

Swatantra Party

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GENERAL SECRETARY'S NOTE RE: BIHAR FINANCES

1. When I visited Patna on May 12 and 13, 1961, and had discussions with the Bihar State Working Committee, the election objectives and strategy of the Party were discussed and I gave the Bihar Committee an idea of the working of our mind at the Centre. While there was general appreciation of the decision to limit the number of constituencies in which the Party would put up candidates with a view to conserving resources and the necessity of knowing the names of constituencies and candidates recommended before any financial support from the Centre could be forthcoming, the members of the Committee made a strong plea for special treatment for Bihar in view of the work done there and the funds invested from within the State itself.

2. I told the Committee that there were two requests in regard to which I would consult our President, Rajaji and the Treasurer and, if they were agreeable, we would facilitate granting these as a special case for Bihar in response to their wishes. These were:

- i) An advance of Rs.25,000/- each for the month of May and June alone out of the amounts that would have been payable later in regard to constituencies duly endorsed by the Parliamentary Sub-Committee which it was hoped would be upto a maximum of 25 in the State of Bihar; it being agreed that after the month of June payments to Bihar would be made in the same manner as to other States against endorsed constituencies for the Lok Sabha;
- ii) An authority to the Bihar Party to raise a loan of upto Rs.5/- lakhs which would be paid back by the Bihar Party out of the amounts that would be paid to them from time to time from the Centre in the later part of the year, in order to enable the Bihar Party to buy jeeps on hire-purchase basis.

3. On May 14 and 15, having obtained our President's and Rajaji's approval to these facilities as a special case being extended to the Bihar unit, I wrote to the President of the Bihar Party from Madras asking him to send someone to collect the advance of Rs.50,000.

4. On May 18, 1961, after consulting our Treasurer, I again wrote to the President of the Bihar Party in order to confirm to him that the Bihar Party, if it so desired, raise a loan to the extent of Rs.5/- lakhs for the purpose of buying jeeps in anticipation of contributions to be made by the Centre by the end of the year, it being understood that these jeeps would be earmarked for election work in those constituencies which would be endorsed by the Parliamentary Sub-Committee.

5. On June 10, I received two letters from the President of the Bihar Party which made the following two points:

- i) suggesting that whatever was given by way of credit should be in addition to a monthly contribution of Rs.25,000 to be paid to the Bihar Party from May to December 1961 and suggesting that this is what had been understood to have been agreed to by the Bihar Working Committee; and
- ii) since there were difficulties in raising the credit and obtaining the jeeps on hire-purchase in Bihar, the good offices of the Treasurer and friends in Bombay might be invoked to obtain a bank credit of Rs.5/- lakhs for the purpose.

6. During a visit by the President of the Bihar Party to Bombay on 19th and 20th June, this matter was discussed and, on the 20th June, the General Secretary wrote to the President of the Bihar Party recording the understandings reached between them during that visit. The letter was handed over to the President of the Bihar Party before he left Bombay. In that letter, the following understandings were recorded:

- i) The Bihar Party would prepare a final list and despatch it to the Centre so as to reach the General Secretary in Delhi not later than July 17 ;
- ii) There was no question of further payments of Rs.25,000 beyond May and June, in addition to the credit that had been asked for and which had been arranged, and that Bihar would only receive the normal contribution of Rs.2,475 from the month of July onwards.

7. On 13th July, the Treasurer wrote to the President of the Bihar Party regarding the difficulties that had come in the way of raising the bank credit.

8. On the General Secretary's return to Bombay, however, the matter was reopened and on 28th July, the General Secretary wired the President of the Bihar Party informing him that the credit had been arranged and an early visit on the part of the President to Bombay to complete the formalities was indicated.

9. During the Bihar State President's visit to Bombay in order to conclude the formalities for the credit of Rs.5 lakhs out of which one lakh was deposited by the President of the Bihar Party and 4 lakhs were arranged by the Centre, a memorandum was drawn up and signed by both the President of the Bihar Party and the General Secretary on 2nd August recording the arrangement by which it was agreed that (i) the Treasurer would repay the loan in instalments of Rs.20,000 per month, (ii) that the entire credit should be repaid before any further cash remittances were made to the Bihar Party in respect of constituencies financially endorsed by the Parliamentary Sub-Committee, (iii) that the only cash remittances to Bihar would be the routine monthly remittance of Rs.2475, payment of which for August and September had already been made to the President and (iv) at the President's suggestion, it was agreed that one-fifth of the number of jeeps would be the property of the Bihar Party, while four-fifths, numbering 27, would be the property of the Centre and would be returned to it at the end of the campaign.

10. On August 19, the President of the Bihar Party wrote to the General Secretary forwarding a copy of the proceedings of a meeting of the Bihar Party on 17th August and drawing attention to the fact that the Bihar Party was distressed at the "abrupt stoppage of the monthly payment of Rs.25,000." A Resolution of the State Executive forwarded with that letter expressed "deep concern at the discontinuance of the monthly contribution from the Central Office" as being "detrimental to the interests of the Party and to its success in the elections."

11. On August 25, the General Secretary replied to the President of the Bihar Party pointing out how the complaint of "abrupt stoppage" was altogether unfounded and uncalled for. It was also pointed out that the Centre had gone out of its way to help the Bihar Party even at the possible risk of misunderstanding and a feeling of unfairness being felt by other State units.

12. On August 30, when Mr. K.M.Munshi and Mr.Masani attended a meeting of the Working Committee of the Bihar Party, the Treasurer of the Bihar Party repeated the charge of breach of faith on the part of the Centre and its "defaulting" on its obligation to the Bihar unit. The General Secretary then set out the position in detail, quoting from the correspondence between the Centre and the President of the Bihar Party, and expressing great pain that inspite of everything being done for the Party in Bihar, there should be this lack of appreciation of the efforts made by the Centre. The Treasurer of the Bihar Party then stated that he had made his complaint without knowing the facts, since the correspondence which had passed between the President and the General Secretary had not been shown to him. Another member of the Committee who had drafted the offending resolution admitted that he had done so in complete ignorance of the facts that had been placed before the Committee by the General Secretary. The incident concluded with general appreciation on the part of the members present about the favoured treatment given to the Bihar unit compared to other unit in the country.

* 13. A tabulated statement showing the extent of financial assistance and jeeps made available to the various States as against the number of constituencies endorsed in each State is attached for reference.

Enc : *

(M.R. Masani)
General Secretary.