

13.39 hrs.

## DISCUSSION UNDER RULE 193

### Economic situation in the Country

[English]

MR. DEPUTY-SPEAKER : We shall now take up item No. 13 which is discussion under Rule 193 on the economic situation in the country. The time allotted to this subject is two hours. Shri Jaswant Singh may initiate the discussion.

SHRI JASWANT SINGH (Chittorgarh) : Mr. Deputy-Speaker Sir, as I rise to initiate this discussion on the economic situation, I cannot help being filled with certain sense of despondency particularly as I look around and see row upon row of empty benches and this to during a discussion of prime importance to our country today.

SHRI INDRAJIT GUPTA (MIDNAPORE) : That is the fate of any serious discussion that we have in this House.

AN HON. MEMBER : You pleased look behind also.

SHRI JASWANT SINGH : I have looked behind also.

MR. DEPUTY-SPEAKER : First he looked behind and then he made the remark.

SHRI JASWANT SINGH : My observation is not uni-directional. I could not help reflecting on it. We really yanked this discussion out of the teeth of a reluctant Government because we felt we needed to address ourselves to this question.

SHRI SHARAD DIGHE (Bombay North Central) : You address the people of India through the televisions.

SHRI JASWANT SINGH : It is really the House that I wish to share my view with and not the television cameras. However, be that as it may, that is our fate and that is what we have been brought to bear with. Anyway, I hope very much now that we have just heard about some missing files and we have earlier had an instance of missing lawyers, in that Solanki episode - and I can therefore at least ask the Minister for Parliamentary Affairs that, it is my hope, that at least the file on economic policy is not missing.

Sir, I think, this discussion is very timely. It is timely simply because the term of this Parliament is now about to end and it is time that we took stock of what this Government has done, or not done, or what our complaints and grievances are. This discussion is taking place in this controversy surrounding the missing mid-term appraisal of the Eighth Five Year Plan. The Government, of course, and predictably has not come forward with that

document, though copies of that document, portions of that document are freely available. But that again is to be expected of this Government because everything that is even unnecessary is placed by this Government in the labyrinth of its incapacity and thereafter we are left to search in the dark and try and establish where exactly does the Government stand or, for that matter, sit.

Sir, the Ruling Party's manifesto, when it came to Office in 1991, amongst other things, had made very many bold assertions. A Principal one which continues to haunt them now was that promise about rolling back the prices to the 1989 level, within the first 100 days of its coming into governance. I do wish to remind you of this promise and I remind you of this promise more particularly in the light of the fact that the hon. the Minister for External Affairs and the *de facto* and *de jure* Deputy-Chairman of the Planning Commission is here. I want to go back and make a personal request to him that if the missing mid-term appraisal of the Eighth Five Year Plan would have been here and if Pranab babu had found it fit to share his views with the rest of the House, then it would have been so much more helpful for this discussion. We know and the whole country now knows that he has some significant differences of opinion with the Ministry of Finance - indeed the total management of the economy - it would have helped this debate immensely if we had had this document now.

Sir, however, as I was saying that one of the claims about rolling back prices is now hunting this Government. We would not have worried over much if their promises haunt the treasury benches but the unfortunate part of this particular promise is that whereas it troubles them, it doubly troubles us because we have to pay the price actually, physically and literally the prices for their incapacity. What they said was that they would roll back the prices within 100 days to the level of 1989, but towards the end of 1995, now, in fact, at places, for certain items the prices have gone up by as much as 200 to 300 per cent of what the prices were even in 1991, leave alone 1989.

The hon. the Finance Minister had made a statement on prices. If I start with prices, it is only with that point in mind. It is not entirely surprising, Sir, to say this about hon. the Finance Minister, whom otherwise I hold in very high regard, who is a man of great professional integrity, personal integrity and competence. Whenever I have had an occasion to say so I have repeated this. But I was disappointed that His statement on prices. It was really more a part of electioneering as if he was beginning to electioneer for a political party to which he is a new entrant. That was a disappointment. It is because, what we had expected about prices from the Union Finance Minister, given his great capabilities - was really an appraisal, a professional, clinical appraisal,

as objective as is possible under the circumstances, to tell us this is what is worrisome on the price front these are the segments of price rise that are worrying him. This lack of control in this particular segment is an aspect of the management of economy in which we need to do more. He reduced the entire statement to simply a platform for electioneering. This disappoints me but then, it persuaded me to appeal to the Government that now that they have chosen to start electioneering why they do not announce the elections dates too. Why do they not say, all right, in February or in March, they are going to hold the elections and end this wretched uncertainty so that all of us thereafter know what we are doing, including yourselves?

Dr. Manmohan Singh, in his first Budget, amongst other things had also promised a lower fiscal deficit. He had, of course, repeated his assertion about arresting inflation. He had also said that the benefits of the Economic Reform programme and the miscalled or somewhat ambitiously called the New Economic Policy will percolate to everyone, the common man, etc., and that he will manage the balance of payments and the foreign exchange reserves. There was also an implicit, though not an explicit statement, that all this would be possible. This reform of the economy, the new economic policy, etc., would be possible only if simultaneously our systems too were reformed. This will, therefore, broadly become the criteria against which we judge the performance of this Government. Really this is the penultimate year of their occupation of Chairs and Offices. In 1995, to my mind, this is what the situation was subject to correction by the hon. the Finance Minister. I regret, Mr. Finance Minister, Sir, that I had to start this in your absence. But I only started by saying you very high personal tributes and then also by making some observations on some of the promises that you had made.

Sir, in 1995, employment generation is an area of worry. It has not matched the Government's assertions, Employment generation, both in the manufacturing sector as also in the agricultural sector is an aspect along with prices, which I have already covered and I do not want to repeat, are the areas of worry. I would, therefore, without labouring this point, wish to establish that when the hon. Finance Minister chooses to reply he must reply to these points. What we are interested in, Sir, is the real effect on employment not statistically as your Ministry asserts. Because on many occasions I have said without meaning any disrespect to you, Sir, that I quite often think that the Finance Ministry is actually much more national than an actual Ministry. I do not know how much the hon. Finance Minister is actually above have his writ run upon. If this New Economic Reforms policy of this Government has

not generated employment in terms of what the national expects, then I think there would be a fundamental flaw in the reform programme that you have undertaken.

I have already covered prices. I do not wish to that point. I do not want to repeat that point either. Next I am very worried about the mounting national debt. I could address myself to it in various ways. I could address myself to it as a percentage of the GDP. I could divide this debt into internal and external debt as I would be doing in a very short while. No matter which way I look at it but I find that some of the figures of national debt, are percentage of our GDP - I am not an Economist, but I am informed, Sir - go alarmingly high. I would, therefore, without putting my own uneducated figures to hon. The Finance Minister request him to share with us what are his figures on the total national debt. As percentage of GDP, what has been the movement of this national debt from where this Government took Office in 1991 till now, in 1995? How does he feel he is going to correct the situation in the remaining few months that he has, which is an impossible task? How does he see the long-term?

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum):  
It is 80 plus per cent of GDP.

SHRI JASWANT SINGH : I always differ to the great statistical ability of Mr. Nirmal Kanti Chatterjee. Though I would not stop in between two Economists. He says it is 80 per cent or 85 per cent. Rather the Economist says there are outdated figures. Let us have the dated figures then.

Now, Sir, we continue to poverty, I do wish to submit, Sir, that this Economic reform Programme which in any event long overdue, and in any case, the Leader of my Party and publicly said, that there is no going back upon. The country badly needed it. In the very first budget that the Union Finance Minister had presented I was fielded by my Party to respond. I had an occasion even then to say that we welcome it because you adopted our policy. I continue to say that. But I do also wish to say this Economic reform Programme is not for Indian industrialists. It is not for multinationals. In the ultimate and in essence Economic Reform Programme is for India and for the Indian citizens of course statistically you could argue and say whether India is a poor country or not a poor country. But without doubt, Sir, that it is a country of the poor. No Government - whatever or whichever side of the House they belong to - can afford not to address itself to the poor of this country. I have a figure that roughly 40 per cent of my countrymen are below the povertyline. I do not know which is the greater shaming factor. That forty per cent people are below the poverty line, I can mention this figure so casually and then pass

onwards? This is an alarmingly a high figure and in the fifth year of this Government's undeserved continuance in Office it has not shown any decline, any change.

Now, I will take the growth of GDP. I am addressing myself to the macro issues alone. These are some of the larger economic issues. That is the other index that we can adept. Has the Gross National Product really been growing? Are we, therefore, a more productive nation? I do think that there ought to another be figure called gross called gross national contentment, since it is not an economic criteria ...*(Interruptions)*

Firstly, has our GDP grown? Secondly, if there has been any growth of GDP, out of that growth has the gross national contentment grown? I would be happy if the hon. Finance Minister shared his views here.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH) : Contentment of the state of mind!

SHRI JASWANT SINGH : It is, there is no doubt about it...*(Interruptions)*. In this cold weather, my state of mind would be affected if I do not have this coat. Therefore, the state of mind is dependent on the material. There is a close nexus between the two...*(Interruptions)*

SHRI MANMOHAN SINGH : This is not the Indian tradition.

SHRI BHOGENDRA JHA (Madhubani) : He is becoming traditional today...*(Interruptions)*

SHRI JASWANT SINGH : About agricultural growth, I think, this goes to the credit of this Government our Government must get some credit that we have repeatedly had good monsoon. I do not know whether they have engineered it!

SHRI MANMOHAN SINGH : It shows that the Gods are with us!

SHRI JASWANT SINGH : Yes, Sir, we accept that Gods were with you so far as good monsoon goes. If the Gods were with you, they were with us also because monsoon is uniform. But despite that the agricultural production has grown by only 1.8 per cent. I would be happy to be corrected. But if the total food production has plateaued roughly at 185 million tonnes or if the per capita consumption of foodgrains has declined, then these do not give me satisfaction.

I do not think that agricultural production has matched the bountiful descent of the monsoon in the past few years. Let the hon. Finance Minister share his views on that also.

I do not treat the question of international rupee value as any kind of an index of national prestige. But nevertheless, if rupee devalues and if the only explanation or reasoning, which the Government has

put forward, that our exports have become more competitive, then that does not satisfy me. I think this recent slide in rupee in October really demonstrated two or three things.

Firstly, it demonstrated the fragility of the rupee. Secondly, it demonstrated uncertainty about our balance of payments. Thirdly and most worrisomely, it demonstrated really a very bad management on the part of the Reserve Bank of India and others in arresting this unwanted decline.

I do not want to go into an analysis of what really transpired in the month of October because I am not sufficiently informed in this matter. How is it that the Reserve Bank was so flat-footed in meeting this crisis?

14.00 hrs.

I would appeal to hon. the Finance Minister to share with us, did the Reserve Bank or the other agencies of management of currency meet this situation with the required alacrity, and the expertise that, certainly this economic reform programme and our attempts at modernisation competing globally demand. I request you to educate us on that also and to share with us candidly because unless our discussion is marked by candour, the reform programme itself—as I will be coming to that a little while—will be thwarted by shophistry and hypocrisy, that we cannot afford.

I have some figures with me. I do not want to go into the figures themselves. The national debt and the foreign debt, as I said earlier, and with that if I combine the debt servicing ratio, which I just educated myself little earlier from Nirmal Dada, at 30 per cent plus is a very worrisome figure. I am informed that even some of the mentors of the economic reforms programme like Smadja of the World Bank and others that really now we have situation that the country is in very high danger of falling into an internal debt trap. Why do I say an internal debt trap? Because—if I share with you some aspects of it—the Government internal borrowings have continued to rise; the Government's expenditure, which is the largest major draw upon our revenues has continued to rise. Without doubt, the hon. the Finance Minister's and his other colleagues ability has made the revenue rise by roughly 15 to 16 per cent annually. The ideal, of course, would be that while revenue continues to rise, expenditure should fall. Whereas revenue has risen by about 15 to 16 per cent annually, expenditure has risen by more. Therefore, expenditure has risen more than revenue. A very large portion of the Government's expenditure just goes in running the Government. Therefore, there is very little expenditure by the Government on capital. And if there is no capital expenditure by this Government, you are really imperilling the future of this country. This is in very broad and very

briefly what I thought I would share with you. The targets portion today of our budget goes into interest payment. That interest payment is really again a forfeiture of the future of this nation. It is because of this that we are worried about the internal debt trap situation and it is because of this also that the external debt position worries, about which some figures are with me. But rather than my figures—Rs.300,000 crore is today's figure for external debt roughly—I would be happy to know what the figures are. Is the Finance Minister comfortable with the figures of internal debt and external debt? Is he comfortable with the systems of management that we have to address ourselves to the challenge? There is one aspect, Sir, about fiscal deficit. Let me just repeat it. The hon. the Finance Minister had said that he would reduce the fiscal deficit in his fifth term up to 3.5 per cent of the GDP, 3.5 to 4 per cent of the GDP. We currently run at about 6 per cent, 5.5 to 6 per cent. The Finance Minister himself is not happy with that. He is not happy with it because he is really not in control. That is why I had to say that the Finance Ministry appears to be more in notion than a Ministry.

Nobody listens to the Finance Minister. This kind of situation is prevailing. With the ablest manager of finances that they have, if this is where they have landed us, then I am really sorry because this was the flagship of this Government. This was their flagship. The economic reform programme of this Government was the Government's assertion on control of prices and management of fiscal deficit. On both I am sorry to say I do not carry any sense of reassurance. The other which I must share with the deepest concern and I have said this earlier that you cannot have an economic reform programme if you do not reform the system. And I am sorry to say that in the fifth year of their governance, a number of pronouncements have emerged, have been enunciated from North Block but the sheer immobility and rigidity or ossification of the bureaucratic systems have thwarted and defeated any number of these otherwise worthwhile pronouncements. Mr. Finance Minister, it is with regret that I say that it is because of this failure on your part, which is really on your Government's part, to simultaneously reform the systems of management which is essentially governance, bureaucracy has continued thwart India. And unless these were addressed to, reform will not be possible. Because in any evaluation of the economic situation, that is purely economic, there is also simultaneously an evaluation of the political management of change and in that political management of change, this Government has failed entirely. Because along with the political management of change indeed as part of the political management of change which is without doubt includes changing the entire bureaucratic apparatus,

the hierarchy that has not changed. If anything, the whole business of case by case examination of licences, - you say you have done away with the licences and then you concentrate them all, you put them in a bucket and you send them to the Prime Minister's office and you say - but the cost of the Ministries would not deal with the licensing of new industries or capacities or infrastructure or anything - it is now the Prime Minister's office that will deal with it. You have not only, therefore, in the process not decentralized, not liberalized, you have in fact concentrated a point of corruption, and continuing corruption at that. I will refer to one or two aspects of it.

Sir, I had talked about infrastructure. I would really have been happy if I could today say that infrastructure as part of the liberalization programme, whether it is power or it is transport or it is telecommunication or it is roads railways, airports, harbours, bridges, on account of this liberalization, there has been a great growth in the infrastructure. Unfortunately I cannot find even one kilometer of road as directly attributable to the economic reform programme. We have just witnessed the total mess that has been made in the telecommunication sector. In the fifth year, not a single megawatt is attributable to the economic reform programme.

You have opened out the air space of the country, with the result that there is now no parking space on the aprons of our air fields. This is a vitally neglected sector. Would the hon. Finance Minister be good enough to explain to us why has this Government has this Government failed us, failed the country despite five years of being a holding office?

Sir, regarding the fiscal instruments, I want to touch every briefly the banking, insurance and capital markets. I would not talk about banking and insurance because I have taken more time that I should. But I will talk about the capital market. It is a matter of great concern to me. I do not want to repeat all that I have already written to the Finance Minister. This *tamasha* that we are witnessing about duplicate shares in the Bombay Stock Exchange is a hoax that is being played. It is a hoax now simply because one of the largest companies in the country is involved in it. Of much greater worry to me is the involvement of the principal public financial institution, the Unit Trust of India. Now I do want to know from the hon. the Finance Minister what are the facts of this whole questions of duplicate shares.

What are the facts? I have been in correspondence on the subject with the hon. Finance Minister. I have also sent you a letter and I mention it briefly here now because I am in Parliament. I mentioned to you that in 1991 when some people came to me and gave me duplicate shares of this very

company. I said and I have sent you the duly notarised copies of those duplicate shares that were given to me in 1991. I did not take it up with you because the amount involved was very small and I thought to myself that this is simply not possible. Therefore, I kept the whole issue pending. How is it that the Unit Trust of India could have involved itself in such a matter because it was not in substantial sums of shares; they held as much as nine lakh shares and they keep on switching shares. You hold one lot of shares today, you hold another lot of shares tomorrow and you hold a third lot of shares the third day. It is like going to my good friend, Shri Nirmalji and saying here is a hundred rupee and Nirmalji turning around to me and saying but this appears to be fake and my telling him that you give it back to me and I will give you another lot. Without any procedures having been followed, your company or the Law Department comes in.

Let me take you from this to another thing, your own Canstar, the infamous Canara Bank of the Joint Parliamentary Committee'. The Canstar in the 1990s or somewhere then promised mutual funds with staggered pendency of time which says that if you invest, after four years we will give you Rs. 15, after five year we will give you Rs. 17 and we will give you Rs. 20 after so many years and that sort of a thing. I do not have to go into the details of it. Now, look at the hoax that is played by a public sector bank like 'Canstar' on our investor. Now, when those mutual funds have come up for redemption, Canstar says : 'we cannot do it; we cannot give you your money back'. Is this how the public financial institutions are going to treat investors in the fifth year of this Government being in office? Are we to treat this as an index of the great success of your New Economic Policy? I did start by saying that after all the economic reform programme is for the common Indian. It is not for the multinational corporation or the larger industrial houses of the country and if the common Indian, whether he is a holder of Unit Trust or he is a holder of Canstar finds that Unit Trust has been engaging in all kinds of shenanigans with Reliance Industries and a small time investor in Canstar finds himself now robbed of his money because Canstar says : 'I will give you so much of your holding. Only you hold above five thousand or ten thousand units'. This is a hoax that is being played on the small investors. I think the hon. Finance Minister owes to this House to tell us what is happening, whether it is Unit Trust or Canstar or any other agency. *(Interruptions)*

Look at PSU disinvestment. It has often been observed that to sleep in Parliament is not unparliamentary. But to snore is actually unparliamentary.

MR. DEPUTY-SPEAKER : Snoring should not disturb others;

*(Interruptions)*

SHRI RAM NAIK (Bombay North) : It is the fault of the sensitive mikes!...*(Interruptions)*

SHRI JASWANT SINGH : I was speaking on public sector disinvestment. This is an area of very great discontent. I want to say about the method in which you have gone about it. You once did the courtesy to consult us. We suggested why do you keep yourself involved with this in any case, neither the Minister of Industry nor the Ministry of Finance. Let there be a separate Disinvestment Commission and let this Disinvestment Commission decide what is to be disinvested at what price and how? Let it be professionally handled by Merchant Bankers. You are not obliged to accept what we say or suggest. But you did not do it; with the result the latest round of disinvestment has been a fiasco. Then you enter into all kinds of arrangements. Take for example the case of ITDC. It is selling ten per cent of its ares to India Hotel Company of the Tatas at a fraction of the value.

You sell them ten per cent of ITDC shares at something like Rs. fifty crore and odd. ITDC is the holder of at least thirty or thirty-two principal real estate sites. Ashok Hotel itself would be. If nothing else, at least Rs.300 crore and you sell ten per cent of the ITDC share to Tatas for 50 crores. Why do you sell them to Tatas? What favour have Tatas done to you? What is this kind of loot? Whether it is Reliance or Tatas or anyone else, they do not own India, they do not own India's wealth. And you are selling India's wealth, whether it is the Unit Trust or the ITDC or the Ravva oil-field. What expertise has Reliance or Enron brought so that they should get the finest and the most promising of the oil-fields in Bombay High? You have simply passed them on to Enron and Reliance. Not content with that, you passed on Bailadila, the most promising of the Bastar mines, to just some *aira gaira, nathu khaira*, some fly-by-night operator, who has just yesterday entered the business world. This is part of the total economic situation which leads me to say - and I have said so earlier - that Mr. Finance Minister, Sir, for your, for your personal technical ability, for your personal integrity, I have the highest regard. I have never hesitated to say so in this House or outside, and it gives me delight and joy to repeat this in the House. But I caution you, Sir, that if you or your Government attempt an economic reform programme now, in the fifth year, when your Ministerial colleagues are sunk in corruption, are working in cahoots with business houses and are selling India in the manner in which they are selling, and if corruption spreads as it has spread today and as it has spread never before, then no economic programme can succeed, no economy can thrive.

Mr. Finance Minister, Sir, I have taken more time than I should have. The situation fills us with grave disquiet because of the internal debt, the external debt, the mounting debt-servicing ratio, the

declining rupee and also the decline that we witness in foreign exchange inflows. We are also filled with disquiet at this paralytic and corrupt Government, sunk in its own iniquity. It is unanswering, it is unaccountable and it is uncaring. Now you can well start addressing it as "election programme" from here. That would not satisfy the need of the time. That would not be a service to this poor, blinded mother country of mine. It has suffered immeasurably over the centuries. At least now it deserves better.

There is only one piece of advice that I would like to share with the hon. Finance Minister, whom I have the honour to call as my friends. This I borrowed from elsewhere. There are only two kinds of Finance Ministers - those who leave in time and those who are found out and thrown out. It is up to you to decide which one you want to be. But as far as this Government is concerned, I have no such feelings of even charity or compassion. This Government has now outlived its mandate. It must go. Please depart. That would be the finest thing that you could do to the economy.

SHRIMATI SUSEELA GOPALAN (Chirayinkil) : Mr. Deputy Speaker, Sir, the economic crisis in the country has reached such an extent that life in the country has become intolerable. I am not an economist to speak on the economic situation ... (Interruptions).

MR. DEPUTY-SPEAKER : Please excuse me. I just wanted to remind you that the total time allotted for this discussion is two hours. I wanted to bring this to your notice so that you can adjust your time.

MR. DEPUTY-SPEAKER : I wish to say that the total time allotted for the discussion is two hours.

SHRIMATI SUSEELA GOPALAN : Thank you Sir.

About the economic problem and other things, our comrade Shri Nirmal Kanti Chatterjee will deal with them. I want to speak about the problems of the common man because the people are facing today the disastrous effects of the economic policy. When they came to power what did they say? You all know that during the election their main plank was and they told the people that the prices would be brought to 1990 level. ... (Interruptions) Yes, it is an old thing. But this is fresh in the minds of the people, though it is not very much for you. But this is the problem the people in the country are actually facing.

In 1990 the price of rice sold at Nation shops was Rs. 2.89 per kilo. It went to Rs. 3.27 per kilo in December, 1991; to Rs. 4.37 per kilo in 1993 and finally it came to Rs. 6.90 per kilo now. That is the price at ration shops. What is the actual price? At that time, in 1990 the price was Rs. 4.50 per kilo in the open market. I know of a store in Kerala. Maveli Stores, where rice was sold at Rs. 3.30 per kilo. That was the price at that time. Now in the open market

the price of rice is Rs. 10 or Rs.11 or even Rs.12 per kilo. If it is of Basumati and other varieties the price is beyond reach at Rs.18 or Rs.19 per kilo. It is going up.

What is the price of wheat? The price of wheat at the ration shops has gone from Rs. 2.34 to Rs.4.20 per kilo. The price of sugar has gone from Rs.5.25 to Rs.9 per kilo. It is the price at ration shops. You know that the prices of petrol and diesel affect the people. The price of petrol was Rs. 9.84 per litre and it has gone to Rs. 16.78 per litre now. The price of diesel has gone from Rs. 4 per litre to Rs.6.90 per litre now. It is almost Rs.7. These are all essential commodities the prices of which have gone up. Recently the prices have gone to unmanageable level and they are beyond any control.

What is the price of pulses which also has gone up from June, 1989? The *moong washed dal* was sold at Rs.11.30 and now it is Rs.24 in the open market. The *urad chilka dal* was sold at Rs.10.10 and now its price is Rs.30 per kilo. The *urad washed dal* was sold at Rs.12 and its price now is Rs. 36 per kilo. The *araha dal* was priced at Rs.10.70 and now its price is Rs. 26 per kilo. the same is the case of *chana dal*. The prices of all items have gone up.

Sir, in the northern India the main food for the common man is *dal* and *roti* and a little of onions. The prices of all these things have gone up. The price of *dal* and *roti* has gone up beyond the reach of the common man. This is the result of the economic policy.

When there was depreciation of rupee, our Finance Minister has claimed that it was all of a sudden and for three years there was stability in the value of the rupee. If there was stability for three years, then how the prices of these things have gone up? I fail to understand the logic. What for is the stability? Is it for the common man and the people of the country or not? If stability was there and this has come all of a sudden, that also is having disastrous effect in the market?

There is a steady price rise. But, did the income of the people go up like that in any part of the country? It might have gone up only in the case of 10 to 15 per cent of the people in the country. The income of all the other sections has not at all increased. They say that the wages of the agricultural workers have increased. It might have increased in Kerala and it might have gone up wherever organised movement is there. But it has not gone up in the whole of India. If you go to interior areas where your R.P.D.S. is working, are they getting rice and are they buying it?

SHRI GOVINDA CHANDRA MUNDA (Keonjhar) : Mr. Deputy-Speaker, Sir, I am on a point of order.

MR. DEPUTY-SPEAKER : What is your point of order?

SHRI GOVINDA CHANDRA MUNDA : Sir, all over India the marginal farmers and also the middle level farmers are demanding that the prices of their produce should be raised. They say that if the prices of their produce are not raised, they cannot survive in India.

MR. DEPUTY-SPEAKER : Mr. Munda, there is no point of order involved in this. But your feeling is recognised very much.

SHRIMATI SUSEELA GOPALAN : The farmers in the country want good prices for their produce. The Government has to give it. You subsidise and give it to the common people so that the price level can be controlled. If you do that, you do not have to give more Dearness Allowance to the employees. You control the prices.

SHRI MANMOHAN SINGH : Where is the money?

SHRIMATI SUSEELA GOPALAN : There is enough money. But you are not prepared to take it. What is the profit rate of the richer sections in this country? Are you prepared to tax them? You are giving them more and more concessions to them. I can give you the details. But since the time is very limited I will not be able to go into the details. The profit rate of all the big industrialists in the country has gone up. Are you prepared to tax them, take the money and subsidise the food articles? In that case, you need not raise the Dearness Allowance. How much are you spending on account of Dearness Allowance? If you bring down the prices, you do not have to spend so much money on that.

Your Policy has finally resulted in the devaluation of the rupee. The Finance Minister himself told that they do not want to interfere. When the fall came and in the end when it came to Rs.35/- or Rs.37/- per dollar, the Government intervened.

SHRI MANMOHAN SINGH : It will help the Karala people.

SHRIMATI SUSEELA GOPALAN : Yes; it will help the Kerala people. I am telling you that the exporters in the country may benefit. But the common man in the country will not get any benefit. Even if it is good for Kerala, but if it is disastrous for the whole of India, I will not plead for that. So, the effect is that because of this policy, the value of the rupee has come down. The Government has purposefully engineered this devaluation. They not intervene at the proper time to stop this. Before that all the big people purchase these dollars and kept it in the reserve. The Government intervened after the value of the rupee and fallen. What is the effect of that? The uncertainty regarding the foreign exchange rate and a sizeable depreciation of the rupee against the dollar in October has set in motion a process of serious instability in the financial system. In fact, the crisis have been such that within a couple of weeks the foreign exchange reserve fell dramatically by

1.5 billion dollars. In a longer perspective, the reserve which was 20.8 billion dollars at the start of the current financial year in April fell to 17.4 billion dollars on 3rd November, 1995.

The dimensions of the crisis are similar to the rumblings in the Mexico before the financial crisis of the first order crippled the country's economy earlier this year. That is actually the fact of it. In the first half of October, the RBI reference rate for the US dollar moved up to 33.9. But in the second half of the month it shot up to 35.3. Such a depreciation of the rupee within a short period of time set in motion unprecedented speculation of buying the dollars. The RBI initially refused to intervene reflecting the Rao Government's philosophy of the supremacy of market forces. But the Government was forced to intervene by the middle of October to stabilize the rupee whose depreciation was creating unmanageable crisis both the financial market as well as for the balance of payments. Though, the prices...

MR. DEPUTY-SPEAKER : Each will have ten minutes.

*(Interruptions)*

SHRIMATI SUSEELA GOPALAN : There is no use of speaking. From the Ruling Party nobody speaks. So, there will be enough time for the Opposition to speak. Two hours are there. After the Opposition they had to speak but they did not speak.

MR. DEPUTY-SPEAKER : Sushilaji even from Ruling Party some people have given their names.

SHRIMATI SUSEELA GOPALAN : Though the precise estimates are not available, according to one source the RBI sold dollars worth Rs. 3700 crore in the open market to stabilise the rupee at 35 per dollar. This mad rush for buying the dollars created the liquidity crisis in the money market as the rupee needed for normal financial transaction were diverted for buying dollars. This led to speculative rise in the call rate which shot up from 15-20 per cent in September to 85 per cent in November.

14.32 hrs.

*(Shri P.C. Chacko in the Chair)*

The immediate implications of this on the economy are two fold. Firstly, as the call rate increased, there is diversion of resources being borrowed from the banks, from the productive and from the speculative activities. Secondly, higher interest rates while favouring unproductive and parasitic sections of the economy decidedly favoured the big financial rich companies with no consideration for social priorities and productive activity. The rise in the interest rates is thus a weapon which widens the hiatus between the production activity and speculation and between the rich and the poor. The genesis of this entire crisis can be traced to the obvious consequences of new economic policy of liberalisation.

The payments that the Government had to make as a result of the unprecedented borrowing during the last four years had accumulated by mid-October in such a manner that a severe liquidity crisis emerged. There was shortage of money in the financial market. In October, apart from payment of interest on IMF loans and other foreign borrowings in the domestic markets, the Government had to pay over Rs. 6000 crore on the various loans it had taken.

Added to this the domestic saving rate fell drastically as people were spending due to runaway inflation. In the first half of 1995-96, the aggregate bank deposits grew only by 2.5 per cent as compared to 5.5 per cent for the corresponding period in the last year. On the other hand, the demand for bank credit grew substantially both for speculative reasons and for the Governments commitment of its earlier borrowings.

Between September 29 and 30, the RBI credit to the Central Government shot up from nearly Rs. 9,000 crore to Rs. 14000 crore. The Government has thus been borrowing from RBI to fulfil its financial obligations which resulted in the reduction of money available for speculation at a time when speculative activities increased because of the rupee's depreciation.

As this in sum accumulated to result in the financial crisis the like of which Mexico faced and was consequently ruined.

This is what we are actually facing. What is our position in the country? Could we generate employment? Actually, more people are going out of the employment.

Under this Voluntary Retirement Scheme, the Government itself has sent out thousands of people; some 80,000 people have been sent out. What is the result afterwards? I can cite the example of the Coffee Board from where some people were sent out. One man committed suicide. He got around Rs. 80,000 or Rs. 90,000. What can he do with it? He took his wife to his house, put her there, and started a shop there; but it was a failure. He came to Delhi in search of a job, and finally he committed suicide. Two others became mad; one man tore the notes to pieces and offered it to the gods; he does not know that he was doing.

Some of the Congress people conducted a survey in Maharashtra where thousands of people have been sent out from the NTC mills. What is their position? They are all ruined. Have you got any policy? What effort has been made in regard to retraining and redeployment? Actually, because of the Parliamentary Committee's intervention, some training has been given. But how many people have been redeployed? What will they do? Thousands and thousands of people are going out. Sixty-four

companies have been referred to the BIFR. What is the result of it? Eight lakh to ten lakh people are working in those companies. What are you going to do with them? What steps have been taken in this regard? Once a company is referred to the BIFR, it will become more sick because the banks will not give any money. They are simply discussing these things, and the Government is not prepared to give any funds for their rehabilitation. Then, how can they be rehabilitated? I know of cases where the workers worked and tripled the production. Even then, the Government is not prepared to give money. What about IISCO? Again, it is going into the private hands. Why are they not able to spend Rs. 1,200 crore on 30,000 workers? The disastrous effect of it is that it will be passed on to the private people. You are giving everything to the private people. Now, these Balladila mines are also being given to the private people; everything is being sold out. Once you have as a ruling party, there would not be anything left for us; everything will be only for the private people; everything in the country is being mortgaged.

We had a meeting with regard to the fertiliser industry. The Finance Minister also attended that meeting and said that he will give money. What has happened? You are spending three hundred million rupees for importing this fertiliser. If you could spend half of this money, all our fertiliser factories could be rehabilitated. What are you doing with it? I have so many such examples, but I cannot tell you about them because of the short time at my disposal.

So many companies are in crisis because of the policy of the Government. Import duty has been decreased. In the Hindustan Photo Films, thousands of people are working. What is the problem? The films which are produced abroad are being sold here at half the price. Are you prepared to revive or use this anti-dumping law? So far, it has not been done. They are in a crisis; the management has diverted the money for the working of the company; as a result, the company is facing difficulties. The Government is not prepared to give money to them. Thousands of employees, both direct and indirect are suffering. There are so many such examples.

There is an instrumentation factory in Palghat. The Government incurred an initial expenditure of Rs. 4.5 crore on this company. Every year they are contributing Rs. 4 crore to Rs. 5 crore to the exchequer as profit. But now they are going to give it to a Japanese company. Thousands and thousands of people are losing employment, and I do not know what the Government is doing. The companies which are going to start have no capacity to take more and more workers; they have a limited capacity. It is also a fact that so far they have not started. They talk about portfolio management and all that, but I do not know how much capital has come in. Not a single company has yet been started.



So, no employment possibility is there. On the one hand, as a result of the price rise and other things, people are suffering. There is no employment. Whatever employment has been there it is lost. More and more concessions are given to the multinational companies. So, how are we going to do it?

Sir, when the Finance Minister introduced his first Budget, what was his target? He said: "I am trying to control the fiscal deficit." Actually, it is responsible for all the ills in the country. That was what he said. He said: "Shri V.P. Singh could not control the fiscal deficit and I am going to control it. That is my first priority." What did he do about it? In 1992, the fiscal deficit was to the extent of Rs.36,325 crores. In 1995-96 the fiscal deficit is estimated at Rs.68,484 crores. Likewise, the Revenue Deficit which was at Rs.16,261 crores shot up to Rs.35,541 crores. This is your balance sheet. How much is the external debt and the internal debt? The net market borrowing is around rs. 27,000 crores and the gross stock at Rs.41,000 crores. If the 14 per cent interest on this is taken into consideration, we have around five lakh crores of rupees debt in the internal market. The undeclared devaluation of the money increased the external debt of the country which stood at \$95 billion at the end of March 1995. I doubt whether we are heading to situation of insolvency. Actually these are things which worry us. Now, a new economic programme of about Rs. 5000 crore has been declared by the Prime Minister. What have you done in respect of the Prime Minister's Rozgar Yojana? How much it is implemented? In Kerala about 15,000 people were to be given the benefit of the Prime Minister's Rozgar Yojana.

MR. CHAIRMAN : Madam, you have taken about half-an-hour. Please wind up. You started at 2.20 p.m. Please wind up.

SHRIMATI SUSEELA GOPALAN : The Chairman is very shrewd. Coming to my point, 15,000 people were to be given the benefit of Prime Minister's Rozgar Yojana. 30,000 people gave the application. Finally, sanction was given to 11,000 people. But up-till now, 7,000 people only have been given the money. This is in respect of 1993-94. Again, it is coming. What is the result? Are the banks able to give the money?

About the Mahila Samridhi Yojana, are there any people to take the money? Please see the postal system. You have ruined the postal system in the country. Actually, they will not give money. Now, the Government of Kerala requested us to request the Central Government to appoint more number of people in the post offices so that they can take small deposits. That is coming down because there is nobody to receive the money. There are no personnel in the post offices. So, they requested all the

Members of Parliament from Kerala to request the Centre to appoint more number of people in the post offices. What is happening? The Mahila Samridhi Yojana is also given to these people. Where are the persons to take it? Those who are rich, only they are remitting Rs. 300 and taking Rs. 75 as interest. The real people, the needy people will not get it. Can you have a survey of the people who have deposited this money? Money has been deposited by the upper sections of the people, not the lower, needy section of the people in the country. You say that Rs. 300 crores have been deposited. But the small people will not be able to do it because there are no personnel in the post offices. Is it not correct? Why are not you doing something about it? This is the result. Nobody is going to benefit. What about the RPDS in the backward areas? Are the poorer sections of people getting the ration? It is a real thing. Sir, you know in Wynad how many people died.

Are the poor people getting the benefit of this RPDS? There is no work for them. There is rice in the godowns. Are you prepared to release at least some of them and give some food for employment in these tribal areas. Otherwise, they will not be able to buy these things. The only thing possible to stabilise the economic situation in the country is to reduce the price. The price in the ration shops should be reduced to half. There are 14 essential items. Whatever be the cost of it, it should be distributed through the retail ration shops. And Food for Work programme should be re-established. And your policy of helping these multinationals should be stopped. We have heard what is happening. We know what the Minister of Communications has done. I have a whole story to tell.

MR. CHAIRMAN : May I remind you that the subject matter under discussion is economic situation. Please do not go into such details.

*(Interruptions)*

SHRIMATI SUSEELA GOPALAN : This is a part of this economic policy. We know how people are suffering. What is the economic policy? This is a part of human life. Unless there is change in the lives of the people, you are not going to succeed in your economic policy. People will revolt and throw you with the wash tub. This is the situation. You have to realise this and change your programmes, otherwise, there is no way out. Now some sopping is being given to the people. Our Prime Minister has realised that our children are not getting noon meal. At the fag end of his rule, he is now giving noon meals. But when we came to power in Kerala, the first thing we done was to give noon meals to the children ...*(Interruptions)*

SHRI MULLAPPALLY RAMCHANDRAN (Connanore) : I want to put the record correct. It was not your Government which had done it. It was our Government which has done it...*(Interruptions)*

SHRIMATI SUSEELA GOPALAN : We have done that. You might have stopped it. When Shri Nayanar came to power, it was he who had done it...*(Interruptions)*

SHRI MULLAPPALLY RAMCHANDRAN : It was done previously...*(Interruptions)*

SHRIMATI SUSEELA GOPALAN : You stopped it and we started it. When the LDF Ministry was formed, we started it. And now the Prime Minister is realising that people should have a little rice.

MR. CHAIRMAN : It is a good climax. Now you can stop.

SHRIMATI SUSEELA GOPALAN : Now about the other programmes. You are giving this old-age pension to those who are above 65 years of age. I want to know whether this will reach the people. None of your programmes is reaching the poor people in the country. But some sections of people in between get the benefit and the poor people remain poor. This attitude of the Government should be stopped. All these programmes should be implemented through the panchayati-raj institutions. Let them select these things. The DRDA is not under the panchayati-raj institution. This policy should change. If you want these benefits, go to the poor people. You have to do it through the panchayati-raj institution. Anyhow, you policy has ruined the country. There is no use of much talk on this with the ruling party. I hope the people of this country will throw you out of power in the coming elections. That only will solve the problem of the country.

MR. CHAIRMAN : Thank you very much Suseelaji. Before I call upon the net speaker, please remember that we have only fifty minutes left and there are eight more speakers including Shri Nirmal Kanti Chatterjee.

*[Translation]*

SHRI ANADI CHARAN DAS (Jajpur) : Mr. Speaker, Sir, today I rise to speak on the economic condition being discussed here. I remember an incident which took place ten years ago. I was sitting in front of my house. A villager was coming from the market on his vehicle. I asked him which item was cheaper in the market. He replied that it was rupee which was becoming cheaper and cheaper day by day. Even poor and illiterate people know that value of rupee is going down day by day. In my childhood we used to be given Rs. 3 for hostel expenses but today thousand rupees are insufficient for the same. What is the reason behind it? I think that the reason for it is the statistical survey conducted in the country for

this purpose, is erroneous. We formulate plans as per this survey and allow the Government for printing rupee notes. We should study these statistics.

In the same House I had said that

*[English]*

Rupees 68,000 crores spent on IRDP on individual schemes since it is started till March.

*[Translation]*

It is a record. You had given subsidy of rupees 68,000 crores to banks including State Sector. Estimate Committee had gone on a tour and I was the Member of this Committee. The Members of the Committee found that 56 per cent families are living below the poverty line. We also found the same thing during the survey conducted in Andhra Pradesh. We live in villages and know the reality. It seems to be appropriate in statistics and on paper but reality is different altogether...*(Interruptions)*.

The same conditions prevail in West Bengal and it can be seen in any block or village. I raised this issue with Planning Commission also and asked them to show us ten persons living above the poverty line. They replied that survey had not been conducted. So far and therefore, they were unable to answer this question. If any person gets employment in Group 'D' services his way of living changes within one or two years. He buys cycle builds a pucca house. But you cannot improve the economic standard of village even after spending such a huge amount. It is the result of this erroneous survey. What have you done today? You provide rupees six thousand as subsidy and six thousand as loan. Under the Prime Minister's Razgar Yojana lona upto Rs. 1 lakh was to be provided. To whom this amount is given. Banks say that they do not have funds. Just a few days ago we read in newspapers that having shortage of Call Money one bank borrowed money on interest from some other bank to meet day-to-day payments.

*[Translation]*

The Reserve Bank has recently provided loan of more than Rs. 2000 crore in the form of call money to all the banks. Then why this situation has arisen? Our bureaucrats do not live in villages. They do not keep a watch on the quantum of funds being spent in the villages. More than Rs. one crore is spent in every block. Every village has a teacher. Money is circulated on a large scale in the villages, but this money is siphoned out direct to the cities. Big buildings are being constructed here since the Government has neither put any ceiling on it nor made any arrangements for its distribution. Smt. Indira Gandhi's observations in this regard are not being followed. Only because of following the foot steps of Smt. Indira Gandhi, I have been elected to the Lok Sabha for the fifth term. She had saying.

[English]

"The opportunities available in this country should be properly distributed."

[Translation]

On this account some people become rich and some become poor. What happened to land reforms? We commend the steps taken in West Bengal to implement land reforms. I have personally seen their land reforms. They have shown in practice that land reform improves the condition of the poor.

SHRI DAU DAYAL JOSHI (Kota) : Then why did you quit this party and join that party? He is a right person and speaks the truth...*(Interruptions)*

[English]

MR. CHAIRMAN : No interruptions please. You will get a chance.

SHRI ANANDI CHARAN DAS : Do not interrupt. Please be careful.

[Translation]

I do not want to go into details in this regard. I would like to say one or two things.

Today in reply to a question the Government stated that

[English]

According to the survey of 1994-95, the decline trend in the rate of investment in agriculture in the recent years needs to be reversed, I repeat needs to be reversed. The gross capital formation in agriculture and allied activities measured at 1980-81 prices declined from Rs. 4864 crore in 1980-81 to Rs. 4792 crore in 1989-90. Again, you have also mentioned here that according to the quick estimate, in 1993-94, it has increased to Rs. 5228 crore. The total investment in industry in 1992-93 was Rs. 46053 crore and for agriculture and allied activities, it was Rs. 4908 crore. For the year 1993-94, the investment in the industrial sector was 47,942 crore while for the agriculture sector, it was Rs. 5228 crore.

[Translation]

What was the total investment by the Government in the industry? The total investment made in the industry during 1992-93 was Rs. 46,053 crore and in Agriculture and allied activities it was Rs. 4908 crore. Likewise, investment made during 1992-93 was Rs. 645 crore and in agricultural sector it was Rs. 5120 crore. It comes to 10.31 percent. As per estimates the Government invested Rs. 47,942 in the industrial sector and Rs. 5228 crore in agricultural sector. That comes to 10.90 percent. Please let us know as to how many persons are working in the agricultural sector and what is their condition? What security has been provided to them

by the Government? The Government should provide them atleast 300 days' job in a year. What plans has the Government made to meet it and what are the details of its plans? I made several requests to the hon. Minister to come to my area and see to himself how the Janta Government has swindled 90 percent of the funds earmarked for 'million wells scheme' under the IRDP. I wrote several times but nobody goes there to verify the facts. Nothing is being spent on this scheme. Now they have started spending on this since every block has just received crores of rupees.

15.00 hrs.

No amount is spent by these people. They make the pretext that there is no collector, no chairman of DRDA, neither any office is there. A proper atmosphere should be created for this and I hope that it will be done and money will be spent. I would like to request the hon. Minister to send a team to make an on the spot enquiry there. It is reportedly said that arrangements of water has been made at every place. In the last election my son was contesting the elections. While campaigning, I was taken aback when I saw that the picture is quite the opposite. People made a demand to us to provide water to anybody's land which would create jobs for them. Million wells can be dug at many places. It must be made in tribal areas. In this regard that officers have fulfilled the target fixed for the purpose but the fact remains that no well has been dug. Most of the people in villages depend on agriculture. 95 percent people belonging to Scheduled Castes and Scheduled Tribes are poor.

[English]

They are daily labourers. They want some employment. How are you saying that employment has been increased?

[Translation]

Neither water nor electricity is available for irrigation. There is no arrangement for irrigation. People have small chunk of land. What will they do in such a condition? Government has launched a scheme called 'Mahila Sammridhi Yojana'. It has been widely acclaimed. A block consists of 40 thousand families. But it has proved to be of no use. It is said that Government has invested so much amount but people, there take even Rs. 100 as loan at the interest rate of 10 percent. In such a situation what will happen and how will we develop? The Government has nationalised the banks but the investment made by the public is increasing more and more because they do not trust upon the banks. They are apprehensive that the banks may close any time. The banks should be closed. It has been said just now that Rs. 40000 crore have been deposited against bogus accounts. Some one said

that the amount is Rs. 90000 crore. Is recovery of Rs. 400000 crore not possible? Then how will we run the country and how will we provide facilities to the poor. Therefore, please correct your figures. Neither the Government nor do the people listen to me. I had made a request to deposit Rs. 4000 while the Government provided Rs. 6 thousand. It will go up to Rs. one lakh in 16 years under the IRDP. When my son becomes a major, he will take care of me. My money will multiply and if I wish, I can spend it or earn interest. The Government should make such plans, but it does not do so. I have just received a report that the waste land in my tribal area is being provided to big business houses. They are going to plant because I have calculated that one can earn Rs. two and half lakh in five years from one acre of land. If such a profitable work is provided to tribals, they too would become richer. Then nobody would pay regards to the people in the Government. When we can provide rice, oil, pulses and clothes, why cannot we plant trees? It has been said that a discussion is going to take place on the 14th instant this month. I do not know the person giving such advice. We really does not want to do welfare of the villages. A time will come when unemployment will rise. If the Government does not provide facilities to them, the country will face a serious crisis, upheaval and we will watch it as mute spectators. We have lived a long life and our end may come any time but the coming generation will scold us for our deeds. As such priority should be accorded to the poor. It should be ensured that they have some money, to invest to improve their condition. Their purchasing capacity should increase. Their children should get proper food, books to study, clothes to wear and houses to live. If our Government does not do all this and time passes on giving assurances only, when will all this be done?

Today, I am saying it with a heavy heart. I do not like the way, it is happening. Further discussion should be held on the issue by taking us into confidence. Before doing all this the views of poor people should also be taken. With these words, I conclude.

[English]

MR. CHAIRMAN : Thank you Mr. Das.

Once again, I have to remind the hon. Members that we have got only 30 minutes left for this discussion... (Interruptions)

MR. CHAIRMAN : I know that it is an important subject.

[Translation]

SHRI MOHAN SINGH (Deoria) : Atleast, every one should be provided a chance to speak because it is an important subject and every one wants to

speak. Therefore keeping in mind the sentiments of Members, the time limit should be extended, but they should be provided limited time to speak.

[English]

MR. CHAIRMAN : Mr. Mohan Singh, I fully appreciate your suggestion. But all these things are decided in the leaders' meeting. We have decided it. So many important subjects are pending for discussion. Kindly understand it and there shall be no discussion now on what I say. Please understand that we started this discussion at 1.37 p.m. Anything under the sun can be discussed under the 'economic policy'. The Chair is not trying to restrict any Member. But instead of policy, so many other things like various schemes are being discussed and we are not able to control it at all. Many hon. Members are going into the details of various schemes. So, kindly confine yourself to the subject and please bear in mind the time limit. Now, Shri Mohan Singh may speak.

[Translation]

SHRI MOHAN SINGH (Deoria) : Thank you, Mr. Chairman, Sir, keeping your sentiments in mind, I would like to make a very brief speech because the poverty, unemployment, spiralling price in our country and foreign debt on it are very vast subjects and need a lot of time to cover but I will express my ideas in very brief. Outwardly, it seems that the economic condition of the country has improved a lot but the ground realities totally belie the claims made by hon. Finance Minister. The rate of population in our country is so high today that we have just double population as compared to that of the entire Latin America. We have one and half time more population than that of the entire Africa. The annual increase in our population is equal to the population of Sri Lanka and Australia, by the arrival of 21st Century, we will have a population of 100 crore. Whether hon. Finance Minister and the Government of India are preparing to make arrangements for providing food to every person in 21st century? Whether the Government is preparing to provide employment to 10 crore educated unemployed on the very onset of 21st century? When we weigh ourselves on these standards we feel disappointed.

Secondly, adequate foodgrain is the paramount requirement of our country in view of our increasing population and increasing food requirement. Since, there is requirement of more foodgrains, agricultural sector can provide employment opportunities to more and more people. But I am sorry to say that the investment in agriculture sector is decreasing constantly and the prices are continuously increasing. Hon. Finance Minister had assured the House three year ago that the farmers would be duly compensated for increased rate of fertilizers, power

and water by increasing the prices of their products. But what condition prevails today? The price of sugarcane is being increased time and again but sugarcane is not available. I know about the present position in Uttar Pradesh. About Rs. 150 crore of farmers are outstanding against the Government of Uttar Pradesh and Rs. 300 are outstanding against four mills owned by the Union Government and it is said that these mills are not in a position to pay the outstanding amount. So far as fertilizers are concerned, the Government has a control over public sector fertilizer units. The Government says that hon. Finance Minister also had accepted three days ago that it was impossible to withdraw subsidies in a democratic country like India and they could not withdraw subsidies. There are two types of fertilizers. The price of one type of fertilizer is soaring while the Government has control over the another type of fertilizer. The result is that the farmer, instead of paying for the costlier are liberally utilising the controlled urea and thus causing harm to the agriculture. Secondly, you have made the agricultural sector export oriented which will ultimately result in the shortage of foodgrains in the country. Despite all out efforts made during the last three years, our country has been able to attain a target of 185 million tonnes of foodgrains only against the previous output of 168 million tonnes. But I would like to state that the production of foodgrains will gradually decrease during the next 3-4 years because our farmers are giving priority to production of such crops as are being exported. The floriculture and the fruiticulture is increasing very fast in our country because flowers and fruits are very much in demand in foreign countries and farmers are expecting good return on these items. The result is that as on date a loss of Rs. 60 crore of edible oil has been compensated during one year. There is shortage of edible oil in our country because its area of cultivation is decreasing. There is shortage of oil seeds pulses also in our country because pulses are being exported and therefore people of our country cannot get 'Arhar' and 'Masoor' in market even for Rs. 30 per kg. There was a time when during 2-3 months the prices of these pulses increased upto Rs. 30 per kg. In this regard several questions had to be asked from hon. Finance Minister and hon. Minister of Civil Supplies, Consumer Affairs and Public Distribution. The Government of India states that as on date India tops the list of sugar producing countries of the world. but I would like to say that the situation is quite contrary to their claims because in every third year there appears shortage of sugar in the country and if its prices start soaring and the country comes in the grip of uproarious situation and the Government has to supply sugar importing under OGL. This inconsistency in the agricultural output is due to absence of an integrated agricultural policy. The Government of India does not formulate any policy

to inter link the prices of inputs and the prices of items produced due to which generally the farmers grow one crop in a year and expects more profit on that and thus decreases his yield the very next year. The Government of India should consider this matter seriously.

The third sector in our country is that of small scale industries. The small scale sector of our country provides employment to the fifty percent people engaged in the organised sector but only 7 percent of the total investment made in the entire industrial sector, has been invested in the small scale industries. But what is their condition today? The small scale industries enjoy 37 percent share of the total export of our country but the Government of India has adopted the policy of liberalising everything and thus has brought those small scale industries of our countries and their production capacity is decreasing. Sir, I do not want to go into the facts and figures but as per the survey conducted by the Government of India, our small scale industries are falling sick in large number and very rapidly.

Therefore, I would like to suggest the Government of India to take special care of Khadi and village Industries which comes under small scale sector.

Sir, with this, I would like to state that the condition of handloom is worst as on date. The yarns have become costlier and its prices have registered 300 percent increase during the last 3 years. As a result, the weavers of the villages who totally depend on the yarn for their livelihood, are on the verge of starvation. The Government of India has made policy to withdraw the subsidy being provided on the yarn.

Thus, our policy with regard to the cottage and handicrafts industries which have the greatest potential of earning foreign exchange through exports is destined to ruin them steadily. This aspect deserves special consideration. Simultaneously I would like that the Government of the country...*(Interruptions)*

SHRI UMRAO SINGH (Jalandhar) : Very good.

SHRI MOHAN SINGH : You may think like that. Today, I did not get up to censure the Government but to review the situation prevailing today. The hon. Finance Minister said umpteen times within and outside this House that if the benefits of the concessions in duties granted on various commodities in our Budget are not passed on to the consumers, the Government of India shall have to reconsider the concessions given to the industrial houses of the country. I am distressed to say that this warning of the hon. Finance Minister did not put any effect on the country's manufacturers. The industrially manufactured commodities register price-rise four times a year. I am not, presently, talking of small consumers but the big, rich consumers. The

prices of motor cars and jeeps rise four times a year. Despite increase in their excise duty, did the hon. Finance Minister ever ask them as to why was this happening? The prices of bicycles have increased. There is a 300 percent increase in the price in our country. The prices of medicines have increased during the last 4-5 years and this is a cause of concern for the poor people in the country today. A heart patient needs Rs. 1.5 to Rs. 1.75 lakh for the treatment of heart problem in India and the country's Ministers undertake the same treatment on Government expenses at hospitals in London or America spending Rs. 35 lakh. How can such people feel the pinch of poor man's sufferings? In this very Hosue, the Indian surgeons are congratulated for successfully performing transplantation operations. The Minister of this country where surgery has acquired such heights, go abroad for undertaking costly treatments. It is highly deplorable that the common man is allowed to die without caring for his miseries added by the rising prices of the medicines. So, the Government of India should see as to what can be done in this regard.

Mr. Chairman, Sir, I do not possess a full-fledged data but on the basis of my limited information, I would like to draw the attention of the hon. Finance Minister to the widening gap in foreign trade. According to the figures made available by the Government of India, our exports have increased by 16 percent while imports have gone up by 20 percent. Collection of excise duty in the first half of the year is Rs. 1000 crore less than the targeted amount. Similarly, there has been an increase of Rs. 3000 crores in the customs duty even after reducing it from 80 to 65 per cent. As a result of this foreign goods are available on a massive scale in the Indian markets. The amendment made in section 123 of the Custom Act has given a fillip to smuggling activities. The foreign goods are openly sold in the market today for the last 2-3 years as a result of reducing the authority of the customs department. This was not the case 5-10 years ago. This has left its adverse effect on the employment generation and development of trade and industry in our country. Therefore, my submission to the hon. Finance Minister is that smuggling activities have increased on account of the MODVAT policy. The Government declared that anyone can bring with him foreign goods to the tune of \$10000. Consequently, some people have made it their profession to bring in imported goods dubbing indigenous goods as substandard and destroying the domestic industry.

There is also a growing regional disparity. As per the new economic policy, the foreigners can invest their money in this country whereas the Government of India will not. Consequently, and the figures of last 3 years will corroborate that memoranda of understanding to the tune of Rs. 79 crores were signed by the densely populated state

like Bihar, Rs. 810 crores by Uttar Pradesh. Maharashtra and Gujarat signed MOUs worth Rs. 5700 and Rs. 5400 crores respectively whereas Bengal signed MOUs worth Rs. 5600 crores. Similarly, the figures of Orissa, Tamil Nadu etc. reveal that the foreign investors are making investments preferably in coastal states where shipment of goods can be received through ports. The foreign companies are making no investments in the densely populated states of central India. As a result of this industrial production will make rapid strides in some States during the ensuing decade whereas others will fall prey to unemployment and indigence. In order to avoid this regional imbalance, I would like to urge the hon. Finance Minister that the Government should make investment in the States where there is no foreign investment and try to fill up the industrial gap in these states.

Besides, the hon. Finance Minister has himself expressed concern over the rapidly rising rates of emoluments granted by the big and multinational companies to their executives and staff.

The Government of India cannot increase the emoluments of its officers and employees commensurate with the increase in the emoluments of their counterparts in the private sector. It will result in a large scale brain drain, the diversion of intelligent and skilled personnel to the private sector and the multinational companies. Thus, our public sector and undertakings will run in losses and become unviable. Thus, while drawing the attention of the hon. Finance Minister towards his statement that dearness allowance is being increased in keeping with the inflation rate, I would like to say that the report of the Pay Commission is yet to come in this election year. The Government should expedite the submission of the report by the Pay Commission and its implementation in, at least its own interest to go to the hustings. The multinational and the private companies should also observe such financial discipline. The chief executives in the private sector should not draw more emoluments than their counterparts in the Public Sector Undertakings. A legislation should be passed to this effect or the Government cannot remove this disparity in future. With these words, I conclude and thank you.

[English]

MR. CHAIRMAN : Shri P.G. Narayanan.

(Interruptions)

SHRI BHOGENDRA JHA (Madhubani) : What is your order?

MR. CHAIRMAN : He is the party leader. I am calling everybody by the order.

SHRI BHOGENDRA JHA : I am talking of the CPI.

MR. CHAIRMAN : I know that. Your name is here but he is also a leader of the party. Nobody is called from his party.

SHRI BHOGENDRA JHA : I am the deputy leader of the party.

MR. CHAIRMAN : I know that.

SHRI P.G. NARAYANAN (Gobichettipalayam) : Shrimati Suseela Gopalan has spoken.

SOME HON. MEMBERS : She is from different party.

SHRI BHOGENDRA JHA : I am talking of the future, not of the present.

MR. CHAIRMAN : The Chair understands the priority position very correctly. Please wait for your turn.

SHRI P.G. NARAYANAN : The Reserve Bank's Annual Report for 1994-95 has expressed grave concern over the price situation and inflation, widenign budgetary and fiscal deficits and monetization of deficit, rising Government expenditure and larger market borrowings, growing internal debt and the resultant heavy interest burden.

The Government, however, will have to understand its responsibility to the country at large better than function as an unimaginative accountant. While implementing the new economic policy which has been generally very well-received, it should not forget that an assential requirement which the policy will have to meet the generation of more employment and purchasing power to make it possible for the community to bear the rigours of a rational pricing policy.

What is the position of our economy today. First, and perhaps foremost, the massive stocks of foodgrains, that is, 23 million tons, the Government has in its warehouses. With this we are free to draw down these stocks and arrest such price rise. Secondly, we have been able to build up as high as 14 billion dollars foreign exchange reserves and they were enough to pay for nearly a whole year's imports at the current rate of import. Thirdly, what is more significant is that the exports have been rising at the rate of 20 percent in 1993-94. These are clearly very favourable developments. Yet, there is something that should make us cautions in any assessment of the current economic trends. This is on account of the trends in prices.

The prices of essential commodities have been sky rocketing for the last one year and the Government has miserably failed in tackling the situation. While the prices are rising, Government is claiming that inflation rate is falling to less than 8 percent. The price of tomato is Rs. 16 per kilo, potato is Rs. 8 per kilo, onion Rs. 10 per kilo, milk Rs. 12 per kilo, gingilu oil Rs. 75 per kilo, urad dal Rs. 30

per kilo. While the prices of essential commodities used by the common man of the country remain very high, the Government claims week after week that the inflation rate is going down.

This contradiction need to be probed, since it is a cruel joke played by the Government on the life of the common people.

While the Government announces increase in procurement prices for foodgrains, buckling under pressure from farm lobby, it does not care for the consumer's lobby. consumers are not united and hence the government takes them for a ride. For instance, the Finance Minister, Dr. Manmohan Singh announced with fanfare Central Excise rebate on various items used by the common man, but the manufacturers after enjoying the rebate, have not passed on the benefit to the common man. The Government claims that it does not have a machinery to oversee how the rebate is misused by the manufacturers. If the Government does not have proper machineries, no purpose will be served in announcing concession. But the Government wants to keep the manufacturers happy. So, in the name of helping the common man, it is helping the rich manufacturers to get more money. I, therefore, demand constitution of a high-level Parliamentary Committee to probe into how the excise concessions announced by the Government are misused by the manufacturers.

Over and above, the Centre also is creating problem for State Governments who want to control prices. The prices in the open market are going up in spite of the successive good monsoons and bumper crops. Take for example, Tamil Nadu Government. They are providing rice at Rs. 2 per kilo to all ration card holders and Andhra Pradesh Government have also followed suit. But these State Governments are penalised by the Centre by increasing the administered prices periodically. The Centre does not compensate the State Governments who want to provide rice cheaper to vulnerable sections of the society. It is therefore, very essential that the Centre consult the State Governments before revising the price of rice of wheat.

Sir, the Budget deficit is growing year by year. But the Government is not taking steps to control Budget deficit. If Budget deficit increases, naturally, it will bound to flare up inflationary pressures. All these reforms are only for the affluent people. In the name of market forces, the poor are being trampled upon. The poor and vulnerable sections are exposed to market forces and they have no protection. The whole Economic Reform is aimed at the rich and the affluent. You are talking of gold reserves and foreign exchange reserves. What is the use of it when the common man's sufferings are increasing day by day? The rate at which the prices are sky-rocketing, greater

disaster is awaiting you in the coming elections. What concrete steps you are going to take to check the price line? People are watching the developments patiently and people will definitely teach you a lesson at appropriate time during elections.

With the approach of the elections, the Economic Reforms have already slowed down and their future will depend considerably on the political forces that will come to power after the elections. If the Finance Minister waits for the outcome of the elections, it will give an impression that his Party is not sure of forming the Government after the polls. Even otherwise, it is his duty to plan for the future irrespective of how the people will vote. Reforms should continue mainly because they have given a new thrust to the economy. At the same time, the defects in implementing the reforms should be rectified. Not that Dr. Manmohan Singh is not aware of all this, but he has to take into account the political implications of the steps he takes.

There is ample indication that reforms have succeeded in this country but ultimate success of economic reforms is measured by the rise in people's standard of living. So the main question, therefore, is how reforms on social development should go hand in hand.

MR. CHAIRMAN : Hon. Members, we are coming to a point when the time allotted for this discussion is almost over. Only two minutes are left. So I would like to have the consensus of the House. If the House agrees, we can extend this discussion for another half-an-hour...*(Interruptions)* Not more than that because there is other Business also. There is some Statement by a Minister listed at 4.00 p.m. So we cannot go beyond that. So with the consent of the House I extend the time of the House upto 4 o'clock.

SHRI NIRMAL KANTI CHATTERJEE : May I make a submission, Sir? Yesterday, the hon. Speaker assured us that everybody would be allowed to speak because of the importance of this subject and because so many Members want to speak...*(Interruptions)*

MR. CHAIRMAN : Please finish your points very quickly.

SHRI NIRMAL KANTI CHATTERJEE : Sir, let us avoid this fixation of time limit because it was the assurance of the hon. Speaker and the Chair can always do this with our concurrence. The whole day would be devoted to this discussion that was the understanding. It is not the limitation of two-and-a-half hours. You can kindly remember or check up whether I am correct or not.

MR. CHAIRMAN : No, please. This is a decision taken in the meeting of the Business Advisory Committee. Even though there are many other subjects which are pending this subject got a

precedence because of the importance of the subject. We had decided that two hour will be taken for the discussion. But invariably every speaker from every party has exceeded their time limit. So what we can do now is to extend for another half-an-hour and all the speakers should kindly accommodate within their time. Yes, Mr. Mumtaz Ansari, please.

SHRI NIRMAL KANTI CHATTERJEE : You have not called Members from CPI.

MR. CHAIRMAN : According to the strength of the parties, Janta Dal should have been called first. Mr. Mumtaz Ansari was not present earlier, please understand this. Now small things are being taken care of properly. Yes please.

DR. MUMTAZ ANSARI (Kodarma) : Mr. Chairman Sir, so far as the economic situation of the country is concerned, this is very much alarming and that is causing concern to common man in this country. So far the prices of essential commodities are concerned, these prices are rising high in the sky and this is a claim on the part of the Minister of Finance that they are just controlling the prices and the inflation. But in spite of this claim, we find that the inflation rate is also just rising very rapidly. Nowadays it is just 8.5 percent or like that.

Similarly, it is quoted from their own records that prices of essential commodities are just at constant rate in the wholesale market. But you know Sir, the common man is not concerned with the wholesale price and wholesale market, rather the common man is concerned with the retail prices and the prices which are just existing in the market in the country. That is why, wherever we go, we find that the prices of all the essential commodities, eatables, edible oils, and all the other things which are essential for the society, their prices are rising very rapidly. That is why, this claim has also been nullified. So this is a false claim on the part of the Government and the Finance Minister that they are going to control inflation and the prices of essential commodities.

This is very much surprising the way they compute the index number. They are quoting time and again that this is the index number and this is taken from such and such indices of prices. From this it looks as if the price scenario is very much favourable for the country.

But I am just very much surprised that if we just compute the price index on the basis of the retail prices, on the basis of the labour, on the prices which are available in the country, we find that the prices are very much just staggering and this is very much high for the common man.

Similarly there is shortage of certain essential commodities in PDS shops also. Here there is a tall claim on the part of the Ministers that all these essential commodities are being supplied through



the PDS shops. But we find that wherever these commodities are being supplied, either these are in shoddy in nature, these are very much lower in qualities or these are not eatables for the common man. So, this is also a point which must be looked into by the Finance Ministry. Quality essential commodities should be supplied to the remote corners of the country. The people are only in cities, in towns or in posh areas but the maximum population, more than 80 percent of the population, is living in the rural areas and they are suffering. We are just getting income in cities. The people are well off in the posh areas. Their income is also very much high and that is also disproportionate to their known source of income. Somewhere there is hawala racket, which is taking place. Somewhere there is financial offence, which is taking place on a larger dimension. Somewhere there are scandals which are talking place in different other sensitive areas also; in telecom area just today, it was pointed out, the scandal has gone up to Rs. 65,000 crore. We, as the Members of Parliament also, fail to understand and we cannot pronounce 'Rs. 65,000 crore' correctly. So, this is the amount which is being indulged by the hon. Minister also here in this country. So, let us think about the common man. Let us think about the plight and the problems faced by the common man. So, on the price front, we are very much concerned.

Similarly we are very much concerned on the employment front too. It was just targeted in the Eighth Five Year Plan that there would be generation of employment up to 2.6 percent per annum. But this is not the case. The achievement is much lower in spite of all these efforts. And whatever the mid-term appraisal has been made, the Planning Commission is also very much disturbed. Whatever revelations have been made by the Planning Commission, on those revelations, your Finance Ministry is also very much disturbed, your Prime Minister is also very much disturbed and these facts which have been revealed by the Planning Commission are being tried to put under carpet. They are not in a position to show them to the public; they are not in a position to come forward in the House also with whatever revelations, whatever facts and whatever findings have been just made by the Planning Commission. So, this is also very much a point of concern because the Planning Commission is also not satisfied. Your members of the Planning Commission have also been insulted and humiliated by the Finance Ministry and by the Prime Minister's Office. They are insisting upon that this mid-term appraisal should not be put forward or laid on the Table of the House or the Members of Parliament should not lay their hands upon. So, this is a matter of concern.

So far as the employment in the rural areas is concerned, that is a cipher and that is a big zero. The people are just migrating from the rural areas,

from the remote areas of Bihar, from the remote areas of Uttar Pradesh, from the remote areas of Orissa and different other backward States, they are just going to Punjab, they are going to other States, they are going to other countries and they are going out of the country also in search of employment. Even in cities also, the poor people are parading in the streets in search of employment, in search of two times bread. So, this is the plight of the poor people and this is the problem of our country. The Ministers, those who will be responsible and those who are in the saddle will have to consider all these points.

So far as the agricultural front is concerned, the condition of child labour is also very much pitiable and this is very much miserable.

They are not getting their dues. They are not getting own wages. The Minimum Wages Act has been passed and so many Acts have been passed but whatever you pass here in the Parliament, unless you translate it into reality, into letter and spirit, in the different nooks and corner of the country, this is not going to just solve our problems.

Similarly, there is a wide gap. There is a wide discrimination against certain States. So far as Bihar is concerned - I come from Bihar - so many just petitions, so many requests and so many of our schemes are pending here with the Central Government. These scheme are not being cleared even after repeated reminders and repeated requests.

MR. CHAIRMAN : Sir, I want to cite just one example with regard to the power scenario, i.e. the Koelkaro project. This is here in Parliament also the power scenario is changing all the time. Sometimes it is blue. Sometimes it is pink.

MR. CHAIRMAN : Mr. Ansari, you do not have the time.

DR. MUMTAZ ANSARI : That is why the rate is also changing, as Mr. Achariaji said. So here power scenario in our State is very much alarming. We are insisting upon this Government that whatever schemes have been sent to the Central Government, it must clear here the schemes at the earliest possible time. But in spite of our repeated reminders and requests, the one scheme which I am just citing, for example, Koelkaro project, has been pending since 1979. Only Rs. 10 crore was sanctioned by the Central Government with their sweet . . . We did not burden their just decision. We did insist upon that. In spite of the sanctioned amount of money, our Chief Minister, our Government and our Minister for Energy are coming forward here. From Delhi to Bihar, from Patna to Delhi, they are rushing back. But they are not getting their own sanctioned amount of money. Up-till-now, they insisted upon only for rupees five crore. But this amount, this trivial amount of

money was also not sanctioned to the State Government. This is also just creating problem because this can generate just 710 MWs of electricity there. This can fulfil the requirement. And unless and until we are in a position to improve our electric and power scenario, we cannot just all these infrastructures.

My brother Mr. Mohan Singh has rightly said that in some cities there are certain infrastructures available like Bombay, like Delhi, like other cities of this country and towns of this country. There is infrastructure which has been existing not at present but for the last many many years because you have made investment in a big way in all the cities. That is why there is existing infrastructure. That is why the people are coming forward from foreign countries. NRIs are also coming forward to make investment in different other social sectors because infrastructures are there existing long back, for the last many years. But so far as Bihar is concerned, so far as UP is concerned, so far as Orissa is concerned, you did not create any asset; you did not create any background. You did not create any sort of atmosphere for investment and that is why foreign investment is not being made. You say Bihar is not interested. You say Uttar Pradesh is not interested. You say Orissa is not interested. You say all these backward States are backward because they want to be backward. This is not the reality. The reality is this. We want to go up.

MR. CHAIRMAN : We are discussing the economic situation. Please conclude.

DR. MUMTAZ ANSARI : We want to progress. This is the reality that we want to develop. This is the reality that we want to have investment on a larger scale. But because we do not have any infrastructure, we are empty handed. We have been made poor. We have been exploited by the Central Government. We have been exploited by the successive Governments and that is why, we are poor. You have neglected. You have discriminated. You have not made investment. You have not developed and this is the reality.

[Translation]

SHRI BHOGENDRA JHA (Madhubani) : Mr. Chairman, Sir, I was expecting that I would get an opportunity to speak only after you leaved the House but you gave me an opportunity. I do not want to take much time. I would like to say something about Economic Policy. I would like to say briefly on four important policies i.e. Industrial Policy, Agriculture Policy, Pricing Policy and Foreign Trade Policy. It seems that this Government does not have any Integrated Policy. I do not mean to say that the Integrated policy suggested by the opposition is right. But such a big country having a population of

92 crores cannot be run without adopting an Integrated Policy. So far as our Public Sector Industries are concerned our entire media is bent on launching onslaughts on our public units. But on this other hand it is singing eulogy of such thousands of multi millionaires as have not repaid thousands of crores of rupees borrowed from banks and have been evading sales tax and income tax, and are still doing the same. Our Ministers and our Government have also joined the media in falsely eulogising them. They have digested billions of rupees but it is termed as their success. The Public Sector which has made our country able to stand on its own legs, due to which we have achieved success in launching satellites in the space and we are moving ahead to be reckoned as a front line country in the world, they are being considered responsible for our failure.

Mr. Chairman, Sir before Independence, even needles and blades were not manufactured indigenously. Today, due to this new policy, our country is being reverted to the same position. Earlier, I used 'Prince' blade but now it is out of the market. Now 'Economic' is also disappearing and a foreign made blade 'Seven O'Clock' is prevailing in the market. This is how our Government is undermining the economy of our country.

I would like to emphasize that still there is a scope for private sector. Still there is a ground for a mixed Industrial policy it was earlier. Hatia and Ranchi based heavy engineering industries have a capacity of reating a new plant of the size of Bokaro Steel Plant works at its maximum capacity it can produce one crore tonne steel and rejuvenate our country but if it is winded up or neglected on business considerations only i.e. after taking into account the cost and profit ratio our country cannot make a solid economic base for itself and economic freedom will also be in danger. Therefore I still say that our key industries should be allowed to remain in the Public Sector. The Government should not wind up such industries in Public Sector. Our hon. Finance Minister and the Government media are stating that our industries are running in loss. If our Government is present in a deficit budget or if we are bearing loss in running this Parliament, then will we have to enter into a contract with a Tata, Birla, Ford or Raphael to run the Proceeding of our Parliament? Our Industrial Policy cannot prove to be a success without according priorities to such industries as provide maximum infrastructure. Therefore, my submission is that we should revive those heavy and key industries which are running in loss in the Public Sector. This is the responsibility of the Government, banks, workers and Trade Unions. This sector is not a parasite, creepe instead it is the tree which has been giving its fruits to the workers. A story goes that Kalidas was cutting the very branch on which he was sitting as he was a fool, but we are going to cut

down the whole tree. If it happens, then I think the Trade Unions are not doing their proper work. I am referring to all of us. If, due to our cowardness we cannot protect this tree, then it will be our such lapse for which our coming generations will never forgive us. The Government is challenging us to protect this tree. This is an opportunity ...*(Interruptions)*

I am addressing it to the treasury bench as well that the country is above all of us. This Government does not understand this fact but atleast we should understand that. That Government's new policy has given an opportunity to the labourers to participate in Management. Today, Government's management has failed. In such a situation, the workers should come forward and ask the Government and Private Sector to handover management to them and while doing so they should not own any responsibility for previous losses and loans. The workers should convince the Government that they can make such industries profitable. It is a call of the nation to the labourers as well as Trade Unions that they should come forward and assure the Government that they would gradually make the public Sector units viable. I hope one day labourers will have to come forward to do their duty, if not today. Therefore, my submission is that the Government should follow "one industry, one Union" Policy. Election of Union should be conducted on the basis of secret ballot system so that we may not support the Union on their wrong demands and deviate from right path. We may negotiate with one Union only and it should also understand its responsibility towards the country. Medium industry manufacturing consumer goods may be handed over the Private Sector. Our friend Mohan Singh and other colleagues have emphasized an small scale industries which needs to be encouraged in a country like India. Small scale sector does not have any limitation. I am also emphasizing on giving for encouragement to cottage industries. We have manpower of 92 crores in our country. I am not asking you to provide them jobs, I am asking you to utilise, their energy, skill and capacity which is going waste. The Government should provide them appropriate technology and electricity.

We can rejuvenate PSUs and enable them to complete with many multinational companies. Therefore, we should adopt production oriented Integrated Industrial policy cottage industry, medium and heavy industries. The funds allocated for the schemes of Integrated Rural Development Programme are diverted for other purposes. I am saying so on the basis of my experience. That is why I am saying that bank employees and employees usurp major portion of that money and the poor person to whom it is sanctioned gets only a bit of it, and thus compelled to cut the grains which he had

actually kept for sowing. We dare not ask them not to eat the seed in the months of Asadha which they have kept for sowing in the month of Bhadra and which will give them crop in Agrahayan. The funds are being diverted elsewhere. Bank advance loans for fictitious business and shops. Due to our cowardice we dare not check such irregularities. I am saying so because I am struggling that. When we ask the beneficiary or the bank employees to desist from paying or receiving bribe while disbursement of loan, they both agree to it prima facie but in case, but when we ask the bank employees to adhere to the rule they think that the Government is not giving them any assistance. I am not talking of any individual. I am talking of general policy. The Government should make a policy under which bank loans should be given on priority basis for the well planned production activities. These small works can prove to be helpful in the development of the country.

I would like to say about prices. What is Government's policy in this regard? Our Finance Minister gives assurance that the Government shall make up the deficiency. We used to export foreign clothes to cater to the needs. Is that the way of making up the deficiencies? We do not feel shame in saying that we have imported the sugar, by closing down our own sugar mills. We can make the sugar a bit cheap but it becomes very costly in the days to come. If anybody says so in the name of economics, it becomes a matter of more shame. Therefore, I would like to urge upon you to give remunerative price for agricultural produces and make adjustment between the prices of agricultural products and factory products. Provide electricity, water, fertilizers and equipments necessary for agriculture at cheaper rates so that foodgrains may not become costly and consumers may also not suffer. The difference between the price at which we purchase a produce from the farmers and at which we sell it to the consumer should not be more than 20-25 percent so that we may stand in the service of the consumers, the producers at the interest of the nation.

The new economic policy has posed a new threat to the land reforms. The Ministry of Rural Areas and Employment has just stated about the Government of Karnataka that it wants to remove the land ceiling. We had inducted them into the 9th schedule and perhaps the Government of Karnataka wants to remove the ceiling ...*(Interruptions)* It is a matter of sorrow that the Government of West Bengal has also sent...*(Interruptions)*. I am saying so on the basis of facts. Please read today's newspaper ...*(Interruptions)*

SHRI DEVENDRA PRASAD YADAV (Jharkhand): There should be something based on facts ...*(Interruptions)*

16.00 hrs.

SHRI BHOGENDRA JHA : It is an evil of our Parliamentary democracy that if I adopt corrupt practices, it is not corruption but if someone else does so he is corrupt...*(Interruptions)*. It is being adopted by the Government of Karnataka and when the Government of West Bengal has sought permission from the Union Government to give relaxation in ceiling in the name of fish, tea and horticulture, it becomes dangerous thing and the things may go out of control. The purchasing power of the country will be lost. We have increased the production of the foodgrains from 5 crore tonnes in 1950 to 19 crore but if the purchasing power is not there in the villages, the foodgrains will remain as it is. Hon. Minister of Agriculture announces that we have surplus foodgrains while people are starving. So, if there is any deviation from land reforms then the poor and medium farmers may revolt. Do not think that it can be tackled easily, it will give birth to new struggle. It has not been gifted. These have been introduced after many sacrifices. The Government of Maharashtra has gradually taken steps to deviate from land reforms and has sent proposals. The Government of Punjab has also sent the proposal. This tendency is increasing like a contagious disease. I have seen the proposals of four State Governments, therefore I am saying so.

16.02 hrs.

*(Mr. Speaker in the Chair)*

In the above circumstances I would like to request that after completing the land distribution works, do consolidation with land ceiling so that we can make advancement with modern agriculture techniques.

Some of our river valley projects are pending. The State Government as well as the Government of India, all are responsible for the pendency of just discussed Koyalkaro project.

*[English]*

SHRI RAM KAPSE (Thane) : Sir, it is 4 o'clock now. A statement has to be made by the Minister of Communication?

SHRI BASUDEB ACHARIA (Bankura) : Where is the Minister of Communications?...*(Interruptions)*

MR. SPEAKER : The Minister had spoken to me on telephone. He says that the English version of the Statement is ready and he is getting it translated into Hindi. He sought permission to make it at 5 p.m. and I have allowed it.

Shri Bhogendra Jha to continue his speech now.

*[Translation]*

SHRI BHOGENDRA JHA : We shall produce that by utilising our human power in self-employed productive works, implementing land reforms and

consolidation. There is ceiling of 5 — 7.5 acre in Japan and that country has made progress. The land grabbers of our country as well as foreigners are taking new economic policy as a pretext to grab more and more land and it is posing a danger to our main question. Therefore, I was insisting that our export-import policy about which hon. Finance Minister and the Government of India boast, is not good whether we are exporting for the purpose of importing.

The Government say we import for exporting things. The Government are not thinking about imports and exports, production and the progress made by the country having population of 92 crores. We need foreign exchange. Mr. Speaker, Sir, with your permission I would like to state that when we got independence, our foreign exchange was in the Bank of England. We had a lot of foreign exchange deposited in the form of Sterling. Our foreign exchange in the form of Sterling is not a proof of our progress. But the only proof is, how our production system and strength affect the country and how our products compete in the foreign countries. The Government are adopting the policy of import and export. It is handing over our industries to the foreign companies. It is ruining its own house for the sake of an idle pleasure. The Government are selling profit earning those industries on low prices on the plea that public sector companies are running into loss. Mr. Speaker, Sir, my submission is that a Parliamentary Committee may be constituted to find out the reasons for selling profitable public sector industries to foreign companies at low prices and to inquire into this fact that how much money has been taken within the country and from abroad. Who has authorised Government of India for doing so. Did this Government ask for this right in the last elections to sell out the profitable public sector undertakings? Was it mentioned in their election manifesto to sell them to Private companies or local or foreign capitalists? Neither the Government had asked for this right nor it was mentioned in its election manifesto. Therefore, this Government is betraying the voters. I would like to tell you that this Government will not be remained in office forever but they will leave this country in a crisis.

My colleagues were just talking about prices...*(Interruptions)* You were not here and I am sorry to mention again the point of Sterling balance. My submission is that a Parliamentary Committee may be constituted to inquire into this matter whether the profit making public sector industries have been handed over to private sector due to corruption? I urge the hon. Minister and the Government to take interest in this matter and constitute a committee.

The Government should allow the participation of labourers in the Management of those production units, which are running into loss or closed down due to loss. The Government should also urge upon the labour class whether it belongs to any labour

union, to come forward to make that unit self dependent. For this purpose they should be given loan facilities so that they can be revived. This will help in avoiding retrenchment. If Bhopal Unit is closed then how will we be able to generate power. Now only Enron issue has come in the lime light. Therefore, the Government should not strike at the root. Smt. Indira Gandhi had done so. After she became the Prime Minister of India, the Minister of Planning said in the USA that India's door is open for American investment. We had objected to it and struggled for that for three years in the Parliament also. As per the instructions of Plan Holiday and World Bank the scheme had not achieved success but the Government of Indira Gandhi remained in power. We split the Congress and got implemented the policy of nationalisation. It was pride for the country. On 19 September 1968, 14 persons were gunned down. The employees of the Central Government took the nation ahead. Indiraji was expelled from the Congress but she became the leader of the nation. The Banks were nationalised, new factories were set up and 105 sick textile mills were nationalised. Amendments were made in Land Reforms Laws, Coal Mines were nationalised and country had made progress. Our Parliament and we are proud of it. The Congress Party had been separated as Old Congress. Shrimati Indiraji had helped our candidate V.V. Giri to win against her own candidate Neelam Sanjiva Reddy by getting votes for Shri Giri from Indira Congress.

Our friends from Bhartiya Janta Party were very happy about the Economic Policy of the country. Advaniji had said that Narasimha Raoji had stolen their policy but now he is not saying anything about it. Now unemployment is increasing and prices are going up, they are sitting silent. They are hesitating to say something it just like a unwed girl who has given birth to a baby but feels ashamed of saying that it is hers.

[English]

MR. SPEAKER : Bhogendra Jhaji, I would like to know whether this is parliamentary.

[Translation]

SHRI PHOOL CHAND VERMA (Shajapur) : I do not want to say anything to him as he is a senior Member. But such type of expression are not expected from him.

SHRI BHOGENDRA JHA : I have used the work 'unmarried'. If he is married I would like to congratulate him. I remember that I have not encouraged him even to get married.

Mr. Speaker, Sir, now result of this policy is seen in the form of unemployment, Enron and price hike. Shri Manmohan Singhji and hon. Narasimha Raoji are hesitating in saying so. I would like to say that this policy is against the interest of the country and

public and against economic freedom. I will again seek apology for another word. I would like to beg your pardon there had been a disease in the world ... (Interruptions)\*

[English]

MR. SPEAKER : This is not going on record.

[Translation]

SHRI BHOGENDRA JHA : This Government is following that policy. The country is facing a new danger of neocolonialism. Today America is providing arms to Pakistan. It is not correct. It is a dangerous thing. They are facing problem in finding market for their arms. The arms produced by them are to be sold. They may ask India also to buy these arms. Then some people will support in their country. There is danger of colonialism India has the oldest civilisation where people of all religions, races and 1000 different languages speaking persons live together. This country can counter the danger of colonialism with support of other countries. The main field of competition for it, is economic. We should change our policy and move forward by creating awareness among people and by utilisation of their labour and skill. We should adopt a indigenous policy. I have no objection in taking the skill and technique which is not available with us. But this country, our soil and coming generation should be saved from foreign economic and technical invasion which aims to ruin our techniques. Therefore, I oppose this economic policy as it is against the son of this soil. I would like to suggest that we should change this economic policy including the industrial policy in the interest of this country and economic upliftment for progress.

MR. SPEAKER : The important issue of economic policy is being debated here. If there are any shortcomings in this policy, you can give suggestions for their removal. Please speak on the issue only.

16.14 hrs.

(Mr. Tara Singh in the chair)

PROF. RASA SINGH RAWAT (Ajmer) : Mr. Chairman, Sir, there is a saying that "Neero fiddled while Rome burnt" and this Government is in the same situation due to economic policy. Several targets were fixed while launching this new economic policy in 1991. The present situation in the end of 1995 is the consequence of this economic policy. The outcome of this policy is totally different against the targets fixed by the Government and now Government is trying to escape. I remember a few lines of a couplet:

Tu Idhar-udhar ki baat na kar,  
yeh bata ki kaphila kyon luta,  
Mujhe rahjani se matlab nahi,  
Sawal Teri Rahbari Ka Hai.

\* Not Recorded.

Who is responsible for formulation implementation and results of this new economic policy? This Government is responsible for it. I would like to cite two examples in this regard. On the 49th anniversary of Independence say hon. President has said in his speech that economic policies should be formulated in the interest of poor. It was said repeatedly in his various statements. What more proof will be required for it when the first person of the country is not satisfied with this policy. Secondly on 6th July, 1995 when the Planning Commission wanted to conduct midterm evaluation of the performance of 8th Five Year Plan somehow that meeting was postponed. The results of economic policy show how poor our economic situation is. It reveals the adverse impact of this economic policy. In this context hon. Prime Minister has said few words while addressing the people of this country from rampart of Red Fort.

He felt very happy that within four years Rs. 68 crore of foreign investment took place and out of this, 80 percent was in the infrastructure sector. This is totally false and baseless. The fact is that as per the non-official data available in this regard, only 15 to 20 percent investment took place in the infrastructure sector. The investment comes to only 6 to 7 percent in the fields of roads, power, communications etc. Such a low investment in the infrastructure sector shows that foreign investment in this field has not been to the desired extent.

In India, food, clothing and shelter continue to be basic necessities. Today lakhs of villages do not have potable water. Villages lack link roads. Primary schools in the villages lack basic facilities. Several villages are still without electricity. Had the economic policies shown favourable results in meeting the infrastructure necessities, our villages would have been self-sufficient and cottage industries would have got a fillip. Further had economic nationalism and the feeling of swadeshi and self-reliance been given encouragement, we would have thought that economic policies of the country are on the right track. But it seems that our thinking was different from what was happening. I would like to cite two examples in this regard. When Rao Government came to power our external debt was 75.9 billion dollar. Now the Government is boasting of all round development through radio and T.V. as if things have changed miraculously for the better overnight. But in my view, it is simply like a pipe dream. In spite of attaining new heights in development and exports, external debt in 1995 stood at 95 billion dollars. From this, one can very well imagine the progress made by the country. Facts need no proof. I want to give one more example. According to the Government's claim, our forex reserve is continuously on the upswing. But the press claims that our forex reserve is decreasing. Our forex reserve, excluding gold and SDRs, was to the tune of 20.80 billion

dollars as on last March. This came down to 17.45 billion dollars on 3rd, November, 1995. The Government is trying to mislead the people by juggling with the figures. Prices are rising by leaps and bounds. The poor do not get even two square meals. They cannot afford to buy cooking oil to cook his lentil. Even salt is expensive. Travelling too have become expensive. Prices of essential items have increased and the poor are not getting them on subsidised rates. The poor farmer is not getting remunerative price for his produce. If the economic policy had helped in checking price rise, devaluation of rupee and boosting rupee value in the world market, we would have conceded that the nation is progressing. But things are happening just to the contrary.

Sir, prices have increased by 40 per cent, after the liberalisation of the economy. I want to convey my concern to the Government over the prevailing situation. Prices of daily items used by the commonman are increasing continuously. But the prices of items used by industrialists and capitalists have not increased proportionately. Things are becoming difficult for the poor and the middle class. Who is responsible for the price rise, for the devaluation of the Rupee, for the increasing unemployment and for the rising poverty? China began development programmes along with us in 1949. Its population is more than ours. In a fixed period, China has attained its goals, be it in case of imports and exports, foreign exchange, savings and controlling the fiscal deficit. But our country has lagged behind. From the very beginning, I have been saying that the idiom 'Nero fiddled while Rome burnt', aptly applies in our case too. After embarking on the economic reforms, the Government did not pay attention at all towards checking corruption and various scams like the security scam, the sugar scam, bank scam or the new scams that are being revealed daily. It also failed in monitoring financial management, curtailing Government expenditure and in rooting our corruption.

Sir, the inflation rate is also causing concern. Our Government has failed on social and economic front as well. Unemployment is increasing by leaps and bounds. Sir, saving and exchange rates are falling. Not much financial improvement has been noticed in the Public Sector industrial units. With elections round the corner, economic reforms have slowed down due to the compulsions arising out of elections. The Government started amidst much fan-fare the Indira Awas Yojana and Mid-Day Meal Scheme in the primary schools to mislead the people. The foodgrains used for mid-day meal costs the Government Rs. 567 per quintal, whereas better quality wheat is easily available in the market for Rs. 300-400 per quintal. This is an example of the Government's efficiency in financial management.

The Government is not utilizing the money more efficiently. Austerity measures are not being adopted by the Government to curtail wasteful expenditure. had an appraisal of the Five Year Plan being done by the members of the Planning Commission and by the economists, the Government, perhaps, could have got proper guidance to take the nation on the right track. But the Government indulged in dilly-dallying. The Government failed to bring down the fiscal deficit and this is rising continuously. The Government is taking the nation towards economic crisis. Mr. Chairman, Sir, I again demand that the Government should issue a white paper regarding our internal and external debt and the amount that is paid as interest on debt servicing each year so that we could get the information. A review of the nation's economic condition should be revealed to us.

Mr. Chairman, Sir, I want to give some suggestions to come out of the economic crisis and the efforts the Government should make in this regard.

Mr. Chairman, Sir, earlier an Economic Advisory Council was formed, which advised the Prime Minister. Since a very long time, this Council has been dormant. My suggestion is either to revive the council or to form a National Economic Security Council. Economists, those having an interest in the economic situation and those having knowledge of current situation should be included in this council it should be asked to give suggestion to improve the economic condition of the country. Mr. Chairman, Sir, several States are ruled by parties different from the one at the Centre. There is lack of co-ordination among them regarding foreign investment. The formation of this Council is also necessary to advise on investment matters. Foreign companies should not be given permission to manufacture such things which can be produced indigenously. Multinationals should be allowed entry where new technology and hi-tech are needed.

Mr. Chairman, Sir, control on population is also very essential. The Government should seriously strive towards this. Our population is increasing alarmingly. This is a national problem. Rising population negates our policies and programmes. Therefore, it is very essential to control the rising population. There is a need for comprehensive reforms in political, administrative, judicial, educational and social spheres. Then only the benefit of economic reforms will reach the people. It is also essential for the Government to obtain minimum consensus in this regard.

Due to this, divergent opinions are being expressed. We were also supporter of economic liberalisation but the Government wants to handover every work to the multinationals, the World Bank and

the IMF. The Government wants all the products ranging from computer chips to uncle chips to be manufactured by foreign companies. We cannot support the idea of inviting multinational companies for the production of every item whether it is big or small. Therefore, a minimum consensus should be developed. On economic reforms by calling a meeting of the leaders of all the political parties. Some days back Shri Kesri Ji had stated in a meeting organised in FICCI that the new economic policy was a historical one and was in the interest of the people. He had attributed it with several adjectives. But due to partial attitude of the Government its adverse effects are visible now. The prices are constantly increasing and the poverty is also on the increase. It has become very difficult for the poor and workers to make both ends meet. It should be considered as to who is responsible for this plight.

Mr. Chairman, Sir, in the end I would like to say that our economic condition is very critical and it needs a detailed discussion for making some improvement in it.

[English]

SHRI RANGARAJAN KUMARAMANGALAM (Salem) : Mr. Chairman Sir, I firstly thank you for having given me this opportunity to speak on the economic situation. We have with us a statement of the Finance Minister made on the price situation, not on the full economic situation, though it does touch areas of the economic situation.

At the outset, I would like to point out that it is interesting to note what he said while completing his statement and I would like to take your leave to quote the same:

"We have to recognise that to achieve this goal (that is, the goal of reducing inflation) we must work together to enhance fiscal discipline (of course, very noteworthy), contain monetary growth, further liberalise import policy and strengthen systems for targeting the availability of key essential commodities in favour of the weaker segments of our society. We must also work to strengthen consumer movement in the country and undertake all necessary measures to curb monopolistic practices".

what is interesting to note is that the usual, old fashioned, if I may say, economic expression of increase in production and productivity is a statement missing. I do not know whether this is missing because of any conscious reason or is it by expression. Essentially I am not attributing any motives. Essentially I have noted it because these are favourite terms of the hon. Finance Minister. He usually uses these terms of increase in production

and productivity, but then here he emphasizes the liberalisation of import policy rather than emphasizing increase in production and productivity.

I am sure, he would agree - and there is nobody who can disagree that the present situation of price is appalling. It is appalling because there was a time as rightly said by my hon. friend who just spoke before me, Rawatji, when people used to say *Dal-Roti* is the answer. If I may submit, it is normally known that *Dal-Roti* is the answer for the poor, the lower middle class. But today the prices of *Dal* has reached a stage where it has gone beyond the reach of the poor man. *Dal* has become dearer than in fact even much costlier edible products at one time ...*(Interruptions)*

[Translation]

Eat only chapati, there is no need of dal.

[English]

MR. CHAIRMAN : No disorder, please

SHRI RANGARAJAN KUMARAMANGALAM : It is a very interesting comment. He says make it *Roti* and *Namak* and increase the price of *Namak* also so that ultimately there is nothing available to eat.

What is interesting to note is that the hon. Finance Minister refers to the WPI or the Wholesale Price index as a reliable, stable, more indicative price index than the Consumer Price Index. Unfortunately, the people of India do not buy in wholesale. They buy in retail; retail not once over, but retail many times over when one talks of the poor. But the time a product, an essential commodity reaches the poor man, it reaches him passing many middlemen's hands. The prices have reached literally the roof. I do not know whether it can go any higher.

We were told when the Government came, when the hon. Finance Minister was new for all of us, when the dollar was fixed at Rs. 32, that this is necessary in order to encourage exports, it is necessary for the purpose of handling the balance of payment situation. I am sure, the Finance Minister would agree with me, for the last four years we have actually spent a lot of money buying dollars in the market through the RBI to ensure that the level of dollar at Rs. 32 per dollar is maintained.

A substantial infusion of funds has taken place. The misfortune is that the figures are not available with me. I will be obliged, Mr. Chairman, if I can make a request, through you, to the Finance Minister to give us the figures on how many thousands of crores of rupees have been spent in the last four years to ensure that the rupee-dollar rate stood at Rs. 32. I would like to know that. I would also like to know how many million dollars have been sold of

those billions bought in the last four years to somehow manage to keep between Rs. 34 and Rs. 35, the rupee-dollar rate.

It is obvious that when money is pumped into a market - whatever be the reason - it will add to inflation. It will not reduce or contain inflation. It is a very common theory. The more the money that is available, the less the products that are available, naturally, the prices will increase and inflation will be there. I would like to have specific figures - and I am sure the House would like to know - by this one act of buying dollars and pumping money in rupees into the Indian market, how much has been the contribution to the price increase in terms of C.P.I., the Consumer Price Index and not in terms of the W.P.I. The W.P.I. can be quite indicative, may be for macro-economics. I am sorry, I deal not with the macro situation. As an individual, as every citizen does, I deal with the micro situation, which we face day-to-day, where the prices are shooting through the roof whatever be the indicative statistics one may have. Statistics - I am aware and I am sure the House is aware - is a very useful instrument to convince as well as cover up. Now, I am not saying that the statistics that have been presented to this House is necessarily a cover-up. But Dr. Manmohan Singhji, our hon. Finance Minister is adept at handling statistics, being very knowledgeable in economics. All of us know of him. When he says, 'this is the right economics', we are constrained to accept it because of our respect. Sometimes, even Nirmalda, who often is quite harsh has toned down his harshness because it is Dr. Manmohan Singhji doing a particular act. But I think it is necessary for us to know what exactly is the cause why the essential commodities and necessary items for day-to-day life have become so costly.

It is a fact that between forty percent and seventy percent is the increase in prices, in the last four years, of many commodities which we use in our day-to-day life. We must know the reason who is at fault. I think that the people can decide at the appropriate time. But what is important for us to know is, 'Why did this happen when we have an economist like Dr. Manmohan Singh as the Finance Minister?' I think, he owes it to this House and to the people of India to give an honest admission as to why did this happen, where does the fallacy lie, what is the cause for this price increase so that in future - just as he has said while ending his statement, 'inflation could be contained' - we do not go the Mexican way where we go into hundreds of thousands of percentage in increasing our cost of living.

I would also like to, Mr. Chairman, Sir, point out that what is most interesting is that the number of people who live below the poverty line have been



increasing. According to the Planning Commission's Interim Report, which was made available, placed on the Table of the House by the Leader of the Opposition - I think, Advaniji did it - clearly, the number of people in terms of percentage, below the poverty line, has gone up. This is not a very satisfactory indicator. It is not that we are spending less money. As rightly pointed out by the Finance Minister, allocation of money for rural development and allocation of money for anti-poverty programmes have gone up. This is whether in real terms or not in real terms, it does not matter. It has actually gone up, and gone up substantially. Where has that money gone? Why is it not available to really give some succour to the poor, to give them relief? Where has it gone? Is it going into the hands of a few people?

I think it is necessary for us to analyse the problems of the people which they face today. If I may submit the main problem is the rise in prices. Whatever be the statistics which we give to each other, this is the reality and all of us know. If any one of us asks our better halves, our wives or those responsible for running the domestic establishments, you will know that there is unhappiness over the price rise and we cannot deny that. If Dr. Manmohan Singh addresses this question to his better half, and I understand that she is very clear in her mind, he would know the answer. I am sure he knows it. He must have heard complaints over a period of time mildly being put across to him. But the important thing for us to do is to identify, what is it that the people really upset about. Let us not go into nomenclatures of what was the new economic policy, what has it become today or what should it have been. I think the important thing is coming to the grassroot issue, *i.e.* what is affecting the people of India. It is price rise and galloping unemployment. It is not going down. Yes, it is true at certain stage agriculture labourers' wages had gone up. But that is in certain stage. That is why there is migration of agriculture labourers. The Chairman is aware that there is migration of agriculture labourers from Bihar to Punjab. Thousands and lakhs of people come to work during agricultural sessions. It is because the wages are reasonable in Punjab and wages in Bihar are very low. This takes place even within the State. In my home State, Tamil Nadu, I have seen people moving from one district to another in searching for employment in agriculture sector where reasonable wages are available. And that is the reason why in fact today agriculturists are upset in areas where there is high productivity. Inputs are going up and the output prices are not sufficient. I do not think any Government should play between the consumer of essential commodities on one side and the need of agriculturists on the other side. The duty of the Government is to balance both the demands. I recollect the hon. Prime Minister standing up in this

House, only during last Session, and submitting that the cost between procured essential commodities and the cost at which it sells through the Public Distribution System is 60 per cent of the cost of the agricultural produce and 40 per cent of the cost of handling. How can we have such high cost of handling? It is unheard of that 40 per cent of the cost of essential commodity being given to the poor man is due to handling. Then, there is something wrong in the system of our management and handling of essential commodities. We need to correct it. It is no use saying, 'this is the position and we are helpless'. I also think that it is necessary for us to understand that we gave a promise, at least to all Congressmen throughout the country, Dr. Manmohan Singhji was there, that we would have a minimum of ten million jobs created every year. Even now, in the last year we are talking of seven million jobs. I hope in the fifth year we reach the target. The point is, will we be able to have employment for all by the year 2,000 A.D.? I sincerely doubt it. I think, the real problem is that we have lost moral values. Dr. Manmohan Singhji has said it in the House and said it earlier outside also. It is due to lack of moral values that in the process of trying to ape everything foreign - everything foreign is good and right because they are advanced countries - that we are losing whatever good we have in us. Today corruption has almost come to be recognised as legal. Nobody is talking ill of corruption. We stand up and talk of figures of Rs. 65,000 crore, Rs. 85,000 crore etc. But god knows, is really such money available for corruption? If so, why are we not moving on it? Why is it that scam after scam is spoken of? But nobody is brought to book. Not a single person is serving jail sentence. People are indulging in corruption with impunity. Whatever be the policies of Dr. Manmohan Singhji, I can assure you that we will continue to have our problems because leak is there, not anywhere else.

Dr. Manmohan Singh may not be able to say it in the House, so long as he is the Finance Minister. But I am sure - I hope it does not happen - but if it ever happens, he will definitely be able to say, what was the problem. The problem is the total dishonesty the total lack of transparency. We need to have honesty and transparency.

Enron unfortunately is one of the best examples that is available wherefrom you come to know that any multinational company is a business organisation. It is a business organisation; and a business organisation will take the maximum profit it can. If it finds that there are people who are willing to suck lollipops and give them more profit, they will do it. If they think that there are people who will knock them on their knuckles and get them to give a good deal, they will come and sign a good deal

with you. I cannot imagine on what basis do we talk of a 'cost plus' scenario. Why did we not talk of tenders? Why have we come to a situation where we are constrained, if I may submit, Mr. Chairman, Sir, to look down in shame and not look up as Indians with our heads held high saying that we are the greatest civilisation in the world?

We have values. Sir, Above you, you have a slogan which does not talk of religions. Of course, my learned friends on the other side might say that 'dharma' means religion. It is not so. 'Dharma' is a way of life and it is ethos. If that has to be all prevailing, the first thing that we need to have is to weed out the corrupt, to weed out the dishonest and the truthful among ourselves and actually respect truth. Truth is the only God that Vedas recognised and I hope Dr. Manmohan Singh understands that.

PROF. SUSANTA CHAKRABORTY (Howrah) : Mr. Chairman, Sir, Indian economy today offers a bizarre spectacle of an oasis of affluence in the midst of grinding poverty, a spectacle of indebtedness to and dependence upon the foreign multinationals and imperialist forces.

Although there are plenty of resources in our country both human and natural, still the countries foremost dream merchant, the Finance Minister claims that the economy is vibrant, healthy and strong. But a look at the UNDP Human Development Report or some statistics revealed by the Government itself will tell us another story, a different story, UNDP Human Development Report placed India at the 134th rank among the 173 countries it surveyed. India has dropped from the 121st position which it held in 1991. What does it mean? It means, in these three years, India could not overtake at least some of the newly established independent countries. So, it is the result, it is the offshoot of wrong economic policy of the Government of India that has led to such an economic situation. The most serious thing is the remark made by the Report. The Report observed and I quote :

"The rural poor, more than one-third of India's people are paying the price for reforms, but not yet seen many benefits."

From this and from the other statistics that I will just try to present before you, it shall be seen that the claim of the Government and the Finance Minister that there will be a change with a human face is a myth, a fiction and not a reality.

Look at the figure of growth of gross domestic product. Look at the figure of trade deficit, fiscal deficit and revenue deficit. In all the cases the promises that were made by the Finance Minister had not been kept. I think, the doctor - Dr. Manmohan Singh - has failed to diagnose the disease rightly. The disease is that poverty is increasing.

Unemployment is increasing. There is rampant fiscal indiscipline. There is an abnormal increase in money supply. There is uncontrolled inflation. There is burgeoning trade deficit, sharp increase in the demand for dollars for financing additional imports, increase in internal and external debt, additional international liability arising out of our unsustainable foreign loan, unlimited borrowing, etc. And even if one is to call it a change, I am one who will agree only to differ.

The gross domestic product increased by 4.3 per cent in 1992-93 as well as in 1993-94. However, as far as advance estimates of the CSO, the gross domestic product shows a growth rate of 5.3 per cent during 1994-95. But the average rate is 4.5 per cent. The Eighth Plan targeted a growth rate of 5.5 per cent for the period 1992-97. How shall the Government maintain it? I do not know about it. I want a categorical reply from the Government. How does it like to achieve the target?

Look at the India's balance-sheet. Going through the statement of assets and liabilities of the Central Government, one's stomach is churned. One need not be an accountant to come to a conclusion that the liabilities are more than the assets. Here are the figures. The shocking fact is that the assets of the Government of India are worth Rs. 3,84,805 crore whereas the liabilities are worth Rs. 6,00,559 crore. The difference actually amounts to accumulated losses of Rs. 2,15,754 crore which are equivalent to 56 per cent of the assets. What is more pertinent is that the loss as a percentage of assets has been mounting up year after year. How does the Government like to pay it? Is it by borrowing from internal resources or from the external resources?

Interest payments are going up. I recall the budget speech of Dr. Manmohan Singh in 1991-92 when he said :

"Interest payments alone are about 4 per cent of GDP and constitute 20 per cent of the total expenditure of the Central Government. Without decisive action now, the situation will move beyond the possibility of correction action".

And what is the position now? Now the interest payments have risen to 30 percent of expenditure. Does the Government tacitly agree that it has entered into debt trap? does it agree that it is beyond the possibility of a corrective action? Who is to be blamed? It is the policy of the Government. The Finance Minister goes to the Economic Survey, 1994-95 that a satisfactory level of food is there. Yes, it is there. The stock of foodgrains held by the Centre and the States on 1st June, 1991 was 22.45 million tonnes. On 1st June, 1994, it increased to 26.57 million tonnes.

Now, the increasing trend in bufferstock is largely due to lower offtake from the public distribution system. Again, it is substantiated by facts and figures. The intake from the PDS in 1991-92 was only 99.45 lakh tonnes. In 1993-94, it was reduced to 88.84 lakh tonnes. So, the godowns of the FCI is full but the stomachs of the people are empty. Why is it? It is because the people have no purchasing power. It is because of the fact that the price of the PDS and the actual market price are almost equal. So, in India, we have crores of people who cannot buy but who have the desire to consume.

MR. CHAIRMAN : You have taken ten minutes.

PROF. SUSANTA CHAKRABORTY : It cannot be, Sir. But I will try to conclude.

As regards rate of inflation, many hon. Members have dilated upon it. So, I need not go into the details. Regarding the claim by the Government that the inflation rate is going down, I would like to say that the annual WPI average rose by 10.7 per cent in the post-reform years as against 7.2 per cent in the comparable period before the reform was launched. Who is responsible again? Is it not the new economic policy? During the same period, the price of food articles moved up by 10.6 per cent as against 7.3 per cent and price of primary commodities by 10.7 per cent as compared to 6.6 per cent. It may be noted that after the decline to 8 per cent in 1995-96, overall inflation rate still remains higher than 7.2 per cent which was the rate in the post-reform years. So, I challenge the claim of the Finance Minister that the rate of inflation is going down. The figures are in this fashion. I do not want to go into the details of the consumer price index and I do not like to express the feelings of the people who go to the market. I do not know whether the Ministers go to the market to purchase things for themselves. Do they know the prices of vegetables, pulses, etc.? But statistics indicate that the availability and the per capita consumption of edible oil in our country has decreased during the same period when Dr. Manmohan Singh took over charge as the Finance Minister of the country.

Employment growth as envisaged in the Eighth Plan has failed. The Mid-Term Appraisal has already accepted it. They failed to reach the target. In 1991-92, there was shortage of 5 million jobs and in 1992-93, the shortage was 2 million and in 1993-94, it was 3 million. I am quoting from the Planning Commission document. So, the target of the Eighth Plan has lagged behind by more than 10 million only during these three years. For the rest of the two years, how does the Government like to generate employment as envisaged in the Eighth Plan? I would like to have an answer from the Government.

Having looked at the comparative figures of the trade deficit during the three years in 1993-94, the

gap was only 250 million dollars. In 1994-95, it was 798 million dollars and in 1995-96, it is 1976 dollars. Is this the improvement that is envisaged? The imports have increased in 1995-96 from April to August. During these five months, imports increased by 37 per cent.

17.00 hrs.

(Mr. Speaker in the Chair)

Exports increased only by 27 per cent. The fiscal deficit which was Rs. 36,325 crore is estimated to have increased by Rs. 68,484 crore. So far as the foreign debt is concerned, in March, 1991 it was 83.8 billion dollars; today it is about 95.3 billion dollars. Our internal loan is again nearly Rs. 4,80,000 crore. Our indebtedness and repayment liability for the year 1995-96 is 12.3 billion dollars. So, the foreign exchange reserve is 20 billion dollars which because of the depreciation has gone down by extra two billion dollars. Now, we have to repay 12.3 billion dollars in this year itself. So, I would like to ask the Finance Minister as to what remains after this as foreign exchange, of which he boasts of.

Sir, I would need ten minutes more to complete my submissions. Should I continue now or should I continue later on?

MR. SPEAKER : You can continue afterwards.

Now, there are two statements to be made; one, by the hon. Prime Minister and one by the hon. Minister of Communication. It is better to hear the Prime Minister first.

17.02 hrs.

## STATEMENT BY PRIME MINISTER

### Launch of INSAT - 2C Satellite.

[English]

THE PRIME MINISTER (SHRI P. V. NARASIMHA RAO) : Sir, I am happy to inform this august House that INSAT-2C, designed and built by the Indian Space Research Organisation has been successfully launched this morning. The Ariane launch vehicle carrying INSAT-2C lifted off from Kourou in French Guyana at 04.53 hours IST and placed it in a Geosynchronous Transfer Orbit with a perigee of 200 km and an apogee of 35,976 km. The satellite is now orbiting the earth every 10½ hours.

The INSAT Master Control Facility at Hassan in Karnataka required the telemetry signals from INSAT-2C about Two minutes after its injection into orbit and has confirmed that the health of the satellite is normal. Several manoeuvres are to be carried out before the satellite is made operational. The orbit of