3804

Swatantra Party

RESOLUTION ADOPTED BY THE GENERAL COUNCIL ON MAY 27, 1966

Foreign Loans

The General Council of the Swatantra Party reiterates the Party's stand on the subject of foreign loans as adumbrated in its Election Manifesto of 1962 viz., that "the Swatantra Party is totally opposed to the policy of huge foreign debts being incurred" and that such extensive foreign aid "hangs on the slender thread of international peace which may snap any day." The warning given by the Party at the time of the last General Elections has been amply justified by the way in which foreign aid was discontinued during the hostilities between this country and Pakistan and the difficulties that are being encountered in securing its resumption.

2. While recognising the need for short-term foreign aid to extricate India from the economic plight in which she finds herself as the result of the ruinous economic policies of the Congress Government, the Council expresses great concern at the present efforts of the Congress Government at raising in preference to and at the cost of foreign investment, foreign loans of colossal proportions on a Government-to-Government basis in an attempt to bolster its discredited economic policies and plans and to perpetuate its tenure of office.

3. There are three distinct respects in which Government-to-Government loans are at a disadvantage viz., their wasteful and inefficient use generally, the fact that they come at this nation's risk which has in any event to repay both capital and interest, and the fact that such borrowing has political implications. None of these disadvantages apply in the case of private capital.

4. The General Council, while accepting the desirability of obtaining foreign loans for the production of equipment for defence, building the infra-structure and industrial activity in private enterprise, is of the view that what this country needs is the creation of conditions in which the effective investment of domestic and foreign capital is made possible by basic changes in the nation's economic policy, the abandonment of Statism, and the removal of needlessly restrictive controls, excessive taxation and inflationary policies.