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Boldness Within Limits

WITH the usual time lag of six months, New Delhi has responded to the complaints bitterly voiced during Diwali of deceptive abundance and threatening recession, with what it considers to be a bold budget. Development is super-imposed on inflationary expenditure intended to halt recession. Shri Chintaman Deshmukh permitted himself this measure of boldness after due consideration. His sheet-anchor in financial adventurism are the sterling balances of Rs 290 crores, to be spread over the five-year planning period. This provides a rock bottom to deficit spending of Rs 60 crores a year. During the last two years of the Plan, the over-all deficit did not exceed Rs 82 crores as against Rs 120 crores that would be permissible; a deficit of the order of Rs 100 crores for the next year would be in keeping with the strictest financial rectitude. So in raising it by another Rs 40 crores, the Finance Minister is not taking such a big risk after all, when it is remembered that Government departments do not find it easy to spend to the full the amounts that are sanctioned. This is the broad picture; the minor adjustments easily fall into their proper places in it.

Expenditure met from revenue in the current year is now placed at Rs 422.43 crores against the budget estimate of Rs 401.25 crores, largely as a result of the additional payments to the States under the Finance Commission's recommendations and increased expenditure on food subsidies. The revised estimates include thus, a provision of Rs 16.42 crores for payments to the States as their share of the Union duties of excise on tobacco, matches and vegetable products; grants-in-aid to the States are expected to amount to Rs 2.98 crores more than was provided in the budget; expenditure on food subsidies, for which the budget had provided Rs 15 crores, is now placed at Rs 21 crores.

The latitude which the Finance Minister felt he could allow himself has been exercised mainly in trying not to convert a deficit in the revised estimates for the current year into a surplus of the magnitude aimed at the time of framing the budget. As food subsidies are to go, minor adjustments in taxation are all that are necessary to turn an estimated deficit of Rs 1.05 crores in the next year's budget at the existing level of taxation into a nominal surplus of Rs 45 lakhs. Nay, more. Some relief has been given to the middle class by raising the exemption limit for income-tax from Rs 3,600 to Rs 4,200 for individuals and from Rs 7,200 to Rs 8,400 for the Hindu undivided family. With the same end in view, presumably, the duty on penicillin, antibiotics and infant foods has been reduced. These have been offset by raising the import duty on betelnuts by 2 annas per lb and those on toilet requisites and certain categories of textiles, assembled motor cars, horses and pearls. Indeed, these last may well be recorded by those who look for the picturesque as the tears of planning. There are also increases in postal rates, in some cases quite substantial. How much the higher limit for income-tax will cost in revenue and to what extent it has been offset by the other changes, it is not possible to say while going to the