

Party's First Training Course

The Swatantra Party's first training course for organisers concluded successfully on August 23. Commencing with Independence Day, August 15, some thirty participants from all over the country covered thirty two subjects extending from Fundamental Rights to local organisation, publicity and press relations in an intensive programme of training in Bombay.

Organised by the Central Office, the programme included lectures, discussions, documentary films, question-answer meetings and practical training in party work. The participants evinced keen interest and have returned to their respective States with a

much better knowledge of the Party's philosophy and policies and sound ideas in regard to organisational methods.

States represented covered Andhra, Gujarat, Himachal Pradesh, Maharashtra, Mysore, Orissa, Rajasthan and Uttar Pradesh as well as Bombay city.

The guest speakers who addressed the trainees included not only members of the Party but also eminent personalities, experts in their own fields from outside.

In view of the success of the programme, the Central Office hopes to make this a regular feature by holding such courses periodically.

FOOD SCARCITY AND HIGH PRICES

Rajaji from Madras, Mr. Masani from Bombay and Mr. Dahyabhai Patel from Delhi have all spoken on the rapidly deteriorating food situation and soaring prices in the country.

In a statement to the Press on August 20, Rajaji said:

"The land policies, particularly the persistent and artificial stimulation of conflicts between owners and tillers, the drive for fragmentation instead of consolidation, the threat to ownership and security, and the uncertainties kept heavily hanging over all the surplus-producing farmers, call them landlords or what you will, are at the root of the scarcity felt in the urban markets.

"It is no use depending on the doctrinal diagnoses of outsiders, who take for granted that some healthy land reforms are being delayed, or the equally academic doctors of our own. These very 'so-called' land reforms are at the root of the artificial famine.

"There is no use increasing the dependence on imports and failing to see or forgetting the roots of the malady and persisting in doing just the contrary of what should be done. The greater the terrorisation, the less near we shall be to a real solution.

"Let it be realised at once that the political managing agency at New Delhi, with yes-men-secretaries assisting, cannot dictate and enforce prices for what is the private production of tens of millions of hands spread throughout the sub-continent and whose affairs, costs and troubles are totally outside the field of knowledge of the Central managing agency, however, omniscient they may be imagining themselves to be by force of habit.

"To seek to do what you cannot do and make it

a law-and-order matter with the fierce determination of authoritarianism will lead to chaos. I say, beware, from outside and hope my voice will be listened to. This matter cannot be handled in this manner."

Addressing the Commerce Graduates Association in Bombay on August 6, Mr. M. R. Masani referred to the raids on wholesale traders' stocks in Delhi and said that "Mr. Nanda's political stunt" had "boomeranged as a result of the Delhi Administration's admitted failure to find anything irregular". He added that "this fiasco should open the eyes of the people to the attempt of the guilty men responsible for the mess in which the country finds itself today to divert the people's wrath from themselves to scapegoats like peasants and traders."

Blaming the "lop sided priorities" in the Congress Government's planning for the food shortage, Mr. Masani asserted "that in an agricultural country the only basic industry is farming". The Planning Commission, forgetting this basic fact, had imposed on the country the Soviet pattern of putting heavy machinery, steel and other capital intensive industries first, consumer goods industries next and agriculture last. The economic collapse threatening the country was the nemesis of apeing Communist countries like Soviet Russia and Communist China, which are now themselves importing wheat from the "capitalist" countries. The same policies were producing similar results in India. Food production, which was neglected in the Second and Third Plans, was lagging behind population growth. At the same time, the investment of scarce national resources in low and slow yielding projects like the heavy engineering plant in Ranchi and the Steel plants created inflation. The

result of this basic blunder was further aggravated by deficit finance and heavy indirect taxation.

Mr. Masani suggested four remedial measures to bring immediate relief to the people:

1. Bringing adequate supplies from the buffer stocks, which are over five million tons according to the Union Food Minister, on the market through fair price shops and the trade, which would bring down prices immediately. State Governments were among the biggest hoarders and profiteers in the country.

2. Abolition of zonal barriers.

3. Decontrol.

4. Immediate cessation of the export of all edible articles until the situation radically improved.

Addressing members of the Swatantra Club in New Delhi on August 12, Mr. Dahyabhai V. Patel, M.P., went into the fundamentals of the price mechanism and reviewed Government's economic policies which had resulted in inflationary conditions. Mr. Patel's speech is published as a supplement at the end of this Newsletter.

ORISSA UNIT'S MEMORANDUM TO PRESIDENT RADHAKRISHNAN

The Orissa Unit of our Party has submitted a memorandum to the President of India praying for a public enquiry against Chief Minister Biren Mitra, former Chief Minister Biju Patnaik (at present Chairman, State Planning Board), and the Minister for Home and Supplies and other Ministers and officials who may be found involved, by appointing a Judge or Judges of the Supreme Court unconnected with the State of Orissa under the Commissions of Enquiries Act, 1952.

The memorandum is signed by Mr. R. N. Singh Deo, President of the Orissa Unit of the Party and Leader of the Opposition in the State Assembly, and

63 others including M.L.As. and Ex-M.L.As; Members of Parliament belonging to our Party so also to the Samyukta Socialist Party and Independents; advocates, Chairmen of Municipalities, Municipal Councillors, Chairmen of Panchayat Samities, Chairmen of Zilla Parishads, Doctors and Trade Union leaders and office-bearers of non-communist Opposition Parties belonging to the various districts of the State.

The Memorandum runs into 13 foolscap pages and has 9 Annexures running into 51 pages. We hope to carry in the next issue of our Newsletter a summary of the Memorandum.

PROF. N. G. RANGA ABROAD

The Party's President, Prof. N. G. Ranga, left for Copenhagen on August 17. He is a member of a three-

man delegation of Members of Parliament to participate in the meeting of the Inter-Parliamentary Union.

BIHAR UNIT DISSOLVED

The Central Organising Committee, at its meeting in Bombay on June 29, had after considering the unsatisfactory state of Party affairs in Bihar, asked the senior Vice-President, Mr. K. M. Munshi, to go into the matter and submit his report to the Organisation Sub-Committee. The Sub-Committee was empowered by the Central Organising Committee to take all such action on its behalf in relation to the Bihar Unit as the Organisation Sub-Committee deemed necessary on the report of Mr. Munshi in the interests of the Party as a whole.

The Organisation Sub-Committee, at its meeting in Madras on August 8 with Prof. N. G. Ranga in the chair considered the Report submitted by Mr. Munshi and unanimously decided, in the light of that report, to dissolve the Bihar unit of the Party (Text of resolution in Annexure A). A press note issued that day from Madras explained:

"The drastic step of dissolving the unit of the Swatantra Party in Bihar was taken today by the Organisation Sub-Committee under the authority given to it by the Central Organising Committee of the Party at its last meeting in Bombay on June 29. The Committee decided to dissolve the Bihar organisation of the Party and the interim Executive Committee appointed by the Centre on 28th March 1964. The Party's group in both Houses of the State Legislature, where they are the official Opposition, has been

asked to continue to function as at present under the general control and supervision of the Central Parliamentary Board. The Legislature group has been asked to meet forthwith and elect a leader and other office bearers of their choice. The Central Office of the Party has been asked to take charge of the papers, accounts and assets of the dissolved unit. The Central organisation will in due course consider steps to be taken to reorganise the Party in Bihar.

These far reaching decisions were unanimously taken as a result of the report submitted by Mr. K. M. Munshi, Vice-President of the Party, who had been requested to investigate various complaints regarding the non-functioning of the State Unit in Bihar and indiscipline within its ranks. Mr. Munshi's report finds that the interim State Committee appointed by the Centre had failed to function. The State unit had kept the Centre in ignorance of material facts relating to developments in Bihar. The State unit had done nothing to arrest the demoralisation that had obviously been creeping among Party members as a result of internal dissensions.

Examples of such demoralisation referred to in Mr. Munshi's report are: the defeat of the Party's first candidate in the recent Rajya Sabha elections from Bihar, while the second candidate got elected, due to the fact that a large number of Party members had voted for candidates other than those put up by the

Party and the similar defeat of one of the Party's candidates in the recent election to the Bihar Legislative Council. The latest evidence of demoralisation within the ranks of the party is the reported defection of 12 members of the legislature.

The State Committee had also failed to provide adequate facilities to members of the party to enrol members and had behaved in a manner that was calculated to make the Bihar Unit a closed group regardless of the interests of the Party as a whole and disabling it from functioning on a democratic basis.

All these facts reported in Mr. Munshi's report led to the conclusion that the Bihar unit was disorganised and its members in the State Legislature did not regard the discipline or prestige of the Party as of any account."

Approached by pressmen to comment on the decision of the Organisation Sub-Committee, Mr. Kamakhya Narain Singh of Ramgarh, former President of the dissolved unit, expressed surprise at the action.

The General Secretary, in a rejoinder on August 11 said:

"I have seen a statement by Mr. Kamakhya Narain Singh, till lately President of the Swatantra Party unit in Bihar, expressing surprise at the dissolution of the Party's branch in Bihar and of the Interim Executive Committee. His complaint that the action should not have been taken without his having an opportunity to furnish an explanation is misconceived because the Party's decision is not of the nature of disciplinary action but an administrative act. Mr. K. M. Munshi's report had recommended that the allegations made against the President of the Bihar Unit need not be

gone into but that the failure to function of the Interim Executive Committee appointed by the Centre and of the State Unit was clear and had been admitted by Mr. Kamakhya Narain Singh himself. In view of this the Organisation Sub-Committee decided to dissolve the Interim Executive Committee, which it had itself appointed on March 28 this year, and to suspend the operation of the Bihar Unit of the Party.

"The removal of office-bearers and the Interim Executive Committee by the Centre which had appointed them is thus an administrative and political act and not disciplinary action calling for following a quasi-judicial procedure."

On August 17, the Central Office on the instructions of the Organisation Sub Committee released the text of Mr. K. M. Munshi's Report on the unsatisfactory functioning of the Bihar State unit of the Party (Text in Annexure B). In the meanwhile, a representative of the Central Office, who had gone to Patna to take charge of the Papers, Books of Account and Assets of the dissolved unit in pursuance of the Organisation Sub-Committee's directive, had to return empty-handed since the former President and Secretary refused to hand over charge on the plea that they intended to appeal against the Organisation Sub-Committee's decision.

On a consideration of the correspondence between the Central Office and the former President and Secretary of the dissolved unit, the Organisation Sub-Committee adopted a resolution calling on these two persons to show cause why appropriate disciplinary action should not be taken against them for flouting the authority of the Party (Text of Resolution in Annexure C).

NEWS FROM STATE PARTIES

ANDHRA

The State Executive met in Vijaywada on Aug. 22.

The meeting expressed its sense of deep sorrow at the passing away of Mr. Parachuri Prasad Rao of Masulipatam a self-less and devoted leader of the Party in Krishna District.

A resolution on the food crisis expressed deep concern over the deteriorating situation on the food front and expressed the view that the present situation was another proof of the failure of Government's agrarian policies, programmes and planning. It denounced the attempts by Government to meet the situation with policies of compulsory procurement and controls which had proved to have been failures in the past. Among the measures suggested for alleviating the situation were the development of minor irrigation sources, the supply of fertilisers, seeds etc. in adequate quantities in time at reasonable prices; supply of power for agricultural purposes at concessional rates; guaranteeing economic prices to the producers; providing cheap and ready credit and improving rural communications and marketing facilities, and finally removal of zonal restrictions.

Another resolution strongly condemned the attitude of the State Government in forcibly collecting commission on 4% per cent State Loans even though the Government repeatedly assured in and outside the Assembly, that the collections of the loans would be voluntary. The Committee, in its resolution warned the public not to submit to this sort of immoral and corrupt practice.

A third resolution deplored that Government funds were being utilised to promote a political party. The reference being to a special grant by the Andhra Pradesh Government to the Guntur Municipality of a sum of Rs. 30 lakhs in the context of the forthcoming meeting of the All India Congress Committee at Guntur.

BOMBAY

The Unit did not support the call for "Bombay Bundh" given by certain opposition Parties and for a General Strike on August 12. In a statement to the Press, Mr. N. Dandekar, President of the Bombay and Maharashtra units of the Party said that while the Bombay unit shared with the people their anger and resentment against a callous Government whose plans

and policies have been directly responsible for the spiralling rise in prices and the scarcity of foodgrains, it could not support the Socialist and Communist demand for even more rigid controls over foodgrains or for nationalisation of the foodgrains trade by making it a State Trading monopoly. The statement expressed the opinion that such measures would only worsen the evil and be an unmitigated disaster for the people.

Moreover, averred the statement, a total stoppage of all productive and economic activities at this juncture, including public utilities, as was proposed by the Samyukta Socialist Party and the Communist Party of Maharashtra, would lead to loss of production and serious dislocation of normal life, resulting in further suffering for an already overburdened public.

The Unit has decided on a novel form of protest. It has planned to send deputations to all members of the Legislative Assembly belonging to the Congress Party in the city to discuss measures for immediate relief to the people.

As part of this campaign a nine-member delegation from the Bandra unit met its representative in the Assembly, Mr. P. G. Kher, of the Congress Party.

The Unit convened a citizen's meeting to protest against the continuance of zonal restrictions. Among speakers at the meeting were Mr. M. R. Masani and Mr. N. Dandekar of our Party, Dr. Vasantkumar Pandit of the Jan Sangh and Miss Maniben Kara of the Western Railway Employees Union. Professor C. N. Vakil presided.

On the anniversary of the establishment of the Party, Party Workers in the city launched a Marathi fortnightly called "Swatantra Sandesh", which was inaugurated by Dr. (Mrs) Shantabhai Gulabchand.

GUJARAT

In the last week of July Mr. Bhailalbhair Patel, State President, and Shri Jaideepsingh of Baria visited Broach and Surat Districts. They addressed a meeting at Sayan in Surat District and then proceeded to visit Rajpipla and Jambusar in Broach District. Mr. Bhailalbhair Patel then went on to Navsari in Bulsar District where he addressed members of the Rotary Club and later a public meeting. At Vapi, the State President inaugurated a Party office. He also addressed meetings at Kamrej and Bardoli.

Party work has begun with renewed vigour in the districts of Banaskantha and Bhavnagar. At

Annexure A

TEXT OF THE ORGANISATION SUB-COMMITTEE'S RESOLUTION ON BIHAR

Having considered Mr. K. M. Munshi's report the Organisation Sub-Committee unanimously decides that it sees no reason to differ from Mr. Munshi's recommendations and therefore resolves as follows:

"In the light of the special circumstances referred to in Mr. Munshi's Report,

(1) The Bihar Organisation of the Party is hereby dissolved. No further work (including enrolment of

Paliad the Bhavanagar District Party office was inaugurated on 21st July by Mr. Shivraj Kumar of Jasdan. At Banaskantha, Mr. Himatlal Mulani, the President of the Radhanpur Taluka Panchayat, has undertaken the task of organising the Party.

A delegation of legislators led by Mr. Bhailalbhair Patel met the Union Food Minister, Mr. C. Subramaniam when he visited Ahmedabad on July 22 and submitted a detailed memorandum regarding the food problem in the State. In Rajkot, Mr. Vamanrai Hathi presided over a public meeting organised by the Party. Among those who spoke at the meeting to protest against rising prices were Mr. N. B. Mankad, Mr. Promod Kalyani, Mr. Ravishanker Trivedi, Mr. Hasmukh Rajani and Mr. Chandrakant Shah.

MYSORE

In the town of Nagamangala in Mandya District (hitherto a Congress "Stronghold") a nucleus of the Party was formed recently. On July 31, a largely attended public meeting was addressed by Messrs. P. H. Krishna Rao and S. V. Shama Rao of the Party. Mr. K. H. Srinivasan, one of the Vice-Presidents of the Mysore State unit, presided.

On August 18, Mr. P. H. Seshagiri Rao addressed a study circle at the Party office in Bangalore on the subject "Different Faces of Inflation".

Taking advantage of the presence in Bangalore of Mr. M. R. Masani, the ad-hoc Committee of the Broadway Assembly constituency unit arranged the opening of their new premises on June 10. Smt. Neelaveni presided over the function. Mr. K. N. V. Rao, Convenor of the Bangalore District Committee, welcomed the guests and Mr. A. Joseph proposed a vote of thanks.

Mr. S. V. Kashinath M.L.A. presided over a meeting in Yeswantpur village to popularise the Party's philosophy in the rural areas. A large gathering of ryots, poor factory workers and petty shopkeepers comprised the gathering.

The State Unit has widely circulated a "warning to ryots" against proposals by the Mysore Government to enhance the rates of Land Revenue. Since the Government had notified the proposed enhanced rates, the Party felt it necessary to bring the facts of the obnoxious measure to the attention of the people of Mysore State so that they could file their objections before August 31, 1964. In view of the well reasoned arguments contained in the "warning" it is hoped that public opinion will be roused against this oppressive measure.

members) by or on behalf of the dissolved Unit shall proceed.

(2) The State Committee appointed by the Organisation Sub-Committee on 28th March 1964 is hereby dissolved in view of continued failure to function.

(3) Notwithstanding the above, the Swatantra Party Group of elected members in both Houses of the State legislature shall continue to function as at

present under the general control and supervision of the Central Parliamentary Board of the Party. In view of the dissolution of the State Unit and obvious disaffection in the Party's ranks which has led to the reported defection of a number of members of the Legislature, the Group will forthwith meet and elect a leader and other office-bearers of their choice.

Annexure B

MR. K. M. MUNSHI'S REPORT ON THE UNSATISFACTORY FUNCTIONING OF THE BIHAR STATE UNIT OF THE PARTY

By the decision of the Central Organising Committee dated June 29, 1964, certain complaints in respect of the functioning of the State Unit in Bihar have been referred to me for submitting a report and recommending at the same time, action, if any, to be taken in the interests of the Party as a whole.

2. The matters which I have to examine, fall under 4 heads:

- (a) Unsatisfactory functioning of the State Unit in Bihar;
- (b) Lack of discipline that has been in evidence, including the failure of the Party to give a good account of itself during the recent elections to the Rajya Sabha and the Legislative Council, and the grave charges levelled against the President of the State Unit and others by Shri Parmanand Kejriwal, the Party's first candidate in the Rajya Sabha elections;
- (c) Failure to provide facilities to members of the Party to enrol workers;
- (d) The general failure of the State Executive Committee to function over a period of several months.

3. I have carefully considered the complaints, explanations and other papers in the matter supplied to me by the Central Office.

4. I will first deal with the head (d), viz. "the general failure of the State Executive Committee to function over a period of several months".

5. I find that the State Committee has, since its formation on 22nd February 1964, failed:

- (a) to give a fair representation to a substantial section of the Party workers by co-opting additional members;
- (b) to hold meetings at regular intervals; and
- (c) to maintain a proper office at the headquarters of the Unit.

6. The State Committee has systematically kept the Central Office in ignorance of material facts relating to its activities. In fact, since August 1963, 12 circulars and requisitions for information on matters affecting the Party some of them very vital and necessary to maintain the organic unity of the Party, have not been taken notice of by the State Committee.

7. With reference to complaint (a), viz. "unsatisfactory functioning of the State Unit in Bihar", I find that:

(4) The Central Office is directed and authorised to take charge forthwith of all papers, accounts and assets of the dissolved Unit from those hitherto in charge of its affairs.

(5) The Organisation Sub-Committee will in due course consider steps to be taken to reorganise the Party in Bihar."

(a) the State Committee has not carried on any sustained activity in the Legislature or outside it to keep the Party alive, or

(b) It had done nothing to arrest the demoralisation which has been creeping over the Party members due to internal differences.

8. With regard to complaint (c), viz. "failure to provide facilities to members of the Party to enrol workers", I have come to the following conclusions:

(a) the State Committee has failed to supply enrolment forms even to responsible members of the Party;

(b) the normal procedure of enrolment adopted by all the other States, viz. the State Office would distribute the forms to District Committees and to have the completed forms scrutinised by a Screening Committee at the State Level, was not followed.

(c) the Constitution of the Party further prescribes that a State Committee shall have the right to enrol workers, but not the right to refuse enrolment to an applicant without the approval of the Central Organising Committee. A peculiar procedure was adopted by the State Committee to circumvent these provisions. Certain persons were invited by the President to meet him in Patna on 12th July, 1964. By this procedure, a person who is not able to go to Patna, though an active worker, will be excluded from being enrolled; a person who is not acceptable to the President will just not be invited to the meeting or not given forms, so that no question of refusal would arise.

9. I have, therefore, come to the conclusion that the policy of enrolment adopted by the State Committee is calculated to make the Bihar Unit a closed group regardless of the interests of the Party as a whole and to disable it from functioning on a democratic basis.

II

10. After perusing the complaints, explanations and other documents in connection with the Rajya Sabha Election, placed before me, I have come to the conclusion that without a regular enquiry being held, it would not be fair to arrive at any finding as regards the personal conduct complained of by Shri Kejriwal.

11. However, certain facts are admitted, viz:

- (a) The President of the Bihar Unit recommended Shri Parmanand Kejriwal and Raja Anandchand as the Party's first and second preference candidates for the Rajya Sabha elections respectively.
- (b) Shri Kejriwal was defeated and Raja Anandchand was elected a member of the Rajya Sabha from Bihar.
- (c) As admitted by Shri Kamakhya Narain Singh, only 12 out of 47 members voted in favour of Kejriwal and 13 members voted in favour of Raja Anandchand, while 21 MLAs of the Party cast their votes in favour of other non-Party candidates.
- (d) Even on the admission of Shri Kamakhya Narain Singh himself, the members present at the meeting of March 24, 1964, altered the list and gave a base of 30 to Shri Kejriwal and 17 to Raja Anandchand.
- (e) Even that promise of 30 votes was not adhered to by members of the Party, Shri Kejriwal getting only 12 votes.
- (f) Shri Kamakhya Narain Singh himself admits that there is indiscipline in the Bihar Unit of the Swatantra Party. In his letter of 17th April, 1964, he writes:

"... I have mentioned to him (Prof. Ranga) how indiscipline has grown in the Bihar Unit of the Swatantra Party and how on account of this indiscipline we are being disgraced from time to time. The defeat in the Rajya Sabha elections is a direct result of this indiscipline. We all know how this indiscipline has grown in the Party and how helpless I have been in setting the house in order. I felt so much frustrated that I had even taken my letter of resignation to Delhi, but Prof. Ranga pressed me not to file it."

12. From the admitted facts, the conclusion is inevitable that, in spite of the Centre having twice given Shri Kamakhya Narain Singh a team of his own choice in the Committee, neither the President nor the State Committee has been in a position to exercise any semblance of control over the Party members in the Legislature.

13. I am constrained to come to the conclusion that the Bihar Unit of the Party does not function as a Party at all.

III

14. In regard to the elections to the Bihar Legislative Council, the Swatantra Party Members of the Legislative selected Shri Brijmohan Singh and Shri Tara Prasad Singh. In the counting, out of the total strength of the Party of 47, only 41 voted, Shri Tara Prasad Singh polling only 15 votes out of 23 allotted to him, and the other candidate, Shri Brijmohan Singh, polling 26 votes though only 24 votes were allotted to him.

15. As in the case of Shri Kejriwal, I do not want to go into the personal allegations made by the complainants. The pattern of behaviour of the members of the Party in the State Legislature has been the same as in the case of Shri Kejriwal.

16. My conclusion in this case, as in the case of Shri Kejriwal, is that neither the President nor the State Committee has any influence with the Party Legislators, nor do the Party Legislators observe any semblance of Party discipline.

17. These matters referred to me cannot be considered in isolation. They are parts of the same pattern and have to be considered together in the interests of the Party as a whole.

18. Considered as a whole, I find that the State Committee does not function in any real sense of the term; that the State Unit is entirely disorganised; that the members of the Party in the State Legislature who label themselves as "Swatantra Party members" do not regard discipline or the prestige of the Party as of any account.

19. The Party functions in Bihar only in name, operating neither in a businesslike or effective manner, nor in the interests of the Party as a whole.

20. Shri Kamakhya Narain Singh has been given ample opportunity and time to reorganise the Party on a satisfactory basis, but on his own showing, he has not been able to do so. Under the circumstances, I recommend that the Bihar Unit be suspended and the State Committee appointed on 22nd February 1964 be dissolved, and the Organisation Sub-Committee take over the re-organisation of the Bihar Unit of the Party.

July 29, 1964.

(Sd.) K. M. MUNSHI

Bombay.

Annexure C

RESOLUTION OF ORGANISATION SUB-COMMITTEE

The Organisation Sub-Committee, having considered the correspondence between the Central Office and the former President and Secretary of the Bihar State Unit contained in letters dated August 10, 13, 14 and 17, expresses its distress at the failure of Shri Kamakhya Narain Singh of Ramgarh and Shri Shyam Sunder Prasad to comply with the decision of the Party. It regards their action in refusing to hand over charge of the papers of the Bihar Unit, as directed by the decision of the Organisation Sub-Committee which had the specific authority of the Central

Organising Committee in this behalf, as an act of indiscipline and a contempt of the authority of the Party.

The Committee therefore resolves that Shri Kamakhya Narain Singh and Sri Shyam Sunder Prasad be asked to show cause within 15 days of the dispatch of the communication from the Central Office why appropriate disciplinary action including expulsion from the Party should not be taken against them for flouting the authority of the Party.

HIGH PRICES—WHY?

By Dahyabhai V. Patel, M.P.

In recent months so much has been said and written on prices that I was wondering whether such a subject would be interesting enough. However, whatever has been written and spoken is more in technical language, some times not understood by common people. I shall try to put before you my point of view on the subject in as simple a language as possible. Prices form the basis of barter or exchange and to facilitate such barter a form of currency system came to be evolved and has been operating in this country for centuries. Not only there existed coins of precious and other metals but there have been in history examples of pieces of leather-stamped and used as currencies. Then, of course, in modern times, we have got paper money. But, paper money has always the backing of the precious metals, gold and silver and hence its value is recognised.

It had become a habit particularly in this country where we had a stable Government and peace for nearly 200 years and we used paper money, more so because for a greater part of this period, the currency had the backing of gold and silver. Gold it has to be recognised, has many qualities—that makes it eminently suitable. It is not too bulky, not too heavy and does not deteriorate. Gold is the recognised form of Internal exchange, payments or adjustments. Hence all currency directly or indirectly is linked to Gold. It is an ordinary Law of economics that prices depend on supply and demand. When supply is short prices tend to rise. When supply is easy, prices also are easy. India being primarily an agricultural country this feature has been more or less an annual experience though the rise and fall may not be so very steep. Prices would tend to become easy after the harvests, when the harvest had been gathered and the produce offered for sale on the market and become a little higher just before the next harvest. Because of this country being an agricultural country, its economy so much dependent on agriculture or agriculture-oriented, naturally prices also depend on weather, the harvest etc. Any pressure of upward prices is usually inter-linked with bad weather; crop failure, local scarcity, faulty distribution, transport difficulties and similar aspects of supply. As a result policy measures tend to be a little disproportionate and there is stress on such reasons and the measures to relieve the overall or local scarcity. The danger in stressing this aspect of rising prices would be in overlooking an important factor, rather to forget the more important aspects of rising prices. In recent years, we have had a rapid expansion of money-income, which have an important bearing on rising prices. Admittedly food has a strategic role. But if we are able to keep food prices down, atleast in control, prices may not "run away" as they seem to be of late. The monetary aspect of rising prices are important, sometimes, much more important.

In the First Plan period, money supply increased

a little under 10 per cent and real incomes about 18 per cent. Prices fell by 17 per cent. In the Second Plan, expansion in money supply was much higher, as much as 32 per cent whereas real income increase was 20 per cent only. Prices rose by 34 per cent. In the first three years of the Third Plan the increase in money supply has been high again, as high as 31 per cent and real income has not expanded by 10 per cent. But prices have already risen by 9 per cent.

As against a rise of 30.2 per cent in National income in 1963-64 and over 1955-56 figures, the increase in money supply was of the order of 69.7 per cent, nearly 70 per cent. So, we have a disproportionate supply of money, paper money. This is an unhealthy situation, aggravated by two other factors, the first is the tremendous leakage in the hard-earned money collected by the Government from the taxpayer, inefficiency in the machinery of Government, particularly in the execution of projects, which may themselves be worthwhile; the second, is the serious waste of public money in obviously non-productive or worthless fads of Congress Ministers that have become so serious. Money spent on some of the schemes of the Bharat Sevak Samaj or the Social Welfare Board are only a few of the examples.

The total debt obligation of the Central Government at the end of the Third Plan may be of the order of Rs. 13,600 crores, the pace at which the public debt is increasing is something which must cause serious concern to all politically conscious people of the country. The national income has risen by 46 per cent in the last 10 years from 1951-52 to 1961-62 but the public debt has gone up by 160% in the same period. It cannot be considered prudent finance to allow the national debt to accumulate at such a rate particularly as compared with the pace at which national production of goods and services rise annually. It is equally perturbing to note the growing gap between the interest bearing obligations of the Central Government and the interest yielding assets at the rate on which we are expanding the public sector. It is quite likely that the gap would be widened to Rs. 2,500 crores at the end of the Third Plan.

In 1951, the provision for interest charges for debts amounted to about Rs. 67 crores. This has increased to Rs. 103 crores in 1956-57 and in 1963-64 it was of the high order of Rs. 257 crores. Looking from another angle in 1951 the interest charges on debts accounted for about 13 per cent of the total revenue of the Government; in 1956, the ratio was 17 per cent and today the interest charges account for nearly 19 per cent of the total revenue figures, although our revenue estimates for 1964-65 have increased to the higher figure of more than Rs. 2000 crores. It may be interesting to point out that at the time of India's independence in 1947, we had to our credit a sterling

balance of foreign exchange of the order of Rs. 1800 crores where-as to day we have a foreign debt of Rs. 2,500 crores.

The Finance Minister must therefore device measures to translate his sound economic principles into reality. It is widely recognised that so long as taxation on individual remains at the present level, the process of saving and investment cannot make any marked impact on growth. In recent years in many Socialist countries thinking on matters of fiscal policies has been changing and it is realised that a lower level of taxation is essential to expand economy and attract larger tax revenues for the State.

Any further dose of taxation to finance Rs. 20,000 crores Fourth Plan would mean that socialism is no longer committed to democracy. Its main function is to deprive the people of their claims of their reasonably earned income and to waste it on a sector which is guaranteed distribution of poverty amongst the people. To add to all this, we have the most unsound Gold Control Order introduced by the predecessor of the present Finance Minister. He would not have suffered the fate that he had to, if he had not claimed the authorship or defended the Gold Control Orders and the Compulsory Deposit Schemes, as if they were his own ideas. At least, in knowledgeable circles the Present Finance Minister has very tactfully let it be known that these were the policies of the late Prime Minister and as Finance Minister he had to carry these out.

The primary reason advanced for this Gold Control Order was "to cure the lure for gold" in the minds of the people. The measures adopted, how-ever, were ineffective in bringing back confidence in the monetary policies of Government, in the currency of the country. If the people were satisfied that for the amount of currency notes issued the States had the backing of a reasonable amount of bullion, gold or silver; and the Government spending on schemes was productive there would be some hope and return of confidence. Government had however indulged in spending money extravagantly on unproductive schemes, schemes that were built up by incurring large debts in foreign countries at interest upto 7½ per cent on which the Government's overall income was only 3 per cent. If crores of rupees that the State has invested on the public undertakings had started paying a dividend, or atleast met the debt charges, the situation would not have become so serious but under such circumstances how could there be any

confidence in the financial stability of the Government?

This is not only a crisis of scarcity but a crisis of confidence and confidence can only be restored by increased production. This lack of confidence has been aggravated by the thoughtless, if not irresponsible utterances of some Congress high-ups, who should have known better—like the recent statement at Madras that one hundred rupee notes would be demonetised. The immediate reaction on a certain class of people was to convert their holdings of currency notes into goods, consumer goods, steel and hardware, may be certain types of foodgrains, all of which result in pushing up prices higher and aggravating this crisis of confidence.

The prosperity of a country ultimately depends upon its production, efficiency and increased output. We have before us the example of atom-bombed Japan and war-torn Germany which have risen out of the debris of destruction only by their hard work. They received a large measure of liberal aid, which was utilised very efficiently. I have seen these countries and I did not find a policeman going from shop to shop, as they do in Delhi at the Janpath market, asking shop keepers to close down at 7.30 P.M. In fact, I have seen shops open upto 10 O'clock at night in those countries and also in Taiwan where I have been a couple of months ago. It may be necessary to have another shift of workers or to pay overtime but it is only hard work that brings prosperity. Taiwan was under Japanese colonial rule for 50 years and suffered exploitation much more or worse than our country under British rule even more ruthlessly. But, in fifteen years after independence they have been able to bring a high standard of living to their people. This has been achieved only through hard work, by increasing the agricultural production, 300 times. There also shops and stores were open till 10.30 P.M. at night for it is hard work that brings prosperity.

A radical change in the Government's planning regarding relative importance to investment in consumer goods and productive and consumer goods industries is required. Any attempt to deal with food prices cannot succeed unless such measures are taken, without which Government cannot give much satisfaction to the people. This calls for a return to honest policies and an honest Government.

Will Lal Bahadur Shastri be able to provide it?

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