

3781

A NOTE ON DEVALUATION AND THE MEASURES  
BY WHICH IT SHOULD BE FOLLOWED

The economic collapse of which the devaluation of the currency is only one aspect is the cumulative result of the mistaken economic policies and planning of the Union Government over the last decade and a half. If the repeated warnings sounded by the Swatantra Party spokesmen, both in Parliament and outside, had not been ignored, the country would not today be in its present plight.

2. In order that the sacrifices entailed in the process of devaluation may not be wasted, the corrective effect of devaluation may operate fully and the economy may derive the fullest benefit, it has now become necessary for the Government to come forward with a Declaration of Policy on the following lines:

- (a) A clear declaration that from now inflationary policies of every kind will be scrupulously eschewed and that, subject to whatever foreign assistance may be made available, the Indian Government will live within its means.
- (b) Appropriate reduction in civil non-developmental expenditure of the Union & State Governments and the observance by the Union and State governments of fiscal discipline by eschewing deficit finance and overdrafts. All further recruitment of the civil services to be stopped.
- (c) The restriction of foreign loans on government-to-government basis only to such legitimate purposes as fall within the natural duties of the State like the laying of infrastructure (including the provision of irrigation, roads and communications and electric power) and, as a short-term measure, for maintenance imports; and the creation of conditions that would encourage indigenous and foreign capital to produce the goods that are required by the people.
- (d) A postponement and recasting of the proposed Fourth Plan by dropping all new capital projects in the State sector (including the proposed Bokaro Steel project), except such as fall within the area indicated in (c) above.
- (e) A sharp reduction in both direct and indirect taxes so as to increase the flow of national savings and thus make available a large supply of rupee finance for expanding production and lowering the cost of domestic goods.
- (f) The complete dismantling of the structure of permits, licences and controls including import licensing, exchange control and Gold Control, so that the machinery of production and competitive enterprise comes under the direction, and caters to the needs, of the common man instead of being manipulated arbitrarily by the planners

and the Administration, as this is the only effective way of increasing production and bringing down prices.

- (g) The commencement of negotiations with India's creditors designed to secure a reduction in the debt servicing charges on foreign debts already incurred.

3. These are long-term measure and it is realised they may take some time to be implemented. Pending their introduction and their beneficial effects materialising, the following measure should, however, be taken immediately to prevent dislocation of the economy and reduce hardship on those concerned:

- (a) Orphaned industrial projects stranded in mid-stream should be helped out by easy loans from public financial institutions.
- (b) An adequate supply of imported raw materials should be ensured to exporters of non-traditional exports who have lost their import entitlements.
- (c) The new export duties introduced with devaluation should be withdrawn, as they are likely to obstruct the corrective effect of devaluation by reducing the incentive to promote exports, hinder the necessary encouragement to a shift of production to the export industries and impede the solution of our difficulties in regard to the balance of payments.
- (d) Import duties and surcharges and countervailing excise duties on raw and intermediate materials, fuels and spare parts should be completely abolished, in place of the present illusory reduction in import duties.

(N.G. RANGA)

(M.R. MASANI)

NEW DELHI,  
June 22, 1966.

**SWATANTRA PARTY**  
**Central Parliamentary Board**

NOTE FOR CENTRAL PARLIAMENTARY BOARD CONCERNING CERTAIN ARRANGEMENTS  
REGARDING GUJERAT

At its meeting in Bombay on 29th May, the Central Parliamentary Board had been told by the General Secretary that he and the Joint Secretary were having certain discussions with Mr. H.M. Patel regarding certain organisational and procedural issues concerning Gujerat and that he hoped to be able to report on these talks at the next meeting of the Board.

2. The General Secretary is glad to be able to report that these discussions have been proceeding smoothly and satisfactorily, that certain conclusions were reached and that the appropriate action, which is satisfactory both from the point of view of the Centre and of the Gujerat State Unit, has been or is being taken.

3. 1. RECOMMENDATION OF ASSEMBLY CANDIDATES

The revised procedures worked out by the C.P.B. with a view to expediting approval of such recommendations of Assembly candidatures have been explained and the State Parliamentary Board have been urged to send their proposals in regard to Assembly candidatures as expeditiously as possible, from time to time.

2. CONSTITUENCY ORGANISATION

Mr. Patel on behalf of the State Unit expressed the wish that in regard to constituencies where either the candidate was not functioning effectively or was not capable of measuring up to his responsibilities, the existing arrangement should be modified, with the consent of the prospective Parliamentary Candidate concerned so as to avoid any feeling of a unilateral breach in the existing arrangements, as follows:

- (a) The Nursing Grant at present going to the Constituency Campaign Committee should be diverted to the State Unit. The State Unit agrees to earmark the funds for the Constituency in question, would entrust their disbursement to the District Committee authorities and would hold them accountable for it. Proper accounts will be maintained which would be available for scrutiny by the Centre.
- (b) The Organiser should be asked to work under the control of the State Unit through the District authorities.

Where, however, the Candidate and the Three-man Campaign Committee were working effectively, the existing arrangement need not be disturbed.

4. The General Secretary agreed to these modifications and invited the State Unit to send the names of such Constituencies where a modification in procedure was desired. Certain names have come in and appropriate action has been or is being taken after consulting the prospective Candidates concerned.

5. Isolated Assembly Constituencies

Mr. Patel conveyed the wish of the State Unit that the Rs.150 per month which it was proposed should be made available to Candidates to help in nursing Assembly Constituencies in Parliamentary constituencies which the Party would not be contesting should, in the case of Gujerat, be handed over



to the State Unit earmarked for use in that Constituency. The General Secretary agreed to this modification.

6. Collection of Funds Outside Gujarat

Mr. Patel expressed a desire on the part of the Gujarat Unit to raise funds to supplement the Central funds and the General Secretary welcomed this move. Mr. Patel felt that the list of parties in Bombay and elsewhere outside Gujarat whom the Gujarat Unit had agreed not to approach, as they were contributing to the Central Party funds, was too long and requested that it might be cut down somewhat. The General Secretary agreed to do this. A shortened and revised list has now been made available to the General Secretary of the State Unit and to Mr. H.M. Patel, and they have reiterated their agreement not to approach any of these parties for financial support to the State Unit. Mr. Patel has, however, urged that, from the month of October 1966 onwards, the Gujarat Unit should be permitted to approach those on the list of Central donors who originate from Gujarat with a view to getting supplementary assistance and has given the assurance that this would be done in such a way that would not prejudice the commitments made to the Centre by these parties and would not involve the possibility of any diversion of such funds from the Centre. The General Secretary has agreed to this request.

7. Jeeps

Mr. Patel expressed the hope that the Centre would be able to provide one jeep for each Parliamentary Constituency to be contested in Gujarat. While expressing his inability to make any definite commitment, the General Secretary has promised to do his best to try and reach that target, provided this can be done without any injustice to other States. It is hoped that, by the end of July, there will be nine jeeps of the Centre in Gujarat.

8. New Organisers

- (a) Organisers who are appointed from now on at constituency level need not be interviewed by the Central Office. Their appointment will be approved on Mr. H.M. Patel interviewing them on its behalf and recommending their appointment and remuneration.
- (b) The remuneration plus the T.A. in regard to these newly appointed organisers should be sent to the State Unit.
- (c) The reports of these Organisers will continue to be sent to the Central Office in Bombay and to the State Office as prescribed.

M.R. Masani

H.M. Patel

19th July, 1966.