

ADDRESS TO PARLIAMENT—25 FEBRUARY 2005

Lok Sabha	—	Fourteenth Lok Sabha
Session	—	First Session of the Year
President of India	—	Dr. A. P. J. Abdul Kalam
Vice-President of India	—	Shri Bhairon Singh Shekhawat
Prime Minister of India	—	Dr. Manmohan Singh
Speaker, Lok Sabha	—	Shri Somnath Chatterjee

HONOURABLE MEMBERS,

I am delighted to address the first session of both Houses of Parliament in the New Year. My greetings to all of you. We entered the New Year with mixed feelings. On the one hand, there were so many reasons for us to look forward to this year with hope and optimism; on the other hand, the entire nation was deeply moved by the Tsunami tragedy. Induced by a major earthquake in the ocean bed near Sumatra on the 26th of December 2004, a tsunami wave hit the Andaman and Nicobar Islands and the coastal areas of Andhra Pradesh, Kerala, Pondicherry* and Tamil Nadu. Our hearts reached out to those who saw their loved ones taken away by a killer wave that washed away the lives and livelihoods of thousands of our people. The entire Nation shared the agony of those whose lives and livelihoods were destroyed by the disaster.

Honourable Members will agree with me, however, that the silver lining to this dark cloud was the spontaneous response of our people in, coming to the aid of the victims in their hour of need. Apart from the fact that contributions to the Prime Minister's National Relief Fund have been unprecedented, millions of Indians and friends from overseas have contributed in their own way, directly and indirectly, to provide relief and facilitate rehabilitation of the affected people.

I must place on record the Nation's appreciation of the rescue, relief and rehabilitation work undertaken by State and local governments, the armed forces and Non-Governmental Organisations. Given the nature of the disaster and the fact that this part of the world had not been visited upon by a tsunami in the living memory of anyone in this region, there was an element of surprise. This was compounded by the fact that the worst affected places were in the far-flung Andaman and Nicobar Islands. Yet, our

* Now known as Puducherry.

response was quick. The Indian Navy, Air Force, Coast Guard and Central Paramilitary Forces played a heroic role in providing immediate relief not just to our people but also to the affected people in Sri Lanka, Maldives and Indonesia.

My Government very correctly took the view that external assistance was not required for the immediate rescue and relief work. This work was best done by local authorities and security forces and the resources required were available with State and Central Governments. India thanks all those who expressed their concern and generously extended their help. We are open to external assistance and advice in rebuilding and reconstructing the destroyed economies and ecologies of the coastal region. We must convert this tragedy into an opportunity by modernising the maritime economy and protecting the coastal ecology.

It is imperative that the momentum generated by our response in the relief and rehabilitation phase is sustained in the reconstruction phase. I hope that we would be able to demonstrate our reconstruction effort as a model of effective, humane and forward-looking public intervention in disaster mitigation.

The Government will shortly create a National Disaster Management Authority. A Central legislation on disaster management will soon be introduced in Parliament. I would recommend that this Authority should have a strong science and technology component built into its activities. We have to develop a long-term strategy in science and technology for dealing with natural disasters and threats to the ecology of our coastal areas. The need for such an Authority becomes even more pressing in view of the extensive loss to life and property caused by calamities such as the recent avalanches in Jammu and Kashmir resulting from heavy snowfall. The nation shares the grief of the people of Jammu and Kashmir in their hour of sorrow.

The generous response of the people of our country to the tsunami tragedy showed once again that there has been a paradigm shift in our political and social milieu. Those of us, who have been concerned about the social trend towards personal aggrandisement and a political trend towards the politics of exclusion, would have been heartened by the genuine altruism and the sense of inclusiveness that characterised the mood of the Nation in the aftermath of the tsunami.

My Government is committed to an inclusive society, a caring polity and a sharing economy. This is the essence of the National Common Minimum Programme adopted by the constituents of the United Progressive Alliance and supported by the Left and other like-minded parties. The UPA's vital contribution to the Nation has been the return of the polity to mainstream political values of pluralism, inclusiveness, secularism and economic growth

with equity and social justice. The people of India have repeatedly reaffirmed their commitment to these core values of our Nationhood.

My Government has been able to enthuse people to re-focus their energies on economic development and social progress. Not surprisingly, a sense of optimism now pervades the country and we can look forward to a year of improved economic performance, communal harmony and political stability. All major economic indicators are looking up and investors have regained their faith in our potential. I believe we must capture this mood of optimism combined with altruism to strengthen the foundations of our inclusive democracy.

Honourable Members, in the span of three quarters of a year that the United Progressive Alliance Government has been in office, considerable time and energy has already been devoted to the implementation of the National Common Minimum Programme. More importantly, an environment of social and political stability based on a commitment to the welfare of weaker sections, especially the Scheduled Castes, Scheduled Tribes, Other Backward Classes and minorities has been created. The Government has sustained the process of economic growth with due regard for equity and social justice. It has ensured communal harmony and imparted a new sense of hope to the minorities and the weaker sections of society. My Government has infused a new sense of belonging among various disaffected groups, especially in the North-Eastern States and among the tribal communities across the country. The handing over of the historic Kangla Fort to the people of Manipur was not just a glorious moment in the history of the Manipuri people; it also symbolized my Government's commitment to all segments of our society that they have a right to live a life of dignity and self-respect. It is with this same message that the Prime Minister visited the State of Jammu and Kashmir, to empathise with the people living in the Kashmir Valley, and migrant Kashmiri pandits in Jammu.

My Government has constituted a Commission for the welfare of socially and economically backward sections among religious and linguistic minorities. This Commission will examine the social and economic status of these deprived groups and suggest mechanisms for enhancing their educational, employment and economic opportunities. We will also prepare a White Paper on the status of minority communities in India. Subsequently, the Government will recast the 15-point programme for the welfare of the minorities with a view to incorporating programme specific interventions.

Adivasis in this country have been leading a life of insecurity in many areas since their property rights have remained unsettled. It is necessary to recognize their need for assured property and land rights in areas they have been residing in for several generations. It is an irony that tribals who have been living in "forest villages" and have been practicing agriculture

on these lands for several generations, have not been given due recognition of their rights. Their problems are engaging the attention of the Government and we will try to settle the issue of land rights of tribals. The outcome will be beneficial both to tribals and to the goal of forest conservation.

My Government believes that it is its responsibility to ensure that the deprived sections of society are given a fair deal. We are committed to taking steps for their educational and economic empowerment. We should also take simultaneous action to protect their human rights and also free them from age-old prejudices. The Government will take legal action to ban the degrading practice of manual scavenging, and States would be given time up to August 2005 to enforce it. My Government is equally committed to the upliftment and empowerment of physically and mentally challenged persons.

It is absolutely essential that the deprived sections of our society benefit from the growth processes we have unleashed. The Government has constituted a Group of Ministers to engage in a dialogue with industry to explore mechanisms for increasing employment opportunities for Scheduled Castes and Scheduled Tribes in the private sector. The Government has introduced the Reservation Bill in Parliament codifying all provisions on reservation in Government. In addition, a Committee of Ministers on Dalit Affairs has been formed to give focused attention to all issues related to the welfare of Dalits.

Honourable Members, an important commitment of the National Common Minimum Programme that the Government has fulfilled has been to hold the price line. Owing to the impact of a weak monsoon as well as the steep increase in international energy prices, the rate of inflation had gone up in the middle of last year. However, despite continued pressure on the oil price front, a judicious mix of economic policies and administrative intervention has helped bring the rate of inflation down. After rising above 8.0 per cent in August 2004, the rate of inflation, as measured by the wholesale price index, has come down to 5.0 per cent. The rate of inflation as measured by the consumer price index has declined and is significantly lower than the wholesale price index. My Government is committed to reining in the rate of inflation as it hurts the poor the most. The Government's success in bringing the rate of inflation down has been the most important of the many pro-poor interventions, it has been able to make in the past nine months. The Government will remain steadfast in its resolve to hold the price line and protect the real incomes of the poor.

The control of inflation forms a reassuring backdrop to the revival of investment and business activity in the economy. All macro-economic indicators are looking up. On top of a year of record growth in 2003-04, which was based largely on a recovery from the previous year's poor growth,

the economy is once again poised to record close to 7.0 per cent growth in 2004-05, despite a weaker monsoon and higher oil prices. The revival of investment activity and an increase in the rate of capital formation, have contributed to an annual growth in 2004-05 of 8.9 per cent in manufacturing output and 8.9 per cent in services sector incomes. Despite a modest 1.1 per cent growth in agricultural production on account of a weak monsoon, food prices have been under check.

Foreign trade has been growing at a rapid pace with exports rising by 25.6 per cent and imports by 34.7 per cent in US dollar terms in the period April-January 2004-05. Investment, both domestic and foreign, has been rising and is a measure of the confidence of investors in our economy. In order to accelerate investment activity further by removing policy and operational constraints, the Government has constituted an Investment Commission. While foreign exchange reserves continue to remain at record levels, the revival of investment activity and the consequent increase in import demand has stabilized the rate of accumulation. Overall, all macro-economic indicators are robust and positive and there is an air of optimism in the economy and the markets. My Government will pursue policies that will sustain this recovery and accelerate growth, moving forward on the twin roads of efficiency and equity, while maintaining a high degree of fiscal and financial discipline.

Honourable Members, the core commitments of the National Common Minimum Programme are the seven priority areas of Agriculture, Education, Employment, Healthcare, Infrastructure, Urban Renewal and Water.

My Government is committed to giving a “New Deal To Rural India”. This “new deal” involves, among other things: reversing the declining trend in investment in agriculture; stepping up credit flow to farmers; enhancing public investment in irrigation and wasteland development; increasing funds for agricultural research and extension; creating a ‘single market’ for agricultural produce; investing in rural healthcare and education; promoting rural electrification and rural roads; setting up commodities futures markets and insuring against risk in farming and rural business.

One of the first steps that my Government took in office last year was to effect a steep increase in credit flow to agriculture. The entire country was deeply distressed by the misfortune of several farmers’ in parts of the country, some of whom were driven to desperation and suicide. My Government took several measures to address the distress of the affected families and undertook many initiatives to ease the flow of credit to farmers. A special package for doubling the agricultural credit flow in the next three years and for providing credit-related relief to farmers was announced in June 2004. As against the targeted agricultural credit flow of Rs. 1,05,000 crores for the year, as much as Rs. 99,240 crore had already been provided

by the end of January 2005, amounting to nearly 95 per cent of the target. To protect farmers from the vagaries of nature and the uncertainties of the market, the Government has taken several initiatives to provide farm and farm income insurance. The Farm Income Insurance Scheme that was being implemented for *Rabi* crops has since been extended to *Kharif* crops also. The modernization of the meteorological forecasting system will also contribute to improvement in our agricultural performance by providing more accurate forecasts of weather patterns.

Horticulture is one of the areas identified for priority attention, for which a National Horticulture Mission is proposed to be launched. This initiative, the details of which will be outlined by the Finance Minister in his Budget Speech, has the potential of transforming the rural landscape and also our export profile of agricultural products.

The problem of water availability and utilization has received special attention in the National Common Minimum Programme. Water is a national resource, and we have to take an integrated view of our country's water resources, our needs, our policies and our water utilization practices. We need to ensure the equitable use of scarce water resources. I urge you and all our political leaders to take a national and a holistic view of the challenge of managing our water resources.

We need mass action for the conservation of water. People have demonstrated their capacity to take leadership in this area. My Government proposes to promote water conservation and water harvesting in a major way, through a people's movement. Current programmes for dry land farming and artificial recharge would provide technical support for such a Mission, while the investment that is proposed under the wage employment programmes would provide the funds for a citizen and community-led movement for water conservation. Existing programmes of watershed management would complement this effort, which would also be on a watershed basis. This would address the issue of increasing water availability, especially in our arid and semi-arid regions.

The Government has proposed to launch a new scheme to promote micro irrigation, including drip and sprinkler irrigation in rain-deficient areas. Public-Private Partnership is also crucial for the development of the agriculture sector, especially in rural infrastructure.

The problem of seasonal flooding in the Brahmaputra Valley and in the Gangetic plains is engaging the attention of the Government. To identify long-term solutions and to harness the Brahmaputra and Barak rivers, the Government has set up a Committee to examine the feasibility of setting up a North East Valley Authority. Financial allocations for the Accelerated Irrigation Benefit Programme (AIBP) have been increased. The Union Budget 2004-05 has taken steps to support water-harvesting schemes for SC/ST

farmers. Water management in all its aspects, both for irrigation and drinking purposes, will receive urgent attention. The Government is also pursuing all water-related issues with neighbouring countries in a spirit of cooperation.

Agricultural research and extension will be another area of priority for my Government. Funding for agricultural research is being stepped up. New centers of excellence will be promoted to increase the number of agricultural scientists and graduates to enable the further modernization of agriculture. A “New Deal For Rural India” also requires revitalization of the institutions of rural development. My Government’s commitment to grassroots democracy is reflected in the creation of a new Ministry of Panchayati Raj. In consultation with Chief Ministers, the Ministry has drawn up a 150-point Action Plan covering 18 aspects of Panchayati Raj. The Government will actively involve Panchayati Raj Institutions in the implementation of development programmes. The cooperative sector has also been an important instrument of agricultural development in our country. The Government is committed to strengthening cooperatives by infusing a professional management culture and restoring their democratic character. A scheme for the revitalization of the cooperative credit structure has been prepared by NABARD.

A National Committee on Rural Infrastructure has been constituted under the chairmanship of the Prime Minister to ensure that urban amenities and infrastructural facilities are made available in rural areas. A Rural Electrification Strategy has been drawn up to create a rural Electricity Distribution Backbone and Village Electricity Infrastructure. My Government is committed to the objective of providing electricity to all villages in the country by the year 2009. The infrastructure gap between urban and rural areas has to be closed and employment, livelihood and investment opportunities have to be made available in rural areas. This will also discourage distress migration to towns that has imposed enormous pressure on urban infrastructure. We must improve rural roads, schools and healthcare facilities and public services in a planned manner.

There are many other initiatives that my Government has taken that will greatly benefit the agrarian economy and people living in rural areas. These include programmes and policies aimed at strengthening and modernizing rural infrastructure and improving rural health and education. Taken together, all these initiatives constitute a major developmental thrust for our agrarian economy. That India lives in its villages may be a worn out cliché, but it is a reality that we must constantly remember. Until our citizens living in rural India, especially the farmers and the weaker sections are economically and socially empowered, India cannot shine. My Government wants India to shine, but it must shine for all!

Honourable Members, a second area of special attention for my Government, is employment. It is a priority for a country in which the share of the youth in our population is rising and will continue to rise for

some decades to come. The policies aimed at increasing investment and stepping up the growth rate of agriculture, manufacturing, infrastructure and the services sector will undoubtedly generate new employment opportunities. To take care of those who are likely to be left behind by development processes and to ensure that there is a safety net, especially in some of the more backward regions of the country, my Government has come forward with a National Employment Guarantee Bill. This bill before Parliament, will provide legal guarantee for at least 100 days of employment to at least one person in every poor household initially in some of the most backward districts of the country. This programme is to be gradually expanded to cover all rural areas. In the interim, the Government has also launched a National Food-for-Work Programme in 150 backward districts. The programme was launched from a backward district of Andhra Pradesh on the birth anniversary of Pandit Jawaharlal Nehru. Fifty lakh additional families have been issued Antyodaya Cards, taking the total up to 2 crore families.

Ours has been a knowledge-based civilization for millennia and yet we remain a country with an unacceptably high rate of illiteracy. Today our best and brightest are at the forefront of the global knowledge economy and yet many of our schools and colleges are unable to meet the aspirations of all those who seek the light of knowledge. This must change. India needs a new knowledge revolution, a new wave of investment in education at all levels of the knowledge pyramid, from elementary schools in villages to world-class research institutions. My Government will give priority to issues of both access and excellence in education.

Resources for elementary education have been augmented through the Education Cess, which will form the Prarambhik Shiksha Kosh. This will enable better funding of the Sarva Shiksha Abhiyan, Kasturba Gandhi Balika Vidyalaya, the Mid-day Meal Scheme, and Nutrition Programme for Adolescent Girls. The National Mission for Sarva Shiksha Abhiyan has been constituted for the first time. The launch of EDUSAT, an educational satellite, and of Doordarshan's Direct-To-Home television facility will enable us to use modern technology in spreading literacy. My Government has also given special attention to the educational development of Scheduled Castes, Scheduled Tribes and minorities. A National Commission for Minority Educational Institutions has been established to safeguard the interests of institutes of higher learning set up by minorities.

The Universities of Allahabad and Manipur are being given the status of Central Universities and a special grant has been given to Jamia Millia Islamia. The Government has also sanctioned an Indian Institute of Management for the North-East and has agreed to aid faculty development at Kashmir University.

These are some of the first steps taken by my Government to improve the educational system. Much more needs to be done and will be done. We need a modern educational system that promotes secular values and creates concerned, committed and competent citizens capable of meeting the challenges of the 21st Century. We must inculcate in our people greater curiosity about the world around us and promote a scientific temper. The future of our great nation depends on the quality and content of our educational system. The Government has already announced its intent to set up a National Knowledge Commission to give India the knowledge edge in the 21st Century. This Knowledge Commission would have five prongs: increasing access to knowledge for public benefit, nurturing knowledge concepts in Universities, knowledge creation in S&T laboratories, promoting application of knowledge in our business and industry and using knowledge to improve service delivery in Government. The development of basic science and of science and technology will receive the Government's highest priority. The Government is committed to the promotion of public-private partnerships in R&D, especially in bio-technology, space and defence technologies and to increase funding for frontier areas of scientific and technological research.

Another priority area for policy action is health care. A major commitment of the Government is to increase the spending on public health from the present level of 0.9 per cent of GDP to 2.0 per cent over the next five years, and to improve the delivery of primary health services, especially in rural areas for poor people. My Government proposes to launch a National Rural Health Mission, which will be based on a district-based planning and management model, of health care delivery, with the involvement of Panchayati Raj Institutions. This decentralized model of health management will, for the first time, enable localized solutions to health problems, and hopefully will lead to the goal of 'Health for All'.

Honourable Members, my Government will also pay special attention to the development of urban infrastructure and to making our towns and cities more livable. For a country where more than a third of the population lives in urban areas, it is time to focus on the task of providing world-class infrastructure and access to basic amenities in towns and cities. This will enable our cities to play the role of magnets of economic growth effectively. A proposed Mission on Urban Renewal will address this need.

A key priority area for my Government is infrastructure. If the Government's objective of enabling the economy to log 7 per cent to 8 per cent growth over the next decade has to be realized, the country will require massive investment in infrastructure. There is urgent need to increase public and private investment in power, roads, railways, ports and inland waterways, civil aviation and housing. A Committee on Infrastructure has been constituted under the chairmanship of the Prime Minister. Our economy requires at least upto \$150 billion worth of investment in the infrastructure sector over the next decade to catch up with our East Asian neighbours.

The Committee on Infrastructure has already laid down a road map for a new Civil Aviation Policy that will improve aviation services, promote domestic airlines, modernize civil aviation infrastructure and offer consumers wider choice. The adhocism and lack of transparency that characterized civil aviation policy in the past, has been replaced by a transparent, forward-looking policy framework that will encourage new investment in this sector. The Government has decided to grant greater autonomy to the National Highways Authority of India, while taking steps to make it more professional and efficient. The rate of completion of road construction under the national highways programme, especially the Golden Quadrilateral and the North-South and East-West corridors, has been speeded up. The Government will encourage public-private partnership in all infrastructure projects. Special focus will be given to improving rail and road connectivity in the North-Eastern region. My Government is in the process of setting up appropriate mechanisms for this purpose. Road and rail development in Jammu and Kashmir will also be accorded higher priority with the upgradation of several historic links such as the Mughal Road.

The success of our telecom policy over the past decade has demonstrated the benefits of pursuing a liberal policy in the infrastructure sector. The beneficiary of such a policy will, in the final analysis, be the consumer. My Government plans to increase India's teledensity from a lowly 8.4 per cent today to more than 20 per cent by 2008. The priority will be to provide both voice and data transmission connectivity in rural areas. The broadband policy announced recently would enhance Internet connectivity with increased speed. This, in turn, would help our rural areas to take advantage of the benefits of e-governance, e-education and e-health. The digital divide between rural and urban areas must be bridged expeditiously, since it is possible for us to leapfrog into next generation information technology.

The National Electricity Policy adopted by my Government will encourage new investment in the sector, while ensuring that the interests of consumers, including rural consumers, are also served. The success of the Inter Institutional Group in facilitating financial closure of 11 private power projects with an aggregate capacity of over 4000 MW, envisaging a funds commitment of over Rs. 13,000 crores, augurs well for future investment in this sector. The initiatives of my Government have significantly boosted the confidence of private promoters and financing institutions in reiterating their commitment to fund viable private power projects. The public response to the sale of Government equity in the National Thermal Power Corporation along with the issue of fresh equity by it through an Initial Public Offer in November 2004 bears great promise for policy initiatives in this area.

To sustain the anticipated increase in our economic growth rate, we have to ensure access to energy. Energy security is, therefore, a key national priority. My Government has taken several steps, both economic and

diplomatic, to enhance India's energy security. Public sector undertakings have a key role to play in facing competitive challenges, both domestically and internationally. There is a need for the oil PSUs to leverage their strengths in their respective areas of core competence to optimally fulfil the key role envisaged for them in promoting the national objectives of energy security, accelerated growth rate and sustained economic development. With this in view, an advisory committee on Synergy in Energy has been constituted. My Government launched the 5th Round of New Exploration Licensing Policy on 4th January 2005, providing attractive investment opportunities for companies to explore oil and gas. In addition, my Government will give the highest priority to developing strategies to enhance our capabilities in harnessing alternative sources of energy for our long-term energy requirements.

Honourable Members, while these seven areas of concern to our people, will receive the priority attention of the Government, emphasis will also be placed on other important sectors, especially the modernization and development of our manufacturing and services sectors. The decline in the share of manufacturing in national income in recent years is a matter of concern. My Government has set up a National Manufacturing Competitiveness Council to increase the productivity of our manufacturing sector, which is vital for maintaining its competitive position in a world where trade barriers are being removed. My Government will give high priority to the acceleration of industrial development at home. There are immense opportunities in a wide range of manufacturing industries, including textiles and garments, automobiles and auto-components, leather and pharmaceuticals that will be tapped. This will receive the special attention of my Government.

The end of the Multi-Fibre Agreement opens up new opportunities for external trade in the textiles sector that Indian industry must tap. The Government will take all necessary steps and reforms to encourage investment in this sector. India has enormous advantages in the textiles sector, both traditional and modern, and must regain its pre-eminent position in the world market. The revamping of the Khadi and Village Industries Commission should also help in encouraging the growth of the much neglected handloom sector. My Government will encourage the modernization of handlooms and promote their design and marketing capabilities. The plight of weavers has been engaging public attention for quite sometime, but not enough has been done in this regard. My Government proposes to focus on improving the situation of weavers through a time-bound programme spanning the next two years, to be called "Two Years For The Weavers". Under this programme, traditional looms would be replaced, design capability would be improved for value addition and weavers given access to new technology, credit and markets. Professionals would be incentivised to connect Indian weavers to premium markets where Indian handloom still commands upmarket attention. The biggest challenge in promoting the growth of the manufacturing sector is to promote Brand India, the "Made in India" label.

Over 90 per cent of our labour force is in the informal sector. My Government will set up an appropriate institutional and regulatory mechanism to ensure their welfare. While striving for improved social protection, we must also not lose sight of the need to augment employment opportunities through a judicious mix of incentives and regulation. A National Commission has been appointed to examine the problems of enterprises in the unorganized, informal sector and to make recommendations on providing technical, marketing and credit support to small and tiny enterprises and to self-employed persons in this sector. Based on the recommendations of this Commission, we will design appropriate programmes to ensure that the informal sector blossoms, not only in economic performance but also as a provider of employment opportunities. A Board for Reconstruction of Public Sector Enterprises has been set up to devolve full managerial and commercial autonomy to successful public sector companies while at the same time working out solutions to the problems of loss making ones.

Honourable Members, economic development, and the welfare and socio-economic empowerment of our people are my Government's top most priorities. There are, however, forces at work that are inimical to the realization of these objectives. My Government is determined to deal with all such threats to peace and national security. My Government is fully alive to the internal and external challenges to our national security. It will not hesitate in taking any steps required to deal with the threat of terrorism or attempts to spread disaffection and disturb law and order. The overall internal security situation in the country remained under control in 2004. The three main areas of challenge to our national security, have been identified as cross-border terrorism in Jammu and Kashmir, insurgency in the North East region and naxalite violence in some states. We need a multi-faceted approach to meet this challenge. The machinery for the enforcement of law and order has to be made more effective. At the same time, we must also deal with the underlying causes that give rise to a feeling of alienation among a section of the people, the large majority of whom wish to live in peace and security. Administration at all levels must become more focused on equitable and people-centred development. My Government would pay equal attention to the development dimension and human rights concerns.

In dealing with these threats, my Government was of the view that the Prevention of Terrorism Act, 2002, had been misused and that this Act was in fact not required since existing laws could adequately handle the menace of terrorism. The Government therefore repealed POTA and amended the Unlawful Activities (Prevention) Act, 1967, to put in place a legal regime to deal with the various facets of terrorism. This does not in any way imply a weakening of our resolve to deal with elements inimical to our national security. The Government will invest in the welfare of our security forces and in the modernization of their equipment.

My Government is committed to paying equal attention to the genuine concerns of the people and redressing their grievances. It will take steps to accelerate the tempo of social and economic development so that young people in Jammu and Kashmir, have ample opportunity to live a life of dignity, self-respect and prosperity. In pursuit of peace and normalcy, my Government has repeatedly expressed its willingness to talk to any group provided they abjure the path of violence. Cross-border terrorism remains a potential threat both in our West and East, even though there has been a decline in the number of terrorist attacks in Jammu and Kashmir in recent months. The infrastructure of terrorism has not been dismantled across the border. The Government has accorded top most priority to the erection of fencing on the India-Bangladesh border to contain infiltration, smuggling and other anti-India activities from across the border.

Activities of underground groups and ethnic tensions, have continued to vitiate the atmosphere in some parts of the North Eastern States. We are committed to restoring normalcy, so that people of the North-Eastern region, can live normal lives and prosper economically. My Government is willing to engage any group abjuring violence in a meaningful dialogue. It is with this spirit that the Government is engaged in a dialogue with various groups in the North Eastern States. Our government will pay adequate attention to accelerating the pace of development in the North Eastern region and to ensure that this development takes into account their legitimate aspirations.

The economic development of Jammu and Kashmir and of the North-Eastern States, will receive the special attention of my Government. The Government has prepared a plan for the reconstruction and development of the State of Jammu and Kashmir. The infrastructural components of the plan would revitalize the State's ailing tourism industry, create new capabilities and generate employment opportunities. The successful implementation of the proposed projects would require improved governance, transparent and corruption free administration, peace, security, the rule of law, fiscal responsibility and the economic pricing of public utilities.

To guide the economic development of the North Eastern States, the North Eastern Council is being rejuvenated and expanded. My Government is pleased by the favourable response of the people of Manipur to its decision to constitute an independent group to examine the provisions of the Armed Forces Special Powers Act. This Group will recommend whether to modify the existing Act or replace it with a more humane law to address the requirements of national security while respecting the human rights of our people. The region needs a new agenda of hope. The doors of the Government are always open to all groups who are committed to the economic upliftment and the social and political empowerment of the region. There is no issue, no grievance that is so intractable that it cannot

be resolved through a patient, constructive dialogue. This is the only possible way forward. Our democratic system is open enough, and flexible enough to welcome the participation of all shades of opinion. In the final analysis, power in India can only flow from the ballot box; never from the barrel of a gun.

My Government also remains firmly committed to ensuring communal harmony. The National Integration Council has been reconstituted. A Model Comprehensive Law to deal with communal violence is on the anvil. My Government will deal resolutely with any attempts to spread communalism, disturb law and order and deny a life of peace and security to any citizen. The menace of Naxalism is posing a threat to peace and security in many parts of the country. Each State Government will have to devise means to deal with this threat by distinguishing between the genuine demands of the downtrodden and the nefarious designs of anti-national elements. My Government is committed to the welfare of all weaker sections, and will encourage a dialogue with all political forces interested in promoting the welfare of the people in a peaceful manner. However, it will deal effectively with any group challenging the Constitutional authority of a democratically elected Government and resorting to the use of arms.

Honourable Members, modernization of our Armed Forces is one of the priority areas of the Government included in the National Common Minimum Programme. There has been an increase in the allocation of funds for modernization of the Armed Forces. Modernization projects of the Army, Navy and Air Force are well in hand. A number of new projects for induction of various equipment and weapon systems are in progress. In the Department of Defence Research and Development, three prototypes of the Light Combat Aircraft 'Tejas' are undergoing flight-testing and have completed 307 test flights including super-sonic flights. The Integrated Electronic Warfare System 'Samyukta' has been successfully evaluated and accepted by the Army. 'Sangraha', an electronic warfare system for the Navy, has been accepted and production orders placed. The 'Nag' third generation anti-tank missile and 'Akash' surface to air missile have undergone successful flight tests. The supersonic cruise missile BrahMos, a joint venture programme with Russia, has been successfully tested for the antiship role and is ready for induction. The Main Battle Tank 'Arjun' has been successfully inducted into the Army.

As announced in the Common Minimum Programme, a separate Department of Ex-servicemen's Welfare has been created in the Ministry of Defence. This department would give a special focus and thrust to ex-servicemen's welfare. A Ministry for Overseas Indian Affairs has been created to give focused attention to issues related to the large diaspora of persons of Indian origin in different parts of the world.

My Government is committed to the reform of Government and to making it more transparent, responsive and efficient. A Model Code of Good Governance for public servants, is being drawn up as part of a comprehensive reform of administration and administrative procedures. The Government will set up an Administrative Reforms Commission to prepare a blueprint for revamping the public administration system. The enactment of the Right to Information Act will empower citizens and oblige authorities to be more transparent. As part of the Government's efforts to enhance the quality of governance, a number of new initiatives are proposed to be taken to ensure that government functionaries, at all levels, are properly trained to discharge their responsibilities and citizens have an effective mechanism for grievance redressal.

Honourable Members, my Government's foreign policy is based on the centrality of national interests in the conduct of our external relations and the pursuit of our economic interests. The Government has taken important initiatives, keeping in mind the imperative of retaining our freedom of options, remaining alive to our concerns. The Government's efforts have contributed to making the international environment for India's development more secure. We have articulated our positions and views clearly so that India's foreign partners have a better appreciation of the logic of our position on issues of importance to us.

My Government has accorded primary attention to relations with our neighbours and strengthening SAARC. It is my Government's earnest desire to work with all our neighbours to create a neighbourhood of shared prosperity and peace. We will reaffirm the importance we attach to realizing the potential inherent in SAARC at its forthcoming Summit meeting. Our approach to our neighbours is founded on the conviction that the peoples of our region have a desire for enhanced cooperation, overcoming perceived barriers and inhibitions. Our effort will be to consolidate and expand traditional friendship while we work to nurture newer partnerships. We value our specially close relationship with Bhutan and we will strive to build on this. We have had the privilege of a special and warm relationship with Bangladesh. India was among the earliest to rush relief and assistance to both Sri Lanka and Maldives, which suffered the impact of the tsunami. This even while we ourselves were coping with the effects of the tsunami in our coastal areas, and assessing the extent of our damage, demonstrates the importance, we attach to these relationships and our commitment to good neighbourly ties. The Comprehensive Economic Partnership Agreement with Sri Lanka will further deepen our economic cooperation. President Karzai's recent visit will strengthen our participation in Afghanistan's reconstruction efforts.

Our relations with Pakistan are of utmost importance in our endeavour to create a neighbourhood of peace, stability and prosperity. We are engaged in a serious dialogue with Pakistan and have taken several initiatives in

furtherance of that. In proposing a range of steps, including Confidence Building Measures that may be taken in the near term, leading up to longer term economic cooperation, we are responding to the felt desire of our peoples. However, the process of normalisation is critically dependent on Pakistan fulfilling its assurance that it would end its support to terrorist activities.

The India-Pakistan process was recently taken significantly forward. An agreement was reached to start a bus service between Srinagar and Muzaffarabad. It was also agreed in principle to start bus services between Lahore and Amritsar, including to religious places such as Nankana Sahib. Pakistan also agreed to work towards early restoration of the Khokrapar–Munabao rail link. These measures would enhance people to people contacts, which have also provided palpable support to the present process.

Our relationship with Nepal will continue to receive high priority and it remains our view that the problems that Nepal faces today can only be addressed by a constitutional Monarchy and multi-party democracy working together harmoniously on the basis of a national consensus. India has expressed grave concern following the dissolution of the multi-party Government, declaration of emergency and arrest of political leaders by His Majesty, the King of Nepal on February 1, 2005.

We greatly value our relations with our major economic partners. India-US relations are on a steady course as they draw on the enduring affinity between our two countries as democracies and as strategic partners. We will continue to build upon the convergences in this relationship, strengthening our bilateral economic interface and the vibrant people-to-people contacts. Our ties with the European Union and its 25 member states have expanded steadily, and on our part, we will work to add momentum to the strategic partnership on which we have embarked, including at the next India-EU Summit in New Delhi this year. We value our time tested and strategic partnership with Russia which was strengthened by the recent visit of the President of the Russian Federation. The depth of our cooperation illustrates the priority we attach to deepening and consolidating this important relationship. My government has sought to accelerate our dialogue and engagement with China and we look forward to the visit of its Premier as an important bilateral landmark.

The “Look East Policy” has substantially strengthened our linkages with Japan, the member countries of ASEAN and the Republic of Korea. We expect the forthcoming visit of the Prime Minister of Japan to be a significant event in our bilateral ties. Our relationship with ASEAN has taken on new dimensions and we hope to realise its huge potential. India’s effective presence at the ASEAN Summit in November 2004 and the success of the first BIMSTEC Summit in July 2004, helped us forge closer links with our eastern neighbours.

The convergence of our foreign policy and our domestic needs is striking in the context of our energy security. My Government will give full importance to synchronising our diplomatic activity with our need for energy to fuel our developmental needs. Our established and traditional interests in West Asia, the Gulf and proximate regions, including the substantial presence there of our citizens, shall continue to be reflected in our interactions. We remain committed to the efforts of the international community in finding a just and durable solution to the problems that have faced the Palestinian people, so that they may achieve a State of their own. At the same time, we attach high importance to our friendly relations with Israel, which we hope to strengthen and diversify.

The forthcoming 50th anniversary of the Bandung Conference, will be an important occasion to recall an historic initiative taken at a time when the process of decolonisation was starting to gather strength and which prefigured the values of the Non-Aligned Movement. In this spirit, we will continue to pursue the comprehensive exercise to broaden the range of our relations with countries in Africa and Latin America, on which we have embarked. We will also reaffirm our commitment to the values of the Commonwealth at its Summit meeting in November this year.

This year, we also mark the 60th anniversary of the end of the Second World War and the founding of the United Nations Organization. It is our firm belief that the problems that confront the world today are truly global and are problems without borders, which call for collective approaches. We will play an active and constructive role in all deliberations of global concern. There is growing recognition of India's legitimate aspiration to play a larger role in the UN, consistent with our status and strength. We attach importance to the process of reform of the United Nations as part of the necessary renewal of the Organisation and we intend to articulate forcefully our aspiration to permanent membership of the UN Security Council.

Honourable Members, this is a year of many anniversaries. This year we celebrate the Platinum Jubilee of the Dandi March and the Salt Satyagraha launched by the Father of our Nation, Mahatma Gandhi. I hope the entire Nation will recall the spirit of idealism and self-sacrifice that characterized this High Noon of our freedom struggle. With nothing more than the salt of our own land, Gandhiji made colonial rule unacceptable in a non-violent manner that captured the imagination of the entire world.

In commemorating the Salt Satyagraha, every Indian must rediscover pride in our quest for freedom and self-respect and recapture the confidence shown by our forefathers who won us liberation from colonial rule. We have come a long way in these 75 years. Today India stands tall in the comity of Nations, as an independent Republic committed to the principles of freedom, secularism, pluralism and the welfare of all.

This year is also the Centenary Year of the great national upheaval against the designs of the British Raj on the issue of partition of Bengal in 1905. My Government salutes the contributions of Gurudev Rabindra Nath Tagore and other leaders of the national movement who opposed the heinous attempt of Lord Curzon to divide Bengal. We acknowledge with gratitude the leadership and commitment of national leaders and Gurudev Tagore in uniting people, strengthening communal harmony and protesting against this partition, which was later on withdrawn by the British Raj due to the massive mobilization of people.

Recently, the country celebrated the 150th anniversary of India Post. In a fitting tribute to India Post, the Government recently took initiatives to market the '.in' domain. I hope Honourable Members who have their own websites will now switch to the '.in' domain! This year marks the 125th birth anniversary of the renowned writer Prem Chand. He not only introduced to Hindi and Urdu prose a new genre of writing that endeared him to generations of Indians, but through his prose, placed the plight of the ordinary Indian, the aam admi, at the core of our concerns. I hope Prem Chand will be rediscovered in every school by every child across the length and breadth of our vast Republic.

The year 2005, marks the 50th anniversary of the death of Albert Einstein and the 100th anniversary of what is often called his "*annus mirabilis*". That was the year when a 26-year-old patent clerk published three of his four greatest works, including the theory of relativity. My Government will celebrate Einstein's anniversary by paying special attention to basic sciences in our schools and colleges, modernizing and reforming our institutions of science and, above all, rededicating itself to the spread of scientific temper.

I am sure Honourable Members will join me in expressing our admiration for the energy and enthusiasm with which our young women and men are participating in an increasing range of sports and winning laurels for the country at home and abroad. I believe this augurs well as we prepare to host the 2010 Commonwealth Games and stake our claim to host the 2018 Olympics.

This Government had promised a "New Deal to Rural India". In my address to the nation on the eve of the Republic Day, I had outlined a vision for rural development. The vision envisages total eradication of poverty, excellent and affordable opportunities for education and skill development for all citizens, health care for all and sanitation coverage and generation of higher income levels for all Indians. In addition, Indian agriculture, manufacturing and services sectors will not only cater to domestic needs but also acquire leadership positions in the global economy. My Government will promote rural development by providing urban amenities in rural areas (PURA). Physical connectivity, electronic connectivity and knowledge connectivity will achieve economic connectivity.

Rural India should be seen as a growth engine and public investment is required in the area of rural infrastructure to unleash its growth potential. My Government proposes to undertake a major plan for rebuilding rural India called “Bharat Nirman”. This will be a time-bound business plan for building rural infrastructure in the areas of irrigation, roads, housing, water supply, electrification and telecommunication connectivity. The Government will indicate specific targets to be achieved under each of these goals. It is the Government’s firm resolve to make rural India realize its inherent potential. Bharat Nirman would be the platform on which my Government will construct its ‘New Deal for Rural India’. The details of this programme will be outlined by the Union Finance Minister in his Budget Speech.

Honourable Members, you have the heavy burden of legislative work pending before you. This session will discuss the Union Budget and other Legislative business. There are several important bills at various stages of deliberation awaiting your consideration. The people of India anxiously await your views and your decisions on these crucial economic and social legislation. I urge you, Honourable Members, to repay the trust and confidence that the people have reposed in you by dedicating yourselves to the orderly consideration of these Bills. Every minute of Parliament’s time is precious and every citizen and taxpayer values it greatly. I sincerely hope you will make the most effective use of the time at your disposal and meet the citizens’ expectations and fulfill their aspirations.

I wish you all success in your deliberations.

Jai Hind.