

16.00 hrs.

DISCUSSION RE : ECONOMIC  
SITUATION IN THE COUNTRY

[English]

MR. CHAIRMAN : Discussion under Rule 193; Shri Madhav Reddy to initiate the discussion.

SHRI C. MADHAV REDDI (Adilabad) : Mr. Chairman, Sir, while raising a discussion on the economic situation in the country in the context of the new fiscal policies under Rule 193, I am reminded of the promise made by the hon. Finance Minister in the last Budget session that he would like the Budget Proposals or the fiscal policies to be discussed in every session of this House...

16.01 hrs.

[SHRI N. VENKATA RATNAM *in the Chair*]

...so that there could be thorough debate on some of the issues facing the nation.

Sir, I had expected that he would come forward with a statement so that we may be able to discuss the whole day the fiscal policies of the Government. But since this 193-rule Discussion has come, I would request the House to devote a little more time and attention to discuss this subject at length so that we may devote at least 6 to 7 hours whether we are sitting late today or continue some other day and thus give an opportunity to Members of express their views on the subject. Because, otherwise, we will have only 2 hours and we can hardly discuss anything in two hours on such a vast subject.

Sir, this morning the hon. Finance Minister laid before the House a Statement on the policy regarding the administered prices. I have gone through the short report. I do not want to make a comment at this stage because I am sure we will be given an opportunity to discuss about this in the coming session because the Finance Minister said that he would like a national debate on this question. Certainly it is a very welcome step, but, Sir, one observation I would like to make and it is this. The

question of administered price has already been very minutely discussed by the Finance Commission. No mention of that has been made in the statement laid before this House.

It was the recommendation of the 8th Finance Commission that the question of administered prices should be viewed not from the point of view of raising resources for the State for the Five Year Plan but only with respect to the cost of production of the various commodities. Sir, any time the increase in administered price is unrelated to the cost of production of those commodities on which the prices are proposed to be increased, it becomes a tax. In a way, it is a tax. The Commission further said that in that event it is better that the Government levies the tax, increases the excise duty or any other tax, rather than resort to increase of administered price. This is a very clear recommendation of the Commission which we should remember. This is the view which we have been expressing in the past. Whenever the Government wants to increase administered prices, they have to bear relation only to the cost of production. Suppose the cost of production of coal increases. The Government is within its right to increase the price. If the cost of production of oil is going to go up, the Government has got justification to increase the price. But not because Government wants revenues. They cannot increase the administered price, unrelated to the cost of production of those commodities. This is the view which I would like to place before the House so that hon. Members may think about this and take a decision in the proper perspective regarding the question of administered prices.

Sir, the fiscal policies were under discussion for quite sometime, during the Budget, subsequently when the Finance Bill was placed before the House and every time this subject came up for discussion. One theory which has been always placed before the House by the Finance Minister was that the reasonableness on the part of the Government would always have a very good response from the business. And if taxes are reduced, concessions are given, the industrialists and businessmen will show a better compliance, taxes will not be

evaded and the industrial growth will take place and people will behave better. They will not be dishonest. That is the theory which had been propounded and which is ruling the policies of the Government ever since.

**SHRI SAIFUDDIN CHOWDHARY** (Katwa) : It is the other way round.

**SHRI C. MADHAV REDDI** : Sir, this has been contradicated by many of us, from this side of the House and we pointed out that this is wrong. This has never happened in our country. This happened in other countries, in the Western countries but that is not a model for us because in these countries there are surpluses and in a surplus economy, you expect them to behave better. But in an economy of deficit, of shortages, where it is possible for the businessmen to make money by resorting to all sorts of means, it has not worked, and I am sure, it will not work. The hon. Finance Minister claimed last year that the revenue collections had increased only because of this. He showed that the revenue collections on account of the reductions in income-tax had goes up by about 35% or so and it is so only because of tax cuts. And because of this the States also had the benefit as they received 85% or so of income-tax. While I agree that there had been a very good performance and the revenue collections had gone up last year, I contradicted this argument and said, that is not because of the concessions that the Government had shown but because of the better performance of the Government Departments, because of the raids, because of better collections because of your Department so that they may take action against the tax evaders and so on and so forth. Last year was the Year of Raids and Enforcements. And I was very happy about that and I supported the Government; and that is the right course. But, Sir, this year, I am afraid, would be a Year of relaxation and concessions.

Coming to the concessions, during the last 4 months, the Finance Minister has been going on announcing various types of concessions with regard to the tax proposals, the tariff etc., in the open-house meetings : I have nothing against the open-house meeting. But I would like to make one

comment. While the Finance Minister may take credit for what he has been doing, hearing their grievances and then taking on-the-spot decisions which is a very good spirit, but then I would like to point out that this is an *ad hoc* and haphazard type of functioning because it has no principle. Why are you giving concessions is not clearly brought before Government because you are only responding on the spots requests, to the representations of the industrialists. Why they are representing the matter to you and how much time your Department and yourself have taken to go through those proposals, is not clear. In several cases, I was told that your response was spontaneous and on-the-spot. That means, you had no time to apply your mind to the proposals. The spirit is very good. But this is very dangerous procedure because...

**SHRI SHYAM LAL YADAV** (Varansi) : Judge the result and the merit.

**SHRI C. MADHAV REDDI** : Let us go by the result. I am now pointing out the method. Let me complete the argument. I will come to the results, what are the results as a result of these concessions, later.

**THE MINISTER OF FINANCE** (SHRI VISHWANATH PRATAP SINGH) : What appears spontaneous need not necessarily to be spontaneous.

**SHRI C. MADHAV REDDI** : Your appearance is very much deceptive in this case.

I will come to the results of these open-house *darbars*. Our Nizams used to have *darbars*. Because of these open-house *darbar* decisions, the State exchequer lost about Rs. 450 crores or it may be even more. About 4 times these concessions have been announced and if you calculate all the reliefs that were given, it is coming to around Rs. 450 crores and it is a recurrence every Year. Not only that we have lost the revenue for this year, but it is a continuous revenue loss to the Government. Now, you can say, the goodwill the Government has gained, the Department has gained can very much compensate the loss of revenue and you feel that they are going

[Shri C. Madhav Reddi]

to behave better. But let us see what happened. During the last one year, when we had embarked upon the policy of liberalisation, because of various tax concessions, and because of certain policies for the import of goods in this country, there had been certain growth, I admit. If growth is the only consideration, you can say that you achieved certain amount of growth. But growth in what direction? As a result of these concessions, the capital market was so buoyant that it was possible for every company to go to the capital market and borrow money or float equity shares; and the Controller of Capital Issues was so liberal that he went on issuing permissions, mostly to the big business, to the MRTP companies. My calculation showed that, out of the issues which had come out last year, 80% of the capital was mopped up by the big business, mostly by MRTP companies because they were ready with various proposals for going to capital market. The moment the, MRTP restrictions had been removed, their capital threshold was increased from Rs. 20 crores to Rs. 100 crores, it was possible for them to go in for new investment, for new companies and the result was that they mobilised the money which was available. Because of the liberal policies, they could get the money from the market and they did not allow the small companies to benefit. I am only talking of the capital which was mopped up with the permission of the Controller of Capital Issues. But there is another important matter which has to be seen. If the issue is for less than Rs. 100 lakh, there is no need for us to go to the Controller of Capital Issues, for smaller issues, say Rs. 100 lakhs. Now, such issues are many and any of these MRTP companies have started small companies and leasing companies and finance companies. There are 300 leasing companies started by them in the last one year. There are hundreds of finance companies and small companies started by them and they floated these companies without going to the Controller of Capital Issues. This way, they have taken away the capital which was available for the development of the country. The argument should be, what is wrong in that. Somebody has to set up the industry. What is wrong, if a MRTP company sets up an industry or somebody else has set up an

industry? There is everything wrong in that, because, what are the industries which had come up? What are the type of industries which had come up?

Yesterday I had an opportunity of going to an exhibition in the Meridian Hotel, the posh hotel in the city which is very near to my house, next door.

I would request the Finance Minister to visit. Such a wonderful exhibition has been organised. Exhibition of consumer goods. You can find them anywhere in the world, the best that is available in the world, you can have it manufactured in India. All types of consumer goods which are not required at this stage of development of the country, which are not needed for the growth of the country and the economy. I should pay a compliment to our industrialists. They are very able. They get the technology. They smuggle the technology it needed and if it is not possible to get it easily. They manufacture the goods. If some important consumer item has come into the London Market, within six months it is there available in India. This is the extent to which the capital has been diverted from the productive, from the more desirable, from the important sectors, from the priority sector, to the non-priority sector. That is exactly what has happened. In the case of imports, I found that we have given permission freely for the import of goods and components etc, for the electronics. It is very good. But what electronics? Entertainment electronics, TVs and several other things and goods which are not actually required for us.

Similarly, there are certain areas like the engineering goods, some areas like the capital goods where liberalisation has done much harm. In spite of the fact that we have machines being made in India, the machines have been permitted to be imported. The idea is what we want to improve the quality of the production. We want to reduce the cost and we want to be competitive in the foreign market. What happened to our foreign market? What is the performance of our exports? We must have improved the quality, to some extent, because of these imports. We might have, to some extent, reduced the costs, slightly, of course. What happened to these goods

which had been produced during the last 1 and 1/2 years ? Why have there been certain short-falls of exports in the capital goods and in the engineering industries ? Why has it happened ? It has happened because no Indian industrialist would like to export the good. What is the one reason. They are not at all interested in exports. All the surveys which had been conducted showed that the Indian industrialist is very happy if these goods are allowed to be sold in India, because India is such a vast market. Everybody is tempted to sell in India rather than make efforts to sell outside the country where there is stiff competition.

Take the example of these companies, those industries, which had been started on the basis of 100% exports. Government's policy was that if any industrialist wants to start an industry on the basis of 100% exports, a certain concession should be given, including the concession to import capital goods, without any import duty, without customs duty. If the machine is costing you Rs. 10 crores and the duty is Rs. 10 crores, he need not pay Rs. 10 crores. Only the actual price is to be paid. So, that was the facility available to him. These 100% export oriented industries today want to opt out of the scheme.

I would request the Finance Minister to check with the industries Ministry and know the actual position why these export-oriented industries which were started with such a great fanfare with plans to export the goods but have failed to export and today they are wanting to opt out and Government of India wants to scrap that scheme. So that is the fate of these 100% export industries.

Why has the scheme not succeeded ? The only reason is that everybody is interested in selling goods only in India. Why should he spend money for improving the quality because anything sells in India ? Why should he try to reduce the costs because it sells in India ? India is such a big market. That is the reason why our engineering industries have failed to export and there is a shortfall of 15% this year in the export of engineering goods. Because of this what happened ? What is the actual result ? The result to-day is that we have a very big trade deficit—a deficit of about

Rs. 7705 crores. When this deficit has come, an argument is propounded and that also by the big business that after all, what is wrong with it ? There have been countries in the world which are running such huge deficits. This can always be controlled. Next year we may improve and there are other sources like remittances. This is the argument they put forward. But where are the inward remittances ? The remittances which are coming are actually going to fall because the employment position has dwindled in other countries. There will be no increased foreign exchange remittances from next year onwards. Similarly, there are no other invisible sources of foreign exchange also such as tourists. This could have given us some foreign exchange. But what is it that we have done to improve tourism there is revenue for us ? Similarly, when our exports are not rising and there are no invisible sources of earning foreign exchange, then the only other source is that you borrow in the foreign market. I do not know what is the advice given by the World Bank to the Government of India in this respect. All types of rumours are afloat regarding the recommendations of the World Bank. I am not telling that there is anything wrong if the World Bank gives you some advice. There is nothing wrong in that. But the Government is fighting shy, they are feeling shy of making the reports public, taking the House into confidence and telling us as to what the exact recommendation of the World Bank is. Is it a fact that the World Bank said that you have to devalue the rupee ? The Finance Minister had been announcing time and again that there is no such recommendation and that Government does not want to devalue the rupee...

**SHRI SAIFUDDIN CHOWDHARY :**  
It is already devalued.

**SHRI C. MADHAV REDDI :**  
Virtually so. Is it also a fact that the World Bank said that there is no scope for you to increase your exports because the rate of growth in the exports is so low that with such a rate of growth it will be impossible for you to meet your increasing commitments on account of import of goods.

I would like the hon. Finance Minister to comment on this recommendation which

[Shri C. Madhav Reddi]

the World Bank is reported to have given. The World Bank reports say that if the export growth rate falls short by 2% per annum from the projected annual growth rate of 6.5%, India will need to borrow an extra 6 billion dollars during the Seventh Five Year Plan. This will take the debt ratio to 26% four years from now. This means that one rupee out of every four rupees we earn through exports will go towards the debt repayment—something countries like Brazil and Mexico are already facing. Is it a fact that the Bank is reported to have also said that the Indian industry has little need, let alone incentives, to export and are, therefore least interested in exporting goods. There are extracts of the World Bank reports appearing here and there which does no good to us. We should make such documents public and then face the situation. If the Government feels that there is no escape to the devaluation of the rupee, there is nothing wrong in accepting it. But my point is that the situation is so serious and so grave with regard to the foreign exchange resources that we may have to take a decision this way or that way. We cannot postpone it for any length of time.

Coming to the question of the use of available funds for the growth of the economy which I was mentioning, I would like to point out that the growth without social justice is fraught with very serious consequences, in a country like India, the theory of growth with social justice has been given a go-by. That was the bedrock in all the previous Five Year Plans, but in the Seventh Five Year Plan, for the first time, we are giving stress only to the growth and not to social justice. I am not denying the fact that we have been spending for the poverty alleviation scheme, NREP, RLEGP, and all that. I am conscious of that. But the point is, that is only doling out funds. What is your economic direction? Where are we going? Which side are we going? That is more important. Because, unless growth is there with social justice, with some sort of a commitment to the poor, that is, the poor become partners in the growth simultaneously when growth occurs and not after 10 or 15 years, nothing will happen towards establishing a socialist

society. The trickle-down theory has been discarded a long time ago. The theory that if there is economic growth, automatically prosperity will trickle down to the poorest people, has been discarded a long time ago; that was discarded by Pandit Jawaharlal Nehru. It was thought that growth has to be shared simultaneously by the poorer sections. Otherwise, the gap between the rich and the poor will go on widening. One good example of this is food production. Today we have a surplus food production in the country. Well, there is a surplus food available in the country, but there are a large number of people who are not able to purchase it. It is not surplus because it is surplus to our needs. It is never claimed by anybody that it is surplus to our needs. The fact is that there is a surplus production in the country, whether it is wheat or rice or anything else except edible oil, but there are people who have no money, no purchasing power, to purchase it. That is the fact. Looking from this angle, I feel that the whole economic activity is going towards a direction which does not lead us to the egalitarian society. This is very clear in several of Government policies. As I said, this is very clear in the policy of investments which are being made. This is very clear in several other schemes in which Government is only drifting. I will give the example of the workers' participation in the management, a scheme of this type, workers' participation in the management and in the capital structure of the company is a step in the right direction. Last year a scheme was prepared and circulated to all the public sector companies and to all private sector industries. Who has implemented this? Has anybody thought of this? Any idea as to when such a will should be implemented? Several examples can be given to show that the policies being pursued, all the liberal policies that are being pursued, are not in favour of creating an egalitarian society or in bringing about socialism in this country. Whenever there is a criticism in this House or outside, the Congress leadership or the Government comes out with contradictions saying 'No, we have not given up socialism'. But what are your policies? The policies are more important than the money which you dole out in your budget—that is not so very important.

The idea of giving partnership or share in various sectors of economy to the sections of the people who are today deprived has been given up a long time ago. That is the defect with this policy of liberalisation. As far as the growth is concerned, growth itself has become the main object. As I said, the growth has gone into very wrong directions. Luxury goods are being produced in this country and for which market is being created! Keeping this in view I feel that the time has come when the Government has to revise its export policy, its import policy particularly.

Regarding exports we have been told several times that the Government is coming out with a package scheme. I do not know what is the package scheme. So far it has not been announced. What is that package of incentives which are being given for the exporters? Similarly how are you going to increase exports of this country in value added goods; not the traditional goods?

Regarding imports you have got to take a policy decision to see that several of these technologies which are being imported—outmoded technology sometimes which is actually not needed in our country—are being imported simply because the import policy has been liberalised. The machinery is being imported, the raw-material is being imported and luxury goods are being imported. These are the things which are to be revised.

I was seeing an article in the *Business India* this morning. I was surprised that the business community has come out with vehemence that liberal policy should not be changed and the import policy should not be changed. They do not want any change. They want luxury goods to come into the country. They want to enjoy the bonanza which is there in this country today. I feel that this is a warning signal. I urge the Government to seriously think of revising the policy of liberalisation and go in for certain restrictions which are very essential for an economy of ours where we have to bring growth also coupled with social justice.

**SHRI CHINTAMANI PANIGRAHI** (Bhubaneswar) : I am extremely grateful to you, Sir, for giving me the chance to speak

after Shri Madhav Reddi has moved his motion.

We have to at least understand what a change has taken place during the last one or one and a half years in respect of economic, social and political spheres.

**SHRI SAIFUDDIN CHOWDHARY** : He himself does not believe this!

**SHRI CHINTAMANI PANIGRAHI** : It is because I am believing more than you do; I am here. With you, the profession and practice has no relationship; but here, the profession and the practice are related.

The Indian economy has undergone significantly a qualitative change since the present Government took over in 1985. We have to look to what was before we started the new change in the economic outlook. Any system which had developed for long years creates a kind of vested interest and that entrenched interest itself impinges the growth or change or direction that one wants to give to the country.

For long years we had a kind of economy where all the industries that we had set up were old and outmoded whereas the technology had advanced far ahead. So looking to the future it was thought to modernise the industries. Therefore, when we are seeing that the whole world is advancing with new technology; should we lag behind? With that aim in view the changes have been brought about in the economic policies that the Government of India has undertaken.

Firstly we have to make our economy competitive. It was a sheltered economy. We thought that we must make the economy a competitive one with other countries. Secondly we had to replace all those outmoded machinery which were for long years there. Because of them the cost of production was increasing. We had to reduce that cost of production with modernisation. Also the regulative restrictions were a little relaxed so that it helps reduce cost of production.

One thing that the mover just said was that he was not able to understand whether this economic policy is a policy of growth

[Shri Chintamani Panigrahi]

with social justice. I hope if anything is to be said on this account this policy is mainly directed towards establishing social justice and is directed more towards the improvement of the poor and the down-trodden than before. I would just narrate how the pledge has been renewed to sharpen struggle against poverty more in 1985-86 and onwards. There has been massive increase to the tune of 65 per cent in Plan outlay for anti-poverty programmes. I think this is for social justice. Then under the Integrated Rural Development and related programmes the provision has been increased by 51 per cent, that is, from Rs. 283 crores to Rs. 428 crores. Under the National Rural Employment Programme the provision has been increased by 93 per cent, that is, from Rs. 223 crores to Rs. 443 crores. Under the Rural Landless Employment Guarantee Programme the provision has been increased by 58 per cent, that is, from Rs. 400 crores to Rs. 633 crores. Then we have schemes for housing programmes for scheduled castes and scheduled tribes to the tune of Rs. 125 crores. Every year 2 lakh houses have to be built for them. New schemes have been introduced for subsidised bank loans to Rikshaw pullers, barbers, etc. and also extend the insurance scheme to municipal sweepers. Then there is extension for personal accident policy scheme for poor families and it has been extended from 100 districts to 200 districts. Then there is provision for distribution of foodgrains at concessional rates under the Integrated Tribal Development Programme. We are supplying under this programme—foodgrains even at a less price than the Andhra Pradesh Government is selling. There are programmes for unemployed educated youth.

(*Interruptions*)

We are supplying at less than Rs. 2 per kg. We are giving at Rs. 1.50 per kg. (*Interruptions*) If it is not growth with social justice then what is growth with social justice? One can supply facts only. One cannot supply understanding. Therefore, this is definitely growth with social justice.

(*Interruptions*)

Now, Sir, another thing which was put before the House was that perhaps we are going slowly into a kind of debt trap by incurring increasing foreign debts.

This has been thoroughly discussed not only in this House but also in Rajya Sabha. A National debate is also going on. I would like to cite two or three instances. India's debt service ratio for 1985-86 has been calculated to be 15.2 per cent. It has also been said by all the economists who are studying this problem that the debt-service ratio of ten per cent is considered reasonable and twenty per cent is considered a safe upper limit. Many times our Finance Minister and even our Prime Minister has told before this House as also in international forums that India's approach towards foreign borrowings remains cautious. In 1983 it was calculated that the *per capita* external debt of India was 29.0 dollars, whereas in Mexico, it was 889.8 dollars, in Brazil, it was 447.7 dollars and in Argentina it was 830.8 dollars. By all calculations our foreign debt is within prudent limits. We are happy that the Government is very cautious and we have not been lured by the World Bank or other institutions to fall into the debt trap, in which they have involved the Latin American countries, which are groaning under the crushing burden of foreign debt. We are very happy that our Government has remained cautious in this matter, and in all international forums, our Government has kept its head high and it has raised its independent voice in all the platforms in the world without bowing its head to any country in the world. We should be proud of what our country and our Government are doing.

It was mentioned that one year, the programme of the hon. Minister is to raid the houses of business people and other places to get more revenue, get more excise etc., and the next year, the hon. Finance Minister's programme will be of relaxation. We have been meeting the hon. Finance Minister, Shri Vishwanath Pratap Singh Ji and we have not got this impression that his programme for this year is raiding and that next year his programme will be relaxation. Our party Members have never been told of this kind of alternate programme of raid and relaxation.

Our Government has been following a consistent policy and the consistent policy is that let us make our economy competitive, let us get rid of the outmoded machinery and plants, let us make them upto-date with the latest and modern technology, let us make best use of the advancement of Science, and let us do away with all the restrictive regulations which are creating an economy of scarcity, not surpluses, let us create economy of surpluses and not economy of scarcities. That has been the consistent policy of the Government. The people desire and we all desire that black-money should be unearthed. In pursuance of that raids are being conducted on the premises of business houses. The raids are definitely going to help the Finance Minister to achieve what the Government has in view.

The good effects of the changes in the policy have been reflected in higher tax revenues. We have also approved several new projects following the policy of delicensing. Signs of improvement have been seen in the capital market and it has led to an atmosphere of understanding and co-operation, not confrontation. It was very much needed, as it would help in improving the climate of this country, so that everybody thinks of trying to see that the productivity of this country increases, surpluses are created, more and more goods come to the market and consequently, the prices go down. It would have its effect on the prices.

The National Council of Applied Economic Research—it is a research-oriented organisation—has said that the economy now looked set to manage an over four per cent growth in 1985-86 despite lower-than-the-target production in agriculture and industries. There is a shortfall in agricultural production. As we are having a stock of about 25 million tonnes of foodgrains, whatever shortfall was there due to drought and due to lack of monsoon, we shall be able to tide over those difficulties.

Because of our policy, in 1985-86, our tax revenue was up by 24 per cent; collection from personal income tax was up by an unprecedented 45 per cent; and foreign exchange reserve at the current level of

Rs. 6500 crores is 10 times higher than the level a decade ago. Therefore, in foreign exchange reserves also, our position has not been so weak, though we thought that it would be weak.

There is also a lot of improvement in tackling the poverty problem. The percentage of population living below the poverty line now stands at 30 per cent, from 48 per cent in 1978. The Central Government's assistance for anti-poverty programmes is stepped up by 65 per cent.

There is a huge trade deficit because we used to export our own POL, *i.e.* crude worth Rs. 1313 crores. Now we have developed refining capacity and we are not exporting that crude now. Moreover decline in international trade is now a global problem which is also affecting India. Shri Madhav Reddi also pointed this out and of course, I agree with him.

But what about the big business houses? When they are getting all the advantages of these policies and while we are trying to see that production increases, what is their share of exports? I would like to urge upon the hon. Minister to set up a Committee to find out what their share is and I request him to fix a 20 per cent or 30 per cent share of their produce for export. I hope the hon. Minister will look into this problem.

I may bring to your kind notice that we are able to check the annual rate of inflation. The annual rate of inflation has come down to 3.8 per cent in June 1986. This has to be viewed in the context of a growing economy, where we are putting in more and more money for anti-poverty programmes. So, it is indeed a good sign that the whole sale price index has registered a growth rate of 4.8 per cent only and thus it shows a sign of stability though in some cases like vegetables, for which prices go up in the lean season, and also in the case of edible oil, there is pressure. I hope that the Government is trying to take strong measures to see that we substitute our imports and also restrict our imports so that our trade deficit will not increase. I hope the Government will take very effective measures in this regard.

(Interruptions)



[Shri Chintamani Panigrahi]

There are a lot of problems. Take the case of edible oil. There has been ground-nut scarcity in Gujarat. Potato cultivation in Uttar Pradesh was less. Prices have gone up because of these factors. But I would like to submit before this House that in spite of those factors, compared to last two or three years, there is stability in the wholesale price index and this is only because of the efforts of the Government. So far as potato and other products are concerned, 52 per cent of these products are in private agriculture sector and there the Government or Shri Vishwanath Pratap Singh cannot have administered prices.

SHRI AMAL DATTA (Diamond Harbour) : You are lending money to the traders who hoard. That is why prices go up.

SHRI CHINTAMANI PANIGRAHI : Who is giving money is traders ? (*Interruptions*) What is the money that we are giving to traders ? (*Interruptions*)

As I had already submitted, the changes that we have undertaken in the economic policy have stabilized our economy, and helped us to see that India forges ahead. Suppose Mr. Madhav Reddi says that the big business houses are going to produce consumer goods, and not export them. I think the Government will find ways and means to see that a portion of such production is kept for export.

I hope we will be able to overcome the difficulties we are passing through today. I am confident that the economy has now been strengthened further, and that with the new approach that we have adopted, we will be able to see that in the coming years we build up a prosperous, new India which is prepared to go forward to the 21st Century, to meet the new challenges brought about by the new economic and technological developments taking place in the world. We are sure that no country have ever become great with only borrowed capital and borrowed technology.

I think we are achieving success, and that our programmes are oriented towards the poor, and to help them. Our programmes are oriented towards growth with

social justice, and are anti-rich. They are not pro-rich.

If you look at our actions, you will find that the rich have been taxed. We have raised the excise duty on costlier varieties of cotton and manmade fabrics, raised the excise duty on cars, colour TV sets, air-conditioners, and the tax on gifts of higher value, windfall income through lotteries and crossword puzzles. These things show that we want to tax the rich. So, this is a poor man's approach to help the poor and to see that the country advances towards socialism, towards growth with social justice.

[*Translation*]

SHRI HARISH RAWAT (Almora) : Mr. Chairman, Sir, I was amazed to hear what my friend Shri Madhav Reddi said. Broadly, he said the same things which were alleged by the newspapers and magazines, as a part of attack on the Government approach, at the time when the big houses were raided as these newspapers and magazines represent those very big houses. Under that cover he, in his speech, stated mainly two things. First he said that the attitude of the Government is such that it does not want to help the poor though funds have been provided to assist the poor. I could not understand this thing that a Government provides funds in the Budget for helping the poor but does not utilise that money for that purpose. I do not think that this argument holds any ground.

My friend Shri Chintamani Panigrahi has proved by providing statistics that the Government has allocated more funds as compared to earlier years for the poverty eradication programmes. For IRDP, the Government has allocated the funds one and a half time in comparison to those provided earlier and has instructed the banks that they should help the poor in making them self-dependent. As against earlier years, fulfilment of targets has also been more. So much so that banks are ready to help, the Central Government is ready to help and the State Governments are being asked to identify the intended beneficiaries but the State Governments are not coming forward. They are criticising. There are States where the allocated funds for NREP and RLEGP

are being fully utilised. In spite of this the Central Government is repeatedly saying that whatever money is required for these programmes, it will provide.

Shri Madhav Reddi should have kindly kept this thing in mind that the Government is not only arranging for money, it is toning up its machinery also so that it may utilise the money properly and if there is any deficiency anywhere it may rectify that. Therefore, to allege that such a Government does not want to help in poverty eradication programmes is somewhat contradictory. By saying so, I am not levelling any allegation against Shri Madhav Reddi or any other hon. Member of the Opposition. There is, however, a conspiracy behind it that allegation should be made that the Ministry of Finance and the Government do not want the welfare of the poor. In India if it is said that the Government does not want the welfare of the poor that will create a political instability and it is a matter of regret that the capitalists of the country, for whom the Finance Minister has formulated a taxation policy to give them concessions so that those who want to pay taxes honestly may do so, are indulging in such things. This has also been provided that those who do not pay their taxes honestly should be severely dealt with. This carrot and stick policy has been adopted to ensure maximum tax collection and it is for this reason that as compared to last year, more amount has been collected this year as income-tax and other taxes. But those people who have been caught in the tax-net, who are rich and powerful and think that they evade income tax or indulge in foreign currency smuggling, or violate the financial rules and regulations completely began to fret, at the intervention of Finance Minister, and embarked upon spreading rumour that the Finance Ministry was formulating a new policy which would not benefit the poor and so would not be in favour of the nation. These rich people who never had any concern for the poor and who had tried to usurp the entire wealth of the nation, are today posing as the champions of the poor, because they are feeling that the Finance Ministry is putting barrier in their path, and some of our friends in the Opposition, are supporting them. I would request my friends in the Opposition, regardless of whether they belong to the Left or the Right, not to follow or get overwhelmed by

the reports in newspapers which are their mouthpiece. Kindly refrain from creating such an atmosphere in the country by which the Government is put to blame; you have the freedom to criticise, but this criticism should be based on facts. But doing otherwise, you are trying to create an atmosphere inside the country which will not only harm the hon. Shri Vishwanath ji and Shri Rajiv ji, but would also pose a threat to the entire system. Shri Madhav Reddy has said that the Congress party continuously repeats outside that it wants to benefit the poor.....  
(Interruptions).....

ONE HON. MEMBER : It is Certainly benefiting.

SHRI HARISH RAWAT : This is Congress Party and I think most of the members sitting in the Opposition have been groomed in Congress culture. Congress Party believes in transforming words into action. In 1947, at the time of independence when Union Jack, the mark of our slavery, was being replaced by tricolour, our Pt. Jawahar Lal Nehru was not under any pressure to declare that they would adopt socialistic pattern of society for the country. Had he not made this declaration and thought only about some big houses in the country then also no one would have raised his finger against him. But even at that time, the Congress, under the leadership of Pt. Nehru, adopted the policy of bringing about socialism expeditiously. Despite the opposition by big industrialists, he considered the idea of setting up basic industries in the public sector. A very influential class of big landlords had control over politics and rural economy at that time and despite their Opposition, the Congress introduced land reforms. Was there any compulsion at that time for Congress or Nehruji to do this all ? There was no such compulsion. The only compulsion was that the Congress wanted to protect the interests of the poor and with this aim it proceeded on the path of progress. The same aim was carried on further by the Governments under the leaderships of Nehruji and Indiraji respectively. Now the Government under Shri Rajiv Gandhi is also working for the furtherance of this very objective. Our Finance Minister Shri Vishwanath Pratap Singh is a medium to achieve this end.

[Shri Harish Rawat]

I want to congratulate the Finance Minister for bringing stability in financial field in an atmosphere where efforts are afoot to bring about instability in politics. As a layman I also had some doubts about the consequences of a liberal import policy of technology on our economy. But now it became clear that import of technology is in no way harming our economy but even the common man has been benefited by it.

Mr. Chairman, Sir, today the production in our country has increased. The production has increased not only in industrial sector but also in agricultural sector. Is it not indicative of the success of our Government's policies? The rate of inflation in our country is the lowest in the world at present. Does it not show the success of our Government? Despite natural calamities, our country has no shortage of foodgrains. Today our Government is capable of providing the poor people with the basic necessities. If the price of some commodity temporarily rises at some place, then our Finance Minister takes immediate and necessary steps keeping in view the feelings of the people. We can take up the example of temporary scarcity of sugar during last year. An attempt was made to create such atmosphere in the country as if there had been a failure of the Government. It looked as if the prices of sugar would keep soaring. The Finance Minister imported sugar and though foreign exchange of 600 crore rupees was spent but the scarcity of sugar was removed. I would like to tell the Finance Minister that temporary measures can only bring temporary solutions but they can, in the long run, create difficulties. I think we shall have to prepare our countrymen psychologically also so that they can prepare themselves to face the artificial shortages. If at times sugar becomes scarce, then people try to get it from whatever sources and store it. If kerosene becomes scarce, they start storing kerosene. This leads to much more temporary shortage and blackmarketeers earn huge profit. We should educate the customers about this. We have not tried to educate the people for whom all of our policies are framed. Unless the consumer movement is strengthened, problems would be created by the profiteers taking advantage of the weaknesses in our economy.

Mr. Chairman, Sir, I do not want to say more. I support the suggestion given by hon. Mr. Panigrahi. His suggestion is very good. The capitalists of our country have evolved methods to circumvent rules and regulations and thus they always try to earn maximum profit. They can stoop to any level to earn profits. In this way, they become unmindful of their duty towards the country. Mr. Panigrahi has said a very correct thing. The farmers of the country produce cotton and cloth is made of it. Some people from Kerala go to gulf countries and other foreign lands and earn foreign exchange by dint of hard work. The same foreign exchange is given to these capitalists in the name of technology import. How many capitalists have introduced goods which can compete in the international market. No capitalist has tried to manufacture such goods as to compete in Japan, Germany or in some less developed country. They have obtained licences by pressurising the Government and have misused foreign exchange received for technology import. The goods so produced have been sold in the domestic market. They have marketed their produce to compete with small-scale industries run by new-generation entrepreneurs. They have done it to ruin these small-scale industries. So, I request you to impose certain restrictions on the big industrial houses to whom foreign exchange is given that if they do not earn certain amount of foreign exchange in a stipulated period then they will be penalised. The foreign exchange granted to them is not their personal property but of the nation and it should be used for the benefit of the nation. They should not try to run the economy of the country according to their whims.

17.07 hrs.

[MR. DEPUTY SPEAKER *(in the Chair)*]

The next point I want to touch is that our present financial condition is satisfactory. But poor farmer and labourer should get benefit of this general economic situation.

I feel that Shri Madhav Reddi's allusion is politically motivated that we do not want and the Government also does not want to make the welfare programmes for the poor a success. I oppose his contention. This is my request that our agencies, specially the

ones, which are responsible to make the poverty eradication programmes a success, should have commitment. Unless they develop a feeling of commitment and until we lay down targets before them, you cannot achieve your aims. Unless you make a provision to lift the poor people above the poverty line, they cannot be successful in it. I do not think that mere preaching can transform the entire machinery into a machinery of socialistic outlook.

We thank you for your good performance in the Ministry of Finance and with that assure you that irrespective of people's and Opposition's misgivings, and write-ups in the big newspapers of the country and whatever type of atmosphere there may be, the common man knows that Rajiv Gandhi's Government is his Government and it will work for his welfare. The common man feels that Shri Rajiv Gandhi has appointed such an honest man as Finance Minister who can go to any extent in implementing the policies strictly.

[English]

SHRIMATI GEETA MUKHERJEE (Panskura) : Thank you, Sir, for giving me the opportunity to speak..... (Interruptions).

SHRI S. JAIPAL REDDY (Mahabubnagar) : Are we adjourning at six O'clock, Sir ?

MR. DEPUTY SPEAKER : At six O'clock we will see whether to adjourn or not.

SHRIMATI GEETA MUKHERJEE : Sir, since the test of pudding is in eating, so, let us see what have been the effects of the new fiscal policies and other aspects of the new economic policies which are complementary to each other.

Prices of articles of mass consumption have gone up. Industrial Consumer Price Index from May last year to May this year has gone up by 8.5 per cent. And what prices have not gone up ? Take, for example, mustard oil. We were buying it for Rs. 15 to Rs. 16 per kg. in Delhi three months back and we are now buying at Rs. 20 to Rs. 22 per kg. I know that

Vishwanath Pratap Singh Ji's wife, my sister, may not be all the time at him but we are really all the time at it as is the entire housewives community..... (Interruptions).

SHRI S. JAIPAL REDDY : Mrs. Krishna Pratap Singh is with us on this issue.

SHRIMATI GEETA MUKHERJEE : I know that .....(Interruptions).

PROF. MADHU DANDAVATE : Don't break our solidarity.

SHRIMATI GEETA MUKHERJEE : Round after round reduction in excise and customs duty has already resulted in a revenue loss of more than Rs. 113 crores this year. To whom have these concessions been given ? These have been given mostly to luxury goods Industries and that too to big business people and to some better off consumers and not to the others why produce... (Interruptions).

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : This is so much off the point that I have to contradict it.

SHRIMATI GEETA MUKHERJEE : So much off the point ? Where ?

SHRI VISHWANATH PRATAP SINGH : Concessions given to luxury goods industries.

SHRIMATI GEETA MUKHERJEE : The concessions have been given to the electronics goods and also to the raw materials going in for their production, synthetic fibres. I believe, all these are consumed by the affluent section and not by the poor. Concessions have not been given to ordinary textiles, for vanaspati, for example, or other edible oils, for shoes of common use, or even for exercise books which are used by the students.

The loss of revenue in direct taxes and unbearable burden through indirect taxes and administered price hike is pushing up the cost to be paid not only by the common man but also in the cost push of the Government expenses, with the prospect of either

[Shrimati Geeta Mukherjee]

pruning the Seventh Plan or go in for heavy deficit financing, again to recoil on the common man.

However much the fiscal policy may try to boost up the ecohelon of the private sector, the growth of manufacturing output is still less than six per cent per annum.....  
(Interruptions)

MR. DEPUTY SPEAKER : Madam has brought the note book with her instead of papers.

SHRIMATI GEETA MUKHERJEE : Generally I do not use the papers, Sir, but to be precise and to see that you do not ring the bell, I have decided to put down my points so that I can be quick. I hope, in view of that you will allow me to go on quickly and relevant.

Sir, even this rate of six per cent has been achieved on the basis of growth of industries like automobiles, consumer electronics and computers, largely through screw-driver technology of assembly of imported components and also equipments with relatively very little value added.

More than 93,000 industries in dire sickness are driving several crores of families to starvation.

In the agricultural field, the cost of production is going up and up due to the availability of inputs. But the cost of inputs being so high, the production of the agricultural produces is becoming unremunerative due to the prices of the agricultural goods and spares.

Due to absence of concentration on employment generation in the whole sphere, the employment situation has been dangerous. The figures in the live registers of the Employment Exchange this year show that the number has gone up to seven crores while the placements through the Employment Exchanges have gone down from one lakh one thousand up to march last year, to only 70,000 up to March this year. Everybody knows that the organised private sector has not gone in for much employment nor you the Government have gone in for much employment.

Import liberalisation has gone up to an absurd length. I shall give only a few examples. Import permission to Suzuki and for all parts of Maruti, and also to Yamaha, Toyota, Rover and other multi-nationals, has been given and now even for two-wheelers. It seems to me that Rajiv's India is going to march on to 21st century on imported wheels and not only imported wheels but also with imported vision of so much of television, etc. The alliance here is with such multi-nationals as Grundig, Philips, National, Soni, Sharp and the like. So much is the grip of this import liberalisation that even your fiscal system physically has been attacked by it. I understand that you are going to import stainless steel for production of your coins in our mint and that our industry cannot be relied upon for this. Its ill effect on self-reliance is becoming palpable.

It is also affecting our public sector whose commanding heights are no longer sacred.

I will give an example. The Hindustan Aeronautics Ltd, the public sector made a proposal for producing Light Combat Aircraft. This proposal was turned down in favour of famous USA machines. It is as if indigenous proposal would not stand in good stead. This policy again has direct bearing on our balance of payment which is likely to be of the order of 8000 this year or even may exceed. It may touch that and the virtual devaluation of rupee cannot be denied whatever is said in cosmetic terms.

Along with that the external debt service ratio is approaching 20%. My hon. friend Shri Chintamani Panigrahi says—we have this consolation that we have not become like Latin American countries. But crossing 20% is far in excess than considered prudent by any standard—even your Economic Advisers say that.

Such are some of the results of the present fiscal and other economic policies pursued currently by the Government on its way to 21st century through the path chalked out by the World Bank and the IMF. You may agree or not. That is the reality. In relation to long term fiscal policy, it can hardly be called long term policy. Off

and on it is changing. All along the changes are coming. All these concessions are being given—now and then.

Considering the overall economic situation. I want to make a few suggestions which I hope you will allow me to make.

Concessions should be made only for articles of mass consumption. Administered price increase as a source of revenue must not be done.

So far as the big companies and rich individuals are concerned, whenever the raids are conducted, that money should be straightway confiscated. I would like to know about the result of the raids conducted so far? What is the result? I hope no relaxation will be done hereafter.

My next suggestion is this : Scrap your disastrous import liberalisation policy, I have already indicated the necessary directions in which the change can be made.

The public distribution system should be strengthened by including items like pulses, edible oils, washing and toilet soap of ordinary varieties, exercise books etc.—articles of essential consumption. Incidentally I hear that the World Bank is advising you for doing away with public distribution system. If that is so I hope you will not knuckle down before that advice.

For boosting up the earnings of the people below the poverty line really on a big scale, out of the foodgrain stock of 26 million tonnes, 16 million tonnes should be released for these programmes. This will be 7 times more than the present 2 million tonnes allocation. This will create market for articles of mass consumption which in its turn will boost such industries also who produce these things. Moreover through labour intensive projects of irrigation, roads, etc. on a massive scale, you can help providing greater employment as well as bring in greater development. The cost of keeping stock is Rs. 500 per tonne. Therefore, if this is released, lot of money can be saved.

Then, with regard to debt repayment, India should indefatigably back up the

proposal of Peru's President that in the third world countries 'only a certain proportion of their export be given in debt repayment.' and not more. India should be the first country to determinedly execute this and mobilise other countries for the same.

As an alternative to the World Bank, kindly moot the proposal for setting up a NAM Bank. This will be an alternative to the World Bank, where your favourite NRIs also can bring in their money, but under control.

Sir, unless the whole direction of the economic policies (including the fiscal policies) are changed sharply. I am afraid that the country will be heading for a disaster which should be avoided at all costs. Thank you.

**SHRI SOMNATH RATH (Aska) :** Mr. Deputy Speaker, Sir, a comfortable food-grain output during 1985, though lower than the set target because of the drought in 11 States and 2 Union Territories and an expected industrial growth of 6.5 per cent, these are the positive aspects of Indian economy highlighted in the Report on Currency and Finance of the Reserve Bank of India. Two things also have been mentioned there, that is, the constraints on the resources; and then, 'marginal increase in foreign exchange' but certainly not decrease.

Sir, the noted London Periodical *The Economist* had paid tributes to the Indian Prime Minister's economic leadership in its issue in the third week of December, 1985. It said that whereas economic growth came almost to a standstill in most developing countries in the past few years, it had accelerated in India. It predicted that by 2,000 A.D. India's GDP would be 80% of the British total as compared with 30% in 1960. By 2,000 A.D. the per capita GDP in India would be 590 dollars as against 1200 dollars in Britain. Of course, we should take note of one feature. There ought to be a check on the growth of population. Between the terminal years of 5th and 6th Plans, i.e., between 1978-79 and 1984-85, the average annual growth in foodgrains output was 1.73 per cent only compared to the population growth rate of over two per cent.

[Shri Somnath Rath]

This is a fact which requires immediate attention. Sir, I anticipated from Shri Madhav Reddi to give specific suggestions, constructive suggestions, as to how best we can improve the status of common man. Shrimati Geeta Mukherjee has given some suggestions, but I am deprived of having any suggestion from Shri Madhav Reddi.

A consensus is necessary cutting across party lines for the economic well-being of common man. A solid mechanism for the economic justice is a vital need to the concept of a welfare State. I need not repeat what other Members have said, we have discussed about the budget when it was brought to this House and I think it will not be just to say that the growth is not growth with social justice. It is, in fact, growth with social justice. Sixty-five per cent of the outlay of the budget has been meant for poverty eradication schemes. Not only that. Even the Prime Minister of India has gone to tribal areas of different States to see whether this scheme is implemented or not. This shows the honest intention of the Government to implement the plan for the benefit of the common man. And it was also found that the tribal people who are to get rice and wheat at a particular low cost are not getting. To that extent the Prime Minister verified from the people who are to be benefited by the scheme. That is the intention of this government.

Sir, as I said, I will not repeat about this poverty eradication scheme. There may be some loopholes while implementing this scheme in this vast country. But we are to see how to plug the loopholes. It is a fact that when the loans are given in the villages and rural areas, sometimes the middleclass and rich people take advantage of the loans. The loans are given to eradicate unemployment beginning from Matriculates to graduates giving them Rs. 6000 to Rs. 20,000 with subsidy. But in some places the loans actually do not go to the right persons; the rich and the middle class people exploit them and take the benefit. That should be stopped. Similarly, when the schemes are going to be implemented and the people for whom they are meant at times do not get the benefit of the schemes and there must be a supervising agency to see how the schemes are implemented with honesty and sincerity.

These are the factors which require attention. The budget has given relief beginning from a cobbler and a riksha puller in urban areas to a cultivator in the fields in the villages. It has given relief to the uneducated persons to educate them. Beginning from the primary education to the university level schemes have been prepared so that people can get education and Harijans and Adivasis get free education. Adults women and labourers get education through the non-formal system. There has been sincerity in the Government to see that the labourers are made to participate in the management. But the problem is the trade-unions. There are different trade unions and they are unable to come together. They are not able to say which labour, which union should represent in the management. So, if that is sorted out the problem is solved. So, it is not that the Government has no sincerity. But the defect lies here.

Similarly, it was said that the implementation of these schemes or the Budget was only for rich people. It is not so. As has been stated earlier, the bulk of the Budget scheme or outlay is meant for the poor people and including supply of drinking water in the villages. What is necessary is, it should be recognised that there will be no respite from power shortage for some years to come. By the end of the 7th Plan, the country will face a power deficit of 20% of the power generation. This is a problem which requires the specific attention of the Government. Unless there is adequate power generation, there may not be growth. So, I submit that this should be actively considered by the Government.

The export by the public and private sectors should be accelerated to provide impetus to the national economy, *i.e.* the balance of payments. The loss which is going on in some of the public sector units for years together cannot be tolerated. We must see that production is improved and the cost of production comes down. In this connection, it has come out that there are many projects which are not completed within a particular period and a huge amount has to be spent due to escalation. Even 10% of the 7th Five Year Plan allocations are to be utilised for meeting the higher costs of the projects because these public sector units take more time to implement them. There

is also loss of huge amount for want of production. I think, these things are to be taken note of.

About the foreign debt policy, this Government has taken a stand, an independent stand and the aim of this Government is not to increase foreign debt. That is the reason for the increase in the administered price a little and even then, there is a hue and cry. If we can tolerate for two years with administered price, I think, in the third year, there can be no case for foreign debt. I would suggest that the import of edible oil should be stopped. Is the edible oil going to the villages? Does it reach the common men? I want to bring to the notice of the Finance Minister that in rural areas, edible oil is to be sold in the retail outlet at Rs. 12 or Rs. 14 a kg., through cooperative organisations and private organisations. But what happens is, some middlemen are adding some mustard oil essence in the imported edible oil and it is sold at the much higher price as mustard oil. By this way, the middlemen exploit the need of the common people. Therefore, to save our valuable foreign exchange, high yield oil seeds should be provided to cultivators and the production of oilseed should be increased. Remunerative price should be given to the cultivators of oilseeds, instead of importing the edible oil.

Similarly, the import of sugarcane should be stopped. Remunerative prices should be given to the cultivators so that there is increase of production. Indian factories are sufficient enough for meeting the demand and improving the production. So, all these things should be taken note of—We cannot have more import. We can reduce the imports and accelerate the exports. Take, for example, control cloth. Are we getting control cloth to the villagers? Why not? So, we must think how best the control cloth should reach the people. These are the things which require the attention of the Government.

**SHRI AMAL DATTA (Diamond Harbour)** : Speakers from the ruling party have all spoken in glowing words, about the achievements of the new Government, in boosting economic growth as well as of social justice. They have spoken about socialism and they have stated that social

justice has been their object, as long ago as 1956 or 1957. It was a contribution to Indian politics by Shri Jawaharlal Nehru and since then they have been carrying on this particular slogan. With all these 36 years of slogan for social justice, what have we achieved? We have achieved a population which has got half the world's illiterate people.

**MR. DEPUTY SPEAKER** : Politically.

**SHRI AMAL DATTA** : We have got the largest number of blind people in the world. Politically as well as physically. And health-wise we are so poor that only 10% of the population get a balanced diet and 50% of the people go without a full meal a day. The Government is very proud of the achievements on the food front. The total availability of foodgrains today is no more than what it was in the early 60s per capita. This is the achievement. And the poverty line, although there is lot of tinkering with it, but even then it is more or less certain that 40% of the people today, on Government's own admission, are below poverty line.

**SHRI RAM PYARE PANIKA (Roberts-gang)** : 40% roughly.

**SHRI AMAL DATTA** : Yes. 40%. We have a population where they say has one of the lowest life expectancy and one of the highest infant mortality rate. This is the achievement. This has to be put down as the Government's achievement in striving towards growth with social justice.

Though, half the population, we cannot feed, we take pride in saying that we have got 30 million tonnes of foodgrains stock. It is just because those people cannot eat. That is why, we have got to foodgrains. This point has already been brought out. But why we do not have the purchasing power? Because 50% of the people in the villages together own what the other 5% of the people own. Such as the land-owning pattern in the villages it is so inegalitarian after more than 30 years of so-called land reforms. I am happy to see that the Prime Minister has asked for a report on land reforms from the Chief Ministers. Nothing has happened, of course. Nothing will happen. The fact that such a report has to



[Shri Amal Datta]

be called for in the year 1986 shows what is the position today. The books on economics and statistics already reflect this data. No facts have to be called for. The programme for land reforms has to be implemented? But who will implement the programme? For whose benefit will the programme be implemented? The people who will lose by the land reforms—they are the people who call the tune of the ruling party. There is no hope so long as the ruling party remains and retains its present complexion. There is no hope for land reforms, no hope for the rural poor, no hope for increasing their purchasing power and no hope that they will ever get a full meal and no hope that even the industries of the country will flourish because they do not have the purchasing power.

Why are our industries going sick? One of the reasons is and even one of Mr. V.P. Singh's institutions, the RBI, has brought out a report which says that half the industries are sick at the very time they start functioning because of the dilatoriness and the casualness of the financial institutions and the other half are sick because they have no market to sell their products and they have no market because people do not have the purchasing power with so much inegalitarian distribution of income and wealth. So it is not at all surprising that the industries will have surplus capacity and they will never be able to sell whatever they can produce. This is the condition in India to-day.

What we are discussing is in the context of the fiscal policy. What is our fiscal policy? We should rather study it in the context of the fiscal concessions. It is only concessions which have been given for the purpose of benefiting these few for whose benefit the economy and the Government are being run to-day—to enrich a few at the expense of the many. That is and has been the policy of the Government and that policy has now been accentuated. The pent-up demands of this rich people who are getting ever richer, the pent-up demands for luxury consumption goods—that is what is being met by this government's policy of liberalisation and modernisation. That is the whole crux of the matter and the IMF and the World-Bank instigated economic policy

is this that India must satisfy these people who are the back-bone of the Government to-day. And if they are satisfied, then they can see that the Indian economy goes on in the same rut as the Latin American economies have gone.

People are saying to-day gleefully that we have not gone into the debt-trap. But do they realise what has saved us. What has saved us is not our Government's economic performance, nor our industrialists' performance which is woefully miserable. What has saved us is the sudden oil bonanza which we got, which saved us a lot of foreign exchange which we never hoped to save. That is why our imports have not gone up to the extent which otherwise it would have gone. Such thing would not have happened if we went on importing oil at the same rate or at the same percentage that we were importing before we started the Bombay High and all those places. But this is not going to last us. Our oil requirements are going up at a steady rate but our production has not and cannot go up at that rate. It is not possible. So we should have cut down our consumption. When the Government increased the oil price this year before the Budget, they have increased the prices, there is a whole gamut and out of them, the highest revenue was probably expected from the increase in oil and petroleum products. It is the oil which is sustaining us to-day. But really nobody knows how long it will sustain us. But this is what has sustained the Indian economy through this period; otherwise we would have gone the same way as the Latin Americans have gone. The other thing which is also tapering is the remittances from the Gulf countries. We talk a lot about NRIs and from 1983 schemes have been drawn up continuously, giving one concession after another to tap the NRI investments and NRI deposits and all that. How much of these NRI deposits and investments today amount to compared to what has been done by those poor, miserable fellows who go from various States in India, Kerala and other States, to the Middle-Eastern countries, who sweat out their blood, lead a miserable existence and somehow manage to save some money and send it to their country? Those people, after they have to come back to India, do not get any job here. These are the people

whose remittances come to Rs. 2,000 crores whereas the whole NRI schemes in all these years have not got India even more than Rs. 500 crores.

People have spoken in eulogising terms about Government spending so much money on anti-poverty programmes. The anti-poverty programme perception has come in early Seventies. We have taken 15 years to gear ourselves up for a direct assault on poverty and even then where are we? What exactly have we been able to achieve through these programmes in the Sixth Plan? Can the Finance Minister say what is the percentage of people who have been raised above the poverty level by these anti-poverty schemes?

AN HON. MEMBER : 38 per cent.

SHRI AMAL DATTA : 38 per cent is not because of that. There is a lot of hoax in the statistics. (*Interruptions*) I do not say that those schemes are bad. The schemes are quite good, well-conceived, but they are very poorly executed. They are well conceived in the sense that, theoretically, they are good, but when it comes down to implementation of the schemes at the ground level, there is no proper implementing agency, no proper coordinating agency. It has been found that out of 16 million people who are supposed to have been benefited in the Sixth Plan under IRDP, 30 per cent went for buying cattle; that means, five million people are supposed to have bought cattle with IRDP money. There could not have been so many cattle to be bought. What has happened is that the same cattle has been bought and again sold and again bought ten times over. This is what has happened. I am giving only one example. There are a lot of such things. So many leakages are there which could have been plugged. But if you go on the principle of loanmela, then nothing will be achieved except this kind of loopholes. There are no linkages also. You are making a producer, an entrepreneur, a marketer also—out of the same person. He cannot do it. You have to supply him the inputs. You have to see that the goods are sold. There is no such thought at all. Anti-poverty programmes only temporarily lift the people above the poverty line. I have

no quarrel about that. But that is not going to provide a permanent solution. These people, after a temporary rise, are bound to sink back again. What is happening to the 'sick industries' is going to happen to them also.

The main reliance of the Government is on the private sector. Why? Because, that is the panacea which has been given to us by the IMF and the World Bank. So much so, not only they are being encouraged by the policies of liberalisation of imports by concessions on customs and excise duties for making luxury goods, but they have also been put in a position where they can monitor the performance of the public sector. Mr. Ratan Tata has been made the Chairman of a Committee which will monitor the public sector. I am not saying that the public sector is blameless. The public sector is very much to be blamed, but the main blame and responsibility must be borne by the Government. Today's newspaper carries an item which shows that, thanks to Prof. K K. Tewary—I do not think he is here he has taken a very good action in suspending the Chairman of a nationalised concern for irregularities of Rs. 40 crores. For this action we had been asking the Government for three years. They taken the action after three years on the day and at the last minute when that Chairman had resigned and was to relinquish the office. Even so, I congratulate Mr. Tewary for his courageous action in suspending the Chairman at the last minute.

MR. DEPUTY SPEAKER : Please wind up. Time is not there.

SHRI AMAL DATTA : The crux of removal of poverty is in giving employment. What is the position of unemployment? The Government have no figures of real unemployment. The only figures available are from the employment exchanges. In 1980 the unemployment figure was in the region of 1.7 crores. In 1985 that figure become 2.6 crores. This is only the registered ones. People in the villages do not go and bother for registration. There are no registration offices also. If you take into account the real employment position, including under-employment, I would say more than half the working

[Shri Amal Datta]

population in India are unemployed. If that is the position, what is the touch-stone of the Government's achievement? If they cannot provide employment then what are they thinking of doing? How many people they will benefit in the IRDP programme? May be 15 million or 16 million. The total people to be benefited should be in the region of 10 million to 15 million and like that. What could be done? What could be done to channelise more resources into the rural sector where 80% of India lives. How much is going to the rural sector and how much is going to the urban sector? No statistics is available. In this Session I asked a question as to how much each Department is spending on Delhi and how much they are spending elsewhere. This question was not answered, it cannot be answered because Government says that it does not maintain the statistics. We have been talking about Delhi prospering at the expense of the periphery. But they have no statistics at least they say so. The position is that a few people are prospering at the expense of man; the Centre is prospering at the expense of the periphery and the poor people are getting poorer.

You get a picture of steel or chrome when you come to Delhi. Then you say that the economic development has taken place and we are going into the 21st century. How many people will be moving to 21st century who will still be starving? That is the big question, please answer that.

**SHRI BRAJAMOHAN MOHANTY (Puri)**: I have very attentively listened to the points made by Smt. Geeta Mukherjee and Amal Babu. They wanted to convert this debate into a political debate. While I was listening to Amal Babu I was getting the crisis that the communist aristocrats of India are suffering from! Never have they assimilated with the middle-class, never have they assimilated with the lowest strata of the society. Whatever has been narrated 15 or 20 years earlier is being narrated now also.

I would answer the last point that he has made. He said that the NRI performance has not given any good results. I would only point out that the deposits of the NRI in Indian banks have gone up by

46%—from Rs. 3818 crores by the end of March 1985 to Rs. 5605 crores on March 31, this year. So, naturally he seems to be desparate. I would like that he should not be desparate because NRI's contribution to the economy is encouraging. Now I want to mention about the vitality and strength of the India economy. I would like to quote here :

“The India Fund—Although the issue is open upto August 15, 1986 the subscription has already touched 90 million dollars as against the original target of 60 million dollars. Since 25 per cent of the over-subscribed amount can be retained it would mean a total of 75 million dollars would be collected through India Fund which is a vote of confidence to the Indian economy by the international finance.”

Now I come to the point raised by Shrimati Geeta Mukherjee. She was desparate and mentioned about the rise in prices (*Interruptions*) I would invite her attention. In June 1985 the increase was 8.3 per cent whereas in June 1986 it came down to 3.8 per cent. Is it not a story of success? Is there any other democratic country in the world where the prices have been so stable? Yesterday I saw a news item. The price of vodka which is not a luxury item has gone up in Russia.

**PROF. MADHU DANAVATE**: Why do you want to refer to the price of vodka?

**SHRI BRAJAMOHAN MOHANTY**: Because that will indicate the trend that the prices have gone up there. There has been increase in prices in Soviet Union and China. Recently I visited Poland and with my own eyes I saw the increase in prices over there. So, let us not be dogmatic about it. The realities of the situation must be assessed.

The economies of Soviet Union, China and Poland are not de-linked from the international pressures. What is the pragmatism in China? Multi-nationals are being invited by China because they are in need of the latest sophisticated technology. When Shri Amal Datta was speaking I tried to find out did he mention about the alternate direction? I found none.

I congratulate the Finance Minister because the direction is alright. May be in some areas there is failure and in some other areas there is success? I do not say it is perfect management. There are some weaknesses here and there but the fact remains whether the direction is right or not.

Now I come to another aspect. There are two things which must be taken into consideration. Who does not know in India that we are being internationally pressurised and this is part of the de-stabilising efforts. In the Second Five Year Plan what was the opposition when there was shift from agricultural planning in the First Five Year Plan to heavy industries in the Second Five Year Plan? Wherefrom did the opposition come? Who does not know that! Yesterday I saw a Press report about the negotiation for a 150 million dollars loan from World Bank by the Oil India Ltd. The World Bank has put a condition that only if the private sector is allowed in the petroleum sector then only they will allow the loan. Government of India has resisted this condition.

Sir, there is a conspiracy today to see that the public sector is maligned. Various charges are being levelled against the public sector. I do not say that the public sector is free from certain weakness but we must remember that they are advancing a lot...

18 00 hrs.

MR. DEPUTY SPEAKER : Now, it is 6.0. p.m. Minister of Parliamentary Affairs wants to say something.

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRIMATI SHEILA DIKSHIT) : Sir, I move...

PROF. MADHU DANAVATE : We will continue this debate tomorrow.

SHRIMATI SHEILA DIKSHIT : May I have a word?

PROF. MADHU DANAVATE : You can have a word, but only say 'tomorrow'.

MANY HON. MEMBERS : Tomorrow.

SHRIMATI SHEILA DIKSHIT : I have heard everybody. But in spite of that, I would like to move that today's sitting of the House may be extended upto 8 p.m. or when the House has heard the distinguished speakers, whichever is earlier. The Minister's reply will be tomorrow.

MR. DEPUTY SPEAKER : I think, the House agrees. All the speakers who are interested to participate may do so today.

PROF. MADHU DANAVATE : Let us discuss tomorrow, so that whatever economic developments take place tomorrow, we can discuss that also.

SHRI S. JAIPAL REDDY (Mahbubnagar) : Tomorrow, the Finance Minister will come with more concessions.

MR. DEPUTY SPEAKER : That is why, the Finance Minister wants to hear the whole debate today.

SHRI S. JAIPAL REDDY : I suggest that a conscience vote may be taken. Our view will have majority.

PROF. MADHU DANAVATE : Even Prof. Ranga wants that it should be continued tomorrow.

SHRIMATI SHEILA DIKSHIT : If we do not sit today till 7.30 or 8.00 p.m., we will have to do it tomorrow. You may have to sit late for different reasons.

SHRI AMAL DATTA (Diamond Harbour) : We will sit late tomorrow.

MR. DEPUTY SPEAKER : I think, we can extend the sitting of the House upto 8 00 p.m. Let all the speakers speak today and the Finance Minister will reply tomorrow.

SHRIMATI SHEILA DIKSHIT : We have got very important business coming up tomorrow. Members are going to speak on that also.

PROF. MADHU DANAVATE : Are you bringing the Constitutional Amendment Bill tomorrow?

**SHRIMATI SHEILA DIKSHIT :** Yes. I suggest that we may extend the sitting of the House till 7.00 p.m. today.

**MANY HON. MEMBERS :** Yes, yes.

**MR. DEPUTY SPEAKER :** The House will sit today upto 7.00 p.m. I would request the Members to be brief. If they take more than five minutes each, we will have to sit late.

You may please continue now, Mr. Mohanty.

I request the members to be brief and not to take more than five minutes each.

**SHRI S. JAIPAL REDDY :** Sir, our candle is being burnt from both the ends. Firstly, the House is getting extended and second thing is our time is getting reduced.

**MR. DEPUTY SPEAKER :** We have extended it for an hour only.

**SHRIMATI SHEILA DIKSHIT :** I would like to correct Shri Jaipal. It is our candle which is being burnt at both the ends and not yours. You are eating your cake and you want to keep it too !

**MR. DEPUTY SPEAKER :** Yes Mr. Mohanty. Please be brief.

**SHRI BRAJAMOHAN MOHANTY :** In 1980 when I saw the Audit Report of the Rourkela Steel Plant it was observed that the technology adopted was obsolete and 20 years behind. I congratulate the Government and the Finance Minister because they are taking decisive steps to replace that obsolete technology by the most upto date technology by which our economy can be internationally competitive.

I am very thankful to Amal Babu because he has drawn the attention of the House to the anti-poverty programmes and also land reforms. He says that until and unless the complexion of the party in power changes, land reforms cannot be implemented effectively. Well, one particular party alone is not in power everywhere in this country. There are different parties in different States. Congress-I which is a very dynamic party has been changing from time to time accord-

ing to the needs of the country. One thing I would like to say is that our efforts should be commended. The steps taken by us to eliminate poverty should be commended. It is not a small thing, if you keep the growth of population in our country in view. What is the growth of population in India ? So far as United States of America or Soviet Union are concerned, they are handling only a static population and not a population which is growing every year. That is why this factor must be taken into consideration. Even then, the achievement of the Government could not be minimised. The percentage of the population living below the poverty line is reduced to 37 per cent from 48 per cent some years ago. It is a big achievement for which the Government deserves all the congratulations. I do agree that there has been a big gap as far as implementation of the programmes is concerned. In some of the States, the funds provided by the Government of India are not even spent fully to implement the programmes. I do not want to name those States and anyway everybody knows as to which are those States. And we are pressing the Government of India to monitor more closely. But it is possible in our federal set up to have close monitoring ? It may be possible in a regimented society but not in ours. With all the limitations, the Government of India has taken a correct stand and that is why I congratulate them and I hope that the whole House commends the Government.

**SHRIMATI JAYANTI PATNAIK (Cuttack) :** After our Government came up with this new Economic Policy, we see in our country a new economic environment, a new desire to have economic competitiveness and freedom from outmoded controls and restrictive regulations. The Government have taken significant steps which may stimulate economic development of our country. The Long Term Fiscal Policy is one of those significant steps. It has provided stability in tax rates and it will also enable the industrialists to make adequate investment for economic development. Some Members from the Opposition have said that because our population is so huge, we have not achieved what we should have achieved in Health and Education sectors. India, of course, is the second most populated country in the world; and

India is one country which took up family planning as a governmental programme in the '50s., in order to limit the rate of increase of our population. However, this programme should not be forced on our people. They should take it up voluntarily. When we have such a huge population, we will naturally have problems in Education and Health fields also. Our Government is seriously thinking of changing the Education Policy.

Our infant mortality rate is 130 per thousand. Now we are aiming to reduce it to 60 per thousand. Regarding longevity of human beings, it was 30 years earlier; now it has increased to 52 years. That is the direction that we are taking.

Our economic policy is most growth-oriented, and we are also aiming specially to attain social justice. We know that we cannot depend on public sector undertakings alone, because ours is a mixed economy. So, many concessions are given to the private sector also. In order to enhance our financial resources, our Finance Minister has taken various measures, *e.g.* reduction in the rates of income tax and corporate tax, abolition of estate duty etc. The Centre's tax revenue has gone up by a record 24% in 1985-86. In the matter of collection of income tax, it has gone up by 45%. That is how our Government is going to increase the funds available for developmental activities.

There was a criticism made, that the reduction in the rate of income tax, and the abolition of estate duty will bring about a decrease in the total revenue. This has been proved false. In fact, the high rate of taxation gave rise to a lot of evasion. Now that there is a reduction in the rates, there has been an increase in the collection of tax revenue.

Our economy is growth-oriented. We know that many measures have been taken for its growth. The growth rate in industrial production has gone up by 7.7% during the first three months of 1986-87. Our electricity generation in April-June has increased by 10%, and of coal by 8%; of crude petroleum by 7% and of railway freight by 11%. On coal, there is an 1% jump in the first three months of 1986-87,

compared to January-March 1985. We know that there is a public sector, and there are some deficiencies there, because we have seen that full capacity utilization is not there. When we will achieve 80% of capacity utilization, our services and goods will be doubled. In order to have increased industrial growth also, our Government has taken certain measures in the matter of industrial licensing, which is being liberalised. The licensing system has created an accumulation of much fat and filth. That is why Government has taken up liberalization of the industrial licensing system.

Further steps have also been taken in the small sector, in the small scale industry, that is creation of a special fund in the IDBI to provide refinancing assistance for development, expansion and modernisation of small scale industry. Then various concessions in excise have also been given so that industrial growth will be achieved.

In the agricultural sector, we see that there is self-sufficiency in foodgrains and we have a food stock of 25 million tonnes; and our foodgrains production has gone up to the extent of 150 million tonnes. In 1950, we were getting 50 million tonnes; now, it has gone upto 150 million tonnes. The Planning Commission has estimated that per capita consumption per annum in the case of cereales should be 225 kg, but at present per capita consumption per annum on an average comes to about 175 kg. In order to increase per capita consumption, it is true that our people must have the purchasing power, and for that also our government is marching ahead, because they have introduced various anti-poverty programmes. The central plan allocation for anti-poverty programmes has stepped up by 65 per cent this year. So, when we are talking about health sector and other sectors, I want to say that government is also very eager to extend the coverage of nutrition programme for young children, pregnant women and nursing mothers also because our ICDS projects are also aiming at that to have health facilities and nutritional facilities.

I come to import liberalisation. Much has already been said about import

[Shrimati Jayanti Patnaik]

liberalisation. There is no doubt that we must not lay emphasis on import liberalization and we are doing that, because we have stopped the import of crude oil.

With a view to reducing trade deficit vigorous promotional measures have been taken during the recent past and encouragement is being given for exports, diversifying our productive base, modernising our productive apparatus, modification and periodic revision of our industrial policies, etc. Of course, here we may say that we are having big houses and we must find out what is their share in the field of export, because our industries should be such that they should get encouragement. MRTP should also be encouraged. Their limit has also been increased; they should have a share in the export. We know that we are facing a lot of difficulty like a competition from other countries. The developed countries are also putting up the tariff barriers. Imports of machinery, capital goods, fertiliser and transport equipments are tending increasingly to be competitive to domestic production.

Our foreign exchange reserve has declined by Rs. 204 crores during 1985-86 against the rise of Rs. 319 crores during 1984-85. It is true that our foreign exchange reserve position is not so bad and it still looks very impressive because 19-20 per cent is manageable and it is allowed under control system. So, India's credit rating remains high and the current level of foreign exchange of about Rs. 65,000 crores is 10 times higher than the level a decade ago.

Although we are not having much export, still we are going in for import because of the technology transfer, and we have to do it; in between we are in a difficulty; we cannot ban our import fully; we cannot say that.

Besides this, about price situation, much has already been said.

We are now actually in a better position. Hon. Members from this side have already said and especially as far as edible oils are concerned, we want to be

self-sufficient and we are trying to become self-sufficient. If we compare during the last six years we will find that the increase in the whole sole price index is not much. The price situation, I can say is not bad. We must strengthen our core sectors and the infrastructure part of it. Infra-structure like power is essential. Some of the States are power-starved. Government should take care of this infra-structure and provide power for those States which are power-starved. Government should provide more funds for them so that they can prosper.

With these words, I must say that our economy is growth-oriented and we are aiming towards social justice and for this we must thank our Finance Minister.

SHRI PIYUS TIRAKY (Alipurduars) : Mr. Deputy Speaker, first of all I would like to point out to our hon. Finance Minister three points.

Firstly, our posture towards the small scale industries is very venerable but what is the exact figure? What is that we are getting in return to such a big drain on our resources?

I have got a copy of a note, prepared from the Survey conducted by the Government itself in 1983, which showed that 12 per cent of the small scale industries were not traceable; 26 per cent were permanently closed. But the beauty of it is, that in February 1975 Shri A.P. Sharma, the then Minister of State for Industries, said that most of the units in textiles in the small scale sector were bogus ones.

In March or so the Survey conducted by the Reserve Bank of India showed that 34.5 per cent of the total small scale units assisted by banks indulge in circumvention of law.

The Fourteenth Report of the Estimates Committee of Lok Sabha, 1980-81 showed that drastic measures were needed to check the alarming growth of bogus units in the small scale sectors. The beauty of this is, these units in the small scale sector, are not in existence at all. Some or most of them are permanently closed. But precious

raw materials are supplied to them by the official agencies.

I would like to draw the attention of the hon. Finance Minister to these facts. Official agencies are giving aid or help to non-existing or closed units of the small scale industries. It is not done by private agencies; it is done by your official agencies. Valuable raw materials are being supplied to them. This is creating black market and is becoming a source of black money.

Our anti-poverty programmes, like IRDP, NREP, are only frittering away the money.

The Public Accounts Committee in its Nineteenth Report, 1980-82 had observed several irregularities, corruption, misappropriation, false debits in accounts, diversion of foodgrains, etc. Prof. Raj Krishna, a Member of the Planning Commission said: "Only a small portion of funds really trickles down to the target groups". The National Institute of Public Finance and Policy published its report last year. In this report it regards the anti-poverty programmes as one of the sources of generation of black money. The study disclosed that 50 per cent to 80 per cent of the money earmarked for anti-poverty programmes is going down the drain.

**Mass loan Mela :** You organise meetings and distribute loans on a mass scale to everybody, whether they are asking or not asking. You push them to ask for loans. The melas have become a profitable business for musclemen, middlemen, political opportunists are anti-social elements.

**Time to change rural policies :** The Government's claim of 6.2 per cent growth in agricultural production annually is illusory. The growth in agriculture is based on comparison with the production in 1979-80, the year of the severest drought when there was a decline in food production by 22.2 million tonnes in a single year. If a year back i.e. 1978-79 is considered as base year, the growth rate stands only at 2 per cent which is lower than even the growth in population. We have 11.6 per cent of world's total arable land but our production of foodgrains in 1981-82 was only 8.8 per cent of the world production. Our population in

that year was 15.5 per cent of the world's total population. At the level of world average, our production will have to go up by 76 per cent.

A study indicates that in 12 out of 21 States—now we are going to be 22 states—the green revolution had almost no impact. The major and medium works of irrigation the cost of which has sky-rocketed, have not produced the desired results. The literacy rate is still less than 30 per cent in villages. The infant mortality rate is 135 per thousand. That indicates that education, nutrition and health care remain grossly neglected in rural areas. How can the nation claim to have moved forward when two-third of the population is poorer today in terms of purchasing power?

One may ask as to why the small farmers of India are not surplus producers as they are in Japan and South Korea. An average family of five persons in India consumes no more than 8.5 quintals of grain in a year. In the distribution of scarce national resources the rural people have not received their due. The demand for power in rural areas if adequately met, the face of rural India can change within a decade. In spite of the tall claims made, power made available to the farmers is not more than 1/6th of the total power consumed in the country. You are giving 1/6th of power to the farmers for the production of foodgrains which is very essential for the life of the nation, whereas you are giving a major part of the power to towns and cities so that the dwellers there can lead a luxurious life.

In the matter of education too, the attitude of the Government towards rural masses has been very unfair. According to 'Challenges of Education', a Government publication, the per capita expenditure on education in rural areas is no more than one-fourth of expenditure in urban areas. 40 per cent of the primary schools have no roofs; 39.72 per cent have no black boards; 59.50 per cent have no drinking water facility; 35 per cent have only one teacher to take care of three to four classes. Most of the economic policies are going to be reviewed by the Government but the exercise will be no more than a cosmetic treatment so long as the rural policies which impinge on the lives of 76



[Shri Piyus Tiraky]

per cent of the country's population remain unchanged. The policy pursued so far has failed to achieve the desired results. Therefore, change in policy is a must for the all round and rapid development of the rural areas.

Inequalities in incomes, status, facilities and opportunities, not only among individuals but also among groups of people, should be reduced.

If the Government sincerely wish to double the agricultural produce and not merely to produce what is enough for survival, then 40 per cent of the public finance and institutional credit for agricultural and rural development be provided to meet the target by the end of the twentieth century. All restrictions on movement of foodgrains be removed so that it may have beneficial result both for producers and consumers.

Our best security lies not in maintaining huge buffer stocks but in keeping our production level at least 25 per cent above the demand level. Free movement of foodgrains should be there so that the people can have the foodgrains of their choice and do not murmur for getting sub-standard foodgrains which the Government is supplying from their godowns.

All land holdings belonging to marginal farmers be consolidated and placed in one block of the village land, separately demarcated and cultivated by their owners. So, there is no question of taking away the land. It must be consolidated and all facilities, including irrigation facility, modern techniques for better production, grinding, processing, marketing, storing, etc., be provided in the block where those marginal farmers are placed. If they get these facilities from the Government, then only we can see our rural India as independent. If the Government really wishes that all the people in India must have their primary needs, then it must provide them food, shelter, education and health care. Now we are approaching 40th year of our independence. The people's expectations are increasing and they will not wait any more. The hon. Minister is very energetic. So, it is time that he should take up all the programmes and see where the

loopholes are and try to remove them and reactivate them. Then only the basic needs of the Indian people can be met in a short period of time.

[Translation]

SHRI DAL CHANDER JAIN (Damoh) : Mr. Deputy Speaker, Sir, regarding the economic policy, I would like to say that hon. Minister of Finance, under the leadership of hon. Prime Minister has laid down a policy, which is good for all round progress and will uplift the weaker sections and poor people of the country. We have stated getting the results of this policy.

I want to tell my colleagues from the Opposition that there always are two sides of a medallion, and only after viewing both the sides we should first talk of the brighter one and thereafter we should point out the drawbacks. It is their duty to extend us cooperation in implementing the policy of the Government meant for all round progress. They may criticize it when there is a need. We do not want to check them. Large number of our people live in villages and I want to invite your attention towards the works done by the Government for their development.

The places, having a population of one thousand people, are being linked with main roads. The schools are being opened where there are no schools. This is right that schools at such places do not have the facilities which they are supposed to have but these facilities will be provided in the course of time. Electrification is being done. Today, we find electricity in such areas where we even could not imagine. If we go to a village in the interior, we come across radios, and farmers some of whom are even graduates. These are all the achievements of our Government.

In current year 15 lakh families from poor or weaker sections have been provided assistance. Out of them, 40 per cent belong to the Scheduled Castes or the Scheduled Tribes. Certainly, they have made progress, which can be seen after paying a visit there.

For instance, I want to tell you that a provision of Rs. 230 crores to Rs. 428

crores, has been made under National Rural Employment Programme. This has been done with a view to uplift the poor famers and labourers and weaker sections of the society. Another provision for Rs. 125 crores has been made for constructing houses for the Scheduled Castes and the Scheduled Tribes. The Government has laid down a target of constructing 2 lakh houses every year with this fund. The Government has issued directives to the banks to provide easy loans to rickshaw-pullers, hawkers, barbers and washermen.

Accident Insurance Policy has also been started for the poor families in about 100 districts. It should be extended to whole of the country. The farmers have been provided with high yield seeds and fertilizers, which has certainly improved the condition of the farmers and as a result of that, we have a buffer stock of 25 lakh tonnes. This much stock, we never had. There is an important point in it that we have purchased the foodgrains at support price from the farmers, so that they do not have to sell their produce on less rates. That is why, the Government has purchased this much stock from the farmers.

Wherever we have reduced the rate of the tax, the statistics show that the tax collection has doubled. This is a good attempt. Where raids were organised against tax-evaders, they were also carried out against the officers. There is an improvement in the atmosphere in the country. I would like to draw hon. Finance Minister's attention that this programme should continue so that such type of people do not thrive any more and this malady does not spread.

This year, the quantity of drugs and smuggled goods we have confiscated so far has never been confiscated earlier. The officers, who have done this commendable work should be praised for their work and strict action should be taken against the officers who neglect their duty so that they can learn a lesson and associate themselves with the officers engaged in the national progress. They are also citizens of our country and it is why I say that they should be associated.

Sometimes, due to natural calamities, the production is adversely affected which

results in price-hike, but it is for a short period. For instance the prices of potatoes, sugar or oil increased because there was a drought in Gujrat. The production of oilseeds was affected which resulted in oil price hike. There was drought in Uttar Pradesh due to which the production of potatoes decreased. But for the sake of consumers, the Government imported oil and sugar, which disturbed our Import-Export balance but this situation came to an end after a short period. Our Government always pays attention to the need of consumers and ensures that they should easily get the essential commodities.

Lastly, insofar as the opposition is concerned, I would like to tell you the conversation between two friends. Two friends were talking to each other. One of them said that if somebody could tell him that how much did two and two make, he would offer a prize to that person. The other one said that it was very simple and everybody could tell that two and two make four. Then the first one said that of course one would tell but they would make four only when he agreed. The same is the case with our friends from the Opposition. They never speak of the progress made by the country but they always criticize. They should give up this policy and cooperate with the Government.

With these words, I thank and congratulate my leaders for implementing such policies.

**SHRI RAM PYARE PANIKA** (Robertsganj): Mr. Deputy Speaker, Sir, I feel that our colleagues from the Opposition have not contributed much in today's discussion on economic policy particularly as compared to the contribution made by them during the discussion on the economic policy presented by the previous Finance Minister. They chose a good occasion to obtain some political gain from it. But I would like to draw the attention of the House that in 1980, when our party once again came to power after Janta Party's regime, you might recall that due to the shattered economy during the Janta regime, the agriculture production was reduced by 17 per cent and the industrial production was reduced to minus 14 per cent. In 1977, when we left the Government, the

[Shri Ram Pyare Panika]

industrial production was going up by 10 per cent and the position of foreign exchange was also very good, the economy was stabilised but what happened after the Janta regime of two and a half year? But thanks to our new policies that today we have a stock of 25 million tonnes foodgrains. Along with that, we have also achieved the industrial target for the Sixth Five Year Plan. So far as the agriculture production is concerned, you might recall that there was a drought in the country in 1982, which had affected 5 crore people and 31 per cent of the agricultural land. But in spite of all these odds, we made an unexpected progress in the field of agriculture. You won't find any other instance in the world as we solved the agriculture problem in our country in spite of drought, floods, cyclones and frost. The achievement made by us is unprecedented. Therefore, I want to say that I cannot agree with what you people have said. You have seen how our economy has become stable. I am saying that in 1978-79, the cost index was 21.4 per cent and today it is 3.8 per cent which is a marvellous achievement. That is why, I am saying that you should not ignore what we have achieved. It seems that you need to wear a wee bit of a pair of spectacles to appreciate it. You have to accept the reality. We have made enough efforts to increase our revenue.

**SHRI C. MADHAV REDDI :** We don't need the pair of spectacles, you need them.

**SHRI RAM PYARE PANIKA :** Shri Madhav Reddi, our unprecedented achievements in the field of revenue collection should have been discussed. The Personal tax limit has been increased. We hope to achieve a certain percentage increase in our target of earnings that we have fixed for Seventh plan. This is not a small achievement. We have achieved wonderful success especially in the key sectors like coal, power, cement, transport, oil which form the infrastructure of our economy. Just now, Shri Amal Dutta has mentioned that our balance of payment situation has improved. Why have we to pay less? It is because we have produced oil, for which we would congratulate the Government.

Inflation has been a topic of much discussion over here. You do not delve deep into it. You merely say that potatoes and oil have become more expensive. In its effort to improve the balance of payment situation, the Government adopts stern measures but it also must bring about definite changes in the import policy. Again, as in case of oil, our sugar production has also increased. We have reduced our imports by 75 per cent. What was the situation last year? The Government is making concerted effort to provide incentives to the farmers, so that they would be encouraged to produce more. It is not only that the import of sugar has been stopped. You can see a definite improvement in the sugar situation for the last two or three years and the same improvement will be there in regard to other commodities as well. We do not try to get cheap publicity as our sister has mentioned. We are interested in taking concerted steps. Our hon. Finance Minister has not hidden the facts at any level. He has pointed out the shortcomings regardless of where they exist. Again, when we talk about our failures in certain areas, we must also talk about our achievements in other areas.

The Finance Minister may not like to tell you, but I would like to inform that the State Governments are not lifting the entire allocations of wheat, rice, sugar, edible oil etc. made by the Central Government. Some States are regarding to this in order to create artificial scarcity. This is done to benefit the capitalists. Under such circumstances also the entire blame is laid on the Centre. If we try to say something, then the issue of Centre-State relations would be raised...*(Interruptions)* Shri Madhav Reddyji, you are the leader of that group. You should see as to what is happening in Andhra Pradesh. The Centre allots rice at the rate of Rs. 1.50 per kg. and you sell the same at Rs. 2.00 per kg. Why do you charge a higher price...*(Interruptions)* Again, the State Government of Andhra Pradesh is earning profits by selling power at a higher price to Karnataka than that at which they receive the same from the Centre. They do not sweep before their own door. The situation today is such that you people do not pay any heed to the guidelines issued by Shri Satheji, and when we try to take certain

steps in this regard, then the Centre-State relations are put up as impediments in our way. Besides, power generation is not being monitored properly at present. We need your co-operation in this matter. It is true that there is a shortage of petroleum and coal. I want to tell hon. Shri Satheji that Uttar Pradesh is facing difficulties in its monitoring system as it has recently informed the Centre. Just now I read a press note issued by the Railway Department. In this note it was mentioned that due to the lack of adequate supply of coal, the loading targets are not being fulfilled. When the C.I.L. was informed about it, then it replied that this was so because the Railways do not have an adequate number of rakes, due to which a lot of coal lying on the pitheads is not lifted. Therefore, I would request Shri Satheji to rectify the monitoring system so that difficulties do not crop up due to lack of coordination. A sub-committee comprising of the Finance Minister, Shri Satheji and the Minister of Railways, was formed to look into this matter. The monitoring system must function properly once again, because unless there is an adequate supply of power, both our agricultural and industrial production will have to suffer. As I have mentioned earlier, so I would again reiterate that we have a very sound economy.

I would like to submit another point. As some of our friends have also said, today the Private Sector, the Joint Sector, the Cooperative Sector and the Public Sector are not really different because they have drawn all their capital from the Government. In the private sector at present, 90 per cent of the capital has been provided by the Government Exchequer and other financial institutions. I would also submit that our economy has improved because of the liberal policy of the Government. However, I would not agree with the allegation that our imports have increased due to this policy. If we want to utilise new technology for modernisation of our industries and to stay in competition in the international market then we have to produce certain commodities which have a higher market value. Today, we are under such compulsion that we have to import certain goods, but it is also our duty to ensure that our Private Sector industries

which seek substantial Government assistance for importing goods from abroad, must manufacture export-oriented products only and this must be an indispensable pre-condition. However, in order to earn more profits they should not manufacture luxury goods only, as it might have an adverse influence on the economic system of our country. Therefore, I would certainly demand that the Private Sector must assure us in writing that they will manufacture only export-oriented goods before any import licence can be issued to them. Moreover, the Government must have the power to punish those who do not adhere to it.

Thanks to our poverty eradication programmes, the percentage of people living below the poverty line has dwindled from 47 to 38. Shri Amal Dutta speaks very well and when he was speaking today, it seemed as if he was preparing for the next elections in advance. His speech was not based on facts. It is not proper to say that 50 per cent of people in the country are poor. It is also not proper to say that this has not happened or that has not happened. You cannot challenge the Government figures which show that only 37 per cent people are living below the poverty line. Our Hon. Shri Rajiv Gandhi has initiated a new monitoring system. He has asked some private agencies to do the monitoring. Now, you would say that this is wrong. If this is so, then who can win your confidence? How are you implementing the programmes in your area? Our Government led by Shri Rajiv Gandhi, has agreed to the fact that there are certain shortcomings in our land reform programmes which were started 30 years ago. The intentions of these people are not good regardless of which side they belong to. We are simply demanding your kind co-operation in regard to the policies that we have formulated. All Opposition groups have called for a coordinated effort on the part of everyone, for the formulation of such a policy, by which the land reform measures could be implemented properly. It is not right merely to criticise the land reform programmes. Our Prime Minister who is the leader of this country and the Government believe that the lacuna existing in our land reform programmes must be removed,

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When we confess our weakness, you take it as the basis for criticising us. You should criticise us on practical points.

I want to tell you that all the big countries of the world have appreciated our policies. I want to congratulate our Government once again and urge the Opposition not to deviate from the objective with which this discussion was initiated. I agree that we might have committed certain mistakes but our attention has always been towards a better future for India. We have not hidden any facts. Whatever we want to do, we have presented it in front of you.

The problem is that, on the one hand you say that industrial expansion should be there in our country, and on the other when we take certain fiscal steps in that regard, you contradict this. The Indian people cannot be swayed in this manner. If your attitude remains the same, then I regret to say that during the 1990 elections, not more than one candidate would be able to get himself elected from each of your political parties.

[English]

**SHRI M. RAGHUMA REDDY** (Nalgonda): The present socialism of our country allows millionnaires to become multi-millionnaires and the poor to become poorer. In India, all the people are not getting two square meals. In the rural area, people are allowed to earn crores of rupees. This is our policy. This is the present system.

Actually, just now many Members said that we are marching towards 21st century. Of course, we may be marching under the dynamic leadership of our Congress leaders. But what actually is happening in the rural areas? Where is our economy? India is vertically divided into two groups, the urbanites and ruralites. It is going. It is coming. Day by day, the urban economy is improving. The rural economy is going down. That has to be stopped. The Finance Minister, I do not know might be coming from a rural area. But even then you agree and everybody is agreed, that the urbanites are gaining the fruits of this independence

and actually they are realising, not the rural people. It has to go to the rural areas. Something might have gone but not to the satisfaction of the rural people. That you have to take into account.

What is the present economic position? What about the foreign debt? It is of the order of Rs. 40,000 crores. But 40% of your entire economy is controlled by black-money. Whose policy is this? Is it not the policy of the Congress Government? Who are responsible for the growth of the black-money day by day? I appreciate the present Finance Minister. He has started taking some steps to control black-money. Last year, he has conducted some raids under Enforcement Act. But I do not know what prevented him all of a sudden. All of a sudden, we are not getting anything from the newspapers.

**SHRI VISHWANATH PRATAP SINGH**: Recently a raid was conducted.

**SHRI M. RAGHUMA REDDY**: The Finance Minister is under pressure from big leaders, I do not know.

**SHRI VISHWANATH PRATAP SINGH**: Raids were conducted and Rs. 52 crores were acquired. Recently it come in the newspaper.

**SHRI M. RAGHUMA REDDY**: This is the present situation. We have to take the present position of the economy. Energy should be enhanced. I do not know what the planners are doing about the energy. For any country, for development, energy and education, both should go side by side. Then only the country will develop. Where are we now? Where do we stand? After 39 years of independence, even the rural people are not having energy. Mostly 70% of the people are engaged in agriculture. Even in agriculture, we are not having irrigation process. Most of the irrigation is dryland

19.00 hrs.

irrigation. We have to allow more funds. That is the priority sector which should be strengthened.

Some days back we discussed the Electricity Amendment Bill. Pilferage of electricity

is of the order of 20%. That has to be removed.

You give agricultural loans. Many nationalised banks are giving loans to farmers. Unfortunately in my constituency crop loans were given last year. My entire constituency is under the grip of drought. I represented to the Banking Minister but no action has been taken. That is the fate. I represented to the Minister to give some medium and long term loans which will give some results. But there is no water, you are giving crop loans just to meet your targets. That is the situation and I am bringing this to your kind notice so that you may enquire into this matter.

Just now my learned friend said that we have reached self-sufficiency. Yes, we reached self-sufficiency in foodgrains. During 1984-85 it was 151 million tonnes. This year it is 146 million tonnes.

**SHRI PIYUS TIRAKY :** That is only in the godowns.

**SHRI M. RAGHUMA REDDY :** Where is the priority for agriculture? Agriculture is not given due priority. If the farmers are allowed to produce more, who will buy? Where is the marketing? Where are the marketing facilities? There are no marketing facilities. There is a Naya Bazar in old Delhi where crores of rupees business takes place daily. There is no regulated market even in Delhi, what to talk of other places. People are allowed to buy and are allowed to mint money. That is the system we are having. You may produce 151 million tonnes or 160 million tonnes this year as per your target but there are no exports. Only 1 million tonnes of paddy and 2 million tonnes of wheat you have exported. That is all. You are not exporting agro-based products. Many agro-based products have to be taken up. Then only the rural farmers will be benefited. We have to purchase the entire stock from the farmers and then you can distribute. That system should be there.

There are many things. We have to study the foreign markets and whether we can compete there. We are giving loans of crores of rupees to industrialists. As Mr. Madhav Reddi said they are manufacturing all the items and selling them here only. Thereby you are not getting the foreign

exchange. That is the major thing. You have many anti-poverty programmes. Actually how many people are benefited out of these? You are giving buffaloes; you are giving seeds and you are giving loans which are not practicable to the farmers in the rural areas. Under the drought scheme you have given nutrition programme. When they are dying for food you want some nutrition programmes and you supply eggs. When they are starving for food and when they want work, you are giving all this whether they are in need of that or not. The guidance comes from the AC rooms to the rural areas. Why don't you give liberally to the States? You are giving Rs. 30 crores or Rs. 40 crores, let them formulate their own schemes and spend that amount. In the same way of the entire amount of IRDP, NREP or whatever may be the programme, only 30% people are benefiting. The remaining 70% are not getting this benefit.

I want to get clarifications in regard to one or two things. Many people say about Rs. 2 kilo rice. My friend said Rs. 1.50 a kilo for wheat; they are not giving wheat at Rs. 1.50 a kilo. In tribal areas it is Rs. 1.95 a kilo paddy. Whereas we are giving 20 lakh tonnes under Rs. 2 a kilo scheme. After all what you are giving is only in the tribal areas.

**SHRI VISHWANATH PRATAP SINGH :** Out of Rs. 2 how much is the central subsidy itself?

**SHRI M. RAGHUMA REDDY :** Only 10 lakhs is the Central subsidy and the remaining is the State money. We are giving 20 lakh tonnes to everybody whose income is below Rs. 6000. We are keeping only the income limit—whether it is tribal or non-tribal, forward or non-forward we are supplying Rs. 2 a kilo rice. Not only rice, we are supplying cloth at half the rate.

Likewise there are many schemes. If the Hon. Minister wants to see, please go and see in some of the rural villages the development that has taken place from 1983 onwards. Some of your controversial ministers come there, give some controversial speeches and come back. If you want really to study the rural Andhra after 1983 development, you can come and study with open heart. Not keeping in mind that

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Telugu Desam is ruling. As Vishwanath Pratap Singhji or as Vasant Satheji you come down to Andhra Pradesh just to study; then only things will be known as to what is actually going on there and why people are crazy for NTR or for Telugu Desam.

MR. DEPUTY SPEAKER : Madam, can we adjourn.

SHRI C. MADHAV REDDI : You had extended only by one hour. Tomorrow we can take it up.

THE MINISTER OF STATE IN THE  
MINISTRY OF PARLIAMENTARY  
AFFAIRS (SHRIMATI SHEILA  
DIKSHIT) : O K., let us adjourn.

MR. DEPUTY SPEAKER : The House stands adjourned to meet at 11 a.m. tomorrow.

19.08 hrs.

*The Lok Sabha then adjourned till Eleven  
of the Clock on Tuesday, August 5,  
1986/Sravana 14, 1908 (Saka).*