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"The Finance Bill which comes up for discussion in Parliament next week is only the latest and worst of a bad bunch of Budgets which have brought India to the brink of bankruptcy," observed Mr. M. R. Masani, General Secretary of the Swatantra Party, while speaking at a public meeting organised by the Swatantra Party at the Constitution Club this evening in observance of a Week to protest against excessive taxation and wasteful public expenditure.

Pointing out that under the present dispensation the Budget was the handmaid of the Plan, the speaker suggested the revamping of the entire pattern of planning and taxation by giving the first priority to providing every household in India with its basic needs of food, clothing and shelter within a few years. "What are all our Plans worth if the majority of our people must remain underemployed and eke out a miserable existence at sub-human levels?" he asked.

Though generally production has to precede distribution, a certain amount of consumption itself is an instrument of production since adequate nutrition is necessary for efficient production. Similarly, production by itself was not worthwhile unless purchasing power in the pockets of the masses of the people provided an expanding market. It was therefore that agriculture and light industry must take priority over heavy industry. Though the Chinese Communist dictatorship had learnt this lesson at the cost of great misery to its people and had been recently forced to adopt the same order of priorities as was recommended by the Swatantra Party, the Congress government here was still persisting in a false order of priorities adopted from Soviet Russia under totally different conditions.

Far from encouraging the production of food, clothing and building materials for meeting the basic needs of the masses, the present system of taxation in India picked them out for particular victimisation. Unlike the income-tax, where there was an exemption limit, even the poorest peasant who produced much-needed food for the country had to pay land revenue. Capital investment in agriculture was altogether inadequate. Mr. Masani was not convinced by the Food Minister's optimism recently expressed in Parliament. He pointed out that in the last five years the production of foodgrains had risen from 69 to 79 million tons, which reflected a rise of between 14 to 15 per cent. The Third Plan had set a target of 100 million tons of foodgrains by 1965/66. "Can one seriously expect a jump from 79 to 100 million tons, namely, a 26 per cent increase within the next four years?" he asked.

Cloth, the production of which should be encouraged, attracted the most vindictive taxation. The increase in excise duty on cloth in the present Budget meant that the textile industry would by itself contribute Rs.90 crores out of a total excise revenue of Rs.500 crores per annum, or 18 per cent. Similarly, building materials such as cement bear heavy excise duties despite the shortfall in production.

Pointing out that no less than 62 per cent of the additional taxation this year fell on commodities, Mr. Masani observed that the present Budget thus aggravated the burden on the poor. This of course was inevitable since the limits of direct taxation had already been exceeded as admitted in the Third Plan. "Those who wish for social justice must realise that this aspiration involves a drastic reduction in taxation. Surely it is obvious that the

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greater the quantum of taxation, the larger the proportion that must fall on the shoulders of the poor. We cannot have both high taxation and social justice," said Mr. Masani.

Mr. Masani suggested that the acceptance of a priority for a basic minimum for every family in the country in the way of food, clothing and shelter called for the following fiscal measures: (i) Abolition of Land Revenue; (ii) A drastic reduction in excise duties on the necessities of life, raw materials and intermediates; (iii) A reduction in corporate taxation and in direct taxes on income; (iv) Strict abstention from deficit finance and other inflationary measures; and (v) Pruning civil expenditure and checking the proliferation of the bureaucracy so as to make the other measures possible.

Not for publication:

M.R. Masani

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