

[Shri Bipin Pal Das]

knocks at the door of double digit figure, there is nothing to worry about. Today, it is 9.8 per cent. Therefore, this is a dangerous signal. We have to be very careful and have to fight inflation. We have got experience. I remember in early 1975 when Indiraji was there, the rate of inflation went up to 26 per cent. Then they applied their mind and took very strong measures. Shri Subramaniam was the Finance Minister at that time. I remember taking part in some of the discussions with the M.Ps. He took very strong steps and the rate of inflation came down to minus zero. Then Shri Subramaniam said that minus zero is very bad, we should think of reflation. For the first time I heard the word reflation. I know inflation. I know deflation, but Shri Subramaniam said that we should think of reflation now.

MR. CHAIRMAN: Please conclude, you have already taken 15 minutes.

SHRI BIPIN PAL DAS: Yes, Sir. So, I was referring to that. It was brought down. Then for some years we went out of power. Then during the Janata regime again the rate of inflation went up to 21 per cent, when we were there, at that time it was about 4 per cent or so. But during the Janata regime it went up to 21 per cent. When Indiraji again came back, it was brought down. So, we have the experience of fighting the inflation and we can fight inflation even now. I request the Hon. Finance Minister to take measures and chalk out some programmes to fight inflation. I think he can do it.

The main point is, raise production and productivity. I think all the concessions and incentives given by the Finance Minister in his Budget proposals aim at that. Today our growth rate of industry is quite good. We have to raise the growth rate in agriculture. Therefore, all the efforts should be towards raising production in the agriculture sector. All the incentives are not just saviours. All these incentives are economic measures not for those who think in terms of small things, having a narrow outlook. All these incentives are given

to the agricultural sector in order to raise the production and productivity. And that alone would help us in fighting the inflation apart from fighting the hoarders, black marketeers, profiteers and so on and so forth. That must be there. It is a continuous process. But you have to raise production and productivity mainly in agricultural sector, more so after what we have lost during the drought season in the last 2 or 3 years. So, that is all about the inflation.

We have also to control and regulate money circulation and I think the Finance Ministry is aware of that. They will take sufficient steps so as to match the productive and developmental programmes in our country.

Now, there are other danger signals also. For example, the non-Plan outlay has gone up by 16 per cent. I have heard the explanation given by Shri Gadhvi the other day. Whatever it may be, one must be careful about this, the non-Plan expenditure rising by 16 per cent. The Budget allocation for the Central Plan stepped up by 16.6 per cent. And, what is more, out of the total allocation for the Seventh Plan, 93 per cent of the money has already been spent in three years. If I am correct and if that is true, then it is really something to be worried about. 93 per cent of the total allocation for the Seventh Plan has already been spent in three years. So, we have to be careful about these things. I think the smart Members of the Finance Ministry sitting here will be very vigilant and take appropriate steps in the right direction.

MR. CHAIRMAN: Mr. Das, you please give us some time. Now, the Minister will make a Statement on Sri Lanka. You can continue your speech later on.

17.50 hrs

#### STATEMENT ON SRI LANKA

[English]

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI K. NATWAR SINGH): I rise to bring the

House abreast of recent developments in Sri Lanka.

In debates in this House, Members have rightly stressed the importance of legislation by the Sri Lankan Parliament for giving effect to promises of the Sri Lankan Government to create Provincial Councils and to devolve powers to them so that the Tamils of Sri Lanka can exercise provincial autonomy.

The Sri Lankan Parliament enacted the 13th Amendment to the Constitution and adopted a Provincial Councils Act between November 87 and January this year. Although this legislation does not meet all the demands of the Tamils, it is a major and positive piece of legislation in the context of the unitary constitution of Sri Lanka. Apart from providing for the creation of provincial councils, it provides for an elected Provincial Government headed by Chief Minister. Each Province will have its own High Court and a Provincial civil service.

A large measure of autonomy has been granted to the proposed provincial governments including control over law and order and their own high courts. The legislation ensures provision of adequate finances for the functioning of the Provincial Governments and a Finance Commission has been provided for this purpose.

Despite some of the more specific Tamil demands not having been met, the devolution package provided for in the new constitutional arrangements, is far better than anything offered to the Sri Lankan Tamils by the Government of Sri Lanka in previous arrangements and arrangements which were made but not implemented over the last 40 years.

The present arrangements are guaranteed by a bilateral agreement between the Governments of Sri Lanka and India and, what is more important is the fact that the autonomy and devolution offered in this package have for the first time been enshrined in the Sri Lankan constitution by a formal constitutional amendment and consequent legislation.

We have also been assured that this devolution package can be further improved at a later stage. Once Provincial Councils have been set up and the benefits of devolution are realised by all communities, this should not be a difficult task.

As Hon'ble Members are aware, the President of Sri Lanka visited New Delhi in the last week of January as the Chief Guest on the occasion of our last Republic Day. The opportunity was utilised to have wide-ranging and in-depth discussions with him about the implementation of the Indo-Sri Lanka Agreement. During the course of discussions with President Jayewardene and his delegation, the Government of India conveyed to them Tamil concerns about charges of fresh colonisation by Sinhalese in the Eastern Province. Also about the need to further improve the devolution package, as well as the need to expedite the return of refugees we emphasised the importance of the early restoration of political processes in the Northern and Eastern Provinces so that the aspirations of the Tamils can find democratic expression.

President Jayewardene assured us that once the new provincial councils come into being, improvements in the devolution package could be forged and implemented through the new institutional process envisaged in the 13th amendment to the Sri Lankan Constitution and the Provincial Councils' Act passed by the Sri Lankan Parliament.

He also reaffirmed his commitment to implement the Indo-Sri Lanka Agreement in letter and in spirit and to strengthen and expand Indo-Sri Lankan cooperation.

His visit provided a useful opportunity to review the critical developments in Sri Lanka and to chart out a broad cooperative approach between India and Sri Lanka to meet the evolving situation.

Members would recall that on November 20, the Government of India announced a unilateral 48-hour ceasefire to enable the LTTE to give up violence and join the political process.

[Shri K. Natwar Singh]

Unfortunately, the hopes and confidence expressed by many sections of this House that LTTE only needed an opportunity to make this transition were belied. Since then we have repeatedly urged LTTE to give up violence and, in the broader interest of the Tamil people of Sri Lanka and for securing the long-term aspirations of the Tamils, to cooperate with the Government of India in implementing the Indo-Sri Lanka Agreement.

Once again, the LTTE has concentrated on propaganda rather than substance. This is most regrettable. While they keep on issuing statements and letters announcing peaceful intentions, their actions tell a different story.

Their violence not only against the IPKF but even against peaceful and innocent Tamils continues unabated. The murder of the 76-year old and highly respected Tamil leader, Shri S. Nadarajah, is only the latest example of their callous disregard for Tamil interests. Mr. Nadarajah, one of the founder members of the Federal Party of Sri Lanka and an elected senator for many years, was a close associate of the renowned Sri Lankan Tamil leader, Mr. Chelvanayagam, who was perhaps one of the best known advocates of Tamil aspirations in Sri Lanka.

Apart from indulging in such acts against prominent Tamil leaders in order to terrorise the Tamil population, the LTTE has indulged in a systematic decimation of those Tamil civilians in the Northern and Eastern Provinces who refuse to tow their line.

They have also systematically killed Sinhala and Muslim civilians in the Eastern Province with the obvious intention of sparking off communal strife. They do not seem to realize that their actions are also endangering the long term prospects of the merger of the Northern and Eastern Provinces. "They pretend to a Gandhian high-mindedness and distort his teachings by making others fast unto death on their behalf."

Apart from carrying on this ferocious campaign of physical violence, LTTE has been consistently disrupting normal civilian life in the North and East by preventing the civil administration from functioning threatening Government officials with death if they attend to their duties and even carrying out these threats as evidenced in the assassination of Government Agent in Mannar, merely because he was efficiently managing the return of Tamil refugees from India to their homes in Sri Lanka.

They have tried to prevent pensions being paid to nearly 30,000 Tamil pensioners. They are preventing the distribution of food stamps to the poorer sections of the Tamil population in rural areas. They have disrupted rail and road communications causing incalculable suffering to the Tamil people whose interest they claim to represent and protect.

Several members have in the past expressed the anxiety that we should talk to the LTTE and encourage them to lay down their weapons and cooperate in the implementation of the Indo-Sri Lanka Agreement.

Let me assure the Members that channels have always been kept open to the LTTE and we have been constantly on the lookout for any sign of willingness on the part of LTTE to give up violence and join the democratic process. So far we have not found that willingness. The LTTE makes statements which give the impression that they are willing to lay down arms and accept the Indo-Sri Lankan Agreement, but when tested these statements have invariably been found to be misleading. It is clear that the LTTE wish to establish their sway over one-third of the country by the sheer force of arms, by the brutal exclusion of all other Tamil parties and without going through the democratic political process. To do so is to break the Agreement. Evidently the LTTE'S statements are made for international consumption. President Jayewardene has repeatedly reiterated that if the LTTE give up violence and support the Agreement, they will be granted amnesty under the Indo-Sri Lanka Agree-

ment so that they can join the political process.

So far, as I have said, it has not been possible to make any progress because, while propagandistic statements have been made by LTTE, subsequent contacts show that LTTE's position remains inflexible. When this is so, the IPKF must continue in its gallant task of preventing the Agreement from being disrupted. This it does with the minimum of force and with exemplary devotion to duty. We salute our soldiers.

Hon'ble Members would also be aware that the Sri Lankan Minister for Lands and Mahaweli Development, Mr. Gamini Dissanayake visited Delhi on the 16th for discussions with us. He came specifically to express his Government's anxiety at the recurrence of violence against civilians in the Eastern Province. We also took advantage of the visit to ascertain from him the evolving political situation in Sri Lanka and to discuss with him further steps necessary for the implementation of the Indo-Sri Lanka Agreement.

It is in this context that we are dealing with the complex situation in Sri Lanka. We remain fully committed to implementing the Indo-Sri Lanka Agreement so that all communities in that country can live in peace, honour and dignity.

*(Interruptions)*

MR. DEPUTY SPEAKER: No, no, on the statement, I cannot allow any discussion. Nothing will go on record.

*(Interruptions)\*\**

MR. DEPUTY SPEAKER: No, no, I cannot allow.

*(Interruptions)\*\**

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT): If we stay upto 7 p.m. then the staff will be having a problem. It is not?

17/3/88

MR. DEPUTY SPEAKER: Yes.

*(Interruptions)\*\**

MR. DEPUTY SPEAKER: I cannot allow any discussion on the statement. That is all. This is the ruling. The rule is not permitting. I am sorry, I cannot allow any discussion on the statement.

*(Interruptions)\*\**

MR. DEPUTY SPEAKER: Nothing will go on record.

*(Interruptions)\*\**

SHRIMATI SHEILA DIKSHIT: You allow him to finish his speech.

MR. DEPUTY-SPEAKER: You try to finish your speech. Order please.

*(Interruptions)\*\**

18.00 hrs.

GENERAL BUDGET, 1988-89—GENERAL DISCUSSION—Contd.

[English]

SHRI BIPIN PAL DAS: Whether this Budget will yield the desired results or not depends upon - I hope Mr. Panja will carefully note down all these points - mainly whether or not the benefits and reliefs offered by the hon. Minister percolate down to the actual beneficiaries. That is the crux of the whole matter. If the farmers and the rural people, even those engaged in small scale industry get the benefits, then the agricultural production will rise, productivity will rise, the overall growth will go up and we shall be able to contain deficit financing and inflation. It is, therefore, the duty and responsibility of the Finance Minister to supervise and monitor very carefully almost every movement, the whole operation so that reliefs and the