CHAPTER II

SECOND PARLIAMENT
PRESIDENT'S ADDRESS

The President (May 13, 1957):— There has been some inevitable slowing down in the First Year of the Plan. Thus imposes a greater strain and calls for added effort below by the Government and the people during the remaining period of that Plan. The deficit financing in the Central and States Budgets and the strain on our foreign exchange resources occasioned by the requirement of the Plan and of industrial development generally as well as by external factors, called for determined and planned efforts. Our endeavour has to be mobilise and convert resources for greater prosperity and for maintaining and improving development.

While food production has increased, and the increase have been maintained, except for the results of natural calamities, we have a considerable way to go before our country becomes fully self-sufficient in food and Government has also entered into arrangements for necessary imports of food grains and for building up reserve which will prevent prices increases and bridge the gaps that still remain.

State Undertakings continue to make notable progress and new targets have been reached in almost every enterprise. There has been also expansion in the private sector.

Our relations with foreign countries continue to be friendly. While the situation in the Middle East continues to be unsatisfactory and charged with tension, it is a matter of gratification that the Suez Canal has been reopened for navigation.

Our capacities and resources are limited and our voice in the world may be small. But neither our national interests nor
our history and tradition, nor our convictions chart any other course for us. Happily for us, this is the common aim and the firm desire of all our people.1

Shri S. A. Dange (C. P. I):—As far as the Five Year Plan is concerned please have a proper eye in private sector, I do not want the private industries should be stopped; I do not mean that they should not be given finances; but I do not want to run away with the allocations in such a way as to disturb the whole relation of economy between the private and public sector.

We are told that this is a democracy. If you accept, it is a democracy, please accept the verdict for democracy, of the people of Bombay State and a Gujrat State, Call a round table conference as soon as possible.2

Shri G. V. Pant (The Minister for Home Affairs):—The reference made by the hon. members of this House, on the whole, been appreciative and their approach friendly and constructive.

Commonwealth is a voluntary association. It is true that sometimes this association has been subjected to tremendous hostility, and it is unlikely that on some occasion or other our country may be forced to give serious thought to suggestions like these.

We would like to price of foodgrains to be reasonable so other goods may also be available at a reasonable price, because the price index of foodgrains influences the prices of all other commodities. It is necessary to give utmost attention to this subject.

Corruption is perhaps an old thing, it may not be poss-
ible to uproot it completely, but I feel that, to the extent that it exists, we have to be sorry and sad. I am prepared to consider any scheme that may be involved by anyone. I can only appeal to the members of the House to help us in discharge of these functions, and also to remember that if there are many shortcomings in our society, then we have to labour and to strive and to exert ourselves so that all those shortcomings may be eradicated from the society completely. 3

The President (February 12, 1958): - The series of measures taken by Government in regard to fiscal and foreign exchange matters have assisted in maintaining the stability of our economy.

The availability and price of foodgrains very largely govern our international price level, and our internal payment position. The damage to crops as a result of draught in certain parts of the country has been a very disquieting feature. 4

Shri A. K. Gopalani (C.P.I.): - I have with regret to say that there is a lack of imagination, lack of finding out the reality and a sense of utter complacency. In regard to the question of food situation in the country, industrial production and other matters, the address shows lack of reality and a sense of complacency. 5

Icharya Kripalani (P.S.P.): - We are almost in the middle of the plan and yet the question of what constitutes the core of the plan remains undecided, we do not know for instance, what would be phasing of the plan.
As soon as we achieved independence we said, that not only there be a public cadre for the administration but also an economic cadre. Has such a cadre has been created yet. All our commercial and industrial, financial concerns are being run by members of the old administrative service, who have no knowledge either of commerce or of industry or of banking. As a matter of fact it is hard for them to do their day to day job an ever expanding administration. Most of the big business houses have become bigger and continue to become bigger and bigger still. They dominate the whole economic scene of the country.

Our food position is as bad as ever. If the prices are not increasing it is because they have increased to their limits. The Government measures have touched the fringe of the problem.

राष्ट्र की विभाग की समस्या जिसी उस की समस्या नहीं है। योजना के संबंध में, उन्हें देश की जनता का सरकार से वातावरण वाली है कि जारी तब पाकिस्तान का वातावरण का खताई है, भारत को फी सबी सुरक्षित है। उस संबंध में सरकार को जनता के पर में विवास उत्पन्न करने का प्रयास करता चाहिए।

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Shri Jawaharlal Nehru (Prime Minister):— I think that the President's Address has by no means has taken a complacent view but a realistic view of the situation and pointed out certain definite hopeful factors.

Economic situation has improved noticeably and it may be said that the Government is in much better control of it than a year ago. Inflationary pressure have abated and the rate of draws of foreign exchange resources has significantly declined.

There have been, as usual, a number of reference to corruption in the Government apparatus. No body can say that here or on any country in the wide world, everything is right and there is absolute freedom from corruption. So there is no justification for this. But it is there undoubtedly and we have to make every effort to remove that and we have made O & M Division, the special police establishment and others have met with quite considerable success.

Another subject that was touched upon that the public sector is not doing well. I do not quite know, what this criticism meant because it is the public sector that is being built up in a big way.

The President (February 3, 1959):— We are here the end of the Third year of the Second Five Year Plan.

The economic policy of my Government has this end in view. Measures have been adopted to limit and phase foreign exchange commitments and expenditure, to arrest rise in internal prices to increase foreign earnings. Export duties on a
number of commodities have been reduced or abolished and export quotas have been liberalised.

Our Second Plan is only part of whole process of planned development of our economy. It is hoped that, by the end of the Third Plan, a sound foundation will have been laid for future progress in regard to our basic industries, agricultural production and rural development, thus leading to a self-reliant and self-generating economy.

It is proposed to prepare a preliminary Draft Outline or Plan Frame for the Third Plan, by the end of this year.

Industrial production, as a whole, showed progress, but some industries, notably textiles, have suffered a set back.

A new Atomic Energy Commission, with executive and financial powers, within the limits of the expenditure sanctioned by the Parliament, has been established. Considerable advance and expansion in the field of atomic energy and exclusively for peaceful purposes, has been made and continues satisfactorily.

In order to secure a speedier implementation of our development plans, the administrative Ministries have been given wider financial powers to issue expenditure, sanctions to scheme which has been including in the Budget Estimates after scrutiny by the Finance Ministry.

My Government note with concern the continuance of world tensions and that basic improvements in the world situation are not yet in horizon.
Shri S. A. Dange: - The Address is not at all aspiring, it is a lifeless Address, almost a dead catalogue of things done in a worse manner than ever the gazette of Government of India could do or we can say that even the tender notices of the Railway Ministry are for better worded than the Address, of the President of the Republic. There is nothing of it and whatever little attempt is made to take a review, well, the review is very faulty and hides certain very crucial things that have been taken place in this country of ours in the last year.

Acharya Kripalani: - The President's Address gives a rosy picture of the accomplishments of the Government. But I am afraid, that the achievements do not appear to have made any difference in the life of the mass of our people living in the villages.

Shri Jawaharlal Nehru: - I do not presume to say that the Government, I have the honour to preside over is so wise and so brilliant as to solve all the problems of India. In the measure that we succeed it is only because of co-operation received from the people of India. While we have every right to hold our opinions, to criticise Government’s policy, in the broader tasks, they are national task in this tremendous adventure we seek the co-operation of all.

The President (February 9, 1960): - The inclusions into the parts of the territory of the Union of India, across our traditional and work understood border, by elements of Chinese forces have, however, deeply distressed our people and evoked legitimate and widespread resentment, they impose a greater strain on our resources and our national building endeavours.
We regret and deplore these developments on our border.

My Government pursues a policy of a peaceful approach by negotiation under appropriate conditions, and of being determined and read to defend our country.

This and the weight of the world public opinion which is adverse to her action should we hope, persuade, China sooner or later to come to agreements in regard to our common frontiers which for long have been well established by treaties, custom and usage.

The work on the preparation of the framework and outline of the Third Five Year Plan with its longer perspective and higher targets in making good progress. It aims at making our economy more self-reliant and capable of increasing and generating for its future and larger development.13

Shri H. N. Mukerjee (C. P. I.) :- I was not surprised to see the President begin with a reference to trouble over border with China, but I was more than a little surprise to note the language used. I do not claim to know the working of Congress mind, but now that the Congress have garnered the gains of the Kerala elections, is it so very necessary to keep alive China's spectre in the old way, or is it being done in order to have an instrumental handy to keep down the working people, brandest the big stick, against agitation for food and for democratic rights.14

Shri Ashok Mehta (P.S.P.) :- I am happy to know that the President has taken a serious note of what has happened and has not hesitated to use right expressions in characterising
the situation. Our territory has been occupied and I believe it is our responsibility to see that territory is vacated. There can be no question of negotiating with the Chinese till the territory is vacated. I hope that position which has been taken up, which is very sound position and the only position that we can take up, will be adhered to.

Secondly the territories that have occupied illegally and forcibly by the Chinese have to be vacated and that the Mac-Mohan line has to be accepted as the frontier between the two countries. It is only on that basis that any question of minor rectification can be discussed.

Shri M. R. Hasani (S. P.):—Assuming that we have not get the strength to eject the aggressor, does it mean that we have to invite him to come to meet us in our territory? A brave nation has not been known to concive or acquiesce in the aggression or occupation of its territory. If you are not in a position to restore the status quo before the aggressor let us to dignified enough to stay where we are, to say we will not give up his territory, we shall retake it. Many countries in history have bided their time for years and decades before they were able to get their territory which has been fitted by them by superior military power. But they do not negotiate with the other power. They do not invite them to come and sit in conference with them.

Sri Balakrishnan:—ThePressurati position is the right position, but I think that if we are not able to hold the position, then we should negotiate. The position that we are taking is the position of a nation that is not prepared to give up its territory. But the Chinese are not prepared to give up their territory. They are not prepared to negotiate. They are not prepared to sit and discuss the matter. They are not prepared to accept the position that we are taking.
Shri Jawaharlal Nehru:— I do not want to say much regarding defence, that is, the border question. We have already informed the House that we have to adopt in regard to defence not only a short view, the immediate dangers, to protect ourselves but the long view. We cannot exhaust our energy, our strength, in some short views and have nothing left for the long view.

The basis policy of every country is to protect itself, other policies come later.18

Shri Bhupesh Gupta (C.P.I.):— While promising higher targets in the Third Plan, the Address does not indicate any significant change in the policies and methods, so urgently called for in the light of the experience of the First two Five Year plans, in order to insure all sides economic development on a bigger scale under the Third Plan.

There are no indications of steps in the Address to make the economy really self reliant or for overcoming economic dependence.19

Shri Jawaharlal Nehru:— When we found that road had been built there is the Northern Aksai Chin area. We wrote to the Chinese Government and we are corresponding for a few months when the Tibetian rebellion took place.

A friendly settlement may take a long time and that friendly settlement may be upset by the Opposition party and war may begin. That is a different matter because every kind
or folly might be committed and we should be prepared to meet 
contingency like that. But the only reasonable approach is 
to be firm in your position and try as far as possible to reach 
settlements in a friendly way. Nevertheless our desire is for 
peaceful settlement.20

The President (February 14, 1961): - The year we have left 
behind has been one of considerable stress and strain both inter-
ernally and externally. My Government have faced the problems 
that arose by their strenuous endeavour and by firm adherence 
to the principles of their basic policy, and with confidence in 
future.

The problem of aggression on and incursions into sove-
ign territory of the Union have yet to be resolved but my Gov-
ernment is well alert to them to all their implications.

My Government have welcomed the emergence of many indi-
ependents countries in the continent of Africa to full state-
hood and their admission as full members of the United Nations.

The situation in Congo continue to cause my Government 
deep concern, involving as it does the freedom and integrity of 
this recently liberated country. My Government will continue to 
follow a policy based upon their dedication of the purposes of 
this United Nations and their desire to see the Congolese people 
in the full enjoyment of their newly own freedom.

Near our country in Laos also a situation has de
doped that causes grave concern, spread of conflict there might 
have serious repercussions in Asia and the world and it is the 
policy of my Government to endeavour to avert it.
Goa continues to be under the colonial domination of Portugal. My Government stands committed to the peaceful liberation of this part of India, where a decade of colonialism still survives.

The outline of the Third Five Year Plan has been completed by the Planning Commission with the co-operation of the State Governments and has been approved in principle by the National Development Council.

Panchayati Raj, or village democracy has made rapid strides. Progress has made in regard to the introduction of the Hindi in the administration.

As members of the Parliament are aware, in July last my Government decided in consultation of the Dowary Prohibition Bill in regard to which the two Houses have differed in some respects. The Unity and the social well being of our entire people, to rapid progress to a democratic and a social society, wherein changes must be timely and progress grow more to more, must be attained peacefully and by consent.

Shri S. A. Dange: The President Address refers to the Report of the Indian Official team in regard to the delineation of the borders of India and China. I am one of those who believe that India Officials have done good work and they have presented a strong case about our border, and that it is no longer a problem of vagueness.

The officials have done the good job; let the politicians of the two Governments now do their job and if a problem of Burma can be resolved, there is no reason why the problem about the India and Chinese borders can not be resolved.
We support the plan on one content and not another. In so far as every development of the Plan leads to the independent economic development of the country. But do not support the class in the Plan, there is a class which is trying to grab everything, trying to steal foreign exchange, trying to get the State sector abolished.

Shri Ashok Mehta:— It is strange that at a time when China is trying to hem us in, the aggressors of the west and aggressors of the East, are looking themselves together in an unwholly alliance of antipathy against us, in this Address there is not even one word which could spark the fire in the imagination of our people.

On the point of Ladakh, I am afraid the Prime Minister and his Government have not made the position clear. They have not taken the House in the confidence, they have not taken the country in the confidence.
Shri Ranga (S. P.) :- Do not recognise People's China as an aggressor and simply refuse to deal with her in the manner in which you have been dealing with her till now.

The next point is Planning. In regard to Planning, I would like to say that God give me the power or the moral courage to oppose the First Five Year Plan itself when we had to walk into the lobbies nearly eight years ago. There priorities are all wrong. There should have been the first priority for agriculture. It is not given that why, secondly they have upset the sense of security of ourselves employed people in our country. I warned that time that this is Soviet Plan, it is not a Gandhian Plan, it might be given Nehruite Plan; but that name also you can not very well push it down like sugar quoted quinine.

Shri Jawaharlal Nehru :- If you read the Five Year Plan Report, well certainly it is rather bold in quoting facts, and literary qualities are not formed there; but nevertheless if you analyse it, if you look at it and go, beyond the details of the skelton, it is throbbing with life and blood of a vast number of human beings their progress in multitude of fields and all that; that is an approach which may be called an emotional approach but there is something in it and if you have it and analyse these things then we are likely to get their picture than stocking at very small part of it which may not be to our liking to get truer picture than stocking at every small part of it which may
not be to our liking.

So I submit that our economy is passing through a very difficult stage, a stage which is welcome stage, because out of that difficulty we emerge in to better times.

In regard to China, there are two points that since Aug., 1959, the position might be said to be established where it was, then there has been no further intrusion. The second point is that the charge made against the Government that we hide this fact of Chinese aggression is, I submit, not quite fair or correct. As a matter of fact, we have been taking steps all along from 1951, onwards on this border. We have taken much more effectively on the NEFA border; it was very difficult boarder; there was no administration for hundred of miles; and we concentrated on that.26

Shri B. Gupta: - As far as Indo-China is concerned, I do not want to say very much. All I can say is that with all our belief in negotiations - are considered view in this matter has been stated by the National Council of our Party now in session.

About the economic situation, I would only like to say that it is highly complacent picture that the President has given us when he says that national income is rising-price rise is going on.27

Shri Dahyabhai Patel (S. P.) The world is going to judge you by your actions. What have you done in Kashmir, what have you done about Goa and what you are going to do about China? That is now the world is going to judge you, and by simply repeating. "We are not going to tolerate any aggression." You
can do it empathically, you can bang your first on your plan theoretically as long as can like but the world is going to judge you by your actions.
BUDGET (GENERAL)

Shri T. T. Krishnamachari (The Minister for Finance) Budget (General) 1957-58

The year under review has been a year of strain from the point of view both of internal and external resources. Domestic prices as well as the balance of payments have been under pressure, mainly as the result of the growing tempo of development activity. The decline in agriculture production 1955-56 and external factors, such as the closer of the Suez canal have added to the strain on the economy.

The outlook of internal prices depends considerably on the level of agricultural production and Government are fully seized of the urgency and importance of achieving better results in this sphere. Price stability also requires control over credit and a budgetary policy, I must say, I am not happy with the size of deficit to which I shall presently be referring.

The crucial problem of this juncture, however, is that of foreign exchange the Second Five Year Plan with its emphasis on the development of industry, mainly and transport has a large foreign exchange component and it now appears that the deficit in the balance of payments over the Plan period will be larger than was originally estimated. This is due to the increase in prices abroad and to the expansion of some of the projects included in the Plan.

The current year Budget provided for a deficit of Rs. 18-04 crores on Revenue Account after allowing for the modification in the Finance Bill accepted by the Parliament.
Not only prices have been rising, production has been either stagnating or falling. Therefore it is for the Treasury Benches, the Finance Minister and for the Prime Minister to make the public realise that we are facing a tremendous crisis and the entire nation must grid up its lions to overcome it.

Food and clothing are the most important item. If we are going in for deficit financing, if there is superfluous surplus purchasing power floating about our economy, the most effective way of mopping it up would be to make foodgrains and cloth available in more abundant measure, but our production of foodgrains and cloth are concerned, our position is shaky and has remained shaky and has remained valuable, and the entire Treasury Benches seem to be generally complacent about this situation. 30

One thing that is noticeable is that the hon. Finance Minister has been quite candid in admitting that our foodgrain production has been on the increase. The essential feature has been that we have been now importing food-grains for a long time and spending money over this important of foodgrains.

Unfortunately, our Plans have been soulless plans. We have not applied our minds to the question of imparting any moral education whatever to our people, specially to the younger generation. 31

One basic complaint from certain section of the Opposition has been about the, the point is, agree that there may be defects in the Plan. There may be
mistakes in order of priorities that have been assigned in the plan; may be we want a revision. But all that I humbly submitted on the day I introduce the Budget was to request the people that "if you point out the defects, we will consider them and if we are convinced that defects are there, we will remedy them. But do not question our basic assumptions and postulates."

Shri S. A. Dange:— The character of the Budget in short, is that it is Budget against the people, so far as taxation is concerned, the taxation is on the common mass of the people. On the upper ranks of the people taxation comes down a bit and on the common mass of the people taxes goes up.

It is common ground between us that we all want that Plan to be fulfilled and I am one of those who would certainly accept sacrifices in order to fulfill the Plan. If that is the question what is the quarrel? My quarrel is that his approach to the Budget is not an approach of Socialism, is not an approach of democracy; it is an approach of developing capitalism and bureaucracy.

In theory they have accepted Socialism. But what kind of Socialism? Have they defined Socialism? Socialism is a abstract they do not know what it means. Therefore in order to fix up the thing properly, a theory is necessary.

I do not say that taxation can be completely avoided, but in a Socialist economy major taxation always comes from the nationalised sector and from taxation of the necessities of the people.
Therefore my suggestion is: firstly take over the big banks, which are centralised, in which functions for the owners and the shareholders are what? — nothing. So I would suggest that State Trading is one source. Nationalisation of the bank is second and the third source is textile industry.

Therefore, please do not bleed the poor in order to feed the rich. 33

Shri B. Gupta: — I say the present policy with regard to the resources in particular and generally the economic policies of the Government demand a bold recasting and re-orientation unless we have the courage to do so, I think we would never be out of wood and it every point, there will be danger, there will be wreck. Therefore let there be change in policy. It is possible to reconstruct the country without nilting the poor and it is possible to ensure the success of this plan. 34

Shri T. T. Krishnamachari: — To day our problem is in fact that we have investment without savings, investment which is credit finance and it is due to the fact that the economy is stagnant, an economy which want more we have undoubtedly large purchasing power in several sectors of our economy, it is a fact a large percentage of purchasing power in the hands of many people who did not have before. The facts that our national sample survey has revealed that the proportion of expenditure on foodgrains, both in rural and urban sectors, has changed, indicates a certain amount of additional purchasing power.
So far as the wholesale price are concerned, that the charges are not gone up. It is wrong to say that we are fleecing the people. It is wrong to say that we are setting up inflation. I do not often economists saying that taxation is encouraging inflationary pressures.

So far as we are concerned, our hearts bleeds for the common man, our heart postulates for the common man and that my justification of the Budget.

Shri Jawaharlal Nehru (Budget (General) 1958-59): While we should always be prepared to reconsider the methods, we adopt, we have to strive with all our strength for our planned development by conserving all our resources, increasing production and trying to ensure progressively a more equitable distribution, and thus to rise the standards of the great mass of the people.

There has been some improvement in the economic situation in recent months. Prices have tended to come down and the decline in foreign exchange reserves has slowed down markedly. The money market is easier and expansion of money supply and bank credit have been brought under control. The measures adopted to check inflationary pressure and correct the strain on the balance of payments are proving effective.

Wholesale prices are competitively stable in the early months of the year.

Agricultural production in 1956-57 recorded a rise of 6 percent over the previous year's level, the improvement being shared by both foodgrains and other crops.
The total economic assistance made available to this country by friendly foreign countries up to the end of March 1957 amounted to Rs. 463 crores. On present estimates, Revenue is now likely to amount to Rs. 724.63 crores and Expenditure to Rs. 719.58 crores resulting in a small surplus of Rs. 5.05 crores.

The expenditure this year is now estimated at Rs. 719.58 crores—Rs. 266.05 crores on Defence services and Rs. 453.53 crores under Civil heads.

For the next year, on the basis of existing taxation, the revenue is estimated at Rs. 763.16 crores and expenditure at Rs. 736.01 crores, leaving a deficit of Rs. 32.85 crores on revenue recount.

Expenditure next year is estimated at Rs. 736.01 crores of which Rs. 278.14 crores will be on Defence services and Rs. 517.87 crores under Civil heads.

The estimates also include a provision of Rs. 6 crores from grants to States to help them to raise the emoluments of their low paid employees, the corresponding provision for 1957-58 being Rs. 5 crores.

The Budget now presented to the House includes a total provision of Rs. 743 crores for implementation of the Plan—Rs. 122 crores on the Revenue budget and Rs. 621 crores in the Capital budget.

The current year's budget provided for an overall deficit of Rs. 284 crores, of which Rs. 275 crores were expected to be covered by the issue of Treasury Bills. The revised
estimates place the overall deficit at Rs. 380 crores which will be met entirely by the expansion of Treasury Bills. This deterioration is due to mainly three factors. First, the anticipated revenue surplus of Rs. 36 crores, as explained earlier, been mostly absorbed by additional payment of the States as a result of Finance Commission. Secondly, the net small saving has been below estimate. Thirdly external assistance, for which credit of 150 crores has been taken in the Budget in now expected to amount to only 95 crores.36

Shri S. A. Dange:— Of course, there is a joke around that it is Budget which hits the pedestrian more. But it has nothing new. The hits, if they are there, are just inherited from the last year. We thought there might be some relief, but there is none.37

Shri M.R. Masani:— This Budget is little unfortunate in the sense that along with the capital deficit left uncovered, there is also a revenue deficit which we have unable to cover. This combination of two deficits is not indicative of a sound state of affairs for the business of this country.

In the first place, while trying to raise the standard of life of the people, last year's Budget has actually lowered the standard of life of the people, particularly the middle class. Secondly, it has endangered the savings of small people. It has given them a lack security when they give money to the Government loans or post office saving certificate. Thirdly the Budget of last year gave a blow to industrialisation which we are supposed to encourage. Finally we are mortgaging our future, pawning the resources of our next Plan in trying to make this particular Plan a success.38
Shri Ashok Mehta:— "The Indian economy has entered a difficult phase of development." This is the key sentence of the survey and it is for us to decide how we are going to face these difficulties.

I found one monetary policy is fairly good. It is run with a firm hand. But what about our Budgetary policy? I just do not understand how the two things are reconciled. You can look at into the Budget pages and I never get a answer.

I am surprised that we have no price policy. The agriculture sector therefore, has to bear the entire burnt of it. I am in the favour of rational price policy.39

Shri Jawaharlal Nehru:— All our economic things in fact may be outdated because economic theories depends upon circumstances and facts. They are not something that comes out of the air. Therefore, without, going in to the these matters, I would like just to remind the House of this background of the world today and to look at India in this background.

While we are conscious of the seriousness of the task, of the difficulties and all that there is absolutely no sense or no feeling of pessimism or defeatism in my mind. If people can call that complacency they are wrong, because we are not complacent, no body can complacent who has to face the difficulties and burdens of the day. But it is open thing, not to be complacent and get be full of hope and strength. These things are more important than any other argument; and facts and figures we may raise. It is true that we have to function within certain limitations we can not escape that, they are inherent.40

Shri Supesh Gupta:— Reading the Budget proposals and specially
the analysis of the situation, I felt that the hands were shaking and the heart was failing when it was given to us or when it was prepared.41

Shri Jawaharlal Nehru :- So far as looseness of budgeting is concerned, I think the criticism is to some extent justified, but I would plead with this House that one must consider this Budget as a static country during a static period. Here is developing economy, producing changes bringing about unexpected results.42

Shri Morarji Desai (Minister for Finance) Budget (General) 1959-60 :-

The drop in agriculture production last year, which was the lowest in record since 1953-54, affected the availability of foodgrains and other agricultural products during the current year. The rate of growth of industrial production also slowed down while prices showed an upward trend through a major part of the year. There was continuing pressure on the balance of payments in the first half of the year. The situation has eased somewhat in recent months. The Kharif crops has been good and the prospects of rabi appear to be fair. There has been some fall in prices and the decline in foreign exchange resources has been halted; indeed there had been small accretions to these reserves in recent week but the over all shortage still remains. The requirements of foreign exchange for the remaining period of the Plan are sizable and the current account in the balance of payments is likely to show continuing deficits. On the whole economic situation is somewhat better that it was a few months ago; we are sensing the effect of the various corrective measures we have taken.43
Shri S. A. Dange: - If we striving towards Socialism through the Plan, it is axiomatic that the State sector must overwhelm the private sector; it must become the major factor in industrial production to begin with and later on in agricultural production also after a certain stage. According to our policy towards socialism, the State sector ought to increase absolutely. But if you go into figures as they are given, I think the race is still being won by the private sectors, as even a superficial reading of the figures would share.

So far the sake of development of industries I would suggest that stage sector be emphasised. Take foreign capital, but on our own conditions.

According to Finance Minister for the present at least the solution of the food problem is PL 480 wheat; that is, they will grow wheat for us in America and we shall import it here.

Our proposal is that the ceiling on land be imposed and that the question of policy be vigourously purposed and carried. If it is not carried out vigourously but left to the sweet will so State legislatures without a forceable directive then the policy will be failed. In that case we are not going to solve the food problem. The Congress benches admit it. Certainly the policy is accepted but mere acceptance without execution has no meaning.

What should be the taxation policy of the welfare State? I would say, profits of State sector industries and taxes on monopolies. But here the welfare State is going in such a way the people's consumers goods are taxed and taxed in such a way that it leads to irritation and starvation,
ultimately fall in the real income of the mass of the people. If that sort of taxation policy is followed, in that case our finances are bound to go wrong.44

Acharya Kripalani: Deficit financing becomes a curse when unemployment is increasing instead of diminishing. Our economy is suffering today from all these evils but we are told that this deficit financing is needed for building heavy and capital industries and this can not be done without a large dose of deficit financing. It is heard to say when the effects of these schemes will be manifested in the life of the people. There seems to be no end, and in future also we are told that plans will be coming.45

Shri Vajpayee: - Viltamnirne te jo aankhe peit liye hain, uske tujahar se paathirh

Akhnayu budh ke na rahi hain. Jo bharh ksharari mukhpran desh ke waajar vaar feerta

Ae le rahi hain ho aur ummy dhrungati se baddh hote rahi hain. Vidhein se prajna hote vaarat

kshan viita prajna vidhein ko vaapta hote vapa bha. Uske samajh ne viltaranie

mohdairy ne koiye siprast kriye ksharare saphane nahiye raha hain.

Bharh tak hamberrta techetan ka swat hain, viltaranie mohdairy ne khevanayon se

bela techta hata liya hain. Hain sabhata hain yeh belya techta yaha kaal ke yah maha

kri gare hain, dyarl hi ne umalo bhagyakart nahiye buna.46

Shri Morarji Desal: - When we progress quicker and quicker, some times some situations arise where we feel that the progress has suddenly become slower, but that is only a temporary, natural consequence coming in and it enables us to go forward much more quickly than in the past and that is now the present economic situation.

It was said that the deficit financing is going to lend us into endless trouble, I would not say that this critics a is
made in order to make criticism. We ourselves are conscious of it. We are trying to see that it does not lead to inflation.

I do not think that the assistance that we are receiving is such as would lend us in trouble, at any rate so far. It is certainly a heavy responsibility that we are undertaking. We receive it in such a manner that it helps to increase the vitality of our economy and that we are able to repay it.\(^4\)

Shri Bhupesh Gupta: We are discussing the first Budget of the Finance Minister Shri Morarji Desai. The last Budget was described as a pedestrian Budget. As far as the people are concerned, that is to say, this Budget under Shri Desai's care has been made a variable pickpocket.

This Budget has belied many hopes of people on this side of the House. I did not except very much from Shri Morarji Desai in the matter. But it seems that he has over fulfilled the expectations of big businessmen.\(^4\)

Shri Morarji Desai:– This Government does not believe in picking anybody's pocket. But if it is said that the revenues of the Government come from the pocket of the people, then it is true. All slogans are sometimes are quite reserve of what one wants to say and therefore, it would not be proper discription of the Budget.

Sir, it is said that economic situation is unsatisfactory. I have never said that it is very satisfactory.

I can certainly say that we are resorting to deficit Financing in a chaotic manner nor in an unplanned manner. It is
all planned and it is done after taking into consideration all aspects of the matter. Above all we are trying to see that it has no effect on the prices.

Inflation in a developing country as we are having is absolutely inescapable. That has got borne in mind.\(^49\)

Shri Morarji Desai: (Budget (General) 1960-61): - Agriculture production recorded a large increase in 1958-59 and there has been a marked recovery in industrial production in recent months. Despite these encouraging trends in production, both wholesale prices and the cost of living have shown a significant rise.

The investment undertaken in the last year are beginning to yield results and we should expect substantial increases in output in the coming years.

The path of our progress is bound to be difficult until our economy gets over the hump and becomes self generating. It is perhaps truism to say that no one such less and under developed country like ours, can stand still or stay stagnant. We have to move forward and make whatever sacrifice are necessary for this.\(^50\)

Shri S. A. Dange:— The background of the Budget is background of buoyancy, not only of the stock market but also of other spheres of economy.

The general perspective seems to be that overcoming of recession in capitalist America which though is temporary phenomenon and overcoming of recession in our own country as a reflex of their recession is a factor which governs this Budget.
Therefore, despite the background of the Budget being so good so far as development is concerned. It does not give relief to the people. Therefore, their economic claims are blown up sky high and their economy is proved to be an economy of capitalist of the rampage.51

Acharya Kripalani :- The imbalance in our economy especially our failure in agriculture, is plain from the fact that we are facing difficult problems almost in every direction we look. The utmost importance of increasing agricultural production without which we can not solve our food problem, our foreign exchange problem, our export problem and the problem of price stabilisation, the industrial edifice of our dreams will be built on such weak foundations that it might topple any moment.52

Shri M. R. Hasani ( S. P.) :- I think the Finance Minister has been less than fair to himself in subscribing to this Budget, and we all know he is a prisoner of the Plan, that he is not a free agent.53

Shri Morarji Desai :- We put before Parliament every year at the time of Budget what we are going to borrow and what we are going to tax. If there is to a legislation in developing economy like this, the limits will have to be on the upper side and not on the lower side, otherwise, we will have constantly to come to the House and all development work will be stopped. Therefore if you put a higher limit on the borrowing, perhaps, there will be a disadvantage and not an advantage. This is better method of doing it and I think, there is absolutely no case for having a legislation for borrowing of Govern-
ment to be brought in to the House. Then again, the provision in the Constitution is not compulsory, it is the Government to decide whether the legislation should be brought or not.

The question of deficit financing has been harrassing us and my hon. friends here and Government also, I can not say that deficit financing is indulged in with any flair for indulging in it but in an undeveloped economy, if it wants to develop, deficit financing becomes inescapable. The only condition that is required to be seen is that it should not lead to inflation.

It is argued that nationalisation will do the trick. Nationalisation can never do the trick. On the contrary it will worsen matters. Therefore, it should not be made principle.

Shri Bhupesh Gupta :- Sir, all I can say is that the Finance Minister and this Government have been carrying forward the defiance of what ever was positive in the decision of the Nagpur Congress and we are not surprised because during this intervening period of one year, there has been definite and pronounced shift to the right on the part of not only the Congress Governments but also on the part of the Congress Party itself and this shift to the right is to be noted alike in the political field. If inflation, high prices and heavy taxation constitutes the alliance of these forces in the economic sphere, alliance with the Muslim league, the Catholic Church and other constitutes the political side of it.

Shri Morarji Desai (Budget (General) 1961-62) :- Our estimate of resources for the Third Plan postulates that the surpluses of various public enterprices should be available for financ-
ing the Plan. It is of basic importance that these enter-
prises should function on sound commercial principles and should
make adequate profits which can be ploughed back into the furt-
her investments.

During the year, the economy advanced in several respects,
investments, both public and private, was at a high level and
the upward trend in industrial production was accelerated.

A rising trend in price has persisted almost throughout
the Second Plan. Government have in hand sizable stocks of food-
grains and thanks to the agreement in respect of P. L. 480 imp-
ports signed last year with the United States, they also have an
assurance of further supplies in coming years.

For the coming year I am budgeting, leaving a deficit of
Rs. 60,60 crores.

We have to see that by our tax policies we discourage
imports and encourage exports. It is also necessary to discou-
rage consumption and encourage investment.

The taxation proposals which I have just outlined will
no doubt, impose an additional burden on the people, though my
aim has been to minimize its incidence on the weaker sections
of the community. I had called for a smaller effort, we have
set ourselves, the onerous task of raising the standard of
living of our people and of speedily building up a self subst-
aining economy. We are doing this with the willing consent
of the people through democratic process. There can be no
respite from sweat and sacrifice.
Our objectives and targets during the Third Plan are more ambitious. Throughout the next five years, it must be our endeavour to keep the pressure on prices under check by raising additional revenue and mobilising savings so as to ensure the deficit financing is kept within the limit. 56

Shri S. A. Dange:— It was not a chance that as soon as the Budget was published, the prices started soaring up. So the Budget, in its total effect is an antipeople Budget.

It is well known fact that real wages are falling, and have fallen in the last two years. And yet when the real wages have fallen and the prices have risen and the profits have gone up, yet they are not taxed more. Therefore the Budget of my mind, can not evoke any enthusiasm so far as the common man is concerned. 57

Shri Ashok Mehta:— I admire the ballast power that the Finance Minister brings to bear on the Government, I deeply regret that he is not able to import to the Budget and through the Budget to the economy of the country as a whole that revivifying vision and that forward thrust and impose through which alone we can move forward in this dangerous decade, in our journey and reach our cherished goal. 58

Shri M. R. Nasani:— There is only one party which provides an alternative way of life and that party provides alternative way of life because we reject lock, stock and barrel the entire pattern of development on which the present Government is set. We reject it because we say there is a fundamental choice before the country. Either we accept a state directed or command economy, where decisions as to what is produced and at
what price it is sold are imposed from the top of the common people of the country which is basically the Communist pattern we reject that or we so in for real economic democracy which consists of the process of leaving the people of India. 59

Shri Koriari Desai:—We can not wait for hundred years to develop, as other countries have developed and became prosperous. That is not possible. There is the state of poverty in the land. We have to remove it as soon as possible and therefore we have to do it quickly. But if we try to do it more quickly than is possible for us today, then also we will destroy ourselves and we will not be able to go ahead at all, we have a sense of proportion. All this is contained in planning. 60

Shri Bhupesh Gupta:—We have a budget, before the coming general election, and our courageous Finance Minister has beat the people right and left, and one can well imagine how heavily he would come down upon the people after the next general elections are over. I find that the concessions, that are made have all gone to the rich. Foreign investors have been given the concessions. Tax on bonus shares have been reduced by one half or so, and then certain incorporate investments have been given relief. This is now the upper classes, who are making money of the sufferings of the people and garnering the fruits of our industrial activity, are given tax relief, when it comes to the people, I find that he had added 18 more items to the already 40 items. Under "Union Excise Duties" and they include a varitical of consumer goods, necessities of life like tobacco, tea, kerosene, matches and so on. This is the line reading of the budget proposals. 61
Shri Dahaya Bhai V Patel:— I heard the chorus of praise that was coming from the other side I regret that it is not possible for me to join that chorus. We are told that we are committed to the Plans. Sir, the Third Five Year Plan has not been approved by this House and the great haste that is sought to be made in regard to the development of this country at this tremendous cost. It is a matter of grave doubt, where it is going to benefit the common man about whom so much is talked.

We have the sorry spectacle of the nationalisation of the life Insurance Companies. What was the dividend that the life Insurance Companies altogether were paying to their shareholders? Is Government getting even that much dividend.

Then all the State undertakings, the officer incharge of these undertakings act as the great Moghuals. There is nobody to ask them because they are directors and they are the Government officers. There should be a very well balanced directorate. Then only people would be able to speak independently.62

Shri Morarji Desai:— Sir, if the Plan is to be executed as it must be executed—efficiently and successfully we must have the resources for executing the Plan. And the resources required have shown that besides having a substantial foreign aid or foreign resources from friendly countries, our internal resources will have to be an adequate size and that we had to raise our tax resources will have to be of an adequate size and that we have to raise our tax resources that is by 1150 crores at the Centre and more than Rs.600 crores in the States.63
Shri Jawaharlal Nehru (Minister for External Affairs):— In
the world situation as we see it, all can I hope is that the
experience of the last two or three years at least will con-
vince everybody that the approach that has been made through
military alliance and through great powers pushing themselves
into the corners of other nations is not successful in the
Middle East we find that I have not a shadow of doubt about
it conditions in the Middle Eastern countries would be much
better if they were left to themselves.

In regard to Hungary and in regard to other matters
that in one view the rising in Hungary was essentially a na-
tionalist rising; in our view, the people of the country should
be left to fashion their own destiny.

Now in regard to, Goa I confess that I have not said
much. There can be no doubt that the Indian revolution will
not be complete till Goa is a part of India and we never acc-
cept in the fact that Goa or any other part of India can remain
or fall into some other powers' domination.

Shri H. N. Mukerjee:— We greet the people of Malaya on their
freedom, we wish to Malaya people every success. We are happy
that imperialism has been compelled to lose another of its
strongholds in Asian Soil. And we recall with pride, at the
same time, that such defeats of imperialism have always been
brought about by the compulsive power of the people's resurg-
ence.

I am sorry to have to say that it was mystifying and
also to a certain extent mortifying when we found our Prime
Minister rather soft pedalling on the question of Oman, as he
has done earlier on such questions as Kenya and Cyprus. 65

**Shri Hem Barua (P. S. P.)** :- Our foreign policy, which started,
is now thinking into a dim whimper, because we profess too
much and we profess almost vaguely on the idealistic plane.
Though of course, idealistic plane carries us to some extent, it
is not the end of the highway.

About Israel we have been very unfair. It was unhappy
fact that for these years we did not recognize Israel. At the
same time Col. Nasser, who happens to our friend, is fanning the
flame of Arab-Israeli hostility. If Egypt and India are friends
why we are not in a position to persuade Egypt to give up his
hostility to Israel, because Israel holds the key, the key to
peace or disaster. And, if the disaster could not be confined
to the Middle East alone, but the disaster will spread all
over the world because of the oil in the middle East area.

Coming to nearer home, we think our foreign policy has
failed miserably so far as Goa is concerned and so far as Pak-
istan is concerned, so far as Kashmir is concerned. 66

**Shri Vajpeyi :-** This matter we的态度 cannot be explained.
Our policy, whether in Goa, Pakistan, or Kashmir, has not been
a success. The same is true of our foreign policy, where we
have not been able to convince the world of our right. But in
the case of Kashmir, we have been able to convince the world
of our position. This is a matter of concern and it is
necessary that we should take steps to resolve this problem. 66
So far as the border incident in regard to India and Pakistan are concerned, any person does not want this firing across the river to continue all the time occasionally killing a person. It is neither war nor peace. It is just frustration, irritation and annoyance and a great deal of discomfort and dislocation to the people living there.

The basic situation in western Asia is positively the rise of Arab nationalism. I have no doubt about it that all over the Arab countries this is felt. I do not for a moment say that this means necessarily that there shall be one Arab...
Acharya Kripalani:—The American marines landed in Lebanon and the English Army landed in Jordan. This raised a very ticklish question whether even on the invitation of the defunct Government, the foreign army could come into a country where there was an internal trouble.

Of course we have given an answer, guided by our abstract principles of Panchsheel. We say that under no circumstances any armed forces should go to another country when there is civil disturbance. But I suppose that does not dispose of the question. I believe that we cannot lay down the abstract principle, that under no circumstances can foreign help be asked for by the legitimate Government of the country.

We have shown by our actions that we stand for national movement everywhere and we are against colonialism and we are against imperialism. We have absolute sympathy with the aspirations of our friends, the Arabs. And we have always supported them. We support their nationalism. We also want Israel question be smoothly settled.

Shri A. K. Gopalan:—As far as we are concerned, we are bound with the people of West Asia. We have to re-assess our position, we have to help these countries to become independent, to free themselves from the grip of these oil monopolists.

As far as the policy adopted by India in this respect is concerned, certainly we welcome that.
Dr. H. N. Kunjaru (September 10, 1959) :- The House will remember that the Tibetan situation was discussed here in May last, and even on that occasion, with the pretty full knowledge of the situation, the Prime Minister did not say anything which would enable us to have even the slightest idea of the situation as it then existed. I think we can have a just grievance on this subject.

Indeed, if I may speak plainly, it has virtually thrown our foreign policy into the melting pot. It is clear that the Chinese aggression into NEFA, which is the last case of the intrusion of Chinese troops into India territory, is due to the irritation of the Chinese Government over the attitude of the Government and the people of India with regard to the measures taken by the Chinese Government to enforce it will recently in Tibet.

We must realise how much is at stake. Failure on our part to maintain integrity of our country will gravely disappoint and distress not only the people of India but our friends and neighbours and I hope that will be kept in mind by it so far.
Dr. Z. A. Ahmad (C. P. I):— I cannot but feel sad at the fact that these two great and proud countries, whose strength and unity are a guarantee for the freedom, prosperity and progress of other Asian Countries, are unable to day, to agree on the question of boundaries. Unfortunately certain incidents have taken place which are making these countries drift gradually and despite themselves, into a state of what may be called cold war.

I consider it historically and politically wrong to hold that there are conditions of war, between the two countries. On the otherhand, I hold that the objective basis is all in favour of growing peace between these two countries.

Despite these two divergent positions that exists now, negotiations should be started, we should come together. After all, the Mac Mohan Line has not been properly demarcated still and that has been accepted by the Prime Minister. 72

Shri Jawaharlal Nehru:— As far as our Government is concerned, our foreign policy is as firm as a rock and it will remain so. It will be the same other Government that may change it.

We have to be firm, we have to hold our position. I shall try to do that. But I shall try to find a way for peaceful settlements because I try to look into the future, and the future is dark if it is to be covered by continuing hostility between India & China.

"The substitute Government motion was adopted." 73

Shri P. K. Deo (S. P.) (September 12, 1953):— This white papers comes as a very big surprise to the country. We find
that it would have been much better if the Prime Minister would have acquainted to us with the various facts from time to time. The white paper is a very sad and bewildering document of those protected negotiations. This white paper is conspicuous by the regular reference to the principles of Panchsheel. I am not sure if there is any sincerity on the part of China in those principles or it is only in words and not in action. Now Panchsheel is in the acid test that too between the two countries who have been first initiated this greater doctrine. The lapse on the part of Government of India in not bringing in a definition of our border line in our first agreement with China is due to lack of foresight. The Government of India were completely disillusioned.

We find that the Chinese brutal occupation on Tibet has brought the Communist menace to the door of India and threatened not only India, but whole of the democratic world.

Regarding Mac Mohan Line, Mr. Chou-En-Lie has accepted the Mac Mohan Line as the Sino-Indian Border. But in his letter he has completely repudiated.

China has committed aggression on this country. With nerves highly strung on both sides, there could not be any negotiation at this stage.

I sincerely hope that he will shed his policy of appeasement and resort to a policy of firmness and determination befitting with great country in dealing with China.74

Acharya Kripalani :— I may submit that if some countries in the West have failed to recognise the significance of the Chinese Revolution, I am afraid we have done no better.
The foreign policy of the totalitarian Government cannot but be expansionist. It is natural. Therefore if we really to take note of the tremendous revolution that has taken place in China, we must not forget its aggressive nature.

Instead of resenting these results we merely submitted to them and recognised sovereignty over Tibet. This proved to the Chinese that we would submit to their bullying tactics.

Sir, in conclusion, I would beg to the Government to be firm. Their vacillation and the Prime Minister's varying statement confuse the public minds. A confused people can not be ready for emergency. The Prime Minister talked about restraint. Restraint without action is meaningless.75

Shri S. A. Dange :- I think that there should be general agreement amongst all of us here, except perhaps some people who want to open two fronts against China, one by the Americans and the second by the Government of India.

The essence is supposed to be the only question of border. But, in my opinion, it is not only a question of border and rectifying it, but it is a question of political approach and friendly relations.

We shall not tolerate any question of any invader coming here. We will bind against any invader. At the same time the Communist Party firmly believes that there will no invasion from China over this country, because of Panchsheel.76

Shri Jawaharlal Nehru :- We are dealing with the very serious issues, and such issues are not solved by mere exhibition of excitement, Certainly and obviously, at any time, more especially
in such moments, we have to firm.

The basic facts are these. Number one, that this Chinese claim which are vaguely set down in maps etc., is becoming more definitely stated now. That which it is quite impossible for India or almost any Indian ever to admit whatsoever the consequences. This is an extraordinary claim. This is a thing, whether India exists or does not exist, can not be agreed to. There the matter ends.

Shri Jawaharlal Nehru: (August 11, 1960) :- When we talk of disarmament we have to consider two or three aspects of it. Everyone agrees that we want disarmament. It is also agreed that disarmament must occupied by effective controls. Therefore, disarmament and control have to go together.

In fact, the first thing that comes to my mind is Algeria where a little tragic war has been going on for a long number of years. It is a tragedy of deepest kind. Vast number of people have perished and yet such in the urge for freedom that they continue and I have no doubt that they will succeed in achieving it.

Then we come to those parts of Africa which are controlled by Portugal. It is very difficult to discuss these matters unless one is himself capable of going back to that period two or three hundred years ago. It is remarkable fact. Its colonies which are called provinces of Portugal live in a state of darkness where light does not come at all.

Then there is the vast area, the Congo. It presents extraordinary difficult problem. Here was a country which just
have a total absence of any trained personnel in the country apart for Belgian for every kind of work and everything. Normally this should have created a difficult situation. No other problem of course is there. The United Nations was asked to help. They undertook to help. Quiet rightly. I think it was the right step for the United Nations to take. Having taken it, they have to go through it because the only alternative to that would be that vacuum being filled up. Others is an undesirable way.

It come to the fourth problem that it colonialism in general. It is no good postponing the question the way it is being done but the question has to be taken and definite decision should be taken. 78

Shri H. N. Mukerjee :- In regard to Congo, we know that Belgian is the villain of the peace. But Belgian is not alone. So, the Prime Minister has said very clearly how in Katanga and Kasai and such areas the behaviour of Belgium who are operating not so much behind the scenes but very clearly has been very absolutely aggressions.

I learn that already 20 countries have recognised the provisional free Government of Algeria, headed by Farhat Abbas. I do not see whether there is any diplomatic hurdle or anything else which stands in the way of our giving complete diplomatic recognition to the provisional free Government of Algeria. 79

Shri S. N. Dwivedy :- I feel that the Chinese are working after a new tragedy. It was apprehended from the very beginning that
they were in advantage position, they would certainly start
aggression. Some of us who visited the border areas know how
uncertain the people feel about it and how unpatriotic activ-
ity is going on in those parts of the country. There is the
anti Government feeling I want that these activities should be
curbed as soon as possible if this country is not going to face
serious dangers ahead. 30

Shri Krishna Menon (Minister for Defence):- Reference was made
yesterday to the Indian delegation opposing proposals made by
others for the expansion of the councils of the United Nations.
When it is known that this initiative came from that group of
countries who are already over represented, and probably are
afraid of losing their over representation, it should be real-
ised that those who want expansion should adopt such tactics as
would expansion really and in fact possible and not merely indulge
in cold war tactics. 32

Shri Jawaharlal Nehru :- I do think that it is of the highest
importance for us to have friendly relations with China. That
does not mean, and I do not think, that there can be friendly
relations. If you do not respect yourself, if you can not
protest yourself, others will not respect you. Our self respect and all that demands that we should not take up a weak attitude in the present and more historically speaking that these two mighty colossuses, China and India, should not be in perpetual conflict with each other. It makes a vast difference to the whole of Asia and to the world. We will like on the verge of a world war if that happens. 83

Shri Jawaharlal Nehru: (August 7, 1961): - Immediately of many issues, the world's biggest problem relates to Germany and to the city of Berlin. There are two or three things, the first is, I think, whether one likes it or not, as a geographical fact there are two States existing now in Germany; one is West Germany & the other is East Germany. I do not myself understand how the geographical fact of two States is going to, well, cease to exist by any other process except by agreement or war. There is no other way out of it.

In spite of the fact that west Germany and East Germany are opposed to each other, members of the opposing alliance, do not almost recognise each other, the fact is, and quite inevitably, there have been many contracts between them. In spite of the clousure of frontier, still there is a fair amount of movement between the two and people go.

The real difficulty is behind these two Germany's are two opposing forces and until that is removed, the tension between the two is lessened, they are not allowed to come together. I would have suggested with respect that these contract should be in increased and that will be a step towards the ultimate unification of Germany. That can not come about, I do submit.
The only other result would be either continuing tensions as at Present, or war, which, I believe most people wish to avoid.

One question, which has very much in the news and which I should mention is Laos. In a sense, some progress has been made in regard to the laosian situation. But the progress has been slow and I can very well understand who are dealing with it, often feeling rather frustrated, still there has some and the progress has really come because of some agreements arrived at between the three princes.

Therefore there is the first question in regard to Laos in the formation of a National Government. It is admitted all round that Laos should be neutral State and should not be aligned to any military block and the foreign armies should be removed from Laosian territory.

Our attitude in regard is that the international commission can perform a very important and useful service in Laos. But it can only do so with the goodwill of the Government and the people there.

It is rather difficult from the present Chinese Government to understand parliamentary procedures or what is due to the public. It seemed to me that it would be a good thing if our Secretary General could, in the course of talks just find out what their reactions to these reports and report to us. These were his instructions and that is what he did. He met them and discussed these matters at some length, but basically it was a repetition. So the position, in regard to this border situation remains, more or less, what it was.
Shri S. A. Dange:- We asked for the unification of Germany and we propagated for the unification. When it was not possible we ought not to have recognise any of these two States. Today we have find the Government of India recognise the west Germany State but it does not recognise the East German State, is that a position of neutrality and non alignment. This position is surprising so it is not a policy of neutrality by showing preference to a State which is frantically becoming a Nazi State, a State which is rearming itself and helping in the suppression of colonial freedom movements and a State which is training its troops on the soils of France & Britain. More or less his policy is on the right lines. But it is not on the right lines when this discrimination in recognition is made. 85

Shri Nath Pal (P.S.P.):- With Chinese breach of faith with India, Ayub Khan's military mind began to think that with the entire northern border of India rendered sensitive and vulnerable, why not try to derive advantage by exploiting this
deterioration of relations between India and China. Here the Chinese of course went a very long way in accommodating him. Very strange bedfellows a Communist regime and from what we here all the while from this side, fascist regime. They became bedfellows in order to spite India.

Broadly speaking, we support the way the Government of India has been approaching the Laos problem. But Laos must be viewed in isolation, but as a development in South East Asia. We are being pushed out and gradually isolated. The reason is this that this area does not receive top priority in thinking of the External Affairs Ministry which it should, and we are trying to do to private leadership.  

Shri P. K. Deo: I can not understand why the Secretary General from our Government should go all the way to Peking on his way back to Mangolia to open a new chapter of discussion or negotiation with the Chinese authority when their mind is so clear. I think it is high time that the entire job should be entrusted to our gallant jawans and they should be asked to push out the Chinese invaders from the Indian soil and give them a destructive blow.

Regarding the question of Berlin, this matter should be left to Germany to decide the issue.  

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PRESIDENT PROCLAMATION

RESOLUTION RE-PROCLAMATION IN RESPECT OF KERALA

Shri G. V. Pant (Minister for Home Affairs):— This step has been taken so that the tension may be at least allayed, good relations, if possible, be resorted and all people concerned may realise their mistakes and see that in the future they have to live as good neighbours and the Government has to function as a democratic Government and the people had to treat the Government as a representative of democracy.

Now there are facts which will indicate that the Congress organisation or Party has never been anxious to grab power and I can well add, if it gives any relief — I am prepared to say that the Communists do not want any power anywhere. I hope that they must be having a sign of relief because the burden of running the administration of Kerala is no longer to be carried on by them at least for sometime. And therefore I do not know what they will choose to do. Even in Kerala itself, there has been previous Congress Ministry and it had advised the Governor to hold mid-term elections. 83

Shri S. A. Dange:— There was a majority of two and they were allowed to form a Government immediately the Congress General Secretary jumps into Kerala and immediately announces that law and order is in danger, life is insecure within three days, within the 3 days of Communist Ministry coming into power and three hours of this gentleman going there, he found that law and order was collapsing, life was insecure and something must be done. And there began the chain and this chain was followed up very quietly and in a very planned way— in various ways. So
the first point is that there was a show, a sense of fright.

The foundation of the instability in Kerala were laid by the Congress Ministries; and they are the causes of what happened later or even in our regime. Therefore the insecurity is not our creation. Instability and insecurity is the creation of these dissidents, these factionalists doing all their deeds - I do not want to describe them, they are there on record.30

Acharya Kripalani: - I am sure that the House will agree with me that there are ample cause for the interference that was provided for in the Constitution. I am only sorry that the trouble was allowed to grow and that the Government had not interfered earlier. I assure you that is the complaint of the Kerala people. We have got to be very careful lest we establish here a proletarian dictatorship, a party dictatorship, that would annihilate all our liberties.31

Shri M. R. Masani: - We find that if central intervention had to take place, two people are responsible primarily the Chief Minister of Kerala who, despite the Prime Minister's advice, despite the obvious gap between the people's confidence and his Government, clung to office in a way no self respecting Chief Minister should cling to office. It was high time for him go to the people and ask for a fresh mandate. On the other hand the Governor could have and should have dismissed the Chief Minister and called other Chief Minister to office, who would have advised dissolution.

Thus by a process of elimination, we come to the conclusion that if the people of Kerala were to be given a chance to
change their Government, the proclamation by the President became inevitable. 32

Shri Jawaharlal Nehru:— I went there. I spent three days there taking to a lot of people, hundreds of people; I met them in groups and as individuals almost every person concerned; and I had long talks, of course, with the Ministers of Kerala Governments. But more than these talks I was trying to sense in some capacity to sense public meetings, public events, public feelings, crowds and demonstrations; I was trying to sense them, and the impression grew upon me that the situation in Kerala was much worst than what I had thought worse in a particular way. Everybody was in a state of hysteria. I am living out the question of justification or otherwise. There was this hysteria, anger and hatred and incipient violence, breaking out of violence. I said I wanted some disengagement and if they decided to have elections, then the situation would change. This was the suggestion I made.

There were two courses open. One was to try to crush this agitation by coercive methods. I do not think it was feasible. The other alternative was for the agitation etc. The House can well imagine that there was not of normal Government functioning.

श्री वाजेश्वरी:— 27 नवंबर ब्रेटल में क्यूनिस्ट्स के आलान से यह स्पष्ट आ गया कि तौलीबान और क्यूनिस्ट लाप साप नहीं चल रही। वह भी प्रश्न उठा है कि क्यूनिस्ट वर्तमान वादी हैं। बैठने लगी है कि क्यूनिस्ट पार्टी ब्रेटल में सतानात्मक स्थापित करते ही लिये क्षमा प्रदान कर रही है। पार्चन आचार्य जो बंधन करता है कि ही दोनों सतानात्मक ने न बंधन लाप, ब्रेटल के पुस्तकारी बोले जबन लड़के थे।
सभ्यता हूँ जब कभी स्पष्ट कहना चाहती है कि केंद्रीय हस्तक्षेप कम्युनिस्ट जो संविधान को तोड़ने की कार्रवारी कर रहे थे, उसके कारण हुई या जनता के वांछन के कारण हुई। वे तब स्वचालित हैं कि केंद्रीय सरकार के अंतर्गत वे वांछन के लिये राय नहीं देती चाहती थी जब लोकसंघ का सदस्य नहीं रहे थे वो केंद्रीय सरकार को हस्तक्षेप करना चाहते थे। नहीं कर लेते।

इस स्वर्ग में सरकार का जो कल्चर था उसका उसने कभी तब उसने पातन नहीं लिया है।

**PROCLAMATION IN RESPECT OF ORISSA**

**Shri Lal Bahadur Shastri (Minister for Home Affairs):**- It was some time in April that Dr. Mehtab felt that if they have to carry on, specially the development work in Orissa, he should go out of way and seek the support of the Opposition. He made an appeal to the Opposition to lend their support to him. The Gantantra Parishad responded to his appeal, and a evaluation, Government was formed on 22, May 1959. However difference again arose, not between those with the Government but within the two parties. There were extremist views in both the parties. There were Members who did not feel happy over this coalition.

Ultimately the Congress Party doubled, on the 20th Feb., that the coalition Government should come to an end and the Chief Minister tendered the resignation on 21st Feb. The Governor had naturally to consult both. In fact he consulted the other parties also. The Governor formed that Dr. Mehtab was insistent and was not prepared to carry on any further, the Gantantra Parishad also. All the other parties says that they were not able to form a Government and the Governor came to the conclusion that it was not possible to form any Government there.
unless one of the two major parties was willing to co-operate. In these circumstances, there was no alternative for the Governor but to make a recommendation for the Government of a State being taken over by the President and Government of India gave thought to it and ultimately decided that there was no alternative for them to declare President's rule in Orissa Government.  

Shri H.N. Mukerjee:— The Congress have nothing like a majority in the Orrisa Assembly they had 66 out of 140 seats they have proceeded to form a Ministry in a manner which went right against the grain of parliamentary decency. Then came this coalition with the Gantantra Parishad. I have no objection to coalition coming into the picture, if on the basis of principles, even on the basis of temporary expendiency which can be justified before the electorate. But it seems that in Orissa was not only a marriage of convenience why could they not function for a few months longer?. It was only because they were afraid of showing their faces too openly to the people on the eve of the General Election.  

Shri S. N. Dwivedy:— No democrat will feel happy at this proclamation of the President so far as the State of Orissa is concerned nor would any one shed tears that this coalition between the Congress and Gantantra Parishad is dissolved. The action of proclamation is Constitutionally untenable and politically dishonest and I hold that the situation prevailing just before the proclamation did not warrent any such issue of proclamation of an Ordinance. The Governor in haste promulgated an Ordinance which has declared invalid. It is very good to say that he did not draw any money after the Ordinance was issued but how is
the administration being run. The real constitutional breakdown has taken place after the Proclamation had been issued not before it. They have brought real breakdown of the Constitution to that land while there was no breakdown of normal situation in Orissa before. 37

Shri Bhupesh Gupta :— There shall not be any tears for this Government because this Coalition Government by Congress and the Ganatantra Parishad was born in sin, lived in sin and went down in the act of committing sins. 38

Shri Lal Bahadur Shastri :— I must admit that we do not feel happy to come forward with this Resolution but it seems that there was no alternative for the President except to adopt this course of action in the situation as it had developed in the State of Orissa.

I said that in principle we agreed with the view that elections in these circumstances should be held as quick as possible. We are still in consultation with the Election Commission. 39

...
CONSTITUTION (EIGHTH AMENDMENT) BILL, 1959

Shri G. V. Pant:— The period for reservation for Schedule Caste and Schedule Tribes and nomination under the Constitution, when it was passed was fixed at ten years. Those ten years will expire on 26th of Jan. 1960. So it become necessary to bring a Bill of this type before this House.

There has been an appreciable improvement in the conditions of Scheduled Caste and, to a lesser extent, Scheduled Tribes. But the position has not changed basically.

The question that arises with regard to their representation in the Lok-Sabha or in the State Assemblies. If this reservation is withdrawn, will they be returned in adequate numbers in proportion to their population. I think it will have to be conceded that they could not be able to hold their own against other sections of our community or nation. So political justice by itself requires that adequate provisions should be made for their representation in the Lok Sabha and also in State Assemblies.100

Shri H. N. Mukerjee:— I am prepare to concede that from a purely theoretical point of view, when we have adult suffrage, it may be desirable to have no reservation of any sort, but as the Home Minister has made very clear and as our experience justifies, it is very necessary for us to lend a helping hand to the weaker elements in our country and that is the principal reason why we wish to extend the period of reservation of seats for the Scheduled Caste and Scheduled Tribes.101
Shri S. N. Dwivedy: - We are not against any protection, statutory or otherwise to communities which have been denied all normal privileges of society for ages how, socially, economically and in many respects.

**CONSTITUTION (TENTH AMENDMENT) BILL, 1961**

Shri Jawaharlal Nehru: - The amendments deals with the integration into the Indian Union of the territories of Dadra and Nagar haveli. Members are aware of how a number of courageous persons of Nagar Haveli and Dadra, many years ago drove out the Portugese garrison or police or whatever it was, the officials there, and established a free territory. As a matter of fact, as was shown in the recent case in the Hague Court, this was an act of those people and not of the Government of India. We have no intention to allowing the Portugese to come through Indian territory and try to suppress the people of Dadra and Nagar Haveli So they remained free.

Therefore the Portugese Government took this case to the International court of Justice at the Hague claiming the right of passage to these territories. This case was argued and lasted several years. Ultimately the case was decided. That decision made it quite clear that the basic attitude we had taken was correct in regard to these. And it followed from that we could go ahead and incorporate these territories into the Indian Union, which had been repeated desire of the people of Dadra and Nagar Haveli. There was the Varisth Panchayat these which had passed a resolution to this effect. So we gave further thought and come to the conclusion that we should give effects to that request of Panchayat. That request was repeated recently unanimously and as
a consequence of that, we had brought forward this Constitution (Tenth Amendment) Bill and connect a Bill which has placed before this House in regard to the representation of Dadra and Nagar Haveli.

We have treated them as Union Territories deliberately because we do not want to split them up or put them in either the State of Gujrat or the State of Maharashtra. I do not know about the distant future, but for the time being, in the near future, they will continue to be treated as Union Territories.\footnote{103}

\textbf{Shri Bhupesh Gupta} :- If you read the statement of objects and reasons, you will find that as a result of the repeated requests by the people there, the Government is now bringing up the Bill. It is good that they have brought it, we are all supporting them. We congratulate the people of Nagar Haveli and Dadra.\footnote{104}

\textbf{Shri Jawaharlal Nehru} :- It seems to me that for us to have ignored the Hague Court and to have started doing something here while it was considering it would have been a great discourtesy, and apart from the great discourtesy it migh have involved us in all the manners of complications in the United Nations or elsewhere. It is not always the best course to act across the normal methods of doing things in our desire to have speedy results. Sometimes an expected speedy result fails us and it takes us even more than the normal time to achieve the end in view. I have no doubt therefore, it was right for us to wait till the Hague Court had decided the issue and wait for a little time, even after that to observe the consequences of the decision.\footnote{105}