CHAPTER - I

FIRST PARLIAMENT
PRESIDENT'S ADDRESS

The President (May 16, 1952):— Members of Parliament, I welcome you to-day as the Members of the first Parliament of Republic of India, elected under our Constitution. We have now given full effect to the provisions of the Constitution, relating to the composition of the Legislatures and the Headship of the State and thus completed the stage of our journey. There is no resting place for a nation or a people on their onward march.

India has, after long subjection, gained her freedom and independence. That freedom has to be maintained, defended and enlarged at all cost, for it is on the basis of that freedom alone that any structure of progress can be built. But freedom by itself is not enough, it must also bring a measure of happiness and lessening of the burdens they suffer from. It has, therefore, become of vital importance for us to labour the rapid economic advancement of our people and endeavour to realise the notable ideals of equality and social and economic justice which have been laid down in our Constitution.

We have to build up the unity of India the unity of a free people working for the realisation of the high destiny that awaits them. We have therefore, to put an end to all tendencies that weaken that unity and raise barriers between us, the barriers of communalism, provicilism and castism. Opinions will and must differ in regard to many political and economic
matters, and if that good of India and her people is our
dominant urge and we realise, as we must, that this good
can only be achieved through the methods of peaceful, co-
operation and democratic process, then these differences
can only add to the richness of our public life.

It is the gratest tragedies that, despite asserti-
ons of goodwill for the Korean people, this ancient country
has been reduced by war, hunger and pestilence to utter ruin.
It has become a signal and warning to the world of what war
means, whatever immediate justification might be advanced for
it. War does not solve problems. It creates them.

I have made reference to recent events in Tunisia and
expressed our sympathy for the people of that land in their
desire for freedom. I regret greatly that, inspite of the
desire of a large number of countries in Asia and Africa, even
a discussion of this subject was not allowed in the United
nations. If it fails to fulfill the want and becomes an ineef-
fective organ for the maintenance of peace and the advancement
of freedom, that, indeed, will be tragedy.

My Government has sent a cultural delegation to our
great neighbour, China. I should like to express my gratitude
for the cordial welcome that it has received from the Govern-
ment and people of China.

I regret greatly that the racial policy of the Gover-
nment of the Union of South Africa has continued and has led
to serious developments. I regret also that a large number of Indians, long resident in Ceylon, have been deprived of their voting rights. This will lead, as it has already led, to serious problems and complications.

The Planning Commission is now finalising its report on the Five Year Plan.

The general economic situation in the country has been kept under continuous observation by my Government. My Government are closely watching the situation to ensure that production and employment are not affected. It is their intention to take such action as might be necessary to assist in the stabilisation of prices at a reasonable level.¹

Shri A. K. Gopalan (C.P.I.):- The Address read at the whole in my opinion is a declaration of war on the people of India. Those people who were looking to the Address for some immediate relief, were certainly disappointed. In the Address there is no mention of feminine and other things. If that is intended to show that the people are happy, that there is only a small distress in the country, certainly the Address disappoints all people.

In the Address it is stated that we are trying to see that something is done to Tunisia. You can not be a friend of French Government as well as the people of Tunisia who are fighting for their freedom. This policy should be made clear now. Under the cover of neutrality or an independent foreign policy we say today that we are the friends of all. There are only two things. Either you must be friend of those who fight
for the freedom of their country or you must be the friend of those who deny freedom to those people.

There is no mention of linguistic provinces in this Address, I say linguistic States are not given because if linguistic States are given, today, there will be no Congress Governments.

If the Government are not taking a definite and strong policy to see that the economic crisis that is deepening in the country is solved, then certainly they will be responsible for creating chaos in the country and Government will have to take the whole responsibility for that.2

Dr. S. P. Mukkerjee: (J.C.):- We do not want chaos and disorder in this country but the same non-violent resistance which was taught to the gentlemen occupying the Treasury Benches today is not forgotten on the soil of India and that resistance may come if Governments persists in passing legislation or doing administrative acts which are really disliked by the majority of the people of this country. But I am hoping that we be able so to discharge our duties that while we express ourselves freely and strongly and without fear we will be able to resolve by mutual discussions which will be the benefit of the people at large and be openly justified before the bar of the world opinion.3

Shri Jawaharlal Nehru (Prime Minister):- The Address is not meant to be a catalogue of all the things that have to be done. It is a brief, a concise statement, with some reference to foreign policy, of what the next session of the Parliament is like-
ly to do. That is all.

If you represent in the normal language of the west, you have every variety in the Opposition from the extreme left to the extreme right. They hold together. I suppose because of the stress of the circumstances and sometimes there are marriages of convenience, sometimes followed by rapid divorces, and on the whole we find these strong bed fellows consorting together because of certain spirit of Opposition to the majority group.

I shall be quite frank with the House that the linguistic provinces from some points of view are good, but it is immaterial whether I consider them good or bad and if people want them, they will have them.4

Shri P. Sundarayya: (C.P.I.):- In our opinion, the Government during the last four years has been a Government of broken pledges. It has been in office for nearly five years and yet it has not brought into being a single linguistic province. It brings forward excuse after excuse. The first excuse it gives that the formation of the linguistic provinces will lead to the encouragement of provincialism. And thus the Congress goes back on its pledge of establishing linguistic provinces. Then, the other argument is that the Units are not viable units. It is fantastic argument, coming from the Government.

With regards to Rajpramukhs the Government could certainly bring amendments and see that the Rajpramukh system is removed. The people do not want Rajpramukhs, but the Government of India forces them on the people.5
Shri Jawaharlal Nehru:— My first point is that the basic policy we have pursued in the neutral policy that any Government which has kept the ideals, not any party but of the people of India, in view, had to pursue.6

The President (February 11, 1953):— My Government has no desire to interfere with other countries, but it has to face the responsibility which will inevitably come with independence to India.

Our relations with our neighbour countries in Western and South Eastern Asia continue to be close and friendly and there is an increasing measure of co-operation between us even in regard to Pakistan, with which unfortunately our relations have been strained, there has been certain improvement.

The Jammu and Kashmir problem is again being discussed by our representatives with the representatives of the United Nations. This issue like others, has to be considered dispassionately keeping always the welfare of the people of that State in view. The Government of India and Kashmir Government bends that tie that State to India have been strengthened and made closer apart of the agreement has been implemented and the remaining part should also come into operation soon.

The question of linguistic provinces has often agitated the people in various parts. Above all, the unity of India and other national security have always to be given first priority.
The general economic situation in this country shows distinct signs of improvement. The Finance Commission has submitted its report.

There has been steady improvement in food situation. Large scale of experiments are being made to introduce what is called the Japanese method of rice cultivation which provided substantial results in increasing of yield.

A Commission to consider the problems of Backward Classes have been appointed. A Press Commission has also been appointed to consider problems of the News Papers, in India.

The Government has decided to take under State control the existing Air Companies and to operate the Scheduled air services.

We aim at a welfare State in which all the people of this country are partners sharing alike the benefits and the obligations.\textsuperscript{7}

\textbf{Shri P. Sundaryya} :- The President's speech as a very complacent speech ignore the present international situation to which the Governments own foreign policy have contributed much, ignoring the femine conditions and the growing unemployment and that is staking the whole land. If it persists its policy, it will lead our people to mortgage our national sovereignty to the dollar and British imperialistic Commonwealth and will even drage India into a third world war.\textsuperscript{8}

\textbf{Shri Jawaharlal Nehru} :- The members of various Opposition groups do not have to share the burden of the positive funct-
ioning. They can function negatively. They are right because negative functioning is naturally correct, the positive functioning, if it goes wrong is dangerous. We have suddenly been hurled to face the positive problem of our country as well as those of the world. 9

Shri H. N. Mukerjee (C.P.I) :- The cold war in Korea became a hot war straightway within a week of this statement, "Korea does not stand alone. My talks with Gen. More Arther will be followed by positive action". We find therefore that the imperialism represented by the U. S. A. acting not only as an aggressor but also as a policemen of a new kind of fashion all over the world, trying to strangle freedom wherever it can, and to endowing to implant fascism, and is using every possible step. 10

Dr. S. P. Mukerjee :- So far as the foreign policy is concerned I do not know what exactly the foreign policy is, we do not get the support that we feel we deserve.

With regards to the economic conditions in the country, the five year plan is there, the recommendation contained in it have not been able to catch the imagination of the people. 11

Shri: Jawahar Lal Nehru :- Our natural interest is in the domestic situation, because we have to face those problems because it is our desire to raise the level of our country.

While we are engaged in this tremendous adventure full of difficulties. In regard to international affairs, India should take her part in these affairs like other countries, therefore we wish it or not, we have to take part in the
Members opposite have repeatedly said in their comments that the President has used weak language, circumspect language and why not come out strongly in favour of this or that, I would beg of them to members that in the modern world strength does not reside in slogans. We must have strength somewhere before we take to any step, otherwise we make ourselves ridiculous.

Coming to our domestic policy, in spite of the fact of a growing population, the general condition of the people is better. That does not mean very much because we start from a low standard.

We believe that it is essential for India to be industrialised. Secondly industrial policy should be based on the development of the basic industries.12

The President (February 15, 1954): In view of the demands for further reorganisation of the States in India, my Government have appointed a Commission for this purpose consisting of eminent and experienced members. This is task of high and historic importance which has been dealt with an objective and dispassionate manner so as to promote the welfare of the people of the areas concerned as well as the whole nation.

The Planning Commission have undertaken a revision of the First Five Year Plan particularly to provide more employment.

There is a general improvement in economic situation. The improvement in food situation has been highly satisfactory and the country is making rapid approach to the goal of self-
sufficiency. Industrial production has continued at high level.

The new year begins with hope and fear evenly balanced. There is a promise of achievement and of progress towards peace. There is also apprehension at the trials. We and the rest of the world might have to face. I trust that this message will guide you in your deliberations.13

Shri P. Sundaryya:— The President Address is dull and colourless speech, reflective the complacent and bankrupt policy of the Government during the last one year.14

Shri S. N. Dwivedy (P.S.P.):— The Congress party which is holding the reins of the Government has nothing to offer as regards domestic achievements. Even in this Presidential Address which I think nothing but a progress report like the one that the school teacher submits to the guardians. In this progress report he has told us that they are doing very well in the last year. The progress is slow, well he has not pointed out as to how and in what manner they are going to improve, but it is very good certificate and it gets very good publicity outside because the Ministers if they speak about themselves may not get that much of publicity.15

Shri B. Gupta (C.P.I.):— In the economic field the claim has been made that there has been continued improvement in the general economic situation. This claim is not justified by the facts of life in the country. The whole thing should be looked at from the point of view the people where
the hungry is getting food whether the people without shelter have got houses to live in, whether these people who have been unemployed have seemed employment. Nothing of this sort is said here.

I know the mighty personage from whom the statement has emanated presides over a regime which can only offer us hunger, tears, sorrow and misery and nothing else, and unless this regime is changed, we can not have hopes that have been promised here but, only the fears you have mentioned.16

Shri Jawaharlal Nehru :- To some extent during these debates I may say so with all respect, certain set speeches are delivered and set opinions are expressed and set answers are given to the questions put and it becomes a little wearesome to listen and to say the same thing again and again. We have to face whether externally in the world or internally in the country. Vast problems and however small we may be we have to face these problems and try to understand them and try to the best of our ability to raise ourselves to the level of understanding and action.

The questions of foreign pockets in India and the rest are troublesome and irritating questions, and we are irritating from day to day by some developments. 17

Acharya Kripalani (P.S.P.) :- I am however, sorry that these speeches of the President have become progressively formal and inspire no hope or confidence in the people.
We do things without faith, our efforts fell as miserable as they failed at the Kumbha Mela and the country is involved in universal gloom.18

The President (February 21, 1955):— My Prime Minister has recently attended the Commonwealth Prime Minister’s Conference in London, where matters of vital concern to the peace of the world were discussed.

I should specially mention the agreement between China and India in regard to Tibet. This agreement confirmed the friendship between these two great countries. In this agreement certain principles have been laid down which are even wider application and which has been recognised as such by many other countries. These five principles which are sometimes referred to as the Ranch-Sheela, I commend these principles to you and earnestly trust that they will increasingly form the basis of international relations and security all over the world.

An outstanding event of the past year was the Geneva Conference which brought an end to the war in Indo-China and laid the basis for peaceful solution. This conference set an example which I hope will be followed in future—for the settlement of international disputes and conflicts.

Unfortunately, other conflicts still continue endangering the peace of the world. The most serious at the present moment is that the Far East, more particularly Formosa and off-shore islands of China. My Government recognises only one Government of China that is the people’s Republic, and consider the claims of this Republic are justified.
Another example of peaceful negotiated settlement of a difficult problem is the de facto transfer of the Indian Territory Union of the French possessions in India. I would like to express my appreciation of the statesmanship of the French Government in dealing with this problem.

The economic situation in the country has shown continued and marked improvement.

My Government has decided to acquire effective control over the Imperial Bank of India, more specially, to afford, increasing banking facilities in rural and under developed area.

My Government attach great importance to increase the iron and steel production in the country.

From both the point of view of production and of giving employment to the growth of cottage and small scale industries.

There has been steady improvement in the rate of development and of expenditure under the Five Year Plan. The preparation of Second Five Year Plan has now begun.

Shri B. Gupta:— I have in mind the representatives of the powers who have formed the SEATO Agreement and who are meeting today in Bangkok what they are discussing has been clearly indicated their speeches and actions and it is true that we took serious note of the developments that are taking place in that quarter.

There are clearly two tones in international policy.
One line is the line as pointed out of "Position of Strength" pursued by the United States of America and this line is clearly, the line of war. Secondly the Soviet Union is unconditionally for the prohibition and destruction of all atomic weapons and for diversion of atomic energy for the development of human civilization, for the development of the material and cultural well-being of the people.

In these few years it is the rich people who have become richer and it is the poor people who have become poorer and that is something which is stated in the articles published in the "Capital" and "Commerce" not by Communists, but who belongs to their faith. Therefore the lack of Socialism would not conceal the reality and the truth.

We find the unemployment in the country is growing apace at the same time you find that the prices of agriculture commodities are falling. All classes are being effected under this regime by its economic policy. 20

Shri S. N. Dwivedy:— I must frankly confess that this is a most disappointing document that we are discussing today. I feel that our Prime Minister is so much obsessed with international problems that he perhaps forgotten all that is happening in our country to the common man of the land. Therefore every thing has gone off the track and the condition of our country is deteriorating. 21

Shri V. K. Krishna Menon (C.):— We have always to remember that it is not possible for our country to function in the foreign field with a moderate degree of effectiveness unless there is
stability at home. It is also reasonable to recall to ourselves that in various parts of the world.

In this country of ours, in this epoch we are facing a kind of economic development which is without a precedent. There is no instance in the world where a country which is undeveloped has to march rapidly towards industrialisation and modernisation in the context of the new political democracy. It is important for us to remember this.22

Shri G. V. Pant (The Minister of Home Affairs):— It is a solemn pronouncement giving a survey of the principle events and policies. It is matter of gratification that this address has on the whole been received well in the House.

Even in democracy, Opposition is not meant only for barren futility. Its contribution is expected to be constructive so that those who are charged with the responsibility of administering the affair of the State may get assistance, guidance and even aspiration from the opinion and wisdom of the House and benefit thereby, but it is not forthcoming it is a great handicap. Besides the approach should be sound one. Often observations are made that nothing has been done. I personally feel that the situation as it exists to day is clear. The fundamental facts are obvious and indisputable, so far as external affairs. So, we are proud of the achievements.23

The President (February 15, 1956):— The past year has been one of considerable endeavour and achievement for us, both in the domestic and the international spheres. There have been, however, events at home and abroad, and certain developments
which must cause us apprehension. These we must meet with courage, patience and redouble efforts and remind ourselves that there is room neither for complacency nor for despair.

My Government regret that despite of our peaceful approach to the solution of the problem of the Portuguese colonies in India. The Portuguese Government have made no response and persist in their methods of colonialism, suppression and terrorism.

The Bandung conference of the countries is also recognised as one of the world importance.

The success of First Plan has produced confidence in our people and has laid the foundations for a more rapid growth of the national economy.

Our objective is to establish a socialist pattern of society and more particularly, to increase the country, productive potential in a way that will make possible progressive faster development. The question of proceeding more employment is of vital importance.

The Second Five Year Plan is more ambitious and involves a far greater effort on the part of our people. We have long way to go before we reach our objective of a socialist pattern of society and the national income has been raised to an adequate level and there is equal opportunity for all.

The reorganisation of States is an important matter and we must apply all our wisdom and tolerance to it. We will introduce a Bill in regard to reorganisation of States.
The Government attach importance to reorganisation of rural economy and to the development of co-operative, both in agriculture and in small scale industries. 24

Shri B. Gupta:— Reorganisation of States is an important matter and we are now being treated to all kinds of new definitions about the unity of India. I have already stated that the unity of India will never be attained by a proposal of this sort. The trouble is the creation of Congress. It has become the master of solution. It is they who are now lying down the law after having created the troubles. We want the unity of India but for that unity we want to develop the fraternal relations of our people, to give them full opportunities so far as their languages and cultures are concerned, so that they can mingle as free, as a free family in the garden of Indian Civilisation. 25

Shri G.V. Pant:— We should take full note of whatever happen and of all that is said and of all that is done whether for good or evil. The doings are of various types. There are acts and there are also omissions. Before the State Reorganisation Commission Report was published, we have tried to appeal the people to receive the Report in a calm and tranquil atmosphere, to treat the recommendations with respect and so far as possible, to accept them. Then as a democratic country and those who have adopted democratic way of life. We invited the suggestions and comments of all who even interested or affected by it. We gave every possible opportunity. Whatever we do should carry with it the maximum consent, agreement and approval of the
the people concerned. We have tried to make changes where we found that the S. R. C. Report had made proposals which did not command themselves to the persons affected. Yet I feel that people in their criticisms, have taken almost onesided view of the affair. If they were to look at the entire picture they would find that the achievements for exceed the little that has let to be accomplished.26

Shri Jawaharlal Nehru :- The House know our policy, it is sometimes miscalled a neutral policy or neutralism. One thoughts clearly or to express them without being oppressed by fear. This policy that we have adopted have grown naturally out of our past history, past tradition, past way of thinking and present conditions. It is a policy which can be justified both on the idealistic grounds and on strictly practical consideration we do not want to enter to this circle of hatred, violence and free which the cold war embodies.

In regards to economic policy, we approach with a completely open mind, with no dogmas, no fixed ideas about them. We are prepared to discuss anybody to anything about our Five Year Plan, or about our Second Five Year Plan and prepare to change anything, accept anything, if we are convinced.27

Shri H. N. Mukerjee :- Government swears by parliamentary democracy. But if parliamentary democracy means that under the garb of universal suffrage, it is controlled by big money which will be permitted if parliamentary democracy means that in the name of the democracy for everybody it will be the beginning in society who will be enabled to dominate over everything in life, then, Sir, surely the people can not accept the
concept of parliamentary democracy.28

Shri Ashok Mehta (P.S.P.):— I am sorry to say that I find it frankly disappointing mainly for three reasons. There is an obsession in it, an obsession to scan the world horizon from more than the Indian scene. Undoubtedly glimpses of world events are useful and necessary, but it would be unfortunate if we permit them to become the central focus of our vision.

Secondly it dwells more upon previous achievements and operation plans make only scanty reference to future efforts. Thirdly I find no imprints of the decision of the House to move towards socialist society nor of the recent pronouncements of Congress Party about its objective of realizing a socialist pattern of society.29

Shri U. M. Trivedi (J. S.):— If we have to develop democracy, if we have to go in the wake of democracy, we must take stock of the situation that the Opposition must exist. Do not try to kill the Opposition.

Coming to the problem of the reorganisation of States, I can say at once that if you can do anything, you may kindly scrap the Commissioners' report and have nothing to do with it. But do not get people to break each others head.30

Shri Jawaharlal Nehru:— Our foreign policy has not succeeded in many ways in setting right the evils of the world, just as our internal policy has not succeeded in putting rights all the evils in India. That is perfectly true, no body can claim that.31
At the end of January 1952 the general index number of whole-sale prices stood at 430.3 a drop of nearly six percent from the peak figure of 457.5 reached in April 1951. It has been largely due to the disappearance of several international factors which led to an artificial rise in prices, since June 1950. On the whole, the drop in the price level in recent months has been beneficial to the country's economy, although the readjustment necessitated by lack of accord between costs and prices is bound to cause some unavoidable difficulties to those engaged in business. In their own interest they must now decide to cut their losses reasonably and concentrate on economy and efficiency of production.

The level of industrial production during 1951 showed marked improvement in spite of the special difficulties which some of the industries encountered in obtaining essential raw materials and cut in electric power in Bombay.

The improvement in agricultural production has also been well maintained although in case of food grains the additional production from the grow More Food Scheme was more than offset by the fall in production in large areas of the country affected by drought or insufficient rains.

Under the stimulus of the devaluation of the rupee and the boom in prices which followed the outbreak of the Korean war, we had accumulated a substantial surplus in our balance
during 1950 and the early months of 1951. We also had to pay higher prices for whatever supplies we could obtain.

The Budget presented last February provided for a surplus of Rs. 13.73 crores on revenue account and an overall deficit of Rs. 56.35 crores, taking the revenue and capital budgets together. I now estimate that the revenue surplus will be Rs. 3.73 crores and the overall deficit Rs. 75.6 crores.

Although the estimated revenue surplus has now been reduced by Rs. 15 crores and the overall budgetary deficit increased by Rs. 19.25 crores, I do not propose to make any changes in taxation.32

Shri A. K. Gopalan :— I say it is an honest and courageous budget, honest in the sense that it is very honest in safeguarding the interest of the few people and in disregarding the cause of the millions of this country. And it is certainly very courageous in the sense that when there is famine, when there is a slump in the country, at such a time it is definitely and courageously said "No question of restoring the food subsidy, we will never do it whatever may happen in this country." It is also courageously said that there is a plan which after five years will reach to the extent in which the country had been in 1939.

As Mahatma Gandhi has said that any Government that cannot feed the people, whatever the composition of the Government may be, that Government has no right to be there in that place.

I quite agree that there is no new taxation but when you say that the food subsidy is not resorted, that is taxation. Is
it not a taxation on the poor man? It means that he must pay some money in the shape of the price of food.

Secondly, there is fall in prices, I admit, but take an ordinary man, a clerk, a worker or a peasant. What is it that he buys? What are the articles that he purchases? 90 percent of the money goes for getting the foodstuffs. What is the effect of this slump on the working classes in the country?

As far as this Budget is concerned I have to say is that this Budget does not satisfy the needs of the crores of people in the country and this Budget is surely a disappointment as far as the people of the country are concerned. 33

Dr. S. P. Mukerjee:— The Budget that is presented is practically a repeat performance.

We are told that there is no shortage of food grains in the country, we import plenty of food grains from foreign countries. So long as foreign aid comes unfettered, unconditioned, there is no harm in accepting it. A country which goes on practically mortgaging herself in this manner, unconsciously becomes a subordinate country. A beggar country can not have an independent foreign policy. If a time every comes when the screw can be set tight by somebody or the other, then it will be difficult for India to get on. 34

Shri C. D. Deshmukh:— It would have been easier to deal with their observations if they had said. These are our ideas on the subject. We do not believe that the mixed economy that you have selected to work with is a very suitable instrument of
progress. We think that something on the model of Communism or Socialism is necessary, let not any one own the instruments of production."

Then the other difficulty is about facts and figures. The Hon. members on the Opposite quote facts and figures and when it suits them, but when facts and figures are quoted against them, then they say, "this is only juggling with figures." I cannot see any way out of facts and figures, in dealing with the annual statement of revenue and expenditure.35

Shri Bhupesh Gupta :- The present Budget is unfortunately the very antithesis of what a people's Budget ought to be. The Budget which he has produced doubtless bear the complexion of a colonial Budget, which gives us unbounded misery and caused mass starvations and death. In this Budget there is no prospects of industrial development, on the contrary, the national interests of our country are doomed to stagnation and decay. Agriculture here is not even properly dealt with, let alone any given promise. On the other hand, he sees a rosy picture which he has tried to prop up today by a jugglery of figures which bears no relation whatsoever to the realities of the present situation. 36

Shri C. D. Deshmukh :- As a matter of fact, time and again, we have availed ourselves of opportunities which international concourses have given us, to state the very obvious fact that the wider world trade is expanded, the better for everybody.

We never invited foreign aid. It is only now that much an amount leeway has to be made up that any friendly nation which is willing to help on our terms and not on their is welcome to help us.
The whole of our development programme is for the common man. If you increase production, if you increase industrialisation to the extent to which you can, we are doing it to help the common man. This Budget is directed towards the implementation of the Plan. I think that we can carry it out.37

Shri C.D. Deshmukh (Budget(General) 1953-54) :- Over a wide field there was only marked increase in production during 1953. The improvement in food position has made it possible to relax controls in several directions. While the general economic situation in the country continues to improve, there has, in recent months, been an aggravation of the problem of unemployment.

The country balance of payments position was generally satisfactory during the year that is now drawing to a close. The fact in country's export earning is, in the main, due not to a contraction of exports but to a fall in export price.

The overall deficit next year is estimated at Rs.250 crores. This is largely due to the substantial provision made for increased expenditure on development in both, the revenue and capital Budgets. It will be necessary to expend treasury bills by 250 crores to balance the Budget overall.

In judging the economic effect of the Budgetary deficit, it has to be borne in mind that part of it might well be neutralised by a balance of payments deficit.

National Development is not merely the concern of the Government in a democracy like our's, it is also the concern of the people and now that we are having substantial recourse to deficit financing, I would like to make a strong appeal to the
people to save more and to lend more to the Government.

With the Taxation Enquiry Commission at work, it is neither proper nor desirable to initiate in large scale changes in the present structure of taxation until the whole problem has been, considered in the light of the Commission's recommendations which are expected towards the end of the current year. 38

Shri H.M. Mukerjee:— I am constrained to say that it is perhaps his worst Budget which is saying a lot.

In regard to the, aggravation of the problem of unemployment is going to be with us, like the poor who are with us always. According to capitalist philosophy we are going to this unemployment all the time. We are going to have large number of people on the scrap heap.

I do not see how in a backward economy like ours when we are going ahead with Plan, we shall not have recourse to some kind of deficit financing. But it will be all right only when it is really controlled. 39

Shri U. M. Trivedi:— We must have our army clothed in such a manner, trained in such a manner and paid in such a manner, as will be fit this poor country and we must have an army which must be able to serve the country; but it is not necessary to have a very big army which is not called for, really it is quite true that big powers may do mischief but man power is always there, there in our country. 40

Shri C.D. Deshmukh:— I referred to the order of deficit financing and I wish to point out that I do not regard it as a cure all. It has really to be administered as a medicine and
not to be taken as food. We know that short falls in certain directions are unavoidable, as they are already happened. Nevertheless, there was no intention to regard this shortfalls as inevitable even now our objective is to live up our targets in every respect. 41

Shri B. Gupta :- They have reduced direct taxation. They have reduced income tax systematically and increasing indirect taxation on the people. They have abolished the business profits tax and reduced the corporation tax. We know that money will be pumped into market and the inflationary pressure will increase budgets surpluses one envisaged to finance the plan. Instead of that, we see the Government remmng headlong for deficit finance. 42

Shri S. N. Dwivedy :- I have no doubt that the rich men in our country have a very good friendship with our Finance Minister. He has been very cautious and conscious not to touch their pockets while framing the Budget for next year. As Prime Minister the plan aims at progressive socialism. I do not know what this Budget offers in that respect. One sees that the Finance Minister has forgotten the common men altogether. There can be no socialism unless the disparity in wealth is removed.

If you are not able to tax the rich I should expect at least to fix the minimum salary or the minimum wage for the lowest man in our society. 43

Shri C. D. Deshmukh :- This Budget must be looked upon as reflecting our attempts to implement the Plan in its third year. This position has its advantages from my point of view and dis-
advantageous from the point of view of the critics. This Budget is based on mixed economy which has been approved of as a result of our approval of the plan.

I have no quarrel with those who feel convinced that there are other ways of attaining these ends. But I would say to them that bringing our best judgements to bear on these problems, from a pragmatic and practical point of view, we are convinced that the way we have adopted is the way that would guarantee results most effectively. We should consider the Budget not merely the point of view of whether it is based on a socialist philosophy or on a Communist philosophy but whether it is likely to attain the ends that the country has set before itself in the form of the Plan.

Shri C. D. Deshmukh (Budget (General) 1954-55):— In 1953 the variation of prices were within a narrower range than in the previous year and at the end of Dec. 1953 the index number had risen by a little under 5 per cent and stood at 332.6. Throughout the earlier months of the year and until about the middle of August there was a continuous but a moderate rise in prices, largely caused by temporary factors. Measures were taken from time to time to improve the supply position and bring down prices. These measures play an important part in arresting the upward movement of price and between August and December there was a continuous decline. The general index number at the end of Dec. was 20 points less than the peak figure reached in the middle of August. Since then there has been a slight increase but there is yet no evidence that this is not due to purely temporary and seasonal causes.
The general index number of industrial production, which stood at 128.7 in 1952, the highest for any post war year, was exceeded in 1953, the average for the first nine months being over 133. Though later figures are not available, there is good reason to believe that 1953 would be the best year yet for industrial production.

The improvement in the general food situation recorded in 1952 was maintained during 1953. With the sustained improvement in production there has been a drop in food prices and at one stage there was concern in certain quarters over the possibility of prices falling below the economic level in certain parts of the country. The improvement in food position had made it possible to relax controls in several directions.

While the general economic situation in the country continues to improve, there has, in recent months, been an aggravation of the problem of unemployment. The number of the unemployed registered with the Exchanges rose continuously from 4,25,000 in March 1953 to 5,22,000 in December. The Planning Commission have recently expanded the plan to the extent of Rs. 175 crores, mainly to assist in meeting the situation created by unemployment in rural and urban areas. Measures for increasing employment opportunities have become an integral part of the Plan and in the orderly implementation of the plan lies, in my view, the most promising method of easing the position.

The total revenue this year is now placed at Rs.413.03 crores and the expenditure at Rs.467.09 crores leading a deficit of Rs.26.06 crores on revenue account.
For the next year I am budgeting for total expenditure of Rs. 467.09 crores, of which Rs. 265.62 crores will be on Defence Services, and Rs. 201.47 crores under Civil Heads.

The overall deficit next year is estimated at Rs. 250 crores. This is largely due to the substantial provision made for increased development in both the revenue and capital budgets. While the economic climate is now suitable for a moderate amount of deficit financing, it is obvious that every effort should be made to keep the amount raised by recourse to it as low as possible. So that if fills, only the avoidable gap between the available resources and the enescapable requirements for development and is not used to cover any short fall in resources which could otherwise be currently raised. 45

Shri P. Sundaryya :- In their taxation proposals, taxes are imposed on betel, nuts, soap, footwear, medium, and coarse cloth etc. It gives them 12 crores, when we have a budget both capital and revenue and when you are prepared to deficit financing on development schemes up to Rs. 250 crores, what is the use of taxing these poorer sections to the extent of Rs. 12 crores? While you are prepared to tax the richer classes, why are you in such haste for taxing these poor sections unless it is a pointer to what is going to leave the richer classes in future also? If that is your policy, that will be the worst thing that the Government of India and the Finance Minister can do. The effect of such a policy will be not strengthen our economy but to weaken it. 46

Shri S. M. Dwivedy :- If this Budget is any indication of our future progress, then it can safely be said that the poorman in
this country has nothing to expect from the Finance Minister or from the Government he represents. 47

Shri C.D. Deshmukh:— There is only one more year of the Plan to go. We have to face up to the problems of the next Five Year Plan which is going to be far more difficult than the problems facing India now. The measure of foreign assistance that will be received or receivable will be very much smaller, and we shall have run through all the surplus in our sterling balances and therefore the country will have to rely entirely on its own resources in order to establish a modicum of investment expenditure. 48

Shri C.D. Deshmukh (Budget (General) 1955-56):— Economic conditions during 1954 were generally satisfactory.

The trend of prices for the greater parts of the year was one of downward adjustment. The fall in wholesale prices has to some extent, been reflected in living costs in various industrial centres. The All India working class living index declined by 7 percent. Agricultural production in the country was satisfactory.

The increased production of foodgrains made it possible for the Government to further relax the control over the movement and distribution of foodgrains.

Industrial production during the year also increased over a wide field. The tempo of industrial development has been encouraging.

Although satisfactory progress has been recorded in the field of production, and expanding production has, to some extent,
meant increased employment, the employment situation continues to be a matter of some anxiety. We are not yet in a position to state in precise terms what the magnitude of problem is.

The Budget for the current year provided for a revenue of Rs. 451.73 crores and expenditure of Rs. 467.03 crores, leaving a deficit on Revenue Account of Rs. 15.36 crores. I now expect that the Revenue deficit will be amount to Rs. 5 crores only.

Expenditure this year is now at Rs. 456.08 crores, of which civil expenditure will amount to Rs. 258.06 crores and Defence Services to Rs. 198.02 crores.

For the next year, Revenue, on the basis of existing taxation, is estimated at Rs. 468.76 crores and Expenditure at Rs. 498.93 crores, leaving a deficit of Rs. 30.17 crores.

The Expenditure next year is being placed at Rs. 498.93 crores, Rs. 202.68 under Defence Services and Rs. 296.25 crores under Civil Heads.

The current year's Budget provided for overall deficit of Rs. 239 crores to be met by expansion of Treasury Bills. In the basis of Revised Estimates, the overall deficit will amount to Rs. 208 crores. As the opening balance was about Rs. 12 Crores less than the minimum Rs. 50 crores which it is necessary to maintain, the expansion of Treasury Bills, therefore, amount to Rs. 220 crores.

The overall deficit next year is estimated at about Rs. 340 crores.49
Acharya Kripalani:— Even though the fashion has been set after Avadi to call everything that the Congress does as Socialist, he has avoided the world "Socialist". However, he has talked of the welfare State. But the welfare State may be a capitalist, a Fascist or a Communist State. In India, we are told that even the Capitalists serve the Socialist cause, even though the difference between small incomes keeps increasing.

I say the present Budget is only slightly orthodox in its approach than any previous Budget presented before this house since independence.

Shrimati Renu Chakravarty (C.P.I):— This Budget is the Budget of a conservative capitalist who does not see anything beyond what his old traditions have taught him, that what is required in finance is only to see that profit incentive for business is kept up.

Shri C.D.Deshmukh:— I maintain that the proposals that I have placed before the House are the first and very significant step towards the socialist pattern of society that we are envisaging. In my proposals I have followed the general line indicated by Taxation Inquiry Commission and have carried a step further the principle of sharply progressive taxation which is an essential ingredient of what has come to be called a socialist pattern under these proposals, the taxes in the higher slabs have been raised significantly, I have made an attempt, to plunge some loop holes in the existing system. I dare say, find some evidence of progression in the tax structure.
Shri B. Gupta :- From the point of view of development and expansion of the national economy this Budget and its proposals are barren and bankrupt. Secondly from the point of view of the consumer and the people who are already under heavy taxation this Budget if I may say so, is a highway man's budget. 53

Shri C.D. Deshmukh :- It is quite obvious that if the Budget is not what it pretends to be, professes to be then obviously it has a bearing on the question of the quantum of taxation.

Our economy is expending and therefore our administrative expenditure must so on progressively increasing. All that can done is to secure that in this growing field, the taxpayer gets the maximum return for the expenditure.

As reference to socialist pattern, is not a kind of dogma. I claim that the place to look for the socialist pattern is not the Budget but Plan, because the Budget is only for the implementation of a particular phase of Plan. The increasing use of public saving to financedevelopment in the public sector and the use thereafter of surpluses so generated to foster a process of unnulitative expansion is essentially socialistic in conception. Taxation of the rich again is evidence of the emerging socialistic pattern.

I am not taxing for purposes of development. I am taxing for purposes of balancing the Budget, although that is a process which is inherent in the whole business of fiscal policy and taxation. 54
A plan is not merely a programme of expenditure; it is also a co-ordinated effort by all sections of the community to attain certain results through the use of the defined resources and by defined stages. At each stage in the process there must be a balance between demands and supplies not only in the aggregate but also by sectors.

The Second Five Year Plan is a bolder step forward in the direction of developing the economy. I shall not in this stage review the entire financial prospects in relation in the Plan of the dimensions proposed will require the utmost effort by way of mobilising the resources needed. The financial assistance obtained from abroad can only within limits and all the margins. This help is undoubtedly of great significance and value, and it is most welcome. However, the bulk of the effort has to come from within the country. In this context the progressive tax system, that is, a system which augments tax resources proportionately or more than proportionately to the increase in national income has an important role to play.

A correct appraisal for current economic trends and situations is not obviously difficult, but as far as such an appraisal is feasible, we should, in my view, be justified in believing that we are embarking upon our second Plan in a reasonably economic climate.

The position in the current year is briefly that the deficit on Revenue Account is estimated at Rs.51.83 crores.
Shri A. K. Gopalan: - This Budget is a Budget which is clearly manipulated. It is an election year Budget lying more burdens on the people than visible than first sight. It aims at national development at the cost of the common man. You can call national advance only when there is no constant threat of unemployment or retrenchment when multitudes of the people do not starve and suffer and the rich people do not at the cost of the country and the people.

No body will deny that there had been an increase in the national income and that there had been an income in industrial and agricultural production also.

Shri B. Gupta: - We expected relief as far as the common people are concerned but that is only crying in the wilderness. You will never give any relief to the common man. As far as public finance is concerned our policy has to undergo a reorientation.

Shri C.D. Deshmukh: - If the actuals have proved better than the estimates and the renewal Budget have actually produced surplus instead of being exactly balanced, then the House should remember that this has helped to that extent to mitigate the impact of deficit financing. In the present circumstances when the extent of our deficit financing has been increasing from year to year and the successful implementation of the Second Plan is dependent upon a substantial amount of the further deficit financing with which have entered caveats, then a small revenue surplus should be welcome. It is common ground the successful implementation of the Second Plan can not be assured without the levy of additional taxation and the proposals that I have
made in this respect should be adjudged in the light of the Plan and in the light of the annual Budget surpluses. 58
INTERNATIONAL SITUATION

Shri Jawaharlal Nehru (Minister for External Affairs) Sept. 17, 1953

International affairs are not the privilege of select criteria of diplomats to day. They have to understood especially this House and even, I would say, by the general public not in their intricate detail, but in the matter of policies that is behind them, because international affairs have become of enormous importance even in the lives of the common people to day. They might lead to war, they might lead to other developments which are almost as bad as war and thus effect the lives of each one of us.

So far as we are concerned, we are against any colonial rule in any part of the world. We recognise also that the days of the old imperialism are obviously ended in a large measure they have ended. They continued undoubtedly in places in Asia and Africa and sometimes create much mischief. The old imperialism is past history. But even though they are past history, it is extra ordinary it is how old vested interests cling on to what they have got to the bitter end.

In regard to Ceylon, I had talks with the Prime Minister of Ceylon in which we tried to understand each other, each other's difficulties and I am prepare to say this House that I recognise the difficulties before the Prime Minister of Ceylon. It is not that he has no difficulties and he has just obstinate. Certainly we have to be clear, firm about our policy, about we have always to put forward to a friendly way without rousing any apprehension on the outside.
In regard to South Africa that question has become, shall I say, a fregen or a partified question which does not show the slightest improvement and shows some contening deterioration. There is the racial discrimination in the many places of the world, especially in Africa but more specially in South Africa. In other places it takes place, but there is an element of apology about it, but in South Africa, there is no apology. It is blatant.

The name of India come up repeatedly before the political committee for armistice in Korea of the united Nations. We did not want any additional burden. At the same time, we are strongly of the opinion and naturally, that this political conference should succeed, that there should be settlement in the Far East of Asia, and that if we could help in that, we should not run away from that help, even if it might involve the burden on us, placed in this position.

China is one of the founder members of the United Nations. There is no question of admission of China. The only question arise is who represent China. It becomes completely unreal artificial, to talk about China being represented in the United Nations or in the Security Council by some one we can not speak for China. This is one of the basic things which have been levelled against the politics of United Nations.59

Acharya Kripalan: After every international conference a joint and agreed communiqué is issued. What it says is not the whole truth. In spite of its verbiage in half reveals and half conceals the truth are more dangerous than lies.

I am in a complete agreement with the basic principles of our foreign policy. One of these are that we stand of
disarmament.

The question of two blocs leads one to the question of our membership of the Commonwealth. The Prime Minister has often assured us that this intangible and subtle connection does not in any way affect our policy. I am afraid, intangible and subtle as it is, if affects our foreign policy subtly and intangibly. I see, no need now to be in the Commonwealth which repeatedly insults us and wounds our feelings.

In regard to Kashmir that it was the great mistake to refer this question to the U. N. O. because we did not know character of this new organisation.

Though I entirely support the basic principles of our foreign policy, I believe that the more inunciation of basic principles is not enough. They must be translated into action. More than that, our attention should be more directed towards home politics, if we are strong at home, no body will insult us abroad. 60

Shri H. N. Mukerjee:— In regard to Korea, we ought to say, Sir, that we believe neither in preventive war nor in preventive fear, and therefore in regard to Korea, we can go ahead and try to see that these objectives which the people of Korea and the people of China, whose are most closely interested in it, have set in view, that these objectives are realised. 61

P. Sundaryya:— We support in this connection the fortnight and candid way in which our Government has taken these steps with regard to Chinese representation in the U. N. O. We also support the Government with move in Korea to bring about
peace and agreement. But welcoming all these steps we would like to point out to the Government of India and our Prime Minister and would ask him to carefully consider how far these things are in consonance with the noble ideas, with the correct principles which he has laid down as our guide to our foreign policy.

Shri Jawaharlal Nehru:— So far as the Commonwealth connections is concerned, the experience of the last few years has shown to those who have given any thought to his matter that this connection has been of advantageous to us in many way and that undoubtedly the step that we in this connection, are a good one. I am quite convinced of that. If people think that our policy is governed, from Britain or any other country, it is not correct.

Shri Jawaharlal Nehru (May 15, 1954) :— I would remind the House that at the present moment, since yesterday, our representatives are discussing with the French Government in Paris, the future of French establishments in India. We have gladly accepted the invitation and send our representatives to Paris with a view to negotiations about the future of these establishments. We had no desire to interfere in this matter ultimately we thought that the best settlement would be the peaceful settlement after negotiation with the French Government. Therefore we are now negotiating with them and I hope that these negotiations will lead to satisfactory results.

The next thing, is the agreement between India and China in regard to Tibet. I took a considerable time in arrive at this agreement not because of any measure conflict
or difficulty but because the number of small points were so many and had to be discussed in detail. The principles and considerations which govern our mutual relations and the approach of the two countries to each other as follows:

1) Mutual respect for each other territorial integrity and sovereignty (ii) Mutual non-aggression (iii) Mutual non-interference in each others' internal affairs (iv) Equally and mutual benefit and (v) peaceful co-existence. These principles not only indicate the policy that we pursue in regard to these matters not only with China but with any neighbour country. It is a matter of importance to us, of course, as well as, I am sure, to China that these two countries, which now have almost 1800 miles of frontier, should live in terms of peace and friendliness. By this agreement, we ensure to be a very large extent peace in a certain area of Asia.64

Shri H.N. Mukerjee: - To day it is of special importance that we are having this debate because at Geneva a conference is taking place where Asia is above all on the Agenda. What has happened to day in regard to the international situation is that Mr. John Foster Dulles and his tribe find themselves in a position where they can no longer resist the urge for peace and freedom in Asia and their agreement to have this Geneva conference particularly with People's China participating is really a sort of accident which has happened, but if Mr. John Foster Dulles and his tribe can get out of the accident, that would be a disaster. And that is the disaster against which the people of the world have to take very possible precaution.65
Acharya Kripalani: In this age of democracy when we hold that all people should be free and equal. I say Chinese occupation of Tibet as a deliberate act of aggression.

I am sorry that so far as we have relied for our economic advance upon the money, we get from America. If we really want to have our independent foreign policy, we can consider American money as good as tainted. As soon as possible, and progressively, we must do away with this foreign help and increase and use our resources.

Shri Jawaharlal Nehru (August 26, 1955):—Now where such difficult problems occur, some of the solutions is to loose our temper and rush ahead, because we are first tired of waiting. The other is patiently going on trying to solve them, step by step because you can not solve the problems, whether it is a major international problem of Germany or the Far East, as a whole all kinds of difficulties and national prestige and interests are involved. But one can solve them if one goes step by step always creating a better atmosphere. That is why I regret this renewal of the phase in Pakistan of using aggressive and strong language against India. The Bandung Conference Resolution specially referred to colonial countries.

Therefore in regard to Goa we should not take military measures for the removal of Portuguese rule from there, then we are limited to peaceful measures. We are patient enough and we did not mind even if some delay occured. There was delay, in regarding to French Settlements, but all the time
there was effort from both sides to deal with the situation in a friendly way.\textsuperscript{67}

\textbf{Shri B. Gupta}:

The A. I. C. C. Resolution on Goa, according to me is the basis of his speech and it is shocking and it amounts to a sheer betrayal of the people fighting for the liberation of Goa. This Resolution is unacceptable not merely to us but also to many Congressmen and their supporters.

The time has not come for resting on our laurels because the imperialists, even after they have suffered defeats one after another, are not resting quite. That is what, we have seen in the sabotage of "Kashmir Princess" in which Chinese and Indian Nationals were killed on their way to Bandung.\textsuperscript{68}

\textbf{Shri V. K. Krishna Menon (Minister of Defence)}:

If our foreign policy is one of reconciliation. It is not my intention to argue of Goa, but in the light of our general policy, one of peaceful approach one of not using war in solving international crisis then, there is no alternative except to find way of mobilizing world opinion, using measure short of war, to ensure the world that this country is always bound by the method of reconciliation. We could not afford to throw away the capacity that we have to day, to prevent a world catastrophe, by submitting ourselves to any mood of excitements. In fact the trouble of this world has been great in foreign affairs, and the relations between countries have, for nearly a century, been decided by the mood of excitements and by the attitude of fear.

We have found that the best not only of wisdom, but of national honour, lies not in hitting back and this has been the
contribution this country has made. And finally behind that policy, irrespective of all the injustable acrimony of deballion in a Parliament, lies the entire force, the entire moral support and spiritual values of this country. That is now greatest strength.69

Shri Jawaharlal Nehru (August 25, 1956): The first thing to remember about the Geneva Conference as this, that it was a Conference to deal with Asian affairs. That is the conception that the affairs of Asia are predominantly to be decided by other great countries whom we have respect and honour. Now you will see that the reality of the picture. Although Asia was not present. Asian opinion was always there for them to consider, as represented by certain decisions or recommendations of the Colombo conference. So even in Geneva Asian opinion was there present - a shadow of it - and it had to be considered.

The treaties, especially the SEATO take the shape of certain colonial powers, of certain powers not colonial themselves but intrusted in colonialism and certain associated countries trying to decide or control the fate of this great area of South East Asia.

We need not live in a fairy world whether nothing wrong happens. But we create an environment wherein it becomes a little more dangerous to the other party to break away from the pledges given. Surely, that is not only good morality but good common sense.

We talk of peace and always prepare for war, we talk of security and take steps which inevitably bring insecurity; we
talk of freedom and liberation of colonial territories. So, these trends seem to me to be unhappy. I submit that we can do something about it and the way is to deal not amongst yourself, because you are together, but to deal with the opposite parties keep apart and merely threaten each other and combine with their own groups against the other, then obviously it is no way. War is too dangerous, because the first thing it does is to put an end to your objective itself and put an end to you. If you rule out war as a method of solving problems, you must have some other way of solving them. It is no good taking step which lead to war. Therefore the only other steps - I do not say it will solve the problem that way is the way of peaceful negotiation and approach. It may take time, but it is better than war or even cold war.70

Shri Ashok Mehta:— While our Government has been justified in seeking closer understanding with China, despite, her military political alliance with the Soviet Union, and with Great Britain, despite the Anglo American treaties, it is necessary to extend a similar attitude to other committed powers, like Pakistan and Japan. If the United Nations is incomplete without the people's Republic of China and that view is endorsed by all of us, it would be similarly truncated by the absence of Japan. It is amazing to find a lack of well thought out policy towards Japan.

The Prime Minister is right to describe these various pacts NATO, ANZUS, SEATO, etc. that litter the world, as interlocked arrangements field with danger to mankind.71
H. N. Mukerjee: We can rely on Government because we feel that its policies are hesitant and, often even contradictory. The result is our Government can not follow a consistent and progressive for all sections of our people. 72

Shri B. Gupta: We have won the sympathy, support and friendship of the Asian and African countries as a result of the foreign policy and the policy of Panchasheel which is no small gain either to the honour of our country or to the cause of world peace. Politically and morally we are stronger and to day India is happy in the front line of mass world forces that are struggling for world peace. It requires a closed or a highly prejudiced mind not to see these shining realities, the realities that radiate hope for all mankind. One may or may not agree with everything that Shri Menon said in the security Council but it must be admitted in all fairness that Menon has handled India's case with statesmanship, with patriotism and with admirable guile and care. 73

Shri V. K. Krishna Menon: This country today have links of friendship with the nations of the world in every continent, irrespective of their economic or political systems, which is shown by the large number of economic, cultural and other relations that exist and which are sought to be fostered by countries from different parts of the world. Secondly we are not to expect from other sovereign nations that because they are friendly to us, they would necessarily accept our views of things. We do not do that in relation to others.

It is true and we must accept the fact that in a Parliamentary system the minority is more articulate, and that is entir-
ely correct in regard to our domestic affairs.
Resolution Re-Declaration in respect of the State of PEPSU.

Dr. K. N. Katju: (The Minister for Home Affairs):—The General Election left the political parties in the very fluid condition. No party was in a majority, there were several parties and independents. The Rajpramukh called upon the party which had at that time the largest numbers to form a Ministry. A Ministry was formed. Immediately began a tussle and within less a month the Ministry broke down, there was an alliance. A new party was formed, called the "United Democratic Front" and a Ministry was formed. The budget session had come to an end in the month of May 1952, there was plenty of legislation for consideration's. The law and order position was exceedingly difficult, therefore the Legislature would have met, but for six months the House never met. On 19th Nov. the House was called to meet. While the House was sitting the Chief Minister just passed a note to the speaker, asking him to adjourn the House and the Speaker quietly adjourn the House forthwith.

There was a great deal of noise about this matter among the Opposition parties. And it is said that the speaker realising his mistake or whatever his impropriety, on the 6th Dec., 1952, without consulting the leader of the House, convened the House back again for the 22nd Dec. in a tremendous state of excitement.

But on the 21st Dec. one Minister resigned and two members of the Opposition, crossed the floor and were shorn in. The result was that a certain equilibrium was retained and the motion of no confidence was defeated. The House was adjourned.
The result was that during this period, not a single particle of any relevant business was conducted.

In between there had been a lot of election petitions pending. Thirty-three election petitions was filed altogether to contest the validity of the election of thirty one members. And the result has been that nine members have been unseated out of these, two have been disqualified. The for who have been unseated are the Chief Minister and three others. In a House of Sixty if you have an election even for twenty, well, it is miniature General Election.

And under the prevailing conditions there can be no guarantee, no party will be satisfied and the condition was so bad that it is absolutely impossible to inspire public confidence in any election whatsoever at the moment.

This is one ground why the President thought it absolutely essential, in public interest to intervene and to take over the powers.

Dr. S. P. Mukerjee :- The Home Minister elaborated a little more on the point that the Government was not being actuated by any party considerations while taking this extraordinary step. After all the fact remains that PEPSU was the one Ministry in the whole of India which was a non-Congress Ministry, and it was therefore, necessary for the Government to be extra careful in applying the emergency provisions of the Constitution.

If you think by supression, by the President's rule and by the preventive Detention Act and all the other weapons, you
can uproot all the different political parties from the country. I tell him that he will soon find that he is living in his own paradise. That is not going to happen so easily. I say if the Communist Party has done anything unlawful or dangerous, ban the Communist Party in PEPSU. Bring out the Communist workers who are doing such things. It is disgraceful on Dr. Katju who can not enter into his area.

In the case of State where a non-Congress Ministry was in power, it was doubly necessary for the Government to have placed full facts and materials and to have satisfied the House that the Government have explored all other possible avenues and when they have found no other means except by having recourse to article 356, they have decided to do this. I would beg to the hon. members who belong to the ruling party not to look at it from the point of view of the party itself; if you want to see democracy established in this country, what you are doing is just to sound the death Kneel of democracy and for these development you are creating precedent's for which you will not be happy in your loisence movements if any, neither will you be able to hand over anything to posterity for which you may feel proud.76

Shri H. N. Mukerjee :— We know that there must be some sorts of a rotten state in the PEPSU. There is no doubt about that, but, the steps which are being proposed by the Government of the day are by no means intended to set the crooked straight, because, if Government really wants to put an end to the rotten State of PEPSU, then, other step have been taken.

I accuse the Central Government of this country that a United Front of reactionaries had to be set up, because that
alone would satisfy their objectives. Therefore they tried this method in an area, where the living conditions of the people and their natural born militancy irresistibly drove them towards a somewhat basic transformations of society. It was exactly in that area, that they wanted to get these two rivals groups together. That is why confutations had happened over and over again in PEPSU, in order to bring the Rar-wals and the Reghubir Singh crowds together and behind it can be seen that spectre of the Rajpramukh and the feudal scum of a decaying social order that is passing. And when you see it in this context, it is only then that you realise the gravity of the conspiracy, it is then exactly that we can formed out that extraordinary measure, has been adopted in regard to PEPSU.

Shri P. Sundaryya :- I oppose the suspension of the constitution in PEPSU and taking over the power by the President. This is step of mudering the very democracy which the Government itself advocates, preaches but does not practice even a little. The reasons forwarded here are extremely unsatisfactory and totally false. When the Home Minister failed to unite the reactionaries in the Akali Party as well as in Congress party this extraordinary step was taken to supress the peasant movement and they dissolved the elected Assembly.

RESOLUTION RE PRESIDENT'S PROCLAMATION RE ANDHRA

Dr. Katju :- I may in this connection to the House that the main parties, organised parties in Andhra Desa were the Congress Party, the Communist Party, the Krishikar Lok Party and the Praja Socialist Party. There were also a few people who called
themselves Rayalaseema Independents; then there were one or two from the Scheduled Caste Federation and some independents. Voting took place and for the motion there were 69; against the motion there were 68. Thus the Government was defeated by one vote.

In this particular case the Government sent a letter to the Governor saying that they have been defeated, and they would advise under the circumstances - the very margin of one vote and all these happenings there that he should dissolve the Assembly and they should go to the electorate. And they themselves also said that they would not like to form a caretaker Government. This was very good and I submit is a precedent which ought to be followed.

The Governor reported facts and I have given you all the facts. And the President comes into conclusion that there was only one way and no other way in an advance province like Andhra whether the parties are divided into such numerous groups, viz., that the President should take over and announces an immediate election.

Shri A. K. Gopalan:— To day, there are so many parties in this country, and when one party with the help of another party forms a Government and certain individuals come to power, and there is a constitutional crisis, is it necessary, when other parties join together and say, we are ready to take over the administration, to say that there is a constitutional crisis? If they are not to join together, how is the administration to be carried on?

What I have to say is that there was no constitutional crisis. The crisis was only a party crisis.
that some of members of the Congress party walked over to the Opposition. In country where there are so many parties which has got an absolute majority, do you want an election every time, the party in power is defeated. Even after the elections, if the position is 40 and 40, what will happen. There can not be a fresh election. We can not have an election every six months or one year. So it was the duty of the Governor to see that there was no constitutional crisis and if the Governor have acted properly, there would not have been this position.

Shri Ashok Mehta :- The acceptance of such a proclamation would mean that the exceptional provisions of the Constitution which is to be used in rare instances, is sought to be made a regular affair, is sought to be made sort of a fifth wheel, a spare tyre, of the Indian Constitutional carriage. That, surely was not the view of the Constitutional makers, and that is not the intention that can not be the intention of those who want to build up a democratic edifice in this country.

The Home Minister has come forward with this motion. The dissolution I can understand, but the proclamation has no meaning, no basis, no reason. And therefore I find it very difficult to accept the resolution that he has brought forward.

Shri S. Sundaryya :- If you defeat us, there will be Governor's rule and the Assembly will be dissolved." Inspite of these if the no-confidence motion was carried, it shows what tremendous popular pressure and public opinion was there against their open moving, open insult upon negation of the Constitution practised by the Congress.
Even if the Ministry is defeated if you want fair election to be held and if to give assurance to the people and to give confidence to the people that the election will be really free not going to be weighted against one party or the other, then the appointment of a care taker Government of all parties is the minimum that should be done. But even you have not taught even proper to examine it and to do all these things.

RESOLUTION RE PRESIDENT'S PROCLAMATION RE TRAVANCORE COCHIN

Pandit G. B. Pant:- The election did not result in the absolute majority to any party. In fact, the groups there were, perhaps more numerous than other States. The legislature found it difficult to set up a united majority for administering the affairs of the State. The Congress which was the biggest group in the House, however, wanted to save the situation. So, the Congress yielded place and agreed to support the P.S.P. Ministry and Shri Thanu Pillai became the Chief Minister. The Congress withdraw its support and the P. S. P. Ministry resigned from office. Thereafter the Congress which was the biggest party in the House, formed the Ministry. On 10th of March Six members of the Congress party resigned from it with the result that its strength dwindled to that extent and it ceased to occupy the position of invulnerability which it had previously. So the leader of the Congress party informed the Rajpramukh that he was no longer in a position to discharge the responsibility of the Government and advised him to explore the possibility of forming an alternative Government. The Rajpramukh had talks with the leader of the Communist Party and after three days he informed the Rajpramukh that he was not in a position to form a Government. Then the Rajprazukh had talks with the leader of the P. S. P. The P.S.P.
were given time and the leader reported at one time that he had
got insurances from the leaders of some of the other parties and
also a few individuals so that he had 59 assurances and he was
expecting a few more. Afterwards, out of the 59, two members
withdraw their support.

In the circumstances there was no alternative to the issue
of the proclamation by which the President has placed the respon-
sibility for the administration of Travencore-Cochin on the
Parliament.

Shri A. K. Gopalan:— I very strongly oppose this Resolution. I
also say that the effect of the Resolution in taking the func-
tions of the Government of Travencore-Cochin State is undemocrat-
ic, unjust, irregular and against all norms of democratic func-
tioning in this country.

The practice in Travencore-Cochin, FEPUSU and Andhra has
shown that where the Congress was in a majority, or where it was
helping others, there has been a Ministry, but if the other par-
ties could come together and form a majority, there could be no
Ministry. So, it is either the Congress Ministry or no Ministry
at all with President's rule. If you want to encourage democracy
you should allow the Opposition to form a Ministry, and then if
that Ministry can not function you can have President's rule.

The other parties in Opposition have got more than a ma-
Jority. So firstly there was no constitutional crisis. A Minist-
try could have been formed. Actually the P. S. P. leader gave it
in writing that he could form a Ministry with 61 members back-
ing him. Secondly if the Central Government desired Aikya
Kerala should be formed on 1st Oct. with a stable Ministry, there could have been suspension of the Constitution in part, so that we could see whether a stable Ministry could be formed. That opportunity has been taken away. So, it is against the whole people of Aikya Kerala. It is black mark on the people that there should be President's rule on the day of the formation of Aikya Kerala. This is a very bad lesson as far as Parliamentary democracy is concerned. 

Shri Ashok Mehta :- Democracy is to be made safe for the Congress by the President's rule. This has been the purpose. It was not that there was no possibility of a stable Government, it was not that the alternative were fully explored, but it was calculated more, every thing working up to a particular climax. Suspension of the democratic machinery in Travancore-Cochin is neither good for the State nor for any political parties. Not only has democracy been suspended in the State, but faith in democracy itself has been shaken in that State.
Shri Jawaharlal Nehru:— I remind the House that this Bill only clears up what the authority of the Parliament is. We are not putting down any kind of curb or restrain. Nothing else happens when this bill is except to clarify the authority of Parliament. It has come up before us because of certain difficulties which we have experienced that the House should meet twice a year and the President should address it. It is that the House has not met at all in this year. We can satisfy ourselves that we have got the completest freedom of the press. But freedom like everything else and more than everything else it is no freedom. One can not deal with any major problem whether it is national or international by simply relying on coercive processes.86

Dr. S. P. Mukerjee:— The Bill be circulated for the purpose of eliciting opinion these on by the 1st June 1950. The changes are fundamental and they go to the every root of some of the vital provisions of the Constitution of any country in which people are anxious to retain freedom and liberty of though and action. We are doing something which was unique in the annual of this country.

Since the will of the Parliament is supreme I am appealing to the sober will of the Parliament not to do something which will be dangerous. The danger signal has come and let no one ignore if he wishes well of the country.87
Shri H. V. Kamath:— The Bill has provisions which are curious mixture of revolutions and reactions. I feel to see that in what way the existing statutes have been found inadequate to deal with the offences relating to the public order. I am sure that there are enough laws and Acts in armoury of Government. This will again provoke doubt in the mind of the people as regards the vital matter before the nation. 83

CONSTITUTION (SECOND AMENDMENT) BILL

Shri Biswas (The Minister of Law):— This Bill deals with article 81 of the Constitution, not all the clauses of that article but only clauses 81(1)(b) which deal with the question as to the number of Members to be allotted to each of the constituencies into which the different States of the Union are to be divided for the purpose of elections. "For the purpose of sub clause (a), the State shall be divided, grouped or formed into territorial constituencies and the number of members to be allotted to each such constituency shall be so determined as to ensure that there shall be not less than one member for every 7,50,000 of the population and not more than one member for every 5,00,000 for the population."

In the form in which the Bill was introduced, the amendment which was suggested was a change in the figures both in regard the upper and the lower limits of representation of population. Instead of 7,50,000 the figure of 3,50,000 was suggested. What the select Committee has done is to do away with the upper limit altogether. The matter was considered very fully by the select Committee and a suggestion was
made that the purpose would be served if we did away with the upper limit altogether. This would not only enable us to form the constituencies with due regard to increase in population as disclosed in the last census; but it will avoid the necessity of periodical amendments of this sub clause. From that point of view that was the only amendment which was made by the select Committee. I suggest that the House may accept without any further elucidation from me.

Shri P. Sundarayya :— I oppose the Bill for a number of reasons. The first reason is that the Government brings Bill without proper thinking whether any such Bill is necessary or not. And as the Constitution asks the Government to revise the constituencies only on the basis of a new census till 1961 a new census is not likely to be taken there is no necessity for the next ten years any such Constitution (Amendment) Bill.

If the Government really want to function, then 500 representatives are not enough for them to find out how their people are being affected. The Government should come with a proposal to less on the constituency from $7\frac{1}{2}$ Lakhs to 5 lakhs and increase the number of seats to one thousand if necessary.

If the Government come to make the second House as representatives of these States, and there is equality of representation from all States and it is not merely a reflection of the Second House. But as things now are, the House has no such powers. It can talk and recommendations which, of course, are not binding on the other House. That is the position and even those small rights which this House is entitled to, under the Constitution are not give to it and from the manner and Government is
treated this so-called second House. It serves no purpose, except giving the opposition Members another chance to speak. If a Bill comes here up, not a single comma, not a full-stop, not a single word is to be changed, for if we do, there is once again the botheration of going through the other House. And so, this is the way in which this House is being treated of the Government.

The other House, should not be limited to 500 members, but it should be increased, that each representatives can certainly be in touch with the voters and find out their difficulties and their needs and represent their grievances. 90

Shri C. C. Bicwas :- I am one of those who believe that in multitude we believe that in a multitude of counsellors there is wisdom, and, therefore, if we have Joint Committees to consider important Bills it will be to the benefit of both the Houses and it will improve the character of the legislation to a great extent. 91

**CONSTITUTION (THIRD AMENDMENT) BILL**

Shri T. T. Krishnamachari (Minister of Finance) :- I would say honestly and sincerely that in this matter the powers of the Centre have to be permanent and to be used in emergency.

Having in view that we have several constituent units in the Union which are deficits so far as foodstuffs are concerned. I can not see how the question of providing a regulatory measure should that be necessary in order to safeguards the interests of the weaker Units in the Union in respect of
foodstuffs, would be a serious encroachment upon the powers and rights of the constituents units as a whole.

There has been either a slight shall I say misapprehension or a misleading of the nature of concurrent powers, indicated in the minute of dissent. The existence of present power in the federation has been recognised after the Federal Constitution has been framed, in American Constitution. And it is now admitted by all experts that the mere existence of concurrence powers is not a fact which detracts from the quantum of powers that is conferred on the two parts of a Federation, namely the Union and the Units.

One phrase has been used which particularly looks very attractive but which is extremely dangerous because of its connotation and therefore, misleading. But, to say that this amendment is going to ruin the industrial initiative of the States, is, I think, pitting the imagination rather high. I

Shri Ashok Mehta:— I would like to point out that all parties other than the Congress Party are today opposed to the amendment. As far as the Congress Party are concerned it is itself divided. The division of the Congress Party is clear from the fact that a large number of States or Governments which are in the hands of the Congress party are opposed to this amendment.

May I therefore appeal to the House not to get intoxicated by the thought of the greatness of man, whoever the man may be, but think in terms of durable prosperity of the nation? But this amendment you are going to weaken the sinews of
strength of our nation. I hope and trust that will not be done.

Shri U. M. Trivedi:— I stand for a unitary form of Government in India. I do not appreciate the idea of opposing this Bill. I welcome this measure; only I consider it a half-hearted measure. Unfortunately we have talking about the wisdom of the Constitution maker, I do not know what wisdom was. That wisdom which we see merely the aping of Government of India Act, 1935.

Those who have made the Act of 1935, may have used their intelligence, no doubt, but the others who made this Constitution had a good deal of material before them.

I say we have been rather half-natured. My own suggestion would be to take out this power entirely from the second list, not to keep in the concurrent list, because there would be clashes.

Shri B. Gupta:— Now if you look back you will find that the Constitution has been amended not with view to enlarging the democratic rights of the people, not for the sake of enlarging freedom nor for extending the field of autonomy but for curtailing human liberty, for curtailing elementary rights and curtailing fundamental rights of the people.

Our case is that the Constitution is being amended for the worse and the powers that you are taking now will make it much more unitary, will put it further in the direction of an authoritarian constitution and will introduce step by step
and statement by statement, autocracy in a system which is already enough bad. That is our objective.

This Constitution has got to be changed so that the field of the democracy is extended. So that the States gets more powers, so that the autonomy becomes a reality in practice, so that the Centre enjoys only special powers while State enjoys the residuary powers but nothing of this short you have in mind. The nearer the election comes the more fidgety you are becoming and more eager you are becoming to concentrate more powers to your hands. 35

Shri T. T. Krishnamachari :— It was rather a unique combination that is the select Committee all members belonging to different political parties has joined together in opposing the Congress Party. The circumstances of having to oppose one party have brought them together and they have become bedfellows.

It is going to be used as occasion arises, but it will not be misused. There is no sense of taking the powers if they are not to use in collaboration with the States. The Centre has got no administrative machinery to yield these powers, we are dependent primarily so far as the bulk of our economic activity is concerned on the co-operation of the States for implementing the broad polices that the Centre lays down. 36

CONSTITUTION (FOURTH AMENDMENT ) BILL

Shri Jawaharlal Nehru :— Obviously, the Constitution can not and should not be changed frequently. Obviously also, it can and must be changed when the situation requires to be changed.

So far as the amendments are concerned, it is perfectly clear that there is no question of expropriation etc. The
question has really resolves itself as the and the quantum of compensation. So far as the acquisition is concerned, the old laws holds, so far as any modificatory rules or extinguishment rights etc., without acquiring it, are concerned to be put on a separate basis.

We go a step further and enumerate a number of matters in which Parliaments decision in regard to compensation will be supreme and will not be liable to any decision contrary to it by the judiciary. 97

Shri H. N. Mukerjee:— I welcome the motion made by the Prime Minister in so far as it indicates the urgency of drastic alterations in our Constitution.

The amendment does not touch the rights and privileges of the princes, therefore, if our objective of this social legislation is to prevent the concentration of wealth and property in the hands of the Princes, then surely this is not going very for. There are some categories of property which can be and ought to be taken over without compensation. Then we have to very careful as to how we are going to take over other properties for public purposes. The public purposes must be very definite and then the compensation must be given. 98

Shri Ashok Mehta:— I welcome the Bill for the amendment of the Constitution that has been moved by the Prime Minister while I welcome it, I must make it clear that I am not satisfied with it. The amendment does not go for enough. The amendment however fall short of the social objectives. We have in view. 99
Shri G. V. Pant:— There is no apprehension of any confiscation or expropriation so far as the Bill is concerned. It is in fact makes a provision just to the contrary. It lays down that no property will be acquired for public purpose except on payment of compensation. That is not expropriation. That is rather safeguarding the rights of the property owners to the extent they will get compensation for their property. If there is anything, the scope of expropriation, if one might call it has been restricted by the amendments that have been made by the Joint Committee.

Shri B. Gupta:— There is no such written Constitution or provisions, it is for Parliament to say as to whether the country should pay compensation when certain properties are acquired. It is for Parliament to decide as to what amount of compensation, if compensation is at all to be paid, to be paid in cases of such acquisition. That is to say Parliament and Legislatures are left absolutely sovereign in the matter, the will of Parliament is supreme and there is no Constitutional bar, no judicial precedent to in the way of the exercise of the supreme will of the Parliament in the United Kingdom. I think we should follow the same principle here.

THE CONSTITUTION (FIFTH AMENDMENT) BILL

Shri C. C. Biswas:— Under the existing provisions the Bill could not be introduced unless all the views were obtained by the President. Here all that is required is that the President will refer the Bill to the various State Legislatures for expressing their views and, in doing so, he will prescribe a
period within which those views are to be submitted. But the President is not to take any action until the time is expired. The only effect Sir, of this change is this. In the very unlikely contingency of any particular State failing to express its views within the prescribed time limit, nothing will stand in the way of making headway, as far as the introduction of the Bill will come before Parliament and Parliament will have last word on the subject and the Parliament have full opportunity to express opinion with regards to the view received from the various States. If, far any reason any State does not express its views Parliament may go very much further than what is required by this proviso. Parliament may ask for circulation of this Bill. In that case the Bill will get very much wide publicity, and any State which may not have already expressed its views will have another opportunity of doing so. But, if for any reason, any particular States refuses to express its opinion, nothing can compel it to do so. At the same time it should not be possible for any State thereby to hold up the proposals altogether. In order to guard against such a contingency, we are bringing forward this Bill, so as to make sure that no such thing may happen. That is the only object of the Bill.

It will be very considerable to leave it in the hands of any particular State to hold up all proceedings simply by its adopting a recalcitrant attitude. The President will give always them reasonable sufficient opportunity for the purpose. Therefore there is nothing sinister in it.102

Shri S. N. Dwivedy :- I support it because I want that States Reorganisation Commissions' report, with such modification as are necessary in the intrest of the country, should be accepted
and reorganisation of the State should come into being as soon as possible. In these matters, emotions have been aroused all over the country. People agitated necessarily on a question which concerns their boundaries. Full opportunity should be given to the people concerned, people who are effected by the present proposals and who will be effected by the Bill that may come up before the Parliament for discussion.103

THE CONSTITUTION (SIXTH AMENDMENT) BILL

Shri C. D. Deshmukh :— There are broadly three aspects with which this Bill is concerned. Firstly there is the question of levy of sales tax on transactions that enter into the Inter State trade and commerce.

Second aspect concern a group of commodities which assure a special importance in Inter State trade and commerce. The effects of the amendments now proposed would be these six commodities.

Thirdly no State law taxing the sale and purchase of a commodity declared by Parliament to be essential for the consideration of the President for consent.104

Shri B. Gupta :— There are certain States in our country under the management of the Congress Party, they impose all manner of taxes in order to find such money to foot the Bill of the Finance Minister. We would like therefore to have certain powers, to look into imposition or imports made by the State Governments, so that the interests of the people are not jeopardised, so that the taxes are so imposed and convined that they do not heat the people hard.105