

But, argues the other side, if you must expel South Africa, why not Pakistan, whose military dictatorship is no less a negation of democracy? Or, indeed, why not Australia, which discriminates openly among the Commonwealth's own members in the matter of immigration? The objections seem to us to be irrelevant for the moment. There wealth may conceivably survive the

expulsion of South Africa — in fact, some contend that this is the only condition on which its survival is possible. But if the issue is enlarged and the whole character of the Commonwealth is brought into question, its survival is impossible.

What the current conference of the Commonwealth Prime Ministers has to do, therefore, is to find an-

swers to two questions : (a) will the 'club' break up if South Africa is turned out, or if it is not? and (b) will the break-up in either case be a tragedy? On these answers must depend their course of action. If the Commonwealth feels that it would rather perish than expel the advocate of apartheid from its ranks then may be it is time it perished.

## Time for Change

IN the form of presentation, the Central Budget for 1961-1962 differs little from that of five or even ten years ago. In consequence, reconciliation of the budget figures with those given in the Plan documents remains as complicated an operation as it was in the initial years of the first Plan. This is in many ways a pity since it renders the budget a clumsy instrument for evaluating "performance". The principal object of the budget being traditionally to summarise the 'ways and means' position of (Government, it treats (Government as distinct from agencies or institutions which form part of the public sector in the planning sense. A good many of the entries in the budget do not, therefore, involve transaction with any agency outside the public sector, and this is apt to obscure the true magnitude of some elements in the budget. Straightforward inter-hudgetary comparisons do not, therefore, relative changes in (Government's role as a saver or on investor or even as a purchaser of goods and services over the years. Nonetheless, they may bring out the dimensional changes in terms of certain broad categoric- which, though not strictly economic, are yet distinct enough to be significant at a rudimentary level.

Allowing for accounting distortions, the fact remains that the story told by the past five budgets of the Central (Government is an impressive one. As may be seen from the table on page 157, the Central (Government's 'ways and means' position in 1960-1961 was far more comfortable than in any of the earlier years and this, in spite of the fact that the magnitude of all types of expenditure has steadily increased over the years. In his budget speech last week, the Finance Minister derived considerable satisfaction from this trend. He took care to point out

that in the five-year period 1956-1961, over Rs 130 crores of capital expenditure had been financed from the excess of revenue receipts over revenue expenditure. He also emphasised that the budget deficit for the five-year period was well under the limit of Rs 1,200 crores specified in the Second Five-Year Plan.

These claims of the Finance Minister are supported clearly enough by the budget figures. But in respect of the extent to which the targets of developmental expenditure, and, more importantly, the investment targets, have been fulfilled, and on the accord between Plan anticipation and actualities under the different types of resources, the Finance Minister's assessments are not easily verified. It is, of course, arguable that these are matters about which only the specialist need worry, if the Plan targets on the expenditure side have not been reached, it is because of the pruning of the Second Plan, consequent upon the foreign exchange crisis in 1957-1958. It is also arguable that it is immaterial whether, on the resources side, the actual distribution amongst various categories conforms to the anticipated distribution or not so long as the overall deficit is under control. Such arguments might be valid if one viewed the budgets as no more than accounting statements. But, in actual fact, the manner in which (Government has raised or spent its resources is often more important than how much it has received or spent in the aggregate. It is on such details that the budget in the form in which it is presented gives only partial information.

But, even this partial information is sometimes revealing. For instance, it will be seen from the table referred to earlier that, between 1956-1957 and 1960-1961, the relative importance of the broad group of

non-tax sources of revenue has increased steadily. Whether this is related to the trend in (Government's expenditure and, if so, in what manner, are perhaps matters of some import. Similarly, from a comparison between the amount of loans and advances to State (Governments and the size of the overall deficit in the five-year period, one might draw the conclusion that all the deficit-financing in the country has been undertaken for enabling State (Governments to meet their needs of Plan expenditure. This is not a vital matter in the aggregate sense: but it does raise questions of possible adjustments in inter-Governmental policies or transactions.

More important than either of the above are the trends in what may be described as the sinews of the budget, namely tax revenue, civil expenditure on revenue account, longterm loans and developmental outlay on capital account. Over the five-year period, tax revenue has gone up by nearly 50 per cent. And this is exclusive of tax receipts transferred to State Governments as their share of income-tax, excise duty etc. Impressive as this increase is, it has been less than the rise in civil expenditure which has more than doubled. It is difficult to see directly from the budget how much of this increase in revenue expenditure is strictly developmental. Among others, it includes a variety of grants to States, payable for constitutional or other reasons and entering to a greater or less extent into the planning budgets. But in so far as both developmental and non-developmental items of expenditure are certain to increase in the coming years, the crucial question is one of the adequacy of tax revenue for meeting both of them together. Delving a little deeper into the tax figures, it may be observed that 80 per cent of the increase in tax re-

ceipts is accounted for by indirect taxes, mainly excise duties. Direct taxes on income and expenditure add up to only about 15 per cent of the increase. Even allowing for the share of the States, the relative smallness of the contribution from direct taxes to additional revenue in the past five years is striking. As has been commented in these columns, the proposals regarding direct taxation in Shri Morarji Desai's latest budget are totally unimportant from the yield point of view. Then\* is, therefore, no immediate prospect of any increase in the relative share of direct taxes despite Government's concern over intensification of inequality in the distribution of personal income. It is a matter for serious thought whether we are doing right in reducing progressively the importance of direct taxes as a means of financing Governmental expenditure. Common sense suggests

that, as a country develops, the yield from direct taxes should increase rapidly as more and more personal incomes rise to the level at which these taxes become payable. Why should it be otherwise with us especially when the re-distributive impact of our taxes is not noticeable?

In the Central budget's capital account, the position in respect of both long-term borrowing and small savings seems to improve continuously. As is well known, the loan figures have to be further processed to get a clearer idea of the volume of genuine private savings transferred annually to Government through the purchase of securities. And as has been observed on an earlier occasion, the new item appearing this year—investment of U S Government counterpart funds further complicates the picture. That apart, from the strict 'ways and

means' point of view, it is obvious that debt operations are today vastly more important than they were at the beginning of the Second Plan. And this makes public debt policy one of far-reaching consequence.

By and large, therefore, it seems that imperfect as it is, the Budget does raise questions which lie uppermost in the field of development financing. Even so, public appreciation of these questions would be greatly enhanced if the form of the budget were adapted in such a way as to mirror clearly emerging eluings in the economic functions of the State. But this depends on our revolutionising the accounting procedures in Government. There is perhaps no vested interest, in the country stronger than that of accountants and auditors; and the longer we delay the reformation of the budget, the more difficult will intelligent planning become.

## Pandit Pant

PRIME MINISTER NEHRU, once describing his most steadfast colleague, Pandit Govind Hallabh Pant, said, "Born in the Himalayas, he is as great as a mountain." Truly, there was something lofty, almost Himalayan, about the presence, sweep of mind, largeness of heart, calm heroism of action, range of achievement and matchless patience and sagacity of the late Shri G B Pant. Schooled in a hard environment, assailed by poverty and forced to teach fellow students to pay for his own education, Shri Pant rose to be a national leader next only to Pandit Nehru in significance and in the esteem and love of the people. Wedded to the Congress in ideology and work, dedicated to Government in administration, devoted to Pandit Nehru in personal loyalty and love and ever mindful of the interests of his own State, Uttar Pradesh, Shri Pant had yet that in him which made him tower over the national scene, a huge brooding figure of wisdom, thoughtfulness and patriarchal concern, held alike in awe and affection by every party, group and individual. Indeed, there was no exaggeration when Pandit Nehru hearing of his colleague's death, said, "There is no doubt that he was the biggest man of his generation in India."

As the undisputed leader of Uttar Pradesh and Chief Minister for over

a decade, he gave the State the best years of his life, laying the foundation of its strength and prosperity. The tenancy reforms he introduced there made him a pioneer in this field, and never may that sprawling State know the stability and solidarity that it enjoyed under his firm, but understanding rule. A formidable debater in Opposition in the old Central Assembly, demolishing with unanswerable logic and disarming humour the arguments of the alien administrators of those days, a constructive, persuasive and unifying force in the Constituent Assembly and then at last the second in command in the Government of free India, deputising unobtrusively, almost imperceptibly for Pandit Nehru in almost every sphere of activity and helping him shape major policies and actions, Shri Pant was a parliamentarian without a peer and an administrator who put one in mind of classic examples of the Indian genius for governance, steady, astute and invincible. But what he did for Government or the Congress on the public stage was only a part of the herculean labours he engaged himself in, working behind the scenes most of the time, untying knots, resolving tangles and smoothing differences, bringing hostile groups and individuals together and keeping a ceaseless watch over the flux of affairs, whether within

the administrative field, the organisational side of the Congress or in the country at large.

A valiant fighter for freedom, whether in utterance or in the field of action, and the very soul of devotion and chivalry, he disabled himself for life by trying to protect his friend. Pandu Nehru, in a lathi-charge that marked the Congress boycott of the Simon Commission and offering in the process his expansive frame as a ready target for the blows that fell indiscriminately. This left a permanent injury on him, making both speech and movement a trial to him, painful to observe; and yet if he took on crushing responsibilities and turned out massive work for decades thereafter, working like a giant on a truly gigantic scale, it was because of that spirit of silent, undemonstrative heroism which moved him throughout. If his predecessor in the Home Ministry, Sardar Vallabhai Patel, welded willing and unwilling States together to go down in history as the architect of India's unity, Shri Pant carried out the equally urgent and equally important task of sorting out and reorganising the hastily-gathered jumble of States and giving Indian unity a new meaning and greater assurance of harmony, peace and permanence.