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Sir Homi Mody

Death, the great leveller, has snatched away one more stalwart from the Party's ranks. Sir Homi Mody, founder-member and treasurer of the Party up to 1967, passed away recently after a brief illness.

Rajaji wrote in the *Swarajya*:

"The death of Sir Homi Mody is a sad landmark in the history of our country. He was a big personality in every way. The Swatantra Party was proud of his participation in the founding of that Party and not a little of its self-confidence was due to Homi Mody's staunch support. No death should confound those who believe in the validity of their mission; the devotion of those who remain and believe should be redoubled."

Commenting editorially, the *Times of India* said: "To a generation to which politics is becoming an increasingly fierce competition for office and places of influence, Mr. Homi Mody was little more than a name. He was in the direct line of succession to Sir Pherozeshah Mehta and the 'Moderates' who brought to public life certain qualities of detachment, urbanity and intellectual distinction which are becoming not only rare but unnecessary.... His death removes from public life an attractive and versatile personality."

"Cosmopolitan Bombay will miss him most," said the *Indian Express*, "as it was here that one saw him in his varied roles.... He left his impress on whatever he touched. He was for decades one of the pillars of the Tata organisation. It speaks for his versatility that he played so many roles so ably during his life-time—as statesman, banker, parliamentarian, politician, civic leader, after dinner speaker and, above all, as a lovable friend. India's public life will be poorer by his death."

Over forty years ago, he was elected to the Central Legislative Assembly and he continued as a member for 14 years showing his mettle in a distinguished Assembly which included Pandit Motilal Nehru, S. Srinivasa Iyengar, M. A. Jinnah and Pandit Madan Mohan Malaviya. Once in the Assembly he punctured a certain legislator's speech against an age-limit being prescribed under the Child Marriage Bill with an apt 'Modyism'—as his witticisms came to be known later. In a half-asleep house he interjected: "Would you prefer two girls of nine to one of 18?"

On another occasion, in 1952, at a farewell party arranged on his retirement as Governor of U.P., he crackled, "My associations with all my colleagues are extremely pleasant. Not one of them has ever differed from me and no one has ever paid the least attention to what I said. In other words, our relations have been most harmonious."

BOMBAY

A Condolence Resolution was adopted at a public meeting held in Bombay under the auspices of the Bombay Regional Unit. Presided over by Mr. Lalchand Hirachand, President of

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the Unit, it was addressed by Prof. P. J. Shroff, Executive Vice-President, Mr. R. V. Murthy, Vice-President and Mr. P. S. Koppikar, General Secretary among others.

The Corporation Adjourns

The Bombay Municipal Corporation at its meeting on 10 March mourned Sir Homi's death and placed on record his valuable services to the city. A Resolution moved by the Leader of the House, Dr. Shanti Patel and seconded by Mr. P. S. Navalkar said:

"In his death, the country has lost a veteran statesman, a prominent industrialist and an able administrator and a citizen of eminence and achievements."

Dr. Simon Fernandes, Swatantra Corporator, described Sir Homi as a man of "many facets".

Citizens' Tribute

At a largely attended meeting at the C.C.I. Lawns, Bombay, called by the Sheriff, prominent citizens paid glowing tributes to the memory of Sir Homi. Among those who spoke were, Dr. P. V. Cheria, Governor, the Sheriff, Mr. S. M. Dahanukar, Dr. R. C. Cooper, Treasurer, Swatantra Party, Mr. S. K. Patil, Mr. Naval Tata and Mr. H. H. Ismail.

NEW DELHI

The Lok Sabha paid handsome tributes to Sir Homi. Prime Minister Indira Gandhi described him as "one of the noble sons of India" and said that he combined "nobility with those other qualities which enrich our lives."

Mr. M. R. Masani speaking on behalf of the Party said that in the death of Sir Homi Mody the country had lost an elder statesman, administrator and a banker. "Sir Homi was a great liberal and a patriot", he said.

MADRAS

At a meeting of the citizens of Madras held at Gokhale Hall under the auspices of the Madras District Swatantra Party eminent speakers like Dr. M. Santhosham, M.P., Mr. S. Y. Krishnaswamy and Mr. R. M. Seshadri spoke highly of Sir Homi Mody for the services he had rendered the country. The meeting adopted a Condolence Resolution and observed a two-minutes' silence.

Party Units in various parts of the country paid tributes to the late Sir Homi Mody's memory.

The *Swatantra Newsletter* records its profound sorrow and grief and offers its heart-felt condolences to the members of his family.

FOCUS ON ORISSA

Financial Position

Addressing the students of a local college at Sambalpur on February 7, Mr. R. N. Singh Deo, Chief Minister said that uncertainties shrouded the State's next fiscal budget because of the critical financial position. He expressed concern over the rise in estimates of various projects and regretted that even those deriving direct benefit from projects like the Hirakud did not pay their legitimate water taxes, the lowest in the country. He said that increasing investment in the Hirakud Project from Rs. 47 crores to more than Rs. 90 crores had made it uneconomical.

Referring to the Hanadi Delta Scheme, he revealed that the original estimate was Rs. 14 crores which rose to 29 crores and then to Rs. 34 crores and now it had reached a staggering figure of Rs. 61 crores.

According to Mr. Singh Deo, the State's net repayment liability of Rs. 123 crores in the Fourth Plan

still existed besides an annual interest payment of Rs. 66 crores for the State total loans amounting to Rs. 450 crores. The paucity of funds had prevented the exploitation of Orissa's vast potential mineral, forest, water and human resources he said.

Rise in Orissa's Fertilizer Consumption

Speaking at the Seventh Annual Convention of the Orissa Krishak Samaj on February 23, Mr. Rajballabh Misra, the State Minister for Agriculture, said that farmers were now adopting improved methods and the consumption of fertilisers had gone up to 1,50,000 tonnes a year. He anticipated that consumption would rise to about 7,00,000 tonnes by the end of the Fourth Plan.

The Minister underlined the need for cooperation between the various agencies engaged in promoting agricultural production. The Government therefore, while allowing the cooperatives to continue distribu-

tion of fertilisers had allowed the manufacturers of fertilisers and pesticides to sell their products in the open market.

The Khanna Report

The Chief Minister, Mr. R. N. Singh Deo informed the State Assembly during question time on February 25, that the Government would soon take a decision on the follow up action to be taken against Mr. Biju Patnaik and Mr. Biren Mitra, former Chief Ministers of the State, on the basis of the Report of the Khanna Commission.

Replying to a volley of supplementaries arising out of questions, Mr. Singh Deo said the findings of the Commission were now being examined by the Special Cell in the Home Department in consultation with the Legal Cell. Mr. Achyutananda Mahananda, Chief Whip, estimated that the loss to the State Exchequer as a result of the deals by Patnaik concerns was about Rs. 13 crores.

He expressed surprise over the claim by Mr. Patnaik and Mr. Mitra that they had been exonerated on all charges except those pertaining to impropriety and abuse of office. According to Mr. Singh Deo it was ridiculous to contend that the dots used by Mr. Justice Khanna in his findings for the sake of brevity meant that all intervening allegations had been discarded. On the other hand Mr. Singh Deo said that those dots had been used to cover up charges contained in that clause.

Referring to Mr. Patnaik's assertion that he had not made a personal gain of even a rupee, Mr. R. N. Singh Deo said: "I do not dispute it. What was actually involved was crores of rupees."

The Kendu Leaf Policy

Replying to supplementaries on a question by Mr. P. K. Das, PSP member, on the Kendu Leaf Policy in the Assembly, Mr. Murari Prasad Misra, Minister for Co-operation and Forestry said in the Assembly on February 26 that the Government's decision for the purchase of Kendu leaves for the next year by open tender was taken before the judgement of the Supreme Court was pronounced.

(The Supreme Court in its judgement on the appeals of some of the Kendu Leaves traders, had declared the State Government's current year's scheme as *ultra vires* of the Constitution and it expressed the hope that the Government would appoint agents for the next year by open tender).

Mr. Misra outlined the revised Kendu Leaf Policy for the next year and said under the revised system, the interests of the growers and pluckers had been fully protected. So long they were at the mercy of the agents in as much as they had no option but to sell the leaves at rates dictated by the agents who had the sole monopoly to purchase the leaves in their respective units.

Hereafter, said Mr. Misra, an additional agent would be appointed and the growers and pluckers could expect a better price on account of the competition between the two agents. The minimum price for a bag of dry kendu leaves had been increased to Rs. 55/- as against Rs. 45/- this year and Rs. 35/- last year. The growers would also sell away their rights of green leaves. As a result the scope for smuggling of the leaves had also been checked. According to Mr. Misra the Government's revised policy for the next year had been formulated with a view to increasing the State revenue on the one hand and safeguarding the interests of growers and pluckers on the other. According to the scheme the existing 144 units would be divided into 180 smaller units except for the few units reserved for the State Forest Corporation. Purchasing agents for the others would be appointed by inviting open tenders.

Orissa Heading towards Green Revolution

Addressing agriculturists in Bisra village near Rourkela on March 4, Mr. Harihar Patel, Minister for Industry and Commerce, said that about 10% of the population in the USA could produce much more than what their entire country needed whereas in India though about 80% depended on agriculture, still they failed to produce even enough for their own requirements.

Analysing the causes Mr. Patel said that agriculturists had lost their initiative because the decades of Congress rule had not taught them to be self reliant. He further explained how the economy of Orissa had suffered a great set back due to bad planning and un-economic investments in unproductive projects.

However he expressed satisfaction that people were gradually changing their attitude of depending too much on Government and had accepted the challenge to safeguard their economy by exerting more and more labour on agricultural development.

Earlier, Mr. Patel visited the Dhakaidih minor irrigation project which has helped double cropping in hundreds of acres of land.

The Talcher Complex

Winding up the two-day debate on the Governor's Address, Mr. R. N. Singh Deo disclosed in the State Assembly on February 26 that one of the three coal-based Fertilizer Plants to be set up in the country during the Fourth Plan would be located in Talcher.

Mr. Singh Deo said that the proposed Plant estimated to cost over Rupees Seventy Crores would create employment opportunities for 1,800 persons. The Plant, he hoped, would occasion the growth of a number of ancillary industries around Talcher.

He referred to the former Chief Minister, Mr. Biju Patnaik's application for establishing a fertilizer plant at Paradeep and said that the State Government could not have possibly agreed to extend all help

particularly in the context of the enquiry that was being conducted by the Khanna Commission at that time. Moreover, Mr. Patnaik's project envisaged creation of employment for only 920 persons. There were also other parties for the setting up of Fertiliser Plants at Paradeep and Government would certainly consider the proposals, he added.

State-owned Projects

The Chief Minister reiterated that the Government had no intention to wind up State-owned Corporations or Industries. He stressed that the object was to run them efficiently and effectively. It would however be a disaster, said Mr. Singh Deo, to continue such of the projects as were running at a great loss merely for the sake of socialism. He pointed out that tax payers should not be expected to suffer for dogmas and slogans of socialism. He made it clear that the present Swatantra-led Government was not bothered about any "isms". What had been its policy was a pragmatic approach to every problem in the greater interest of the State. The propaganda that the Government led by the Swatantra Party in Orissa was trying to kill the roots of State owned projects was nothing but unfounded and motivated.

The Fourth Plan

He described Mr. Biju Patnaik's assertion that the Fourth Plan of Rs. 450 crores would be possible, as "an attempt to create a smoke-screen". In fact, Mr. Singh Deo pointed out that Orissa should have a Plan of at least Rs. 500 crores but there was a wide gap between wishes and reality.

Referring to the Opposition criticism that the present government had produced nothing during the last two years, the Chief Minister asked whether it was possible to set right all the wrongs committed during the last twenty years time. Heavy loans had been incurred and spent without any commensurate returns. Huge wastage and corruption gripped the State's finances. He said that the Governor's address contained a realistic picture of the State's economy and merely painting an imaginary picture would not have been helpful.

TWO YEARS OF SWATANTRA RULE An Assessment

Below is reproduced extracts from an exclusive interview given by Mr. R. N. Singh Deo to the Amrita Bazar Patrika on the eve of the completion of two years of Swatantra-led Ministry.

Q. The Swatantra-Jana Congress Coalition Ministry completes two years of its existence on March 8, 1969. How far, you feel, the Ministry has fulfilled the 21-point pledge the coalescing parties had placed before the electorates?

C.M. : Swatantra Party, Orissa unit, and Jana Congress made electoral adjustment before the last general

election on the basis of a 21-point common programme. Soon after forming the coalition Government implementation of the programme started. To cite for example—

Land revenue has been abolished. Panchayat tax has been abolished and Panchayatiraj law has been modified as promised. Primary education has been taken out of control of the Panchayat samities, steps are being taken to root out corruption from the administration and make it efficient. Several officers are going to be prosecuted on charges of corruption.

Enquiry Body

Enquiry commission, as promised, was set up and it has already submitted its report. Follow-up actions as may be necessary are being examined. Administration has been discernibly freed from political pressure and fair deal is being ensured, separation of executive and judiciary has been completed and firm steps are being taken for establishment of rule of law, firm steps are being taken to prevent extravagance and wasteful expenditure by the Government and economy measures are also being undertaken, industrial development policy of the Government has been announced to accelerate the pace of industrialisation.

Steps have been and will be taken to progressively use Oriya as official language in different departments, special areas development schemes are being formulated to secure special attention to the problems of the scheduled tribes, scheduled castes and other backward classes.

Priority is being given to irrigation schemes for improvement in agriculture, steps are being taken progressively to effect change in the monopoly trade in kendu leaves, one evaluation committee was set up to look into the affairs of the State sector industries which has already submitted its report and the same is under consideration. Another evaluation committee is looking into the affairs of the Panchayat Samiti industries, pilot projects etc.

Thus it will be seen that definite steps are being taken to implement the programme.

Stability

Q. Barring Madras and Kerala, Orissa, among all other States which had chosen non-Congress governments in the last general elections, has no doubt proved to be the stablest Government. What is the secret behind it?

C.M. : The numerical majority of the ruling coalition in Orissa is not big, yet it is evident that the Government is stable. This is mainly because the coalescing parties took all steps to understand each other even before the election and formulated a common programme. After forming the Government also there is close consultation and proper understanding between them; this is consolidated further by the pragmatic approach to problems by both the coalescing parties.

Q. Do you think that coalition partners are like-minded people or are there any ideological identity between the two parties?

C.M. : Both the parties in the coalition uphold the ideal of democracy and the approach being pragmatic, scope for differences are considerably narrow. There is similarity in attitude and like-mindedness in many respects.

Q. You have often said that the present Government's approach has always been pragmatic. You have also stated that the need of the hour is pragmatism and no other 'ism' can take the State ahead from the present conditions. Is it therefore necessary that Ganatantra Parishad, a regional party with the interest of the State as the principal aim should merge in the Swatantra Party which has a definite political ideology and well known philosophy on economic matters?

C.M. : Ganatantra Parishad merged in Swatantra Party because ideology of both was the same, i.e. faith in democracy and the approach was also similar that is to say, pragmatic. Economic philosophy of Swatantra Party also was accepted by the Ganatantra Parishad.

Q. For a practical approach in the interest of developing a neglected State like Orissa don't you think a regional party with more flexibility in its approach can ensure better performance than an all-India party having a rigid set of philosophy? Is it not a fact that flexibility on the part of one unit of an all-India party create complications elsewhere?

C.M. : Except regarding some fundamental principles Swatantra Party has no rigidity. This has been explicit by the statement that Swatantra Party is a party with a difference and the difference is the liberty it allows to its members to hold their own views on many matters except those touching the fundamental principles of the party. Pragmatism includes the element of flexibility and it is erroneous to say that Swatantra Party has a rigid set of philosophy, by which it is, perhaps, meant "a doctrinaire attitude". Swatantra Party is far from it. Uniformity should be achieved through understanding and not by rigidity. Rigidity means inhibition which stunts proper growth and development and is not in conformity with the concept of democracy. In fact, Swatantra ideology is the only ideology which can bind the State in true spirit and the essence of Swatantra ideology is the Indian tradition itself.

Q. Considering from this angle do you feel that there is a need for rethinking on the ideology and philosophy?

C.M. : All other parties free from doctrinaire rigidities will naturally today or tomorrow come near the Swatantra ideology.

Q. Coming to Orissa, there has been criticisms by a section in the State that your Government has not made any positive effort to increase the State's resources either through taxation or through non-tax revenue and that for everything the Government has been

blaming the past Congress regimes and taking shelter under financial difficulties. What would be your answer to the critics?

C.M. : There is criticism very often by a section of the people that the present Government is only seeking an escape by putting all sorts of blame on the past Government. This sort of criticism is only motivated. Government is a continuity and there is no question of escape. In a democracy it is always necessary to apprise the people about the current situation. In that case it is necessary to give the background also. That should not be regarded as seeking escape. Then there should be a change in the attitude of reckoning Governmental expenditure only as a measure of progress. People should also be initiated to tap all other financing sources. This is gradually being done. Steps are also being taken to increase non-tax revenue. Taxation measures which will not be of retrograde nature, may also be resorted to.

Calamities

Q. It is true that successive natural calamities have completely crippled the people's as well as the State's economy. Do you think the Centre has been responsive to the needs of Orissa during the last two years—whether it is to meet relief expenditure or to meet the requirements of economic development? Do you think the Centre-State relationship in Orissa's case has been satisfactory?

C.M. : Though the Centre-State relationship with regard to Orissa may not be described as apathetic. It is being felt that the Centre is somewhat slow in appreciation of the problems of the State."

Q. How do you feel about the police administration in the State, particularly in the context of communal riots, in some parts?

C.M. : Police has done commendable services in tackling the situations arising out of communal riots. A little more understanding about the role and principles of the police is necessary.

Q. : What has been the response of industrialists and entrepreneurs to the opportunities afforded by your Government for speedily industrialising the State? Do you think a base will be laid in a reasonably short time?

C.M. : Government have announced their policy regarding industrial development and response from entrepreneurs has been encouraging. It can be reasonably hoped that a base will be laid within a short period. Steps are being taken to accelerate the pace.

Many Problems

Q. There are many problems facing the State—stringent economic condition, acute unemployment, stagnation in the ranks of technically qualified people, development of roads and communications, agricultural production, soaring prices, etc. Do you think a concrete beginning has been made to attack the problems,

and if so, what had received your Government's utmost emphasis?

C.M. : The State is passing through a critical period of stringent economic conditions, unemployment and various other complex problems. But almost all the States in the country are facing such problems. In fact, those problems are the cumulative result of erroneous policies and programmes pursued in the past. Steps must be tackled promptly and properly, provided everybody tries to understand the situation. So, there is need for cooperation to break through the situation. Instead, many people are trying to create confusion with the ulterior motive of perpetuating the situation for exploitation by them. The game should be seen through and exposed. Avenues for self-employment are enormous in the State. There is only need for creative and constructive thinking to realise about the scopes. Agriculture is picking up remarkably. The recession in industry seems to be going out and there is reason to hope that the problems will diminish in course of time.

Q. Lastly, will you kindly give a brief message to the people on the occasion of completion of two years in office?

C.M. : The last two years have been years of strains and stress. Natural calamities like cyclone, flood and drought have rocked the State. To that, unthinking and misguided people added the problems of violent demonstrations, communal riots and various problems of law and order. There have been similar attempts to

instigate the students' and engineers' large-scale unrest. I must congratulate the people that they have faced the natural calamities with the fortitude and are working with great determination for prosperity and also for the reason that they have foiled the sinister attempts of malevolent persons to create chaos, confusion and disorder, for which the people of Orissa should be congratulated. The State can surmount all hurdles and break through poverty and stagnation to achieve prosperity and bright days. God help us in our efforts.

Centre-State Relationship

Addressing a Press Conference, the Swatantra Chief Minister of Orissa, Mr. R. N. Singh Deo, demanded that the present pattern of repayment of loans to the Centre should undergo a radical change to allow the States to have breathing space. He said that if this pattern continued to dominate the relation between the Centre and the States, then the backward States like Orissa would remain perpetually under-developed. He also assailed the present practice of giving central assistance to the States for relief work. He wanted the Central Government to assist in the shape of grants and not loans.

He explained however that the Orissa Government could press its demands through constitutional ways instead of resorting to any agitation. He also expressed himself against any move to form some sort of a "union of non-Congress States against the Central Government."

Your Questions Answered

(Below, we have reproduced four questions posed by Mr. E. V. Joseph, Member, State Council, Kerala Swatantra Unit, as regards the policies of the Party and its stand on various issues and the General Secretary's replies.

Swatantra Newsletter would welcome similar Questions from its readers. Of course the Questions are restricted to Workers and Life Workers of the Party. Normally, the number of Questions should not exceed six and totalling 200 words.

While sending their Questions, Workers/Life Workers are requested to indicate their Workers/Life Workers Card numbers).

QUESTIONS

"I hope you will agree with me that the performance of the Swatantra Party in the recent elections in U.P., Bengal, Bihar, Punjab and Nagaland is disappointing. The people of India dislike the Swatantra Party for four reasons. They are:

1. Rajaji's anti-Hindi stand.
2. His pro-Pakistani stand on Kashmir.
3. The Swatantra Party's fight for the Privy Purse and Privileges of the Princes.
4. The Swatantra Party's association with the divisive forces such as the D.M.K. and the Shiv Sena.

I would request you to be so good as to make the Swatantra Party acceptable to the people so that India is saved from the misrule of the Congress."

ANSWERS

1. Rajaji's "Anti-Hindi Stand"

Language is an issue concerning which members of the Party are given freedom to take any position they like (under our 21st Principle). The Party is not therefore responsible for individual expression in this matter, and you are accordingly free to take a pro-Hindi stand if you wish. However, I may add that having toured extensively in the four States concerned with the mid-term elections last month, I may assure you that this did not affect our prospects at all.

2. His (Rajaji's) Stand on Kashmir

There is nothing pro-Pakistani about Rajaji's stand on Kashmir although his recent statement is cer-

tainly controversial. I have therefore disclaimed the Party's responsibility for the stand that he took. At the same time, let me make it clear that the Swatantra Party's official position is that while Pakistan has no longer any *locus standi* in Kashmir, there nevertheless exists a "Kashmir Problem" as a historical fact and this must be discussed within the framework of the Indian Union. We must ascertain the wishes of the people of Kashmir in regard to the kind of status they should have as a State within the Indian Union; or, in other words, the degree of autonomy they could legitimately expect within the Indian Union.

3. Privy Purses

What the Party is fighting for is an issue of principle, namely, the observance of public good faith and the sanctity of the contract. Issues of the affluence or otherwise of princes is irrelevant. One should not take it for granted that 'popular' opinion is not in favour of continuing Privy Purses. (Recently the Ruler of Malerkotla in Punjab resigned from the Congress Party and contested successfully in the mid-term election on this very issue against a Congress candidate.) In any event what is 'popular' is not always right. One has to decide whether it is good public policy to support breach of faith and the unilateral abrogation of solemn contracts and promises; and whether the Swatantra Party should sacrifice its principles for obtaining cheap popularity.

4. The Swatantra Party's Association with the Divisive Forces such as the D.M.K. and the Shiv Sena

There are aspects of both these organisations with which we are wholly in disagreement, (though here it must be said in fairness to the D.M.K. that they have now abandoned their separatist demand). We consider both of them to be symptoms of dissatisfaction with the present pattern of Centre-State relations, e.g. their desire for a greater degree of autonomy, their protest (as in the case of the Shiv Sena) against the refusal of the Central Government to solve the Mysore-Maharashtra territorial dispute etc. But if, for these reasons, we were to treat them as *political outcasts*, it is our conviction that they may be driven into the arms of anti-democratic and unscrupulous forces which are an even greater menace.

5. General

Swatantra could be made acceptable in two ways: *either* by pandering to every popular whim while losing its soul in the process *or* by persisting with the more difficult task of trying to educate people in democratic government, individual liberties, fundamental rights and free enterprise, and their implications. A member of the Swatantra Party should realise that the role of the Party is not the pursuit of power for power's sake but of first trying to impress its philosophy and principle upon the people through constant education. While agitation and abuse, burning and looting, might provide instant satisfaction to juvenile delinquents of all ages, in the long run it will destroy society itself.

Traders' Role in Economy

At a seminar organised by seven Rotary Clubs at Bombay on 22nd March, Mr. M. R. Masani, M.P., said that the Fair Trade Practices Association was the only concrete development in the direction of social responsibility of businessmen so far.

He deprecated the suggestion for a businessman's political party and stated that the business community would have an important role to perform in the economic development. However, he added, in the ultimate analysis, the agrarian population had shown a

much more mature political thinking and appreciation of political problems than businessmen.

Dr. R. C. Cooper, Treasurer, Swatantra Party, said that social responsibility does not mean organised austerity. What was necessary was not distribution of poverty but fair treatment to different sections of the community. Plans and actions must be brought home to the public by adequate publicity and appropriate public relations and even use of mass communication media.

Panchayat and Municipal Elections

In the recently held Municipal Elections in Tamil Nadu, the party has captured 39 seats in different

wards. Worthy of mention are Karaikudi where we won 10 seats and Srirangam which returned 6.

Ancient Poll System Needs Overhaul

Mr. M. R. Masani, M.P., speaking to Newsmen on February 27, during a visit to Rajkot, called for the introduction of proportional representation as the most

suitable electoral system for the country. He said that the recent mid-term election trends had further strengthened the case for a change.

Mr. Masani said that under the present system, the Congress with only 37% of the votes had secured 55% of the seats in the Lok Sabha in the last General Elections. In West Bengal too, the United Front had come to power with a minority vote. "Though the Congress improved its voting strength from 32% to 41% in two years, it lost by more than 50% in respect of seats while both the Communist Parties — both Left and Right — got 110 seats with only 26% of the votes.

He said that this was not a good development from the national unity point of view and it also showed how out of date was the British model of electoral system adopted by India.

In West Bengal, Mr. Masani said that the effective power had passed into the hands of those who did not believe in democracy and owed loyalty to a foreign power adding that the West Bengal Government — a minority government—did not have the mandate of the people. He observed that if the present trend continued, the Congress would not get more than 30% of the votes in the Lok Sabha and would fail to get a majority in the next General Elections.

In conclusion, Mr. Masani pointed out that all democratic countries with new constitutions had done away with the old British model and adopted a modern system of proportional representation.

Around the State Legislatures

ANDHRA

During the Budget discussion, Mr. G. Latchanna, Leader, Swatantra Legislature Group, charged the Chief Minister with adopting "tactics of skipping over problems instead of boldly facing them". He alleged that Mr. Brahmananda Reddi was "concentrating his efforts to drag on the days of his power in spite of his transparent failure in maintaining law and order and in protecting the person and property in the State".

BIHAR

Mr. Yashwant Kumar Choudhary, Leader, Swatantra Legislature Group, in a statement issued on February 23, denied that the party had at any time offered "unconditional" support to the Congress Ministry. In the words of Mr. Choudhary "our Party can only lend support on the basis of certain programmes based on the welfare and upliftment of the masses".

PUNJAB

Participating in the discussion on the Governor's address, Sardar Basant Singh, Swatantra member advocated that the entire transport industry should be denationalized and the forces of competitive economy be allowed free play.

GUJARAT

Industrial Lag

Participating in the discussion on the Governor's address, the leader of the Opposition, Mr. Jaideepsinh of Baria suggested the creation of an atmosphere whereby industries could be established in economically backward regions of the State. This would go a long way in uplifting the economically backward people, he said.

Mr. H. M. Patel, attacking the industrial policy of the Government, said that while the Industries Minister waxed eloquent about new industries the established textile industry was heading towards greater and greater crises. He came down heavily on

the ineffective functioning of the Textile Corporation.

During the debate on supplementary demands, Mr. Chandrakant Parikh said that the Textile Corporation had failed to tackle the problem of sick textile mills because of limited resources.

Mr. Dwarkadas Barai, during the general debate on the budget proposals, urged the Government to take immediate steps to revitalise the textile industry. He warned the Government that the textile crisis and the resultant unemployment among workers would have serious consequences.

Poor Man's Party

Mr. Bhailalbhai Patel, while speaking on the discussion on the Governor's Address, stated that the Swatantra Party was a poor man's party. To prove his contention he said that the majority of the party M.L.A.s came from the rural areas and belonged to economically backward classes.

Neglect of Rural Areas

Expressing his disappointment at the "uninspiring" budget, Mr. Jaideepsinh of Baria said that no adequate provision had been made for small irrigation schemes and tube-wells.

Mr. H. M. Patel while expressing satisfaction at the Government's realisation ultimately that Agriculture was an industry, said that hardly any provision had been made for providing drinking water, considering the magnitude of the problem.

Mr. Dharamsinh Patel said that only 10% of the total villages had been electrified and at this rate it would take at least 125 years to cover all the villages.

Corruption and Nepotism

Serious allegations of "rampant" corruption in co-operative societies was made by Mr. Bhailalbhai Patel on 26th February during the General debate on the budget.

He said that many instances of malpractices had been cited and he had even passed on information of

"scandals" to the Minister concerned through the speaker. A year had already passed and nothing had been done, he said. He cited as an example the Gujarat Co-operative Society which was black marketing in fertilizer.

Another instance of a similar nature was cited by Mr. Liladhar Patel who said that the said society was "black marketing" seeds earmarked for distribution to farmers.

Mr. Bhagwanji Patel and Mr. Kamlashankar Dave were two other members who charged the Government with sheltering those responsible for embezzlement of Government money and financial irregularities.

Mr. Kamlashankar Dave charged the Deputy Revenue Minister of engaging in professional land transactions and acquiring lands through means amounting to malpractice. He demanded a judicial enquiry into this and even volunteered to resign if proved otherwise.

Mr. Bhupendrasinhji Jadeja charged the Government with indulging in "speculation of land" by buying land at a lower price from landlords under the Tenancy Act and selling it to tenants at exorbitant prices.

Delays, Delays and Delays

In a bitter attack on the Government for not going ahead with the Narmada Project as sanctioned by the Centre, Mr. H. M. Patel said that "fruitless negotiations" and inordinate delay in adjudication proceedings retarded the progress of the State. In a brief but explosive speech on the same subject Mr. Bhailalbhai Patel accused the Government of damaging the State's interest. "The Irrigation Minister has not understood the problem", he stated.

RAJASTHAN

An Explosive Economy

The State's economy "is not an expanding but an explosive economy", said Mr. Laxmansingh of Dungarpur, Leader of the Opposition, on February 27 while

opposing the motion of thanks to the Governor's address.

The Maharawal said that inflation and faulty planning had led to poverty, unemployment, famine and various other problems. He said that despite increase in the State's income from Rs. 17 crores at its inception to Rs. 127 crores last year, prices were rising and there was much waste in public expenditure.

TAMIL NADU

Swatantra's Warning on State's Complacency

Dr. H. V. Hande, during the Budget discussion, warned that the D.M.K. Government may have to bow out of office if it relied too much on the bureaucratic machinery as its predecessor. He referred to the grain food situation in Thanjavur district and said that it was the duty of the Government to deal with it effectively. Maintaining that the Government had not shown any incentive to smaller landowners, he said that it had even neglected 65 lakhs of agriculturists possessing 5 acres and less.

Law and Order

The attack on Sri Kripananda Variar by a mob at Neyveli on February 18 was cited by Mr. S. S. Sundara Bharati as the growing tendency to pay scant respect to the rule of law. He demanded that a judicial commission should study the present law and order situation.

Swatantra members in the Legislative Council voted for the amendment moved to the Tamil Nadu Agricultural Land Record of Tenancy Rights Bill, along with other opposition members. The amendment was adopted by 16 votes to 14 and the party has 2 members in the Council.

In the Assembly Swatantra member R. Krishnaswamy Gounder was highly critical of the Madras Cultivating Tenants Protection and Payment of Fair Rent (Amendment) Bill. He said that it would defeat the very purpose of the existing Cultivating Tenants Protection Act.

The Union Budget-1969

The Party's National Headquarters recently asked all constituent units to mobilise public opinion against Government's proposal to tax fertilizers, power pumps, motor spirit, superior kerosene and agricultural wealth by resorting to all constitutional forms of agitation. State Units were also called upon to demand the abolition of Food Zones and Compulsory Procurement. It also prepared and distributed 'talking points' for speakers explaining the reasons why the party was opposed to the proposals in the Union Budget as also its opposition to the system of compulsory procurement and restrictions on movement of foodgrains in

the country. These have been reproduced as an annexure to the *Newsletter*.

MYSORE

Under the direction of Mr. N. K. Ganapaiah, President, Hassan District Swatantra Party, meetings of farmers were organised at Hassan, Saklaspur, Belur, Holenarsipur, Arkalgod, Arsikere and Chennarayapatna to protest against the Union Government's proposals. Resolutions were passed and forwarded to the Central Government. Some salient points are given below:

1. Farmers in India already pay the highest price for fertilizers.

2. 90% of them are in debts of varying degrees.

3. They pay more than double the world price for power pumps, spray pumps, pesticides and other agricultural inputs as well as double the cost for the frequent repairs and breakdowns of the inferior quality machinery supplied to them by a controlled economy.

4. Agriculture in India is mainly dependent on weather conditions.

5. They pay Rs. 1,125 crores by way of indirect taxes out of a total of Rs. 1,500 crores.

6. They are denied good communications, electricity and other amenities due to continuous neglect.

7. All these 20 years it is agriculture which has paid 60% of the revenue, direct and indirect.

8. On account of ceiling limit and further natural fragmentations the agriculturist has been reduced to a third rate citizen.

9. Taxing of agricultural wealth will lead to harassment, corruption while fixing up prices of lands in various zones, soils, categories etc.

UTTAR PRADESH

The Executive Committee met and passed a resolution condemning the Government's proposal to tax fertilizers, power pumps, motor spirit, superior kerosene and agricultural wealth.

Salient features of the Resolution were:

- (i) While the costs of these inputs are high compared to other countries, the consumption less;
- (ii) Even 1% of the farmers are not in a position to bear the burden of the rising prices on products used for agricultural purposes.
- (iii) The Government is not interested in improving the lot of the farmers but only in increase of taxes.
- (iv) The agricultural wealth tax is only the beginning of an assault on farmers' rights.

(It may be gratifying to know that recently the Finance levy on Pumpsets had been dropped.)

It was also decided to distribute protest letters to be signed and handed over to M.P.s to be forwarded to the Union Government.

REACTIONS TO THE BUDGET PROPOSALS

Rajaji, writing in the *Swarajya*, said that broadening the base of taxation by the additions to duties on commodities increases the cost of living for the poor people. He said that in spite of everything said on the subject, the Government of India was insisting on adding to the burden.

In a statement to the press, Prof. Ranga, President, said that all sections would be horrified at the inclusion of agricultural wealth in the "mischief" of the Wealth Act. "Instead of encouraging agriculturists for making their contribution to higher production by giving more incentives, this Budget imposes taxation on fertilizers, oils, lubricants and the usual consumer goods thus making agricultural production more costly and less profitable. While the cane-growers as well as sugar consumers have been crying for a reduction in sugar excise, the Budget only increases their burden..."

Dr. R. C. Cooper, Treasurer, Swatantra Party, said: "The most undesirable feature is the decision to once again enhance the rate of tax on registered firms—a tax which has been universally acknowledged as a blatant case of double taxation."

Mr. H. M. Patel, President, Gujarat State Unit, said that indirect taxes would have as adverse effect on middle-class people and farmers while Mr. Bhailalbhai Patel, Vice-President, Swatantra Party, opined that the rabi crop production would suffer because of the increase in excise duties on pumps, fertilizers, etc.

Prof. P. J. Shroff, Executive Vice-President, Swatantra Party, Bombay Region: "The increase in direct taxation on people with income of Rs. 10,000 to Rs. 20,000 will add to the hardship of many families in the middle income group.... Substantial increase in telephone rentals and trunk calls will hamper business activity and will also prove burdensome to domestic users. The Budget shows that the Finance Minister has learnt nothing and forgotten nothing."

Minister, Mr. Morarji Desai, has announced that the

NEWS FROM STATE UNITS

BOMBAY

New Swatantra Chief

Mr. Lalchand Hirachand, a prominent industrialist, was unanimously elected as President of the Bombay Region Swatantra Party at the Regional Council meeting held on 26th February.

This vacancy was caused due to the demise of Mr. Murarji J. Vaidya.

Rationing

"Do away with rationing in Maharashtra. Abolish the food zones and the benefit will be there for all to see." Thus pleaded many speakers from the Party platform at a meeting organised in Bombay on 13th March.

The speakers posed a question: "Mr. Rafi Ahmed Kidwai had done it in '64 and proved the sceptics

wrong. Why not in '69 when foodgrain production has touched a new height?"

The speakers included Dr. R. C. Cooper, Treasurer, Swatantra Party, Prof. P. J. Shroff, Executive Vice-President of the Bombay Regional Unit, Mr. Madhu Mehta, Joint Secretary, Maharashtra Unit and Mr. Devji Rattansey, President of the Grain, Rice, Oil Seeds Merchants' Association, Bombay.

Dr. Cooper, Chairman of the Civic Grievances Bureau, said that people should not have any fear that the lifting of rationing would send up the prices. He argued that the All India deficit in foodgrain was only a marginal one of about 8 to 10% while the wastage was of the order of 25%. He also announced that an All India campaign for the abolition of food zones would be launched soon.

He said a Committee had been set up to enquire into the grievances made by the citizens regarding hardships due to rationing. It found that there was lack of uniformity in the quality of foodgrains in ration shops, inordinate delays in transfer of ration cards, lack of coordination between the Central Warehousing Authority and Controller of Rationing and serious delays in issue of foodgrains to shops.

Prof. Shroff stated that the attendant red tape and corruption following implementation of rationing was causing great inconvenience and harassment of public.

According to Mr. Madhu Mehta rationing was forcing the people to be bad. He called for a dialogue between farmers and grain merchants to promote a common lobby in Parliament to have rationing lifted and the food zones abolished.

Mr. Devji Rattansey said the lifting of movement restrictions of pulses in the Bombay market had led to appreciable decreases in the wholesale prices per quintal. Similarly, derationing of Bajra had led to an economic price in the free market.

Mr. Nana Chudasama, Joint Secretary, Bombay Regional Unit, welcomed the gathering. (Readers would be interested to know that rationing has been abolished in Nagpur and Sholapur by the Maharashtra Government.)

GUJARAT

"Mid-term elections in four States have clearly revealed the mood of the people and the electorate has given the slogan 'come what may but not the Congress'," said Mr. Bhailalbhai Patel, Vice-President, Swatantra Party in a special interview on February 17. He stated that adult franchise had made the Congress rule possible for the last 20 years but now he said the tide is turning against them.

Mr. Patel alleged that the two years rule of the Gujarat Government had only proved that it was unable to solve any problem citing the Narmada Project, the Tata Fertilizers in support of his argument. He said that he would tour the entire State after the current Session of the Assembly to create public opinion in

favour of implementing the project and appealed to all political parties to forget party barriers and bring pressure on the Government.

Mr. Patel ridiculed the claim of the Congress that it stood for Socialism. He said that the former Socialist and the present Finance Minister Mr. Jaswant Mehta in his budget had not referred to socialism anywhere.

KASHMIR

Mr. Syed Agha Jalal, President, Kashmir Unit, issued a statement to the press on 28th January, decrying the fiscal controls which formed the main plant of the ruling Congress Party by which free enterprises was strangled and no resources were made available to a farmer, small trader, industrialist or exporter except through affiliation with and securing the favour from the ruling party.

He said "the Swatantra Party feels that it is the economic strangulation which denies the permanent residents of the State the rights to raise finances from the banks and other financial institutions against the security of movable and immovable assets including mortgage of land must end."

MAHARASHTRA

In a statement issued to the press on 10th February the Maharashtra Unit condemned the "highly mischievous and opportunistic stand" taken by the Communist Party of India which has called upon people to form a United Front to resolve Maharashtra's border dispute with Mysore.

Mr. Madhu Mehta, Joint Secretary, Maharashtra Unit said that whatever way the border dispute was settled no quarter must be given to the highly mischievous stand taken by the CPI.

ORISSA

Meeting during the third week of March the State Executive suggested that to satisfy the land-hunger of the landless and to augment food production available cultivable Government land as well as forest land should be distributed amongst the landless.

A resolution adopted said: "While the land-hunger of everyone cannot be satisfied, there is no reason why genuine and legitimate land hunger of such people should not be attended to the extent possible."

In another resolution the Executive urged the Union Finance Minister to refrain from proceeding with the proposal to impose a wealth tax on agricultural land. It also said that the proposed levy of Excise Duty on fertilizer and pump sets would kill the incentive of agriculturists to step up production.

The State Executive has set up a sub-committee to suggest the follow up action on the Khanna Commission Report, Mr. K. M. Panigrahy, General Secretary of the Orissa State Unit, said in a release to the Press.

About 30 members including Mr. P. K. Deo, Prime Minister, Mr. Ainthu Sahu Secretary State Legislature Party, Government Chief Whip Mr. A. Mahananda attended the meeting which was presided over by Mr. R. N. Singh Deo.

PUNJAB

The Punjab State Executive met at Patiala on February 26, 1969.

The members unanimously offered their felicitations to Sardar Basant Singh, General Secretary on his election to the Vidhan Sabha.

The meeting decided that the State Unit should play a constructive part in the legislature and should work towards political stability and a stable healthy administration in Punjab.

A resolution adopted at the meeting said that the Party would extend its support to the Gurnam Singh Ministry on specific measures opposing all such steps that clashed with the Party's ideology. It formulated a 12-point programme to be pursued by the Party within the legislature and outside, which includes the removal of the barriers on the movement of foodgrains, increase in the procurement prices of wheat, complete abolition of land revenue and denationalisation of road transport.

RAJASTHAN

Maharani Gayatri Devi, M.P., has written a letter to the Chief Secretary, Rajasthan Government eliciting opinion on the action taken by the Government to punish guilty police officers indicted by the Beri Commission.

The Maharani described the compensation paid to the victims of the firing as inadequate and nominal.

TAMILNADU

(i) Nagapattinam

The Nagapattinam District Committee met on 2nd March 1969 under the Presidentship of Mr. M. S. Hamza.

The meeting took note of the fact that in the towns

of Nagapattinam and those adjacent to it Communist influence was increasing day by day and requested the State Council to take necessary steps. It also passed a resolution offering its condolences on the sad demise of Mr. C. N. Annadurai, Chief Minister, Tamilnadu.

(ii) Madras

At a meeting of the Workers at Mylapore on 2nd March, it was decided to mobilise public opinion against the proposed excise levies and the contemplated steep increase in existing excise levies and custom duties. It also decided to submit a memorandum to the Union Finance Minister explaining adverse effect the proposed measures would have on agriculture and the hardships to which the poor and the middle class would be subjected.

(iii) The State Council Meets

The State Council met on 9th March and called upon the Prime Minister to form "a non-Party Government at the Centre so that the political and economical problems of the country may be solved on a satisfactory basis.

It expressed its disapproval of the State raffles and recorded its grave concern for the situation in Pakistan.

The State Council also felt strongly that the Communists were indulging in subversion and decided to ask the various units to launch a vigorous campaign to expose the Communists. Among other things the Council urged the State Government to take firm action for those responsible for the agrarian unrest in Tanjore; appealed to the Centre and the State Government to take necessary steps to help the suffering agriculturists; and to give serious thought to the removal at an early date of all zonal restrictions on foodgrains.

Mr. T. R. Sankaranarayanan was unanimously elected one of the Vice-Presidents in place of the late Mr. S. Ramaswami Naidu.

The meeting which was held at Kalki Gardens was presided over by Mr. Saw Ganesan, President. Rajaji was present throughout.

Due to the General Secretary, Mr. Dandeker convalescing from a recent illness the current issue does not carry the feature FROM THE GENERAL SECRETARY'S DESK.

TALKING POINTS FOR SPEAKERS

For Mobilising Public Opinion Against :

- (a) Food Zones and Compulsory Procurement of Foodgrains.
- (b) Proposals in the Union Budget (1969-70) to tax fertilisers, power pumps, motor spirits, superior kerosene and agricultural wealth.

I. What are Food Zones?

Food Zones constitute barriers put up by one or more States in India under pressure from the Government of India to prevent the inter-state movement of foodgrains even *within* India.

For instance, foodgrains produced in Madhya Pradesh cannot be sent to Gujarat and Maharashtra or *vice-versa*, without a Permit from the "exporting" State and from the "importing" States. In many States, there are restrictions on the movement of foodgrains even between one district and another within the same State.

The only permitted transactions are Government-to-Government transactions in which one State Government sells foodgrains to another at a handsome profit, and the latter sells it to the public again at a profit. But an individual farmer in that same "exporting" State cannot sell his grain in a neighbouring State even if he can fetch a better price for his produce across his State's boundary than the price paid to him by the Government of his State.

Thus we have zonal restrictions on the movement and free sale of foodgrains between State and State (and even between districts within a State), within its necessary corollary of compulsory procurement and levies on foodgrains by State Governments at prices very much lower than what the farmer could get if there were no such restrictions and restraints.

II. When were Zonal Restrictions Imposed?

Zonal restrictions were imposed in 1964.

Before Independence, there were more than 500 "Indian States" besides what were known as the Provinces of "British India". There were certainly restrictions then on the movement of foodgrains between various Indian States but not between the Provinces. After Independence we abolished all of them and made India not merely one political unit but also one economic unit. In effect, therefore, we have now gone back to pre-independence days by imposing zonal restrictions on the movement of foodgrains.

The Government justifies the imposition of zonal restrictions on the ground that it was necessary artificially to create "local surpluses" so as to procure

grains needed for meeting public distribution commitments elsewhere and for replenishing the buffer stocks which would otherwise have to be built up by imports. In other words, zonal restrictions are sought to be justified on the ground that they are the necessary and inevitable concomitants to compulsory procurement, and *vice-versa*.

III. Why are Zonal Restrictions Bad?

(i) *Because* Zonal Restrictions deny the farmer the just reward for his labour and the incentive that would otherwise be provided for increasing production if he got a remunerative price for his produce by selling it in that market where it will fetch the highest price.

(ii) *Because* Zonal Restrictions themselves cause and perpetuate wide-spread disparities in the prices of foodgrains. For example, the price of wheat per quintal is much lower in Punjab than in Maharashtra even after allowing for freight and handling charges; but this is so, not merely because of excellent production of wheat in Punjab resulting in ample supplies there, but also because the Government of Punjab deliberately keeps down the price of wheat to facilitate cheap procurement (at great profit to the Government) behind the artificial barrier of the "Punjab Food Zone".

(iii) *Because* Zonal Restrictions allow states which have a surplus to be selfish at the cost of others.

(iv) *Because* Zonal Restrictions are anti-national. By erecting artificial barriers they are striking at the very roots of national unity. These restrictions are used as a lever both by the Centre and certain States for their own political and corrupt purposes. In Europe, Sovereign States have joined together to create a European Common Market; but, in India, our Governments are proceeding in exactly the opposite direction: in India, instead of a common all-India market for foodgrains, each State constitutes a separate market.

(v) *Because* while Food Zones prevent the farmers from obtaining the best prices for their produce, State Governments have made exorbitant profits at the expense of the farmers. The following are just a few

illustrations of profiteering by the State Governments:

- (a) The Punjab Government bought Mexican wheat at Rs. 85/- per quintal and sold it to cultivators for seed purposes at Rs. 120/- per quintal.
- (b) The same Government bought gramdal at Rs 58/- per quintal and sold it to the Gujarat Government at Rs. 80/- per quintal, to the Maharashtra Government at Rs. 100/- per quintal and to the Madras (now Tamil Nadu) Government at Rs. 128/- per quintal.
- (c) The then Congress Government in Punjab bought wheat at Rs. 14/- per maund and sold it at Rs. 17/- per maund in the Punjab itself. The same Government bought sugar at Rs. 38/- in U.P. and elsewhere and sold it at Rs. 43/-, without giving any service to the consumer in the Punjab or to the producer in U.P.
- (d) The Rajasthan Government procured maize at Rs. 40/- per quintal and sold it to the Bihar Government at Rs. 71/- per quintal and the Bihar Government in its turn sold it to the Co-operative Societies at Rs. 80/- per quintal.
- (e) The M.P. Government bought gulabi gram at Rs. 90/- per quintal and sold it to the Maharashtra Government at Rs. 170/- per quintal.

IV. Compulsory Procurement

1. What is Compulsory Procurement?

Compulsory or monopoly procurement is a nefarious scheme whereby farmers are compelled to sell their produce to the Government alone and at prices fixed by the Government, instead of in the open market anywhere in India at the best prices obtainable. The prices paid by the Government bear no relation to the current market prices of foodgrains.

2. Why is Compulsory Procurement bad?

(1) *Because* compulsory procurement does gross injustice to the man who produces food for the people.

Imagine a farmer who reaps a good harvest, particularly if in the previous years he had a bad harvest and consequently incurred debts and been deprived of bare necessities for himself and his family. Compulsory procurement deprives the farmer of his only chance to recoup his losses during a good harvest, leaving very little over to satisfy his essential needs or to improve his farm.

By preventing the farmer from selling his foodgrains at a better price in the open market, the Government (after allowing him to keep a meagre quantity for his family) takes away the rest and pays him an amount which has no relation to the rise in prices of other commodities which the farmer, like all of us, has to

buy in the open market, — things like sugar, tea, tobacco, cloth, kerosene etc., — in addition to the things he needs for farming, such as crude or diesel oil, fertilizers, seeds, implements etc. Despite the fact that the prices of all these commodities have gone up, the farmer is compelled to sell what he produces at a low price and to buy what he needs (both for consumption and production) at high prices. His hard labour remains unrewarded, while his requirements remain largely unfulfilled. Compulsory procurement therefore has deprived him of a decent existence.

(2) *Because* compulsory procurement removes all incentives to better production.

Why should even the better farmer risk more, work more, and produce more and more, when he always gets in return less and less?

3. Then Why Compulsory Procurement?

Really, for no justifiable reason at all.

The argument advanced by Government for compulsory procurement is that if the prices of foodgrains rose "too high", then people would starve. They say that the prices of foodgrains vary from State to State and the tendency would be for the farmer to sell his grain only in those States where he would get the best price.

4. What is Wrong with the Above Argument?

It is entirely a fallacious argument. The truth lies in the opposite direction. If the farmers were not oppressed by compulsory procurement at low prices, and if, on the contrary, they were encouraged by free movement and free sale of food-grains at the best obtainable prices, there would be more production; when there is more production, there would be no "scarcity"; and when there is no scarcity, the prices of foodgrains and of *all other things*, would not be "too high".

V. Food Zones, based on Compulsory Procurement at Low Prices:

- *will always perpetuate —*
- LOW PRODUCTION
- SCARCITY
- FOOD ZONES
- COMPULSORY PROCUREMENT
- RATIONING
- CORRUPTION
- IMPORTS of FOOD GRAINS
- LOW PRICES and POVERTY for the FARMER
- HIGH COST of LIVING and POVERTY for the CONSUMER

VI. The Union Budget—1969

1. GENERAL:

Generally speaking, when people talk about the "Budget" they are almost entirely concerned with the taxation provisions of the Finance Bill; and in particular (when you come to any large city) they seem to be concerned with only those provisions of the Finance Bill that deal with direct taxes.

But a Budget is a much more comprehensive exercise than that. It is concerned with the estimating of the overall resources available to Government and of the expenditures envisaged thereout of. Even then it is not merely an arithmetical computation to find out whether the Government has a surplus or a deficit; but having done that, it is also concerned with the various specific items of revenue and expenditure and of the additional taxes proposed, as having a bearing on the economy as a whole. The importance of the Budget stems from the impact (on the well being of the people) arising out of the magnitude of the resources proposed to be raised by Government and the manner in which they are to be raised.

2. Viewed in that light, some of the new taxes having the worst impact on both producers and consumers are considered in the following paragraphs.

(1) Tax on Fertilizers

(a) *Proposals:* Excise duties are to be levied on fertilizers produced in India at the rate of 10% *ad valorem*; and there will also be an additional "countervailing" Customs Duty at the same rate on imported fertilizers. It has been estimated that this will yield Rs. 47 crores.

(b) *Is it Justified?*

The answer must be emphatically in the *negative*.

(i) *Because* the price of fertilizer mixture in India at Rs. 860/- per tonne is already too high. The corresponding cost of mixtures made from imported fertilizers varies from Rs. 490/- to Rs. 560/-.

The Study Team on "Agricultural Administration" appointed by the Administrative Reforms Commission (ARC) has pointed out that the quantity of rice an Indian farmer has to sell in order to buy 1 kg. of fertilizer is 3.8 kg., while the corresponding figure is 1.4 kg. in U.S.A., 1.8 kg. in Japan and 0.85 kg. in Pakistan. In simpler language, the Indian farmer has to pay nearly 4 times as much *rice* for his fertilizers as does the farmer in Pakistan.

(ii) *Because* this is not the time to impose any Excise Duty and additional Customs Duty on fertilizers. It was only a little while back that the subsidy of Rs. 37 crores on fertilizers was removed.

(iii) *Because* no further burdens and disincentives should be saddled on the farmers when, despite all the heavy odds against them, our peasants and farmers have gone on increasing the food production. It would be utterly unjust to ask them all to pay a total of Rs. 84 crores more than what they were paying last year.

(c) *The effect:*

(i) We are still spending 300 million dollars on import of fertilizers and fertilizer material. Without this, the production of 96 million tonnes of foodgrains would have been impossible. It is entirely the Government's fault that we are not producing more fertilizers in India.

(ii) There are millions of farmers who cultivate only for bare subsistence from marginally productive lands and who, with a little help, could become surplus farmers; to them even the marginal increase in the price of fertilizers will make a huge difference.

There are others having viable farms; but they need a lot of capital to improve their lands and to adopt better farming techniques if they are adequately to feed our increasing population through scientific farming. These farmers will be badly affected and might be forced to drop down to the lower category of farmers.

To the "big" farmer this levy may seem to make little difference, because with hard work and intelligent management some of them may be able to maintain themselves.

But it is the middle-sized, small and marginal farmers that matter most in regard to producing just that 5% to 10% *extra* foodgrains every year if we are to keep ahead of the population growth at 2.5% per annum.

(iii) It has been estimated that 15% to 20% of the cultivable land in India still remains to be cultivated. Most of it is land of marginal fertility, requiring a great deal of development; but with the increased levies, the prospect of these lands coming under the plough will recede still further.

(iv) In short, the imposition of Excise Duty at 10% *ad valorem* on Indian Fertilizers and a corresponding additional Customs Duty on imported Fertilizers will reduce the use of fertilizers by farmers, and also the use of balanced mixtures of fertilizers, especially on those millions of acres of "marginal" lands and uncultivated (but cultivable) lands, where the use of fertilizers matters most.

(d) *What we said earlier:*

(i) The Bechtel Fertilizer Project was abandoned because of the unwillingness of the Government to allow the management to remain in American hands. Similarly, ideological considerations have prevented

the Government of India from allowing the Tatas from going ahead with their fertilizer project at Mithapur in Gujarat. The peasant was then buying fertilizers in the black market; and we continue to import huge quantities fertilizers.

(ii) The Government of India at an earlier stage promised to provide 3,375,000 tonnes of fertilizers; but they provided only 2,282,000 tonnes, or 33 per cent less than what was admittedly required. Could the farmer be blamed for this? In spite of the Government's failure, the farmer has not failed us. He has patiently gone on producing more and more food, with less and less aid, and more and more of taxation on the things he buys.

(iii) Thousands of crores of rupees that should have gone into irrigation, fertilizers, electricity, roads and road transport, *was diverted to other useless Projects* because of the communist obsessions of a former Prime Minister. Can the farmer be penalised for this?

(2) The Tax on Power Pumps, Motor Spirit & Superior Kerosene

(a) Proposals:

(i) Motor Spirit: Tax to be raised from Rs. 550/- to Rs. 620/- per kilo litre. Revenue expected: Rs. 14 crores.

(ii) Power driven Pumps: To be taxed at the rate of 20% *ad valorem*. Revenue expected: Rs. 200 lakhs.

(iii) Superior Kerosene: Tax to be raised from Rs. 165.25 to Rs. 205.25 per kilo litre. Revenue expected: Rs. 14 crores.

(b) The effect of additional tax on motor spirit:

(i) The tax on petrol hits the rural people because there cannot be a "green revolution" unless thousands of trucks can carry grain cheaply into the cities *and also* consumer goods to the villages. It is well known how wheat was rotting last year in Punjab and Hariyana for want of transport.

(ii) The tax on Motor Spirit has been raised year after year. The present proposal will mean that while the oil companies will continue to get only 19 paise per litre of petrol sold at the pumps, the tax thereon will be 443%. The new tax will add 3½ paise per truck-mile; and another 1 paise per truck-mile will be required to cover the additional tax on lubricants, i.e. a total of 4½ paise additional burden per truck-mile. This will add approximately 1 paise per tonne per mile to the cost of moving agricultural produce by road.

(iii) The Railways charge 7½ paise per tonne per mile for carrying traffic by rail; but the Government wants to charge 12 paise per truck per mile *as tax alone*

on traffic by road and leave it to the road transport operator to do what he can to pass on this burden to his customers.

(iv) At a time when it is necessary to give all possible incentives to farmers to produce more, this heavy impost will be only a disincentive. Not only will it be a burden on the farmer and hamper his production, but the burden will be ultimately passed on to the consumers particularly in the urban area.

(3) The Tax on Power Driven Pumps

(a) Effects:

(i) When the Government has failed even today to provide irrigation to the large area of cultivated land that is irrigable, lift irrigation by pump sets is a form of self-help by the farmer which should be encouraged, *not* discouraged. Lift irrigation by pumps is cheaper than large river valley projects; and it is the most economic way by which the farmer tries to solve his own problem and also the country's problem.

An Indian made oil engine and pump set of 3 H.P. costs Rs. 2,390/-, whereas an imported German set Rs. 1,172/-, while a Japanese set costs even less. An Indian made power pump (Electric-motor and pump-set of 3 H.P.) costs Rs. 1,400/- plus taxes.

(ii) By merely installing a pump set, a farmer can virtually double his cultivated area of 5 acres: either by extension of land (if available), by improving the production per acre and/or by double-cropping.

(iii) Above all a pump set is good insurance against failure of rains. Till today the Government has not been able to insure the farmer against drought and famines. A tiny pump set can work miracles, if only we could help the largest possible number of farmers to own them. But the levy on pump sets will achieve exactly the opposite.

(iv) This together with all other levies on the farmer, — on what he owns, on what he uses for production and on everything he consumes, — is the result of our Government yielding to the pressure of those "Mad Men in the Planning Commission" who have already ruined our economy during the last decade and now want to arrest our agricultural progress by *taxing the farmer*.

(4) The Agricultural Wealth Tax

(a) *The Proposal*: From the assessment year 1970-71 (i.e. from next year) agricultural property will be included in the net wealth of those who happen to have some wealth in other forms also. And it will be subjected to wealth-tax. Only standing crops and agricultural tools, implements and equipment will be exempted. Yield: Rs. 5 crores; (Probably only 2 crores); to be handed over to the States for squandering!

(b) *The Effects:*

(i) In the abstract it may sound proper to say: "Is it not just that a man who is a wealthy farmer should also be taxed in the same way as a wealthy man in the city?"

But social justice is not something in the abstract. In reality we are only just coming to the end of a period of gross injustice done to the rural folk. Agriculture is our basic industry; but we have kept it depressed. And now, just when Agriculture is trying to get on its feet despite the misfortunes and disabilities imposed by the gods and the government, — just when the peasant is attempting to raise his head, — the Government wants to knock him down again. Even today, as always, the vast majority of peasants is still vulnerable to even one bad monsoon, not to speak of a drought.

Is this then the time to impose taxes and further taxes on him?

(ii) Most farmers are still without resources for adequate inputs into agriculture, both for current requirements and for capital improvements. If the wealthy farmer does not pay wealth-tax on his Agricultural Wealth, it is precisely because he does *not* convert it into non-agricultural Wealth, but either keeps ploughing this wealth back into Agriculture or spreads prosperity around by spending it. This may sound inequitable and discriminatory as against taxation of non-agricultural wealth. But that is irrelevant, for the real question is whether it is not in the best *national interest* to allow the present glimmerings of agricultural prosperity to continue for some time? To that there can be only one answer:

Do not Tax the Farmer's Income or his Wealth, now and for some years to come

(iii) Moreover, the taxation of agricultural wealth is altogether illegal, being unconstitutional in law. Also, income-tax procedures are inapplicable to farmers' affairs. The harassment and corruption that are bound to accompany the efforts to apply income-tax and wealth-tax procedures to farmers would be intolerable.

(iv) A retired army officer or civil servant, a professional man or business man, who has a farm and cultivates it in a progressive way does much more for the country than most governments do! Theirs are some of the best Demonstration Farms in the country, regardless of whether they grow foodgrains, commercial crops or fruits, or poultry or dairy products.

(v) The Finance Minister's statement that "genuine agriculturists" would not be included in the taxation of agricultural wealth is merely a trap for the unwary "genuine" agriculturist himself. This will be just the

thin end of the wedge; as night follows day, the next victim will certainly be the genuine farmer. There is in fact no mid-way stop, where some people are taxed and some not.

(vi) Another trap for the unwary is the plea that this is intended only for catching tax evaders. This is another example of the "tail wagging the dog". The way to catch tax evaders is not by taxing heavily those who do not evade taxes or those who should not be taxed at all.

(vii) The valuation of agricultural properties will in practice be an impossible task leading to quite inequitable results. There is no free "market" for land in any State in India; the tenancy laws and regulations, the "ceiling" laws and regulations, the regulations about who can buy agricultural land and who cannot, the policies and practices regarding procurement and levies, or the movement and sale of foodgrains and even commercial crops etc. etc., vary from State to State and from time to time in all States. Any attempt for purposes of agricultural wealth tax to determine the "market price" of "agricultural wealth" in these circumstances *must* lead to inequitable results.

(c) *What We Say*

(i) Agricultural Wealth-Tax in any form, whether on all agriculturists or only on those who are not "genuine" agriculturists, is *Here and Now*:

- Totally Bad for the Country
- Wholly Unconstitutional
- Altogether Unjust in Principle
- Bound to be Inequitable in Practice.

(ii) *Resolution on Agricultural Income-Tax and other levies on Land:*

At its meeting on February 16, 1969, in New Delhi, the National Executive of the Swatantra Party said:

"The National Executive of the Swatantra Party condemns in unequivocal terms the proposals said to be under consideration by the Central Government and some State Governments to impose Agricultural Income-tax and other levies on land thinly disguised as 'Debentures' and the like.

"The peasant, farmers and landless workers on land, together with their families, constitute about 80% of the population of this country. They have been perhaps the worst affected by the steadily rising prices, especially of non-agricultural commodities, over the past twenty years. They have also suffered most by floods, droughts and famines. And all the futile experiments in food zones and all the restrictions on the free movement and sale of foodgrains have been at their expense. In these circumstances, the relative prosperity that has come to the rural communities in some parts of the country during the past two years is something about which the entire nation should feel

happy, instead of converting it into an opportunity for penalising the farmers and the peasants still further by imposing Agricultural Income-tax and other levies.

The National Executive of the Swatantra Party rejects the specious plea that Agricultural Income-tax, with its normal exemption limit of Rs. 4,000/- will affect only the "rich" farmers and peasants, as wholly misleading and altogether fallacious in its implications. In the first place, it is axiomatic that the well-being of the landless workers on land depends entirely upon the prosperity of the farmers and peasants who employ them. Secondly, with comparatively low "land ceilings" operative in most States, there are now very few rich farmers and peasants. Thirdly, to subject these few persons to such new or additional exactions is to introduce strong and positive disincentives to improved farming precisely at those points where it would be most injurious to the best interests of the country. Finally, to talk simultaneously about "draining away surplus resources" in this way from the so-called "rich" farmers and peasants, on the one hand,

and the urgent need to maximise the availability of Agricultural Credit so as to facilitate capital inputs into land, on the other, is a complete contradiction in terms.

The fact of the matter is that India needs more, not less, prosperity in Agriculture, which is by far the most important sector in our national economy, contributing as it does nearly fifty per cent to our national income. And the Swatantra Party insists that the fruits of that prosperity must remain in the hands of the farmers, the peasants and the landless workers on land, either to be "ploughed back" into land by way of various inputs so urgently needed for a genuine and sustained break-through in Agriculture or to be spent and so to generate genuine and broad-based "real demands" for goods and services throughout the country so necessary for re-activating the presently sluggish economy. The Swatantra Party will therefore oppose all proposals to impose Agricultural Income-Tax and other new levies on agricultural land and agricultural income.

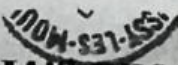
WE THE MEMBERS OF THE SWATANTRA PARTY

DEMAND

1. That Food Zones & Compulsory Procurement be Abolished
2. That the Proposed Taxes on Fertilizers, Power pumps & Superior Kerosene be abandoned, and
3. That the Proposed Tax on Agricultural Wealth be given up

DO NOT PUNISH THE FARMER FOR PRODUCING MORE

DO NOT GRUDGE THE FARMER A LITTLE PROSPERITY

 **FOR**
INDIA'S PROSPERITY DEPENDS
ON THE FARMER

(For Private Circulation)