

Shri B. Das (Orissa: General): Sir, the House is discussing Chapter 1, Part X which deals with "the distribution of revenues between the Union and the States". Article 249 and the subsequent articles up to article 260 deal with the collection and assignment of taxes between the Centre and the Provinces. Article 255 deals with grants-in-aid from the Union to the States and article 260 deals with the appointment of a Financial Commission to enable the making of independent grants to the Provinces without interference by the Finance Department of the Central Government.

Sir, this House had no opportunity to discuss this subject which concerns the social well-being of the entire population of India. In July 1947, Pandit Jawaharlal Nehru, the President of the Union Constitution Committee, reported and gave a small Chapter (Part VII) on Finances and Borrowing Powers. It was discussed later in the House and was incorporated in the report in the Second Series. In the July-August 1947 discussions, the question was left hazy. But, Sir, you at least appointed an Expert Committee to go into this question of the financial provisions of the Union Constitution. That Expert Committee reported sometime early in 1948. This sovereign House never discussed that report of the Expert Committee. The Drafting Committee must have taken into account the report of the Expert Committee and modified the articles under discussion. But, Sir, I must say that these articles remind me of similar articles in the Government of India Act, 1935. They do not show any tendency of the Finance Department of the Government of India to part with the resources arbitrarily commandeered, so that the Provinces can live happily and prosperously and do their duty by the people under their charge. Sir, the Expert Committee in paras 27 and 28 have spoken about the needs of the provinces and the Centre. They say :

"The needs of the provinces are in contrast, almost unlimited, particularly in relation to welfare services and general development. If these services, on which the improvement of human well-being and increase of the country's productive capacity so much depend, are to be properly planned and executed, it is necessary to place at the disposal of Provincial Governments adequate resources of their own, without their having to depend on the variable munificence or affluence of the Centre."

Sir, I have watched the Finance Department of the Government of India from 1925. It has always maintained its mood that it will give some charity to the provinces. They think that their primary responsibility is the defence of India, and not bringing about social and economic justice to the teeming millions of India after we have attained independence. Sir, this Expert Committee was appointed by you in accordance with the wishes of this House, so that their recommendations could be given effect to. But what is the attitude of the present Finance Department ? It goes on merrily with its colonial pattern expenditure, without realising its primary obligation to the people of India and without giving a share of the revenues -of India to the provinces so that they can develop the social and economic well-being of the people of India. Sir, I would have been happy if articles 249 to 260 had incorporated at least some of the recommendations of the Expert Committee Report. Sir, the attitude of the Finance Department has been the same since 1925. Why is it that the Finance Department of the Government of India is so heartless ? We may be thinking that we are an independent nation now, but the Finance Department of the Government of India still lives in the days of 1925 and 1935. Perhaps it has become more authoritative than it was under the alien rulers, and does not think of the responsibility it has to discharge to the millions of this country. Here in this Constitution we are, going to say in the Preamble that we will secure social and economic justice to the people of India.

The House has heard thousands of speeches about political justice to the people, but when has the House heard during the last two and a half years anything about economic justice to the teeming millions of this country that are living in the provinces? Sir, the House appointed the Expert Committee, but why is it that the Government of India have not brought forward any proposals so that the provinces 'could get a share of the revenues of the country and spend it for the development of the undeveloped conditions of the people and for the social well being of the people ? The Expert Committee on pages 13 & 14 of their Report recommended the division of the proceeds of revenue between provinces, but the principle governing the award of Sir Otto Niemeyer is sought to be continued. Sir Otto Niemeyer came here to see that British rule was perpetuated in India. It was not his duty, it was not necessary for him to see that the provinces developed, to see that the people were happy and contented. The Government of India now seeks to perpetuate the award of Sir Otto Niemeyer even two years after independence was achieved I would have been pleased if paragraphs 50-58 of the Expert Committee report with slight modifications had been incorporated in the Constitution. I do not find the Finance Minister here. I believe my honourable Friend, Dr. John Matthai, is a Member of this House. It is his responsibility, it is his obligatory duty to come here and explain why his Government has not come forward with assistance to the provinces in the last two years. He is not present here, but I hope some member of the Government who is a Member of this House will come forward with an explanation of this dilly-dallying and shilly-shallying policy of the Finance Department of the Government of India. Sir, the recommendations of the Expert Committee, which was appointed by you, made their recommendations as a whole. They are one piece of recommendation. The Government of India have accepted nothing, nor has their spokesman here explained why they are so inattentive to the recommendations of the Expert Committee appointed by you with the concurrence of this House. In Paragraph 71 of the report, it is stated:

"We would further recommended. in order to save time, that the Finance Commission may be set up in advance of the coming into effect of the Constitution, and its status regularised after the Constitution comes into effect."

In article 260, it is stated that-

"The President shall at the expiration of five years from the commencement of this Constitution and thereafter at the expiration of every fifth year or at such other time as the President considers necessary, by order constitute a Finance Commission. . . ."

What is the use of this Commission and what is the use of this Constitution when the Finance Department of the Government of India maintains its autocratic independence and spends most of the revenues of India on the so-called defence of India, spends it on the inflated staff of the Government of India. The staff of the Government of India can be retrenched by half or more than half and considerable savings can be made. What is the condition of the finances of the Government of India ? It is already running at a loss. Its revenues do not cover its normal expenditure, and yet the Finance Department goes on merrily spending as it likes, without caring for the primary responsibility imposed on it by the Constitution that it should render social and economic justice to the people Sir, this is a charge against the Government of India, and the Government of India must justify their position by explaining on the floor of this House why it has rendered no social an economic justice to the people of India during the last two years of out independent existence.

It is no use saying that the Constitution will be promulgated on The 26th January 1950. and thereafter the Finance Department will formulate proposals with this end in view and put them before this House. That is not the real attitude of the Finance Department. The Finance Department has become too powerful. From six or seven departments, the Government has come to consist of nineteen Ministries, each Ministry as an autonomous body, each Ministry functioning and spending as it likes. Who are these finance officers ? They are the traditional careerists who worked under Sir Basil Blackett in 1925, who Worked under Sir James Grigg in 1936 and 1937. Such are the men who are guiding the financial affairs of the Government of India and they are, arch-bureaucrats and arch autocrats, and if any of them has any democratic spirit, I will bow to him. I know none of them have that; otherwise they would have shown it by their action in the last two years and I will say this, Sir. they have defied the Constitution. They have not understood the spirit of the independent Constitution that we are framing in this House and they will carry on in their autocratic way until we collapse.

Shri B. Das : Mr. President, Sir, I am very grateful to my Friend, Pandit Hirday Nath Kunzru, for emphasising the distress of the provinces of Orissa and Assam. The income-tax collected is frittered away in useless expenditure by the straps of the Finance Department. The Expert Committee recommended that 60 per cent. of the income-tax including all sources of income-taxes-super tax, corporation tax and everything, should go to the provinces. The Premier of the United Provinces in his memorandum to the Expert Committee laid emphasis that not only personal income-tax but all kinds of income-tax should be distributed to the provinces. Sir, there is a legitimate demand by the Premiers of the various provinces that sixty per cent.- somebody demanded fifty per cent., but I claim sixty per cent. as has been recommended by the Expert Committee-should go to the provinces. The question arises as to the basis of distribution. Should it be on collection basis or should it be on population basis or should it be on some other basis ? Bombay naturally collects the largest amount of income-tax because most of the companies have their headquarters in Bombay. My honourable Friend, Pandit Kunzru, just now stated that Bombay is not a consumers' province. Yet Bombay very much likes to get something for nothing, to get some percentage on a collection basis. Mr. N. R. Sarker, who today happens to be the Premier of West Bengal, knowing that Calcutta has the headquarters of many Companies, recommended that thirty five per cent. should be on the basis of collection and twenty per cent. on a population basis. This is a very wrong system of allocation and we protest against it and I am glad this has been supported by my honourable Friend, Pandit Kunzru. We undeveloped provinces such as Orissa, Assam particularly and Bihar, we do not accept that some people will get something for nothing because the foreign rulers concentrated trade and commercial activities in Calcutta and Bombay. We do not subscribe to this method of allocation. I do claim that 60 per cent. of the income-tax and not personal income-tax as it is now done at present, should go to the provinces. Ten per cent. may be kept in the hands of the Central Government to meet the special needs of the State. The other 50 per cent. should be distributed on population basis. Sir, I have to point out that my province which had 9 lakhs of population before the merging of so many states has now got a population of 1 crore and 40 lakhs. These States have very primitive forms of administration, primitive sources of taxation, and they have been merged into -the Orissa Province and have been incorporated to a standard of administration as is prevalent in the provinces, and the Government of Orissa have ensured that these merged States should have similar standard of administration as exists in Orissa Province, and yet the income that accrues from the States is very little. The allocation of income-tax, which the Otto Niemeyer Award 'gave about which I have said on a previous occasion this morning, was arbitrary. It awarded two per cent. out of this allocation of income-tax, and later the Government of India, -not this Government of India-changed into three points and Orissa got 3 per cent of the income-tax allocated to the provinces.

I am surprised that the Government of India is a party to the draft article 251. Under the changed conditions this sovereign House has altered the position of many States. Why do not the Members of the Government of India who also Members of this

House advise the Drafting Committee to change the system of allocation of income-tax, so that provinces like Orissa, which is more than doubly handicapped by the merging of the States, get an equitable share of income-tax. The only equitable share is allocation on population basis.

I am grateful to Pandit Kunzru and my honourable Friend, Mr. Biswanath Das, for referring to the Adarkar-Nehru Report of 1947. The report was printed some time ago but it saw the light of day in March 1949. I had only a chance to glimpse through it. Why is it that the Government should pick holes with such weighty opinions, such weighty views and shelve it? Why should it not raise discussion in the country or even on the floor of this House ? I think that as long as the Government of India remains blank on the subject and it follows a policy of grab and hold; nothing can be done. The Adarkar-Nehru Report provides a solution to develop the provinces. Provinces which are undeveloped, which are backward must get weightage by special grants as in Australia. Based on *per capita* income, undeveloped provinces should receive financial grants. Is it not the function and duty of the spokesmen of the Government of India here to take the House into confidence and to tell what they have in mind ? Is their mind blank or have they been thinking and thinking these two years and cannot decide to part with resources ?

Sir, I went through the memorandum that the Government of India submitted to the Sarker Committee. It is a heartless, colourless memoranda. It deals with its own difficulties; it never assume that the Finance Ministry of the Central Government has sovereign responsibilities to India and to the provinces at large. Nowhere in that long memorandum is there any mention that the provinces must develop, or the provinces must get more resources, more share of the income-tax so that they can develop. I had never seen a more cruel document drafted by the foreign rulers that ruled us up to August 1947. I have seen the memorandum in 1936-37. I have seen the notes of the financial satraps and bureaucratic rulers in 1924 and 1925 and I never read such a heartless document and Sir, that was, the considered views of our Finance Department, the Department of the independent Government of India-which now plays ducks and drakes with the resources of the provinces and overawes the provincial financial ministers. It is a shameless Government. It is a shameless Government I again say, and poor provinces, poor Premiers of the provinces have to plead their own case, they have to plead their poverty, their backward conditions. Of course, Bombay need not plead. Why should Bombay plead with a *per capita* revenue of Rs. 25 ? Why should Madras plead with a *per capita* income of Rs. 19 ? Why should U. P. plead with income of Rs. 21 ? But Orissa, poor as we are with a per capita revenue of Rs. 4 or 5, should ask for something nearer a basic level. Assam spends much less after the partition of Assam; and is it not the sovereign duty of this House to ensure adequate and minimum basic expenditure for the development of these provinces ? That can only be ensured if 60 per cent of all sources of income-tax goes to the provinces, based by allocation on population basis and on no other basis.

Shri B. Das : Sir, the heart-rending speech of the Premier of Assam revealed in what way the finances of India are being allocated or are being thought of being allocated. Central Excise should mainly belong to the provinces. The Sarker Committee report in para. 18 remarks :

"During the war, all provinces except Bengal and Assam, had surplus Budgets."

We have heard from the Premier of Assam in what distressful condition Assam is at present, and that distress has been enhanced by the advent of Communists, both from the East and from the West—from Burma and from East Bengal : both foreign governments. Therefore, Assam's needs deserve very careful consideration by this sovereign House. If the Government of India is careless, if it has no idea of helping the Provincial Units or observing the fundamental duty of the State, if the Finance Department of the Government of India is adamant and bureaucratic then this House must compel the Government of India to function as a democratic government. In para. 40, page 9, the Sarker Committee has discussed the Central Excise duties and it has reached the conclusion that at least 50 per cent. of the Central Excise duties collected by the Centre must go to the provinces. My honourable Friend Mr. Bardoloi has said that he would like Assam to get 75 per cent. of the Petroleum and Kerosene excise duties. I think on the ground that he has advanced, he is justified in claiming that percentage Of Central Excise duty.

I am very grateful to him for referring to Orissa. Talking of Orissa. we are entitled to the share of the excise duty on tobacco. Government or India is at present adamant. It does not accept N. R. Sarker's report where it says on page 10:

"We accordingly, recommend that 50 per cent of the net proceeds of the excise duty, in tobacco should not form part of the revenues of the Federation but should be distributed to the provinces."

Sir, the Government of India enjoys a superior position. It does not think it has any responsibility to explain its conduct, or its attitude towards financial disbursement to this sovereign House. A moment ago, we heard Dr Ambedkar saying that a Special Officer or a Special Committee is going to be appointed to examine how resources can be re-allocated to provinces. That came out incidentally in the course of his reply. Why was it that the spokesman of the Government of India on the floor of this House did not feel it his responsibility to take this House into confidence ? I wish to criticise again the conduct of the Finance Ministry of the Government of India, that it is not observing democratic principles. Excise duties are produced by the sweat and toil of the citizens of the provinces. If my honourable Friend Mr. Bardoloi referred to Communists threatening Assam, I may say that the, Central Excise duty ought to be used for fighting them, as the very method of collection of the Central Excise duties in the Provinces is strengthening communist activities. The excise duty which is being collected in every province, in the United Provinces, in Madras, in Orissa, etc., is done by an undemocratic method and this is seized by the communists in their propaganda.

We all know what is happening in the north Madras districts in Nalgonda and in Chittoor. One of the items in the agitation of the Communists among the peasants is : "You grow your tobacco and the Government of India comes and charges duty". The Government of India are so silly that they stick to this method of collection. They do not collect this revenue through the officers of the provinces. They have not their own staff for the collection of the excise duty from tobacco from the villagers. Who are the Central Excise officers? They are all urban people. Talking of my own province, most of them come from Calcutta. Speaking their Calcutta language, they adopt a highbrow attitude towards the villagers in Orissa. They do not know how to talk as brothers to brothers. They irritate the poor peasants who have grown the tobacco from which the Government of India collect so much excise duty. Sir, this House has had no opportunity to discuss the proper method of taxation and allocation of the taxes. If we had such an opportunity we would have advised the Government not to follow the British methods which they have, inherited. The provincial officers know and are in constant touch with the local people and they are alive to the needs of the public and handle problems with human sympathy. Let them collect the tobacco duty. Incidentally I may say that the Government of India in the Finance Department must mend its manners.

Sir, I support on principle my Friend Mr. Bardoloi's demand that 75 per cent or a higher percentage of the duty on petroleum and kerosene should go to Assam in view of its great need and lack of expanding resources. I support also wholeheartedly the recommendations of the Sarker Committee that 50 per cent. of the Central Excise duty should go to the provinces.

I also hope that the point which I have raised, namely that the Central Excise duty should be collected by provincial agencies and not through the alien agency of the Central Government who have very little sympathy for the villagers who produce the article on which this duty is charged, be immediately given effect to.

Next I come to article 253 (1) which says : "No duties on salt shall be levied by the Union". This is a sentimental provision. Already in another place during the last session my Friend Mr. Thirumala Rao advocated that salt duty should be reimposed. The removal of the salt duty has benefited nobody. it has made the black-marketeers and the salt manufacturers raise the price of salt. When the salt duty existed we used to buy salt at one anna per seer, today I think we have to pay five or six annas per seer. So, the provision contained in article 253(1) is a mere sentimental provision. I do not say anything more about it.

As regards sub-clause (2), the draftsmen including Shri T. T. Krishnamachari may take pride, saying that they have included such a provision in the Constitution. But what is the Constitution worth if it does not give the the benefit of its provisions to the masses ? Therefore, although I did not move any amendment to this sub-clause, I may say now that my intention was to compel the Government of India to bring legislation before Parliament within six months from the date of the commencement of the Constitution over such redistribution. The subclause says that *by law* so much of the excise duty shall be distributed. But who will compel Parliament to pass such a law ? This Draft Constitution is so worded that it does not compel the Government of India Finance Department to do anything or to part with the monopolised sources of revenue. We are slowly giving all the powers to the Central Government and taking away the little freedom and the little power that the provinces now possess. In this matter of the Central Excise duty which is to be collected by the Union I why this pious

language here, 'such duties as are mentioned in the Union List'? We have not yet settled the Union List. If it wants, the Finance Department of the Government of India will direct the Drafting Committee to omit from or include in the Provincial List such items as they want. That is why the sub-clause says: 'if Parliament by law provides in accordance with such principles of distribution as may be formulated by such law.' I think this goes against our principles. This august House has every right to demand from the spokesmen of the Government of India what will be the principles of such law-the principles of distribution. We see everywhere a lukewarm sympathy. I find that no Government of India spokesman is present here. Always the Draft is accepted; that is how we are carrying on. How does it benefit the masses ? It is no-use our passing a Constitution which cannot be implemented automatically and the Government of India is not compelled to let go its hold on the finances of India. This is a point on which I am shouting too much. I do ask you, Sir, with all respect, to examine whether the Draft articles on the financial distribution are fair to the masses and whether they automatically provide for the Government of India Finance Department disbursing the resources which the British Government financiers from 1924 have commandeered from the provinces. I hope in due course you will direct the Drafting Committee to examine the aspects which have been brought to your notice.