Swatantra Party

CENTRAL OFFICE

PHONE: 28887
GRAMS: SURAJYAM

SASSOON BUILDING,
148, MAHATMA GANDHI ROAD,
BOMBAY 1.

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Summary of the remarks of Mr. M.R. Masani, General Secretary of the Swatantra Party, at a public meeting in Sapru House.

"The hand that has framed the Budget may be that of the Finance Minister, but the mind behind it is a Marxist mind", concluded Mr. Masani at the end of an analysis of the inspiration and effects of the Budget. According to Mr. Masani, the Budget owed its inspiration to two obsessions that dominate the thinking of the Prime Minister. First, an inhibition against accepting military assistance from the Western Democracies out of regard for Soviet susceptibilities and, secondly, pushing forward with the destruction of free enterprise and the establishment of monopoly State Capitalism by misusing the present Emergency.

One of the most disastrous results of the Budget would be the blow it struck at the investment of foreign equity capital India so badly requires. In this context, Mr. Masani welcomed the report of the Clay Committee appointed by the U.S. Government which had vindicated the Swatantra Party's stand. Recalling that a recent report of the expenditure division of the Finance Ministry had disclosed that Hindustan Steel Limited had made a loss during the past year of Rs.40 crores, Mr. Masani described the proposed Bocarro steel plant as a wasteful project and yet another 'white elephant' inflicted on the country. "The $600,000,000 of foreign exchange required for the Bocarro project could be much better utilised in the interests of both defence and development if they were used for importing supplies of steel and other materials urgently required for Indian industry and defence", said Mr. Masani.

The speaker posed three questions. First, was the additional taxation adequate for the defence of India? Secondly, would the present taxation proposals be helpful in combating Chinese Communist aggression? Thirdly, was the additional taxation necessary for that purpose? Answering all three questions in the negative, Mr. Masani observed that the present budget was altogether inadequate to secure India's defence for which massive military assistance from India's friends among the Western Democracies was essential. He described the Budget as a victory for Communist China since the only beneficiaries of the discontent it would generate as a result of the hardships of the common people and the retarding of economic development would be the Communist Fifth Column in this country.

Questioning the assumption that the crushing burden of taxation embodied in the Budget was necessary to finance additional Defence expenditure, the speaker pointed out that the Budget stipulated an increase in expenditure on Defence of Rs.332 crores compared with the previous year. Since about half of this would be for the purchase of equipment and arms abroad which could not be produced in this country and since the U.S.A., Britain and other friendly democracies had offered to supply this equipment without cost, there was no reason why the Indian tax-payer should be needlessly burdened to that extent. The balance of Rs.166 crores that remained to be provided within India could have been raised without any increase in existing incidence of direct and indirect taxes. Allowing for a rise of 15 per cent in industrial production in the coming year without the disincentives of this Budget as against 11.6 per cent in a normal year, Central Excise and Customs could at the existing rates provide an additional Rs.150 crores, Income-tax an additional Rs.8 crores and Corporate taxes an additional Rs.22 crores. Along with a further Rs.20 crores from voluntary contributions that industry had agreed to make and yet another Rs.20 crores from the Emergency War Risks Insurance Scheme, there would thus have been additional resources of the order of Rs.220 crores available.

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