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# ARE WE TO BE TRAMPLED ON?

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**The Deputy Chairman of the Planning Commission says that this generation must be trampled upon for the benefit of the next; and the Budget carries out his threat.**

When the Finance Minister introduced his budget six weeks ago,* he believed that he was introducing a budget that would restore confidence among investors, that it would tone up the very depressed state of our economy and would give a green signal for the country to go ahead.

Unfortunately, in the last six weeks, the persons and groups concerned have failed to see the beauties of his budget. They have reacted exactly the other way. They have lost heart. The capital market has collapsed. The industrialist is demoralised and no more capital issues need be expected. The Finance Minister says now: "Don't go by the Stock Exchange; don't go by the prices of shares; I have better ways of knowing that business confidence is being restored."

He may console himself with this thought. But I may tell him that after listening to him this morning, whatever hopes may have been raised in the last seven or ten days that some major rectifications in the budget were forthcoming, those hopes have now been dashed by him by his announcement this morning.

The fact that 77 amendments had to be tabled yesterday, and a few more have to come by way of amendments to the amendments 48 hours later, shows with what great care and thought the financial proposals of our Government are presented to Parliament and the country! They are like the rocks on which are inscribed edicts that go down through the centuries.

### Down to insolvency

The cumulative effect of the surtax on profits, the $7\frac{1}{2}$ per cent equity dividend tax and the capital gains tax on bonus shares in the hands of shareholders, coupled with the expenditure tax and the savage excise duties and gift tax, would combine to push even a solvent economy—and ours was not during the last twelve months—down the steep slope to insolvency. Nothing less than the complete dropping of the dividend tax and the capital gains tax on bonus shares could possibly save the situation. Not only has that not been done, but we have not even gone ten per cent in that direction. Therefore, we—those of us who can see a little ahead—must abandon hope for the next twelve months of any improvement in our parlous economic condition. We must reconcile ourselves to the continuance of inflation at a galloping pace.

The sad thing is that this crushing taxation is not even necessary. No additional taxation, direct or indirect, was necessary if the revenues had been properly estimated and outstanding taxes effectively collected. There has been, as we know, a habitual under-estimation of revenues. *The Hindustan Times* gives figures: in 1960-61, the variation of actuals from estimates of taxes was 7 per cent. In 1961-62, the gap widened to 14 per cent; and in 1962-63, it went further to 18 per cent. The Government machinery for under-estimating tax yields is being perfected from year to year.

### Deliberate policy of grab

Similarly, corporate taxes were under-estimated in 1962-63 by about Rs. 42 crores, or 24 per cent. The excise duty on one item was off the mark by 341%. But the President of the Indian Drugs Manufacturers' Association deserves a prize for having traced one item of excise duty, namely that on patent and proprietory medicines in the Finance Bill of 1963. He points out that the estimate there was Rs. 20 lakhs, but the collection at the end of the year is over Rs. 440 lakhs.

I do not know if any other country can beat this wrong estimate of 2200% on an excise duty. It will not be unfair to say that this under-estimation is a deliberate policy of this Congress Government for the last few years, that it is a policy of grab worthy of buccaneers and bandits and not of any modern civilised government.

The pending assessments have snowballed from 4.6 lakhs in 1958-59 to over 9 lakhs on the 1st April 1963, that is, they have doubled. The figures of collections outstanding also go on rising, from Rs. 272 crores at the end of 1962-63 to Rs. 293 crores at the end of 1963-64.

On evasion, the report of our Public Accounts Committee points out that in spite of evasion of crores of rupees claimed to have been detected, there are no prosecutions. There was one prosecution launched—and even that case was compounded!

### Unnecessary burden

This failure to collect arrears and this tolerance of evasion only burden the honest taxpayer. The Finance Ministry takes the easy way out of raising the rates of taxation, instead of collecting what is due to it.

The Finance Minister stated that he could not give reliefs on excise duties on the needs of the common man such as kerosene, coarse cloth, matches and sugar, because he believed that they would not be passed on to the consumer. There is no warrant whatsoever for this assumption. Just as any increase in existing excise duties is inevitably passed on to the consumer, so the relief given in taxation has normally been passed on to the consumer. In any case, that is what Government are there to see to. I cannot accept as convincing this plea for not reducing excise duties on the needs of life.

### Monopolies Commission a fraud

Now I come to an announcement made this morning, about the appointment of a Monopolies Commission, and its terms of reference. The fact that it is composed entirely of officials is significant. Not one single non-official, who could be expected to bring any independent judgment to bear on this very interesting economic phenomenon of monopoly, is there: every one of them is an employee or official of the State. I consider that to be a very bad blow struck at the report of this Commission by those who have appointed it. It will lose credibility in the eyes of the people.

The Commission's terms are: "(a) To enquire into the extent and effect of concentration of economic power in private hands." Why private hands? Why not all hands? Does monopoly become respectable because it is in the hands of Ministers?

Then it says: "The Commission may also report on any other matter bearing on any aspect of national economy or functioning of the private sector..." Why private sector? Why not State sector also? We find just as much misuse of power in State enterprises as we find in others. There is just as much nepotism, just as much groupism, just as much casteism, and a lot of politicking that goes on in our State enterprises. That is why they produce the miserable results which are reported to us from time to time.

I consider these terms of reference to be a fraud on the public. It is a deliberate attempt to load the scales. The biggest monopolist in this country, the present Cabinet, tries to divert the attention of the watchdogs to much smaller monopolists, if there are any.

### Expropriation

This Budget is an instrument for putting all competitors of Government out of business. It is not a Budget to bring investment for growth at all. It is a Budget to destroy every competitor in the field of industrial enterprise who faces the Government of India on equal terms. The real choice that this Budget poses before the country is between a demand economy, which the people demand, and a command economy that is dictated by those on the Treasury Benches.

Why is this policy of deliberately grabbing investible resources indulged in when the budgetary situation does not even require it? My answer is that this is the doctrine of Karl Marx, the outmoded Marxist doctrine of squeezing surplus value out of the peasants and workers and the common people so that the new ruling class can build its so-called socialist, or what I call State Capitalist, society.

It is a policy of asking people to tighten their belts for the glory of the State, a policy that was launched on this world by that monstrous Communist dictator, Stalin, whose name is execrated in his own country to-day. That policy lays down that agriculture and consumer goods must be denied to them, so that steel and heavy capital industries can be raised as the base on which the glory of the dictator rises. It is the policy of pie in the sky when you die, but never today, that the Communist dictators preach; and we ape them.

Look at the list of fourteen industries which are to be favoured, which are called priority industries. Does a single one of them produce something to wear or eat or give shelter? They have nothing to do with the common people; not one of them produces anything which a man can consume, except tea or coffee, which are meant for export. This list of fourteen industries could have been lifted out of the Soviet Five Year Plan.

### What happened at Rourkela

Let me quote from *Izvestia*, a Soviet Government paper, of 4th April, 1964. One L. Levin, a Russian engineer in Communist China, now returned, criticises the decision to build the biggest blast furnace at Anshan Works. I quote him: "Everything was planned for show. Wishing to astound the world with the pace of the 'great leap,' they tried to use the blast furnace before it was completed." The result was destruction of the blast furnace through explosion.

Let us not laugh, because it has happened in our own country, for the same reasons. It happened at Rourkela in the State plant. We were in such a hurry to show at what pace we were going that we blew up the blast furnace for the very same reason, that we used it before it was ready.

That is how we are aping the stupidity of the communist parties, which they themselves have shed. Today, in Communist China, the most reactionary of the communist countries, the new order of priorities laid down by Chou En-lai last year is: first agriculture, then consumer goods industries, and last, steel and heavy industries. How many years will it take our outmoded Marxist Prime Minister and his Government to learn this simple fact of economics? Would I be wrong in quoting someone who said that for a Government to run an industrial enterprise is like a monkey trying to play the

*See overleaf*

*From a speech in the Lok Sabha on 17 April.



P.T.O