

S.P. Delhi : 7.6.62

Budget

(635)

2/11

One of a series -

Plan dominates Budget

Subsidy to Saur

Third Plan - Addl Tax = Rs 1100
Half in 2 years collected

Squeeze maximum out for

Developing State sector
Addl taxation of 1.7% on 27 cr. (38%)
Saurashtra & Gujarat
Result - Disincentives to saving (62%)
& investment

2) Law of Diminishing Returns -
Asoka Sur in A.D.C.

3) Retarding production owing
to much lower efficiency
Bull. 11

esp. 0-3% returns

As 8% promised in 1951!
Retards capital formation

Even safe limit set by
Planning Commission exceeded
during 2nd Plan &
likely to be exceeded during 3rd

Rest

2

larger part of additional taxation
spent on non-developmental
purposes.

Estimates Committee Reports
D.D.'s Budget Speech

Q. This year also
to meet revenue expenditure

Quote Sheng

No curbing of non-productive
expenditure

First year ~~1972~~ taxes on commodities
mostly on consumer

incidence -

tea, tobacco,
cigarettes, cloth &
miscellaneous
consumer items

mean - Quote Sheng
except for 12% on luxury

Inflation inevitable -

Will eat up D.D.A.

Vicious spiral

Price level is being up by 20% or (2)

Ten, cigarettes, metals, cloth up.

[illegible]

Tax on Employment
 Amendments in Capital Tax
 without Select Committee
 & redraughting
 He stood for reduction in Corporation
 & reduction in death duties

Reject entire order of presents -
 And an ⁽¹⁾ State Capitulation
 (2) Henry Lindroth

First priority - Need of Common Man
 Dely Seminar - ~~Sh. manifest~~
 Food, Clothing & Shelter
 Present Budget in action -
 1/2 lbs. coarse cloth
 a Burl bag materials

Strategy

Don't have attack on
indirect taxation to CP

We have always opposed it.
I divided Home on Excise
duties 2 yrs back &
CP to support.

Don't go out of the way
to justify heavy Direct
Taxation. Ask for reduction
on both.

Reject assumptions of Plans
on which Budget based
in view of CP Taxation
to build heavy capital income
in State sector
"crop up" something for
Welfare for a better life later on

HH Endowment
Set primarily with
indirect taxation

Add excise duties on . . .

Total of 45.0000
— (62% of ad'l taxation)
nearly $2\frac{1}{2}$ of ~~100%~~ ^{of 100%} H. Taxes

Not on luxuries mostly —

Ward's wishful thinking on
29/4/62

Put use in prices of

Tax
Tobacco & Cigarettes

Drinks

Coarse cloth — Shoes

Kitchen utensils

For details / ~~Ward's wishful thinking~~

Two birds worth on
Common man.

Only an uncommon man
who doesn't drink
tea, smoke a cigarette,
wear clothes or
have food cooked in
his kitchen.

~~When~~ When stable currency
primary need
more inflation &
further rise in price.

Background of part - 20.6 up
3% of rise in last 5 years
1955-56 to
1960-61

Now last 5 years.

1. No ? By cutting down
wasteful civil exp
Encouraging Parkinsons Law
Pent because of health

2. By not pursuing
optimum projects
giving 0-3%
return.

3. Stand for reduction in
number of taxation