies of Government. Such frequent changes in Government policies cannot but have an upsetting effect on the public. Moreover, past experience has shown that the collection of this Tax is not commensurate with the time spent, the

expenditure incurred and the energy that is to be spent both by the Government and the assessee. The discontinuance of the Compulsory Deposit Scheme is to be welcomed but the introduction of the Annuity Benefit Scheme in place of the Compulsory Deposit Scheme at income levels above fifteen thousand rupees per annum on a graduated scale has taken away the grace of the relief granted. . . . The provision for deposit of Income Tax due within one month of the submission of the returns and a levy of a penalty of fifty per cent. of the amount of tax payable in case of failure to pay the tax is very severe. The time limit should be suitably extended. It is proposed to allow to resident assesseees who are not citizens of India a rebate in Income Tax and Super Tax on a sum of two thousand rupees per child up to two children under twenty-one years of age receiving education outside. In India too, the education of children has become a very costly item and puts a severe strain on the finance of the middle classes particularly with the rising price line allround. There is no reason why a similar rebate should not be granted to Indian citizens as well. Further, in a number of countries rebates are granted for medical expenditure incurred. In the United Kingdom, the State provides for medical relief. Here too some sort of relief for medical expenditure should be granted to Income Tax payers.

Prof. M. Ruthnaswamy — March 12

The Finance Minister's Speech, which he made in the other House when he introduced the Budget proposals for this year, reveals a crisis of conscience, in his financial and economic conscience. It seems to reveal a soul divided within itself, between that part of it which belongs to the man who in early life through individual initiative and enterprise carved out one of the great commercial careers of Madras and that other part which belongs to the man who late in life fell a victim to the meretricious charms of a painted old lady, 'Socialism'.

First, let us take the businessman in him. To favour the businessman he has proposed the abolition of the super profits tax and a reduction in the rate of tax on public companies engaged in specific industries like steel, chemicals, machinery, machine tools and plantations. Instead of the super profits tax he is imposing a surtax, which used to be levied at 50 or 60 per cent on net earnings above 6 per cent calculated on a very narrow capital base, to be replaced by 40 per cent levy on earnings exceeding 10 per cent on a comparatively larger capital base. He has also proposed inter-corporate investment being enjoying some tax relief.

On personal taxation and income, at almost every level he has reduced the rates. He has substituted the Compulsory Deposit Scheme by the Annuity Deposit Scheme. He has also removed the ceiling that was placed on the salaries of Indian employees in firms. He has given relief to foreign companies in the shape

of exemptions of royalties and technical fees. So far the businessman.

Now comes in the socialist. He has proposed a steep rise in death duties and gift tax and a high tax on capital gains and even on bonus issues. He has discriminated against distributed dividends. The estate duties are on a very high scale, from 40 per cent at the level of Rs. 10 lakhs rising up to 80 per cent at the level of Rs. 20 lakhs and more. He has reintroduced the expenditure tax.

...savings and investment are a sign and proof of the economic value of a budget. What is the history of savings in our country? We find that public subscriptions by ordinary private individuals to Government loans have been falling steadily. It is only Insurance Companies, Banks and Provident Funds that mop up all the loans that are floated by Government. How can people save when there is not enough of money to save from? Death duties, estate duties and gift tax mop up all the extra money that could go into savings. Then where is the example of Government for the people to follow a programme of saving? Look at the public debt to which very little reference has been made so far during the budget debate. It has reached the grand total of Rs. 7509 crores, and the annual interest to be paid on this is about Rs. 318 crores, which works out to one-sixth of the annual revenue.

What is being done with regard to reduction of this huge debt? Only a token payment of Rs. 5 crores a year is provided. I wish to remind the House and the Government of Jefferson's warning in regard to public debt. He was speaking soon after America attained its independence just as we are now speaking after our independence:

"Public debt is the greatest of dangers to be faced.

To preserve our independence we must not let our rulers load us with public debt. If we run into such debt, we must be taxed in our meat and drink, in our necessities and comforts, in our labours and our amusements."

This prediction has been proved almost to the letter in the case of India. Look at the load of indirect taxes that are placed upon the common people. The total amount of indirect taxes comes to Rs. 1100 crores, whereas at the other end the amount of direct taxes comes only to Rs. 676 crores. No relief has been given to the indirect tax payer. Kerosene oil, sugar, matches, textiles, all these commodities which are used by the common man, still carry the old excise duties. There is no relief to the consumers. The Minister's argument is that if any relief is given, it will go only to the middleman, Government say that they are not able to provide that, that any relief in regard to indirect taxes will go to the consumer. That is an argument against all future relief in regard to indirect taxes.

And then there is that white elephant, the Planning Commission, with its palatial stables, its paraphernalia, its huge number of retainers; it almost looks like the Mysore Dussehra Durbar procession but without any of its colourful effect of the Durbar

procession. The Planning Commission is costing Rs. 1 crore per year and with all that they produced 2 to 3 per cent of agricultural growth.

Mr. Ram Gopal Gupta — March 12

The Budget proposals for the year 1964-65 are paradoxical indeed. We on this side of the House are glad to see that Members of the ruling party are as critical of the proposals as we have been. Perhaps they are seeing the writing on the wall and are realising now, though belated, the groanings and the sufferings of the people who are being crushed between high taxation and spiralling rise in prices. It is indeed a matter of courage that they have come out as critically as perhaps we could not be, because we would be labelled, at least my class would be labelled 'vested interests'.

While it is not possible to practically throw light on many important matters of the Budget in such a short time, I think I will be failing in my duty if I do not point out some salient points. First I will come to the indebtedness position of our country. There appears to be no ceiling to the indebtedness of the country. Debts raised inside of India on 31st March, 1965, shall amount to Rs. 5069 crores as against Rs. 4780 crores on 31st March, 1964. Then this year the increase will be approximately Rs. 285 crores, and *per capita* it comes to approximately Rs. 6.3. Total debts raised inside and outside India on the same date shall be to the tune of Rs. 7507.83 crores, and this will come to approximately Rs. 166.8 *per capita*. And this is not the end of it. There are then the debts raised by the States and the States are going to raise another Rs. 705 crores, and this will put the indebtedness at approximately Rs. 200 *per capita*, whether minor or major. Added to the burden of debt are the burdens of taxation. According to the Budget for 1964-65, out of an estimated income of Rs. 1836 crores, the income from actual taxation amounts to Rs. 1360.25 crores, and this works out to Rs. 30.7 *per capita*. And the taxes levied in the States over and above the Central taxes will amount to Rs. 705 crores, making a total of about Rs. 2100 crores. Thus the *per capita* taxation in the country will be approximately Rs. 49. It may be argued by the Treasury Benches that all the burden of taxation is not on the common man. May I submit that, apart from other facts, at least two main items of Central taxes inevitably fall on each and every person. These two items are Customs and Excise. The total income of the Government of India in 1964-65 will be Rs. 989 crores from these heads, and this works out to Rs. 22. Now State taxes are not levied on any specific income group; they are distributed equally on all, and the impact of this will make the total for the common man Rs. 40 per head. It would be illogical to say that it is not a heavy burden on the people who are finding it extremely difficult to keep their body and soul together, because of the Government's failure to check the abnormal rise in prices of essential commodities and articles of daily use.

ANNEXURE

Text of Resolution adopted by the All India Kisan Sammelan

The land belongs to the tiller. The peasant loves his land and will not allow anyone to take it from him. The right to his land is guaranteed to the peasant as a Fundamental Right by our Country's Constitution.

2. The Congress Party and Government have been seeking to eat into the fundamental rights of the people by repeatedly amending the Constitution. The Seventeenth Amendment to the Constitution now before Parliament is the latest and most outrageous move in this direction. By seeking to treat a peasant's farm as if it was a feudal Zamindari estate, the amendment seeks to deprive the peasant of his appeal to a Court of Law against the acquisition of land by Government for any so-called public purpose without just compensation. This amendment is a flagrant breach of faith in view of the categorical assurance given in 1951 by Dr. Ambedkar, the Law Minister of the Nehru Government, that the expropriatory provisions of the First Amendment to the Constitution would never be applied to the ryot or actual tiller of the land.

3. This Sammelan representing the peasants of India warns those in office that any attempt to use this amendment to the Constitution as an instrument for coercing or luring peasants into co-operative or collective farming on the pattern of communist dictatorships will be harmful to the country. It will create famine and starvation as in Soviet Russia and Communist China. This Sammelan will consider any such attempt as an act of waging war against the peasant which, far from solving the problems of agriculture and producing more food which the country needs, will create shortages and throw the country into chaos.

4. The peasants of India led by the Swatantra Party have for the past year expressed their determination to oppose this Amendment. Over two lakhs of peasants have signed petitions to Parliament calling for the withdrawal of this Bill. The Report of the Joint Select Committee presented to Parliament on the eve of this Convention shows that those who wish to deprive the peasants of their land have beat a strategic retreat in the face of the growing resentment of the peasants of India. They have purported to make some concessions to those who have opposed the measure. The major concession recommended by the Joint Select Committee is that the expropriatory provisions of the Amendment should not apply to those actual cultivators whose lands do not exceed the ceilings laid down by State Laws for the time being or to be enacted from time to time. The Sammelan considers the changes in the Bill recommended by the Joint Select Committee as a sign that the influence of the peasants has made itself felt over the past few months. This

partial victory shows what can be achieved by free peasants in a democracy such as ours.

5. The Sammelan warns, however, against the deceptive nature of the concessions made by the Joint Select Committee. The definition of those personally cultivating land and the ceilings can be changed arbitrarily by State Governments and Assemblies from time to time according to the whims and fancies of this or any other ruling Party. Where the ceiling is today, let us say, 30 standard acres, it can be reduced to 20, 15, 10, 5 or even 3½ acres as in Kerala by a simple Act of the State Assembly. In this way, the ostensible concession made can be destroyed before very long. The Sammelan, therefore, warns the peasants of India not to be deceived by the obvious propaganda that will undoubtedly be carried on to the effect that only big farmers have cause to worry about the Amendment and that the small peasant is protected. The Sammelan considers the Bill to be founded on a pernicious principle violating the Fundamental Rights of all peasants to their land. It calls upon the peasants to remain united in the face of the attempt to divide them.

6. If the Congress Government persists in its effort to deprive the peasants of their rights by passing the Bill through Parliament on the basis of its artificial majority unrepresentative of the will of the people as manifested in the General Elections of 1962, where the Congress Party failed to secure even half the number of votes polled, this Sammelan appeals to the President of the Republic to refuse his assent to the Bill in line with the assurance given by Dr. Ambedkar to Parliament that the President would be obliged to refuse assent to a Bill which touched the Fundamental Rights of the ryot to his land.

7. In the event of the Bill becoming law, the peasants of India will have no alternative but to follow the path of peaceful Satyagraha shown by Mahatma Gandhi at Dandi and Bardoli. Those assembled here take a solemn pledge that they will be prepared to sacrifice their utmost in defence of their land which they love so dearly, which is the main source of their economic independence and self employment and which they are entitled to leave to their children.

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