

Code of Criminal Procedure has already been registered against Shri Indrajit Gupta. As far as I know, it is normally used against criminals, consistent violators of law and against such other people only, such sections are involved.

Section 107 has been invoked against a man of Shri Indrajit Gupta's stature and nature I should say. If the Government goes on registering cases under Section 107 against the elected Members of Parliament, may I say, Sir, with all humility that it is reprehensible and condemnable.

SHRI SAIFUDDIN CHOUDHARY (Katwa): It is not only that but some technical flaws have also taken place. Given the kind of a situation that is there in Punjab and the kind of role the CPI, CPI(M), BJP and some others have played, in that context, the administration had failed to properly deal with the people who are laying down the lives in Punjab. Are they not to be reprimanded? Are they people doing service to the country in Punjab?

I am very sorry. The Home Minister is here. He must take to task whoever is responsible. The Governor is not at all doing any good service in dealing in such reprehensible manner with such respected people who followers are laying down the lives. It is not a matter of technical delay. It is a question of outlook. They are thoroughly bankrupt people and they are not fit to run the administration in this critical situation.

MR. CHAIRMAN: As I mentioned to you, the sender's name is not there but some initials and numbers are there. I think it is but proper that the Home Ministry should direct all the concerned that whenever Members of Parliament are taken into custody, when they send the telegrams either to the Speaker or to the Central Government, they must give their designation to also. The charges have already been mentioned in the telegram but we cannot make out as to who has sent it. Therefore, it would be proper, in future, if any Member of Parliament is taken under cus-

tody, the sender must give the name as well their designation.

Now, the House shall take up matters under Rule 193.

(Interruptions)

[Translation]

SHRI BHAGWAN SHANKAR RAWAT (Agra): I would like to say one thing that section 107 and 151 are applicable when there is a clash of fight.

MR. CHAIRMAN: It is a case of breach of peace. This rule is applied in case of those who go there.

[English]

SHRI BASUDEB ACHARIA (Bankura): Sir, the Home Minister can respond to the points raised here.

MR. CHAIRMAN: He has already responded.

17.00 hrs

DISCUSSION UNDER RULE 193

Present economic situation in the country with reference to the steep rise in prices of essential commodities in recent months, deficit financing, the foreign exchange crisis and the conditionalities sought to be imposed by the international monetary fund—*CONTD.*

MR. CHAIRMAN: The House shall now take up further discussion under Rule 193 on the economic situation in the country. Dr. Debi Prasad Pal was on his legs; he will continue.

DR. DEBI PRASAD PAL (Calcutta North West): Mr. Chairman, Sir, when we are discussing the economic situation for the year 1991 the economic scenario has

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changed from the first half of the year to the later part of 1991.

When 1991 started, the economic scene presented not only a dismal picture, but there was a complete frustration in the economic field. It is at that point of time that the present Government had to take over the administration in the later part of June.

We have seen that upto June 1991 the economic situation was completely a dismal one. The balance of payment position in the country was in such a situation that hardly we could pay for our two weeks requirement of foreign balance of Rs. 2600 crores. The price increase in the country, in the year 1989-90 was 9.1%. But in 1991 in August and also in the earlier part of the year it reached a peak level of 16.4%. The industrial production also in the country during the period, in the earlier part of 1991, registered a slow growth of only 4%. The result was that not only within the country there was a spiralling of prices, but even in the international monetary world the credit worthiness of this country was at its lowest ebb. Our balance of payment position was so precarious that we could not get any assistance from any part of the world.

This was the economic situation when the present Government had to come on the scene. So the main task of the Government is to restore a sense of economic revival not only within the economy itself; but in the international world also. The fiscal policy therefore has to take important measures both short-term and long term. The short term measures had to be taken because we have to tide over the situation in our balance of payment position. If the country cannot meet its liability in international monetary world, then how do we look before the world? Therefore the economic revival which the present Finance Minister had to launch upon was to restore a sense of confidence, so that our balance of payment position may revive and we can at least present to the world that

we are not economically so bankrupt as was made to appear by the earlier Government.

It is because of this reason that the Government had to take an immediate measure of reducing the exchange rate of the rupee by devaluing the currency against the major currencies of the world. The rupee has eroded its value as a result of spiralling of prices both within the country and also outside the country. The devaluation was made as an economic corrective in order that our subsidies towards exports may be reduced and the export industry can be boosted up. If we are to make the balance of payments position better, then, we have to rely upon our export performance in a much better way. That is why the Government had to take a decision of devaluing the rupee. If devaluation is resorted to, then we can dispense with the subsidies which we are to give to the export industries, we can dispense with the cash assistance programme which we are to give to the export industries. So, in this way, the Government will be saving a larger amount of its fund. At the same time, it is true that as a result of devaluation, our imports will substantially be less. Due to the devaluation, the cost of imports will be much higher. It was an inevitable situation. We are to import our non-essential goods and if our imports exceed our exports, then, we cannot have a policy of self-reliance which was completely lost sight of by the earlier Government during which period, the imports were far exceeding the exports. It is in this situation that a policy of devaluation had to be resorted to. But the spiralling forces of inflation might have dissipated the effect of devaluation, if the Government had not taken certain immediate measures. The monetary policy had to be tightened in order that the effect of devaluation is not dissipated. Hence the Government had tightened the monetary policy by raising the bank rate of interest and also the refinancing rates, as a result of which the excessive investments in uneconomic sectors will be discouraged.

The Government also had to take certain trade policies as a short term measures.

The trade policy was to liberalise the industries so that the industries may not suffer from the cobwebs of bureaucratic and executive controls. It is because of this reason that the liberalisation the case of short term policy, the Government had to consider the cause for this inflationary spiral. It was due to excessive reliance upon the deficit Budget. The result of the deficit Budget is that, it gives fillip to inflationary spiral and leaves the economic system destabilised.

During the earlier Government, the deficit Budget was 8.4 per cent of GDP and as a result of it, it reached the high water mark of inflation before this Government came to power.

So, the immediate task of the Finance Minister was to reduce the deficit Budget to a reasonable limit. Hence it was announced that the deficit Budget will be reduced from 8.4 per cent to 6.5 per cent, a reasonable extent. This has been done by the Finance Minister by resorting to various monetary, fiscal and other measures.

One of the measures taken was the increase in direct taxes. The total realisation from direct taxes by the previous Government was only Rs. 2,400 crores whereas it has been increased by the present Government to more than Rs. 4,600 crores. The corporate sector's share of the direct taxes has been increased to almost double. From Rs. 816 crore, it has been increased to Rs. 1,600 crores. Therefore, this is one of the major devices which the Finance Minister has taken by increasing the direct taxes. (*Interruptions*)

I am giving the figures. The individual rate of fare was not affected. (*Interruptions*)

MR. CHAIRMAN: Please do not disturb.

DR. DEBI PROSAD PAL: But the corporate sector had to bear a larger burden, at least double the amount. The Central Excise and the Customs duties have also been increased from Rs. 20,000 crores in the last

year by the previous Government. It has increased to more than Rs. 20,000 crores. It is true that the Customs duty has not been so much as it was expected. It is precisely because of the monetary policy. The Customs restriction was there. Imports of essential goods and other non-essential goods were discouraged as a result of which the Customs duty, to some extent, was not as it was expected to be.

These are the measures which have now been taken by the present Finance Minister both as a result of the budgetary policy, as a result of the monetary policy and also as a result of the trade policy. The short-term measures did have its immediate impact upon the price level. We had that the experience of 16.4 per cent. It has been reduced in the month of November to 13.3 per cent. It is true that the reduction in the prices has not been as everybody expected it. The common man undoubtedly is hit by the rising prices. India is a country where a large number of people are living below the poverty line. Naturally, everybody is anxious that the price level has to be slashed down at least to the level of one-digit. But we must not forget that the price level does not react like the Aladin's lamp. The price level reacts in an economy only after certain time lag. With one stroke, the inflationary spiral which has been built up into the economy by the earlier Government, cannot be removed by the magic wand of any Finance Minister. We have got to wait.

SHRI NIRMAL KANTI CHATTERJEE: It was forgotten in the Congress Party's manifesto. (*Interruptions*)

DR. DEBI PROSAD PAL: Well, it was not forgotten in the manifesto, but every manifesto has to be read along with the exigencies of the situation. We have reduced the level of inflation built up by the earlier Government. Now it has been reduced from 16.4 per cent to 13.3 per cent. We must not forget that the Finance Minister has taken not only the short-term measures but also the long-term measures by the introduction of the industrial policy. This industrial policy

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if implemented properly and given a time-lag, will have its impact upon the economy within a certain period.

Now what is this industrial policy? The industrial policy emphasises that the liberalisation of the industries must be there. We have seen the experience of the public sector undertakings for long. We have seen how the different public sector undertakings are suffering losses worth crores of rupees every year. Now who is to bear these losses? Ultimately, it will impinge upon the economic situation of the country. I am giving two or three illustrations. Hindustan Photo Films Limited is a public sector undertaking. The Public Accounts Committee has pointed out the lapses in their administration by the high-ups in this company, which is a public sector company. The private sector is willing to offer the slitting and confectioning of photographic material at a price which is much lower 80 than the prices offered by HPEL/ public undertaking. Even the public sector undertaking, Photo Films Limited is suffering huge losses. I am giving another example. As regards Cycle Corporation of India, Rs 7 crores have to be paid by the persons to whom the goods have been delivered and the report is that those who are at the high-ups are not caring even to realise that money. This is the situation in the public sector. If the Government has taken such a decision about the public sector, excepting a few major key industries like that of defence or other industries of great national importance, how can they run economically and how are they to run efficiently? How can one raise his voice of protest against this policy of the Government? The public sector is not obliterated and it is not effaced from our economy. Our Government is consistent with the policy which had been introduced in 1948 by Pandit Jawaharlal Nehru. The same policy is continuing, that is, the policy of mixed economy and emphasis has to be given both upon the development of the private sector and also the public sector. So long, by controls and licences the economy was suffering from the clutches of bureaucratic control. Even the

Wanchoo Committee which was presided over by the former Chief Justice of India had recommended that one of the major defects in this country for inflationary spiral and other economic maladjustments is excessive control and excessive licensing position. If that has been liberalised, that will be for the better performance of the industry.

The Industrial Policy which is a long policy, which has been introduced by the Government also tries to import foreign capital up to the extent of 51 per cent. The equity capital has to be paid not by a drainage of foreign exchange reserves but by way of foreign export of capital goods. If automatic approval of foreign technology is given and if foreign technology is imported into the country to industrialise the economy, then there cannot be any grievance from anybody. Therefore, those who are seeing the ghost of International Monetary Fund dictation and other things can see the correspondences laid on the Table by the hon. Finance Minister which clearly show that we have not sacrificed our economic sovereignty to any nation or any country. We cannot do so also. It is clear from the statement which has been laid on the Table that our Finance Minister has taken a pragmatic view of improving the economic situation in the country by introducing both short term and long term measures by way of Industrial policy and also of the Trade Policy.

We must not forget that the price situation in this country is the result of the interaction of various forces which are operating in the economy and the harmful effects of the earlier Governments' administration cannot also be removed overnight. During the 18 months rule by the earlier Government, our foreign exchange reserves had been dwindled to almost two weeks position. The economic administration of the earlier Government has increased the prices 16.4 per cent. Now, by one magician's wand, we cannot reduce the prices to half of it. It will take some time. The effect of economic measures can be felt only over a time lag. The result of the short term measures which you have introduced and one important ef-

fect which has been noticed within a very short time, is that we are not in the international money market bankrupt now. The situation of bankruptcy has been tided over. We had a reserve of 2600 crores only for two weeks and we have more than 8000 crores of foreign exchange reserves now. Even the International Monetary Fund expected that we would have 2.1 billion dollars and by 1992 we would have 3.1 billion dollars. But now, we have crossed that watermark and our foreign exchange reserve is more than 8,000 crores. This is the result of the policy introduced by the Finance Minister. We had to impose certain restrictions on our imports. Now that our foreign exchange reserve position has improved, the position of imports also can have better look. Maybe some of the essential consumer goods can now be imported to some extent, so that the burden and misery of the common man can be lightened. Government may now think of liberalising the import of some very essential/consumer goods such as edible oil and fertilizers, etc. There is improvement in the exports position and exports industries are also having a better and brighter look. I hope the Finance Minister will look into the matter and decide how much liberalisation can be done with regard to import of certain essential goods for consumers, such as edible oil.

Prices, as I have submitted, are to be reduced. But this will depend upon certain macro economic adjustments. The imbalances in the economy have corroded our economic fabric to a great extent. If we are to set the path right, it does require certain time period. The macro-economic adjustments which have been made by way of our trade policy, by way of fiscal policy and by way of industrial policy require certain period of time so that their impact can be on the economy by way of improving its position.

As regards prices, we do expect that it will show certain better results within a short period. But at the same time, there is no cause for any complacency. The situation is still not very bright. Maybe, we have crossed a point where we were almost on the brink of despair. Still, priced situation requires to be

properly attended to and if it is not done, it may cause us serious concern in the future. Everyday the prices of certain essential consumer goods are increasing. If the prices of essential consumer goods continue to rise, the Government must take proper steps through the Public Distribution System to correct the situation. The public Distribution System is one of the important agencies through which the Government has to supply essential goods to people at large. The Government must see whether the public Distribution System is functioning properly and whether the supply management is done on an economic basis or not. This is a sphere to which the hon. Finance Minister must give his active consideration. I say this because the Public Distribution System in our country has not achieved the desired results. If the Public Distribution System continues to work in the same fashion, then it will breed more of corruption and more of maladministration. It requires tightening up by the Government and there should be closer and more serious control. The supply management also requires to be considered from a proper perspective. It is true that uptill now been some restrictions on the imports of essential commodity. This was due to our bad foreign exchange reserve position. Now our foreign exchange reserve position is having a better and brighter look, and I request the Government to consider imports in respect of some essential goods.

Mr. Chairman Sir, if the economy had gone completely out of gear in the early part of 1991. It was the result of the policies pursued by the earlier Governments in the last 18 months. It is only as a result of the pragmatic, bold and decisive steps that the Finance Minister has taken both in terms of long term and short term measures, that the economy is having a brighter look now. It is true that we have yet to go through this process and in this process some decisive and bold steps have to be taken. I will only request this House to consider that the price structure cannot be lowered immediately by any magician's wand. The effects of the economic policy will be felt through the passage of time. The long term economic

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measures will have its effects over a period of time.

With these words, I congratulate the Finance Minister for taking a bold, pragmatic and a significant step in the right direction.

[*Translation*]

SHRI BHAGWAN SHANKR RAWAT (Agra): Sir, in the context of the Economic Survey I would like to say that the hon. Finance Minister made many efforts but despite all those efforts it has become a case of "jyon-jyon dava ki marz barhta gaya." I was told that the country's exports have increased. I know that the rupee has been devalued against foreign currency. If prices are reduced by 50% it would be appreciated by the Government.

According to figures, the foreign exchange earned by us has reduced despite an increase in the quantum of exports. The benefits expected through the devaluation of the rupee have not materialised except that all export commitments have been met but there has been no increase in the country's purchasing power.

The policy was formulated under pressure from the I.M.F. With the result that prices are rising. According to official figures, there has been a 15% increase in the price index, but in reality the consumers are facing tremendous hardship on account of the rising prices. The price of wheat, which is needed by the common man, has increased from Rs. 350 to Rs. 375 for 100 kilogram. The price of 'Basmati' rice has risen from Rs. 2500 to Rs. 3100 and that of Mustard Oil from Rs. 1000 to Rs. 1100. Once when Shri Morarji Desai sent some gold out of the country, the then members of the Treasury Benches had expressed resentment and thought that women in the country would have part with their Mangal Sutas. Now gold has become dearer. Gold Vitur which was earlier priced at Rs. 3680 is now priced at Rs. 4500 Now father a can not give 'Mangal

Surta' Bangles and 'Bindiya' to his daughter at the time of her marriage because the prices are so high that his whole money is spent on other things.

After dal which was earlier costing Rs. 15.70 per kg. now costs Rs. 19.00 in the retail market and Rs. 18.50 in the wholesale market. This is causing a lot of hardship to the poor.

Industrial production has fallen. I have a copy of the Finance Ministry report pertaining to the last 7 months of the current financial year. The report states that industrial output has fallen and gives the reasons for it.

[*English*]

Import of capital goods, sanction of letters of intents granted by the Secretariat of Industrial Approvals.

[*Translation*]

There could be a delay in grant of approval by the Controller of Capital Issues or financial institutions. In spite of that the blame would be put on the Central Government of the Finance Ministry. We will not level criticism on any other party.

I would like to make one more mul-minim. We have opened the doors to foreign investment and are willing to provide all facilities to foreign collaborations. The EXIM scrip was introduced by there is corruption in that system also. In a meeting of the Consultative Committee of the Commerce Ministry, I got to know that irregularities have crept into the system and cases have been registered against a number of people. During the previous Budget Session and in the meeting of the Consultative Committee of the Commerce Ministry I had said that as in the case of irregularities in EXIM scrips to the tune of Rs. 20 crore, there have been instances of corruption all over the country in case of R.E.P. licenses. Papers related to theft of licenses worth Rs. 2 crores have already been sent by me. First to the hon. Finance Minister and then to the hon. Commerce

Minister. But the reply in the Consultative Committee of the Commerce Ministry was that there was a conspiracy between the Commerce Ministry and Post Office. There is no provision or rule to register such a case. There is no provision for issuing duplicate licenses which is why lakhs of labour working there and industrialists who had obtained a license under R.E.P. are making repeated visits to the relevant departments. Earlier there was the Bofors scandal in which commissions were accepted. Now there have been irregularities in case of import licenses but the Government is least bothered. It is being said that there is no law for this purpose. I would like to ask the hon. Finance Minister if such instances of corruption can be ignored. I am pained to note that the Government is not prepared to take action just because there is no law to cover such cases.

I criticise the Government for its stance with regard to such large-scale irregularities and the greatest scandal of the year, about which the central Government is completely silent. Rs. 3025 crores have been given by banks to large-scale sick industrial units since 1988. What have we done in this matter? The only thing we are doing is taking loans from foreign countries but don't we have to pay the money back. Our economic condition will improve only when there is a rise in productivity and a resultant increase in income. The report of the last 7 months shows that there is a fall in industrial productivity. This has led to seeking of loans from foreign countries and attracting N.R.I. investment. Charvaka has said that "Yavat jeevet sukham jeevet, rinam kritva Ghritam peevet". So this "Ghritam peevet" will not solve matters. The previous Government subsisted on foreign aid, the adverse effects of which are to be seen now. Development cannot take place without increasing productivity. Presenting fictitious figures and taking loans tantamounts to mortgaging the countries.

I would also like to say that the Central Government is continuing with its discriminatory policy against Uttar Pradesh in eco-

nomics matters. In 1950-51 the per capita income in Uttar Pradesh was Rs. 270 whereas the national average was Rs. 296. In 1989-90 the per capita income in Uttar Pradesh was Rs. 3072 whereas the national average was Rs. 4052. This gap is increasing day by day. Even the Plan expenditure amount for the Anpara Power Project has not been sanctioned despite repeated request by the Uttar Pradesh State Government and despite the expenditure having been sanctioned by the Planning Commission. In matters of development, plan expenditure and investment a biased attitude has been adopted towards Uttar Pradesh. I am levelling this allegation because this attitude is based on certain political considerations.

I would like to submit one more thing that in response to a question by me it was stated that there has been marginal increase in term deposits with the banks. But I challenge this claim which is farcical. It is farcical because the money deposited with the 'Mutual Funds' has also been shown through statistical jugglery, even though several people are withdrawing from term deposits prematurely because of the wrong taxation policies of the Government, a fact which the Government of India wants to camouflage. I would like to submit that through statistical jugglery facts cannot be concealed and overlooked. Therefore, I would like to submit that the Government should think over the issue of levying of tax on interest income.

I would like to submit that due to the pressure of IMF, reduction in subsidy on fertilizers has put the fertilizer industry in for hard times. As a result of it 'Rabi' crop production is not likely to increase. I am seriously concerned because the politics and pressures of IMF, rise in price of fertilizers and rise in prices of other agro-products, might dilute the achievements of green revolution. Which was brought to the country after lot of hard work by the farmers.

I would like to make a submission about devaluation of currency even though it had been stated in the House that there will be no third devaluation. Therefore I would like to

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submit that once again a categorical assurance be given that no third devaluation of currency will be done in any circumstances.

In addition to all this I would like to submit that in all the economic policies, no allocations have been made or schemes have been announced to provide jobs to the unemployed persons. Therefore the Government should admit its failure on the economic front and somehow arrest rise in prices. If rise in prices is not checked then economy of the country will deteriorate fast. Purchasing power of the people should increase and for that it is necessary that employment opportunities are created to save people from starvation. In China during the reign of Change-Kai-Sheikh, a large amount of currency was in circulation, but the purchasing power of the currency was at its ebb. People were starving as there was shortage of goods. Even if goods were available, the people did not have purchasing power. During partition of the country people brought gold utensils with them but the goods were simply not available. Therefore, I would like to submit that unless the purchasing power of common man increases and availability of goods improves, the situation will continue to deteriorate. The economic planning is meant to improve production and the equitable distribution of the fruits of production among people in the larger interest of the country. Till now no scheme has been formulated by the Central Government to increase the purchasing power of the poor and for the all round development of the country, to facilitate the increase of production in the country and to improve the quality of life of the people. It is a matter of concern that industrial production had declined in the country. This decline in industrial production needs to be checked through drastic measures by the Government. The Government cannot absolve itself of its responsibility on the excuse of sickness in the industry. The sickness in the public sector has been under the protection of the Government. Therefore the Government cannot be allowed to have a free hand for a long time in playing with the

economy of the country. Diversion of tax revenue paid by poor to public sector to make up for the losses being incurred by these units tantamounts to dacoity in reality. It is not justified to squander away the revenue collected from poor in bureaucratic tangles. That's why I would like to submit that economic scenario is not at all satisfactory. We will have to gear up our self not to succumb to the pressure of IMF. In the last session, issue of restructuring of tax structure was raised. The hon. Minister of Finance announced setting up of Chhelliiah Committee to examine the issue of restructuring of tax structure and also stated that its interim report is expected by November end, but till now we have not seen the report. As a sequel to it the salaried class is suffering gravely because of inflation. Others are also similarly affected. Therefore I request that concessions and relief in taxes may be given to people to protect their purchasing power. With these words I conclude my speech.

SHRI GEORGE FERNANDES (Muzaffarpur): Mr. Chairman, Sir, first of all I would like to submit a few words on the issue often raised both inside and outside the House by the hon. Prime Minister, hon Minister of Finance and the spokesmen of the ruling party that in the last 18 months such conditions were created which made the nation bankrupt and within 5-6 months the ruling party has remedied the whole situation. The statement of the hon. Minister of Finance commences with the remarks:

[English]

"Six months ago, our Government, under the leadership of Shri P.V.Narasimha Rao, assumed office in the midst of an unprecedented economic crisis. Foreign reserves had dwindled to Rs. 2600 crores."

[Translation]

and then the hon. Minister of Finance goes on to highlight the success that

[English]

"Our immediate objective was to restore international confidence. I hope all Honourable Members will agree that this has been achieved."

[Translation]

and first of all it says that—

[English]

"Foreign exchange reserves have increased from Rs. 2600 crores (1.3 billion) when we assumed office to over Rs. 8000 crores (3.1 billion)."

[Translation]

I am raising two objections. I have a Government document published in November with me.

[English]

"WHY EXPORT? WHY NOT: NEW POLICY PACKAGE ON TRADE"

[Translation]

It is a Government document readily available at the Publication counter outside and anybody can pick it up. On the first page it says that the world economy has got integrated now and no economy can remain isolated and pursue economic policies independently. All economies are interdependent. Further it is mentioned that many factors have been responsible for the present economic crisis and there is direct impact on the economy of the country by the events taking place anywhere in the world. All this needs to be made clear to the people.

[English]

17.43 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

A million Indians went to work in the Gulf

countries. They sent money regularly to their families. When the war broke out there, about 180,000 Indians had to be brought back from Kuwait and Iraq. This cost (Rs. 360 crore. Foreign exchange worth Rs. 500 crore a year was lost because the remittances to the families in India stopped. Another Rs. 500 crore could not be earned from export of goods because they could not be shipped there.

Petroleum crude price shot up because of the war. The prices more than doubled in a very short time. India had to pay Rs. 10,820 crore for the import of petroleum products, during the last financial year (1990-91) against the budgeted allocation of only Rs. 6,400 crore. India's production of petroleum products is unable to meet the increasing demand."

[Translation]

Mr. Chairman Sir, I would like the hon. Minister of Finance to go through it once again. By making such statements, he is not only misleading the nation, but also trying to wash his hands off any responsibility for the present crisis. (*Interruptions*)

[English]

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I have not apportioned the blame on anybody. I was making a factual statement fully consistent with the facts and Shri George Fernandes will remember.

[Translation]

SHRI GEORGE FERNANDES: Mr. Deputy Speaker, Sir, I am glad to hear that in future the hon. Minister of Finance would not put any blame on us. A concerted effort is being made to project that the 18 month long reign of the V.P. Singh and Chandrashekhar Governments are responsible for the present economic crisis. This is evident not only from the Budget speech of the Finance Minister, but also from the speeches, sometimes ten in a day, made by the Prime

[Sh. George Fernandes]

Minister during the election campaign and now from the speech made by the hon. Member of the Congress Party, who spoke before me. In future, I would like the Government to refrain from such malicious propoganda...*(Interruptions)*

Alright, whatever it is. The second thing, I would like to mention in this context, is with regard to the statement made by the hon. Minister of Finance, in which an attempt has been made to midlead the masses. At least, the hon. Minister of Finance would concede this, because he is aware of the facts. It was stated that the Foreign exchange reserves which had plummeted to an all time low of Rs. 2600 crores has gone up to Rs. 8000 crores, thanks to Government efforts. In the statement, £1.3 billion has been mentioned as equivalent to Rs. 2600 crores, while £ 3.1 billion has been mentioned as equivalent to Rs. 8,000 crores. The Finance Minister, I am sure, would, understand what I am saying, because a deliberate attempt is being made to mislead the nation. While £1.3 billion has been mentioned as equivalent to Rs. 2600 crores, on the basis of the exchange rate of that time and £ 3.1 billion has been mentioned as equivalent to Rs. 8,000 crores on the basis of the current exchange rate.

[English]

SHRI MANMOHAN SINGH: We have given both the figures in the statement.

[Translation]

SHRI GEORGE FERNANDES: But it is beyond comprehension of the common man. He would understand only this much that while the V.P. Singh and Chandra Shekhar Governments brought the foreign exchange reserves to an all time low of Rs. 2600 crores and the present Prime Minister and Finance Minister beefed it up to Rs. 8000 crores, although it is factually incorrect. If £ 1.3 billion has gone up to £ 3.1 billion, the increase is not big enough to be mentioned here and to mislead the nation.

[English]

SHRI MANMOHAN SINGH: We have given both the figures in terms of rupees and dollars.

[Translation]

SHRIGEORGE FERNANDES: Yes, you have given both the figures, but the common man in the country talks in terms of crores of rupees and not billions of dollars.

SHRI MURLI DEORA (Bombay South): The figures have been mentioned both in terms of rupees and dollars.

SHRI GEORGE FERNANDES: The distortion lies there. I was under the impression that you will understand it, as you are a businessman. When you have failed to see through the game, how will the poor man, the common man in the country will understand it?

SHRI MURLI DEORA: Please make it clear.

SHRI GEORGE FERNANDES: I will do that, £ 1.3 billion dollars has been mentioned as equivalent to Rs. 2600 crores, on the basis of the exchange rate, prevalent at that time, i.e. £ 1 is equal to Rs. 20/- while £ 3.1 billion has been mentioned as equal to Rs. 8,000 crores on the basis of the current exchange rate of Rs. 25.50 per dollar. It is not proper to mislead the people in this manner. I think that going by the exchange rate prevalent at that time £3.1 billion would be hardly equivalent to Rs. 6200 crores or so, but the Government has projected it as Rs. 8,000 crores. *(Interruptions)*

While £ 1.3 billion has been termed as equivalent to Rs. 2600 crores on the basis of the exchange rate in vogue, during the reign of the previous Government, the value of the existing foreign exchange reserves has been assessed on the basis of the current exchange rates. This is highly objectionable and I would like the Government to refrain from misleading the people. *(Interruptions)* It

is important for the House to understand its far-reaching implications. The country would be in dire straits, if in future, the Finance Minister in his eagerness to take the country forward formulates policies on the basis of distorted figures. Therefore it is my humble request that the Government should restrain itself from misleading people, in the larger interests of the mass and the nation. Mr. Deputy Speaker Sir, in the discussions regarding the economic crisis, high sounding terms like Fiscal, Micro etc. are being used.

[English]

SHRI E. AHAMED: It is very difficult for the ordinary people to understand these macro, micro, fiscal etc.

[Translation]

SHRI GEORGE FERNANDES: That's what I am saying. I am glad, you admitted that you too face the same difficulty. In the documents laid on the Table, apart from the letter written by the hon. Finance Minister to the Managing Director of the International Monetary Fund and other related documents as well as the foreign exchange earnings of the country, the lendings and borrowings, no mention has been made about the economic crisis facing the country.

Mr. Deputy Speaker, I believe that when we discuss the economics problems confronting the nation, we should discuss those things which affect the common man, the problems from which the country wants to redeem itself. However, here I would like to specifically mention one thing to the hon. Finance Minister. You have placed before the House, the letter you wrote to the Managing Director of the I.M.F. and other related documents, but it is equally important to place before the House, the response from the I.M.F. including its conditionalities.

[English]

SHRI MANMOHAN SINGH: There is nothing of that sort.

[Translation]

SHRI GEORGE FERNANDES: Mr. Deputy Speaker Sir, we are prepared to accept the Government's argument but it won't be improper on our part to demand that the Government should not make any such statement in the House that would mislead the nation.

[English]

SHRI MANMOHAN SINGH: I assure you, there is no criticism of this or anything which we have received. This is the document on the basis of which action was taken.

[Translation]

SHRI GEORGE FERNANDES: Alright, agreed. But you may kindly place any document the International Monetary Fund has sent to the Government.

SHRI SAIFUDDIN CHOUDHURY (Katwa): If they can come all the way to Delhi to tell us what to do, it won't be surprising if they give the same in writing.

SHRI GEORGE FERNANDES: Mr. Deputy Speaker, Sir, during the course of this debate, we would like the hon. Minister of Finance to spell out the programmes chalked out by the Government to solve the four major problems confronting the people.

First of all, I believe that the most serious problem is that of unemployment. It is not in the context of I.M.F. or today's discussion that I am saying all this but the most outstanding problem being faced by the country is that of unemployment. Social and political crises are also linked with it. Next to the unemployment problem comes the problem of rising prices. The rate of inflation is also rising. We have also to see the state of deficit financing caused due to our physical policy and its fallout on our economy. All these matters may constitute interesting chapters for our discussion, but the prices are going skyhigh. The figures show that the situation is not the same what it was in

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August, 1990. But it is wrong. The situation which was prevalent in August 1990 was not there in last August, September, October and November. Let us assume for a moment that an effort was made to project such a picture. But it would not help to solve the problem. I would like to know about the action proposed to be taken and the policy formulated by the Government to check price rise. Of course, the Government has made some experiments in this regard on which I shall delve later on. Thirdly, the situation prevailing in the industrial sector is very alarming. I am aware that everyone in the House will be perturbed about the present situation in the Industrial Sector if he knows the factual position. In the fourth place comes the condition of agriculture. The condition of agriculture is very bad. After a gap of many years, we are heading towards drought. I come from Bihar and the agricultural production in this state has gone down by 25 per cent. In Rajasthan, it has gone down by 20 per cent, in Maharashtra, it is by 17 per cent and the same is the position with regard to Madhya Pradesh and other parts of the country. I am not placing any new figures before the House. As against ten crore twenty lakh tonnes of Kharif production last year, this year the production has gone down to nine and half crore tonnes. The production of Rabi crops was 7.5 crore tonnes last year and this year it has gone down to 7.40 crore tonnes approximately. It means that the total production was 17.70 crore tonnes. But this year, it has declined to 16.90 crore tonnes. In last two years, the population of our country has gone up by 3.3 crores. They refuse to hold a debate on these problems in this august House. When they are confronted with a serious matter, instead of taking that up, they pick up a matter which does not call for immediate attention. If we talk of family planning, we will come to know that the population of the country has increased by 3.3 crores in last two years. This number is equal to the total population of Australia. While the foodgrains production was 17 crore 60 lakh tonnes two years ago, it has declined to 16 crores 90 lakh tonnes this year. When

the population increases by 3.3 crores foodgrains production decreases by five million tonnes, one can well imagine as to what would be the buffer stock position of foodgrains in the country.

People in Bihar and other States of the country are in great distress. During the course of this discussion, I would like to know from the hon. Finance Minister about the steps proposed to be taken to combat the ensuing drought situation in the country. I would like to make a forecast that this year the people would face another drought. I know that it is easy to refute it. There is no column in hospital registers that death was caused due to famine. There could be many causes of death, but cause of death due to famine is not in use. I would like to tell the hon. Finance Minister with authority that when the rate of foodgrains production has continuously been decreasing in the last 10-15 years in the country, why did so many people die this year. The figures are available in the Health Ministry Report and one can go through it in the Parliament Library. There is nothing secretive about it. Your particularly know about it. In view of what I said now, I would like to know as to what is the policy of the Government to combat drought and decrease in production of foodgrains...*(Interruptions)*...

SHRI BOHGENDRAJHA: If they get an excuse, they will start importing foodgrains and bring foreign exchange.... *(Interruptions)*...

SHRI GEORGE FERNANDES: Since they are running the Government, it is they who will take a decision in this regard. My duty is to highlight the problems of the people. You are well aware of the problems of Bihar. The hon. Finance Minister is also aware that situation in Bihar is very critical.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): We are exporting rice.

SHRI GEORGE FERNANDES: You are exporting it because the people of the coun-

try cannot afford to buy it. I am coming to the industrial sector. The Government has claimed some big achievements in its report. There is no indication as to how the future is bright and what is its present position. The Finance Minister is aware that figures beyond August are not available with us.

18.00 hrs.

I remember that the manufacturing sector in the country contributes 70 per cent of the total G.N.P. If we go through the G.N.P. from the manufacturing sector, we will come to know that the production in this sector has also gone down by 3.5 per cent will last August. If we make a comparison between the production from April to August last year and the production made during the 5 corresponding months of this year, we will come to know that while the total production had increased by 12.4 per cent last year, it has declined by 1.0 per cent this year. As such, the fall in the rate of production can be easily assessed.

[English]

As against a 12.4 per cent growth in industrial produce, over August 1989, in August 1990, you have now gone down by 1.0 per cent, which means the total fall in production—if you look at the last two years' figures, if you compare with the last two years figures, you are down by 13.4 per cent.

[Translation]

This is the industrial position. It is all about the figures. Let us go a step forward. Production of crude oil has decreased by 7.6 per cent. So it has to be imported to that extent.

[English]

MR. DEPUTY SPEAKER: Mr. George, just a minute.

Would anybody like to move for the extension of time from the Treasury
 [Benches?

...(Interruptions)...

MR. DEPUTY-SPEAKER: What is the desire of the House?

SOME HON. MEMBERS: We will sit.
 (Interruptions)

THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS AND MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI RANGARAJAN KUMAR-MANGLAM): Sir, there has been a specific undertaking in the B.A.C. that we complete this discussion today because we have two other discussions also.

(Interruptions)

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Is that also part of your understanding with IMF that this has to be completed today? (Interruptions)

SHRI RANGARAJAN KUMARAMANGALAM: The B.A.C. report has already been adopted. It was decided to have four major discussions—Economic Situation, International Situation, Public Sector, and still we have the Uttar Kashi issue of last week as a hangover. It is impossible to finish this week all these discussions unless we take it up today and finish them tomorrow, and that is why at 4.30 p.m. we took up this discussion. (Interruptions) Therefore I request that we finish this discussion today itself. Otherwise, the other discussions will get affected. One of the discussions is on public sector about which you are talking so much and which we may not reach.

SHRI E. AHAMED (Manjeri): In that case today, tomorrow and day after we will have to sit till the discussions are over. Any way, we have to sit tomorrow and day after. So, why should we sit today also?

AN HON. MEMBER: Today also, why not?

(Interruptions).

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SHRI E. AHAMED: Extending the time of the House for half-an-hour we can understand. But what the hon. Minister submitted before the House is that it should be extended till the discussion on this is over.

(Interruptions)

MR. DEPUTY-SPEAKER: Dr. Laxmi-narayan Pandeya, what is your opinion?

[Translation]

DR. LAXMI NARAYAN PANDEYA (Mandsaur): There was a general consensus in the Business Advisory Committee that discussion on two or three subjects should be completed at the earliest. Dates had been fixed for this and it was decided to complete them at the earliest. Now, it is for the consensus of the House whether we should take up them for discussion or not.

[English]

MR. DEPUTY-SPEAKER: "Re-considering the earlier decision of the House, the Committee recommended that discussions under Rule 193 on the following subjects may be held on the dates indicated against each from 4.30 p.m. onwards till the discussion is concluded on the same day." This is the decision of the Business Advisory Committee.

SHRI NIRMAL KANTI CHATTERJEE: Let us reject that decision now.

(Interruptions).

SHRI RANGARAJAN KUMARAMAN-GALAM: If you do not want to participate in the discussion, nobody is forcing you to participate.

(Interruptions)

SHRI AMAL DATTA (Diamond Harbour): Sir, that agreement of the BAC was private agreement. It should have been brought before the House and adopted.

SHRI RANGARAJAN KUMARAMAN-GALAM: It is not a private agreement. I would like to draw the attention of Shri Amal Datta to today's List of Business item no. 11. He must either attend the House and know what the House does or not raise objections in this manner. The report of the BAC has been adopted in this House.

MR. DEPUTY-SPEAKER: Re-considering the earlier decision of the House, the Committee recommends that discussions under Rule 193 on the following subjects may be held on the dates indicated against each from 4.30 p.m., onwards till the discussion is concluded on the same day.

SHRI BHOGENDRAJHA (Madhubani): Mr. Deputy Speaker, Sir, when the Business Advisory Committee consists of all leaders from all the parties, the report of the committee must have some value.

MR. DEPUTY SPEAKER: Mr. Minister, how long would you like to sit further?

SHRI RANGARAJAN KUMARAMAN-GALAM: Sir, I propose to the House that we extend the House upto 7.30 with the hope to finish the discussion by that time and if the discussion is not over, then we shall continue further. *(Interruptions)*

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Sir, every committee has the right to make unintelligent decisions.

SHRI MURLI DEORA: You have the monopoly of making unintelligent decisions.

SHRI NIRMAL KANTI CHATTERJEE: The type of Bills and the type of subject we are about to discuss, all of them are time consuming matters. So, one has to think whether the Treasury Benches are really serious about them and in which case many Members would like to participate. If you want to conclude it today itself, then we have to sit upto 11.00 p.m., because so many Members would like to talk not only about the price rise but about the ruination of the Indian economy. Therefore, it is not an easy matter

to be able to conclude in another half-an-hour.

MR. DEPUTY SPEAKER: Let us sit upto 7.00 p.m. Shri George Fernandes may continue now.

[Translation]

SHRI GEORGE FERNANDES: Mr. Deputy Speaker, Sir, regarding the situation prevailing in the industrial sector, I was going to say that as in the case of all other sectors we are lagging behind in the industrial sector also. I am citing an example. It could be that it might create some misunderstanding but it is very necessary to make a mention of the same because it will have different ramifications in different sectors. Take for instance the automobiles. There can be different opinions about the usage of motorcars, autorickshaws etc. but at the moment the problem is that three major automobile manufacturing units are on the verge of closure. One of them is the Premier Automobiles Factory in Bombay. The present stock of this factory is 8000 vehicles. The dealers have another one thousand in their stock. It indicates that their stock position is 9000 vehicles in all. I was told by the labourers that the question of lay off was under discussion and it might take place this week. If this situation continues, the three factories which include the Government factories also, will be closed. Their production has already gone down. Now lay off of the labourers and closure of factories will also take place. This will not only affect the labourers of the factories alone but also lakhs of people employed in the automobile sector. I would like to cite bright example of the Government policy and the steps taken by it and would like to know to the direction to which it is leading the people.

I will not take much of your time in speaking on this subject but I would like to know about the steps being taken by the Government to contain the recession evident in many areas of the industrial sector at the moment. The hon. Finance Minister

should make a categorical statement in this regard.

As far as the price front is concerned, I am not in favour of lengthy speech but the figures furnished by the Government regarding inflation rate says that it stabilized at 13.9 or 13.7 percent, which is not correct. The months of October and November have passed. By December, the prices due to seasonal reasons should have gone down but on the contrary the prices have also increased to same extent. As per official figures the rate of inflation has gone up by 13.9 per cent. The prices of primary articles have gone up. But the official figures do not show that prices of various commodities have gone up by 50 per cent. You are hiding it from the people. As such I would like to know as to how the Government is going to bring down the prices. The hon. Finance Minister should not say the things he has said in Bombay and Ahmedabad. He convened a meeting of the oil mill owners and traders from other fields and requested them to bring down the prices. Prices cannot be brought down by such requests.

I would particularly like to draw the attention of the hon. Finance Minister towards today's edition of 'the Times of India'. It is about a big oil scandal in which the Government of Gujarat is also involved. I am not going to read out all this to you. It has been published in all the editions of 'the Times of India', It has been published in Delhi as well as Bombay Edition. I have now got the Bombay edition in my hands. This scandal took place in last February also in which the State Chief Minister was some how or the other involved. The same things has been reported in today's edition of the newspaper. The then Chief Minister is now in Delhi and is no more the Chief Minister there. But there is a nexus between the traders and the Government. The National Dairy Development Board was entrusted with the responsibility of Market Intervention Agency. It contributed only 6 per cent oil under the trade mark of 'Dhara' in the market. All the oil mill owners were hand in glove with the Government of Gujarat and wanted to divest

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the National Dairy Development Board of this responsibility for ever. The hon. Finance Minister is fully aware of it. I would like to make a request that mere appeals to traders will not bring down the prices here. If the hon. Minister feels so, he should not place the problem before the House.

Much has been said about the public distribution system. But no purpose would be served by the Public Distribution System alone. Because the people don't have purchasing power. Now I would like to give an example of Bhilai where Shankar Niyogi was murdered a few days ago. Shankar Niyogi was fighting the cause of unorganised labourers. There are 80,000 unorganised labourers in Bhilai. These labourers get only Rs. 10.12 per day as their wages. If there are five members in the family of a labourer then upto what extent your public distribution system would be able to help him. It could be a subject of discussion here but in practice, it will serve no purpose. That is why I want to know from the hon. Finance Minister whether he has the courage to formulate a new pricing policy. I am talking of the prices of the items of daily use. I am not referring to prices of motor cars manufactured in our factories. But these items also should not be sold more than one and half times of the total cost of production plus transportation and warehousing charges. Is the Government prepared to formulate such a pricing policy and implement it strictly? Otherwise, it will remain confined to a discussion only. We may have a discussion on the Public Distribution System but that is not going to change the condition of the people. The poor people will continue to suffer.

I would like to make yet another submission in this connection. I agree that our Parliament has proved a failure in all these things. The price of coffee for the Members of Parliament and others who hold an entry pass to Central Hall of Parliament House was fixed in 1977 at 60 paise and adding sales tax to it the total comes to sixty-five paise. They are still being charged 65 paise

per cup of coffee even after 14 years today. The price of coffee has gone up from Rs. 18 to Rs. 44 per kilogram. But the price of a cup of coffee is still 65 paise for us even after 14 years. The price of all eatables, i.e. bread, butter, cheese etc. which are made available there has been increased by three-four times in the market during the last 14 years. But we are getting these established at the same rate which prevailed in 1977. Even if a suggestion is made to increase the price of coffee and at least charge the minimum production cost, the hon. Members don't agree to it. I am not making any complaint here but simply stating the facts. We do not experience any difficulty. The accommodation which we get is very cheap. The Members of Parliament in Delhi experience no difficulty in regard to electricity and water supply. Though we hold discussion on these issues, but unless and until we experience difficulties in these matters, the Parliament would not have a strong will to make improvements in them. That is why, the Government should come forward with a new pricing policy to curb the alarming rise in prices. I would like to know the Government's views on the concrete suggestions I have made, in the course of the debate.

Finally, I would like to make a submission about unemployment and poverty. In my opinion, this is the biggest problem while we discuss the economic crisis. In the last session, the Hon. Prime Minister had assured us to hold a discussion on poverty in the next session. Many hon. Members has asked questions about the extent of poverty in India. We were looking forward that this time a discussion on poverty would be held in the House, because poverty cannot be discussed along with the economic crisis. Many hon. Members had presented some figures on poverty in India last time in the House. There are five crore people in India who are subsisting on an income of 50 paise or less than that per day. Therefore, it is necessary to hold a discussion on it in the House and we want that a discussion be held on it.

The hon Finance Minister was present

in the meeting of International Labour Organisation held on 10th and 11th instant. It has been said in the documents presented by I.L.O that our policies are linked with International Monetary Fund. If these policies are pursued further more than one and half crore people would become unemployed in India by 1993-94. These are the documents.

SHRI MANMOHAN SINGH: Some individuals have expressed their opinions. But there is not ILO, UNDP document to that effect.

SHRIGEORGE FERNANDES: I have a document in my possession. This document has been circulated by the International Labour Organization, New Delhi. They were prepared on 30th November, 1991 and they were circulated in the Conference that was held on 10th and 11th of December.

SHRI MANMOHAN SINGH: Submitted by some individuals and not by me.

SHRIGEORGE FERNANDES: I agree. But this document was circulated in the conference under I.L.O. seal.

[English]

SHRI MANMOHAN SINGH: In fact, I had requested the ILO, because ILO has expertise in social service sectors. I said "you get together group because we are very serious about the social impact of the policies". It was at my initiative that the ILO had convened that.

[Translation]

SHRIGEORGE FERNANDES: Not one, but three documents were presented in the conference called at your initiative and it was said in those documents that unemployment will increase in India due to the policies of the present Government. The words of hon. Minister of Finance are 'Social implications, social fall out of these policies'. You have announced in the last week of Septem-

ber about the situation of unemployment which may arise in future.

[English]

The non-resident Indians along with the multi nationals can come and take over our entire fishing industry.

[Translation]

They can take it over by hundred percent investment. As a result of it, 20 lakh families will become jobless in India. Where will fishermen go? When multinational companies will come with their fishing vessels and they will have their factory in a ship and they will catch fishes with the helps of 3-4 vessels. I have seen that 20 lakh families of the fishermen live only on the seashore. Their lives are being spoiled.

What should I say about exit policy? You have not made public the document which you have given to I.M.F. In my opinion the step which you are taking today is not correct. This point was also raised yesterday at the time of supplementary demands. You have started to retrench the people in the name of so called voluntary retirement scheme. It seems that you have no other solution except phase-wise retrenchment of the employees, which you are going to do. This, you are not doing today only. In Bombay there were 2.5 lakh workers working in the mills but today this number has reduced to 90 thousands, first of them are jobless.

Last week recruitment of sweepers was about to be done in the Bombay Municipal Corporation. There is no need to explain who does this job in Bombay and what is their social and economic condition? This House is well aware of it. The demand of the union was that the wards of the workers should be given jobs. Their children had gone there for recruitment. What happened there? People from neighbourhood came their armed with sticks and spears and stopped the recruitment process by saying that if children of the workers are recruited, where our children

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would go? This is our policy, we can well imagine that where it will lead us?

We do not find national renewal fund of any use. World Bank provides 500 million dollars for National Renewal Fund. As per my information this is the first time when World Bank has provided 500 million dollars or Rs. 1250 crore to any country in the name of N.R.F. I can not agree to it that World Bank is providing money to us for the rebuilding of our nation. If it is providing 500 million dollars it is also safeguarding the interest of those so called foreign powers. Hence, we are much worried about you policy.

I am concluding my speech with this last sentence. Today, there was question as to how should we provide employment? An hon. Member asked me to give suggestions. A railway line was to be constructed in Chhitoni-Bagha. But its construction work has stopped due to paucity of funds. Because neither the Central Government nor State Governments are providing the money for it and after seven days the construction work of Konkan Railway will also stop. In the reply to a question the hon. Minister of Railways has told that arrangements have been made to provide funds, but modalities are being worked out. Hon. Finance Minister in last July had ordered to mobilise Rs. 1.5 crore through Railway bonds and to continue the work of Konkan Railway. But Ministry of Railway is still thinking on modalities regarding funds and next week the construction work of Konkan railway will come to a halt. Because the funds allocated in the Budget or given by the State Government will finish by then. I am mentioning it, because these are employment oriented schemes. When one kilometre railway line is constructed 25 persons get employment. We can well imagine development in every field when this 835 kilometre railway line will be completed and Chhitoni-Bagha will be connected with each other. Northern Bihar and Eastern Uttar Pradesh will have close links. One kilometre persons and it provides 20 times more employments including its

down stream. Today the Government has stopped such work. Your proposals are not implemented by the Ministry of Railway. I am failed to understand the reasons behind it and who is to be blamed for it but one thing is clear that if you want to create more employment opportunities then you should not stop these works. I would like to state that we cannot support your present policy and I cannot accept that your policies are for the well being of the country.

Members of Andhra Pradesh are sitting here. Atleast 60 weavers have committed suicide due to your policies, because these policies have rendered them jobless. 60 people have committed suicide and lakhs of people are on the brink of starvation. My opinion is that where mechanisation is necessary it should be done but where it is not necessary to do so then we should not deprive the people of their jobs who work with their hands such as potter cobbler and weavers. We should not leave our policy of self-reliance and indigenisation. If we want to follow the principles of our fight for freedom, we should not deviate from the policy of self reliance. Mr. Chairman, Sir, if we deviate from these policies then I would say that whatever our Finance Minister may say, our future is not bright. We should work for saving our country from such a situation. With these words I conclude.

[English]

SHRI AMAL DATTA (Diamond Harbour): Madam, we are in a very crucial situation today where we do not know how the economy is to run. The Government has taken one policy and may be, they are sure as to what that policy is. They have somehow thought that just going to IMF for the loan and then abiding by all the conditions which the IMF wanted us to agree to in advance will take us out of this situation. But what has happened is that none of the promises with which the ruling party has come to power is going to be fulfilled. They have not been able to bring down the prices. That they admit. Their own figures admit that they have not gone anywhere near creation of employ-

ment to the tune of five million per year. They have not taken a single step. On the other hand, the unemployment has increased and is going to be increased in future. The picture is quite clear to us.

So, far as the price situation is concerned, it has been stated already that the price has increased by 14% in November 1991 compared to what prevailed last year, that is November 1990. This of course, is very much an under-statement of what is happening in the price front. We are not really concerned with what happens in the Wholesale Price Index but we are concerned with how the Consumer Price Index moves. This is stated to be 223 in October 1991. That is the latest statistics that I could get. I do not know whether it has gone up. Possibly it has gone up during the last two months. The price increases have been endemic in the Indian economic situation. It has been increasing not only during 1991 period. I am sure all the Members supporting the ruling party and of course, the Members belonging to the ruling party will claim and say, as one of the Members of the Congress Party

Shri Debi Prosad Pal claimed, as if all the ills with which the country is today beset in the economic front, are the sins of the eleven month duration of the Government of Janata Dal which we supported. That is not the case.

I think the Finance Minister is fair enough to agree that the prices have been increasing all along, during the entire five year period of Congress rule from 1985 to 1989. The prices have increased tremendously. There are sometimes two digit inflation; sometimes a little lower than 10 per cent may be eight per cent or nine per cent. But every year, it was there. May be, it got increased in 1991; but that was no fault of that Government. It has gone on increasing.

It was in that situation that the Congress party put up their manifesto saying that they are going to control the prices within hundred days of coming to power. Now, they must make a very clean admission and fair admis-

sion that they have failed to keep up the promises which they have made in the election manifesto. Let them admit that; let them try to explain and justify, if they want to do that. Let them first say that we did not understand what the situation was or we have not been able to take the steps. Let us understand the situation as to where they are now.

We have not been helped in this debate by anything which the Government has given. The Finance Minister has of course, given a set of papers yesterday. Those are the intentions which have been given to the IMF, obviously with the promptings of IMF that unless your intentions are such and such, in the field of employment, in the field of price, in the field of fiscal deficit, in the field of monetary policy, etc. we are not going to give away anything so, you formulate your intentions accordingly and give us your papers. May be, those papers might have gone to and from the Finance Ministry of the Government of India to the World Bank, to the IMF, a number of times before they were finalised as late as on August 27.

But, before that, the loan has started coming in. Some interim loans in various forms have started coming in. Obviously the agreement was there. This is the final form which it has taken, where all the economic programme of the Government has been laid bare to the IMF that this is how we are going to play to your time; now please do give us the loan; you have given something earlier, now you please give us the rest.

There is no doubt at all-whatever the Finance Minister may say or claim here in the House-that there has been a lot of negotiations. It is not that one fine morning this letter was drafted and sent over the IMF. How much proportion has gone into this? Let him say this. Let him be fair. Let him come clean before the House. What has been the negotiations? We do not want to know what has been written. What has been said in various forms?

(Interruptions)

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SHRI MANMOHAN SINGH: I have no hesitation in saying that discussions were held with the IMF and this is the final document that was submitted to the IMF.

SHRI AMAL DATTA: So, it was an agreed document which was sent, obviously. That is what exactly we were trying to say.

It was not that we said, this was our policy. We have decided upon this policy. Therefore, we are telling you: this is our policy. Therefore, you give us.... (*Interruptions*)

MINISTER OF FINANCE (SHRI MANMOHAN SINGH): That is not true. These are our policies. These are the policies which have been debated in this House. These were the policies outlined in the budget, in the industrial policy, trade policy. All these things are mere re-statements of those policies.

SHRI AMAL DATTA: That is true.

SHRI NIRMALKANTI CHATTERJEE: All this came after our consultations with the IMF. That is the point we made. All that is true. (*Interruptions*)

SHRI AMAL DATTA: In fact, the last two lines of the letter make the things very clear. Lastly, they say, after saving all this:

"In addition, the Government will consult with the Fund on the adoption of any measures that may be appropriate in accordance with the policies of the Fund."

Not Government of India, not national, not Indian, but in accordance with the policy of the Fund! (*Interruptions*)

SHRI MANMOHAN SINGH: Mr. Amal Datta, I am sorry to say that your party, I think, in this matter, is hopelessly out of tune with what is going on. (*Interruptions*) There is a lot of truth in it. I think, you people, who believe in Marxism, see a conspiracy every-

where. Everybody, according to you, is dishonest other than your party. I would say this is a normal thing. I do not feel any sense of shame in saying that India is a member of the Fund. We consult with the IMF every year under article 4. Your Government—the Government which you supported—also used to consult. I do not want to go beyond what the Government of West Bengal wants to do. I think, you are trying to read too much.

SHRI AMAL DATTA: I do not know. I may not be well-versed with the ways of the IMF and the World Bank. I am sure, I am not reading as much as the Finance Minister reads. (*Interruptions*)

SHRI MANMOHAN SINGH: What the West Bengal Government wants to do. I will tell you that also.

SHRI AMAL DATTA: I do not know. (*Interruptions*) Certainly, there have been some disclosures. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: It is a surprising statement that the Finance Minister makes. (*Interruptions*)

SHRI MANMOHAN SINGH: You can indulge in character assassination. When you say this, it is surprising.

SHRI NIRMAL KANTI CHATTERJEE: I say, it is a surprising statement when you try to assure us that we see conspiracy everywhere.

Is it his study of international events that conspiracies do not exist? Is it his study of events that what happened in Latin America is without any conspiracy and the agencies were precisely World Bank and the IMF? (*Interruptions*) Dr. Singh, you should be knowledgeable about these things.

AN HON. MEMBER: What about South-South Report? (*Interruptions*)

SHRI MANMOHAN SINGH: Had you read it, you will not be saying all this. (*Inter*

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rptions) You have not read this. (*Interrup-*
tions)

SHRI SAIFUDDIN CHOUDHURY
(Katwa): Mr. Finance Minister, can I have some information? Have you proposed anything in terms of democratising IMF or World Bank?

SHRI MANMOHAN SINGH: We have consistently said that all international institutions should be run on. It has been our consistent stand all along.

SHRI AMAL DATTA: I do not know. (*Interruptions*)

SHRI NIRMAL KANTI CHATTERJEE: This means that you admit that it is not a democratic institution. (*Interruptions*) That is what you admit. (*Interruptions*)

MR. CHAIRMAN: Please allow Mr. Datta to continue.

SHRI AMAL DATTA: I very frankly admit my ignorance, which has been very well pointed out by the Finance Minister, that the Government of India, as a Member of the IMF, consults with IMF on various matters. I do not know, to what extent, the Government of India takes the advice of the IMF and implements it in other matters. If they do that, they have kept this House ignorant of this. At last, after a long time, we have understood from a very free and frank Finance Minister that there have been continuous negotiations or continuous consultations with the IMF. And the Government of India has taken their advice and formulated their policies accordingly and we have landed ourselves in this difficulty. It is very very good to see that after a long time, there is an admission in the paper presented to the IMF, the Management of Economic Crisis and the same point has been repeated in the letter to the IMF in the economic programme. I quote:

"We have moved decisively to reverse the trend of managing fiscal deficits

which have pledged our economy for several years. These deficits are the root cause of inflation and are also responsible for persistent balance of payments deficits."

This is what we were criticising the Rajiv Gandhi Government year after year and at that time, what were these gentlemen sitting here saying? They were supporting that Budget. They were supporting that deficit and they were eulogising that deficit. And now the Finance Minister comes to their rescue and saying that these are the root causes of this inflation. We have never heard this before in this House from that side. It is all right. You have reversed your position. Did you tell the country that you have reversed the position so far as IMF condition is concerned, so far as public sector is concerned, so far as sick industries are concerned, so far as employment or unemployment is concerned? Have you told the country that you have reversed your position in all these vital matters? You have not told them. Sir, they do not want to tell. They want to hide all these policies. Why don't they come forward at least now to tell them? What is going to be the Exit Policy? Have they agreed to take money from the IMF for that purpose? Have they spelt out as to what they are going to do? No, spelling it will spell a disaster for them. Therefore, they will not spell out. We had protested against devolution not that much because the country, at that time, was in a crisis. So, we could not protest fully. It was only that they told us that it was in a crisis. Of course, we do not know. There might be a default in international obligation of interest payment on principal sums. Then, the country will be in a calamity. And nobody will be lending and so on. We have no experience. This country has not gone through that experience. But I am sure that the Finance Minister knows and many people here know that many Latin American countries have stopped payment. They have declared a moratorium unilaterally and again they have come back to the international financing world. So, there is no difficulty.

SHRI MANMOHAN SINGH: You also tell the House that as a result what happened to those countries. They had to go through a lot of suffering.

SHRI AMAL DATTA: Those countries have come back. I do not know the history of them. I am not a specialised person in finance or international finance. (Interruptions)

SHRI NIRMAL KANTI CHATTERJEE: Will you inform us as to what happened to the countries who were indebted to the IMF and others?

SHRI MANMOHAN SINGH: I will do so certainly.

(Interruptions)

SHRI AMAL DATTA: He has assured the IMF; he has assured us in this paper that he is going to fight inflation and in the course of fighting inflation, he is also going to fight the balance of payments position. Is it by reducing the fiscal deficit from 8.4 per cent to 6.5 per cent? 6.5 per cent is a crucial figure which is apparently repeated in many places. And that is the target of this year, that is, 1991-92. Next year, it is going to be only 5 per cent. Then, along with this, the other measure as a part of the social obligations of the Government is to feed the needy and the poor through effective management of supply of essential commodities. For this purpose the Public Distribution System has to be streamlined. But no sign of that has yet come forward. Although we are taking loans, we are gloating that from Rs. 2600 crores the foreign exchange reserves have gone to 10,000 crores. It is expected be Rs. 10,000 crore by the end of this month. We are gloating on that! But what has happened to the Public Distribution System? Is more wheat coming? Something was said somewhere that the FCI has been told to put more wheat in the market. But nothing has happened so far. Prices are still increasing. So, implementation is sadly lacking.

In the realm of intentions, insofar as doing something good and positive is con-

cerned, what is your performance? How are the hoarders and profiteers being penalised.? I have picked out this statement from one of these papers that hoarders and profiteers are going to be penalised. Who are the hoarders and profiteers that are penalised now? Nothing has happened so far. Every one and the business community in particular has got the impression that this Government is soft on businessmen and industrialists. Not only that. This Government is soft even on tax evaders. That is why, in spite of the fact that one of their programmes is to be able to increase the tax collections, they have not succeeded in doing that. They are falling for short of what they themselves estimated. Were those estimates done in the air without understanding anything? If that is not so, what is the reason? Is not this House entitled to know? How is it that the indirect tax collection from April to September, was Rs. 1900 crores short of their estimates? Their direct tax collection is also short. I do not exactly know by how much, but both are short from the estimates. As a result, the revised Budget estimate 1990-91 has gone to Rs. 10,772 crores. And this was said to be pegged to Rs. 7,719 crores. By the end of September, it has already exceeded Rs. 10,374 crore.

What is the remedy? The remedy is to cut the expenditure. How much can you cut? But you have not been able to do even that. Why are you failing to cut expenditure? The Government have earlier told that there would be a five per cent cut in expenditure. But I do not know to what extent that has been implemented. From what I see of the Government's activities, I feel that they are not effecting even this five per cent cut. But the idea is to cut expenditure still further. How will you reduce your deficit to 6.5 per cent? How will you cut your expenditure?

SHRI NIRMAL KANTI CHATTERJEE: By cutting the size of the Government!

SHRI AMAL DATTA: They are going to resort to disinvestment of Government equity in selected industries. What are those selected industries? We do not know how

this selection is going to be made and on what basis. Who are going to buy them? I think the mutual fund is the best bet. I do not think they will be able to attract others. Then there will be abolition of CCS and abolition or reduction in the subsidies of sugar, fertilizer and so on.

This is a long story. What has happened is a peculiar system of non-decision making. Fertilizer subsidies are being calculated on the basis of input cost in 1990-July to September of 1990! More than one year is over. On the basis of the input cost the fertiliser subsidy is being calculated. But even on that basis the payments are not made. So, the Government can save money in various ways. They can incur obligations which they do not honour. The accounting system of the Government is such that it can go on making obligations without making the payments. And, when the money is not paid, the money is saved for that particular year. On this basis the Government is going on merrily.

I came across one case about fertiliser which I took up with the Fertiliser Department and also with the Prime Minister but no solution could be found out. Super-Phosphate is called the poor farmers' fertiliser because its one bag costs about Rs. 65 whereas one bag of DAP or other phosphatic fertiliser costs about Rs. 400 or something like that. So, out of these 80 units, 65 units are on the brink of closure and the others have already closed down just because of a decision which is being delayed by the Finance Ministry. The Fertiliser Ministry claims that they have consulted the Finance Minister who has given his recommendations. Therefore, these units were to be closed. But what has happened? About 35 lakh tonnes of phosphatic fertilizers were made by the single unit. So, the whole of the North Indian farmers suffered because of this. Ultimately, 80 of these units became sick and then closed. This is the type of policy which the Government is following.

We have always been requesting the Government to follow some selective policy. But they do not want to adopt the selective

policy and they want to go on in an indiscriminate fashion.

The monetary policy of the Government is putting restrictions on the credit but again without any selection. Even those people who are able to export earn money-which is very crucial now to earn foreign exchange in hard currency- are not given credit. Our banking system is such that we cannot get the loan without first agreeing to pay commission on every credit. That is how they are going to implement this policy. Have they not understood the kind of economy that they have inherited, not from Shri V.P. Singh alone but from Shri Rajiv Gandhi and Mrs. Gandhi? Corruption in all these sectors is not today's origin. It is a phenomenon of long duration. I do not know how they are going to implement this policy. This is all theoretical and nothing can be implemented.

We have talked a lot about the defence expenditure. We know that the defence expenditure could be cut drastically without affecting the defence requirement. There is a lot of slag, a lot of infructuous expenditure and a lot of acquisition of arms which are absolutely redundant. In 1987 the PAC gave a report about the acquisition of Jaguar planes. About Rs. 1500 crores have been spent on that. The PAC came to the conclusion that all this money has gone down the drains because the planes were all outdated. This is the kind of purchase which the Government encourages and supports. And, now they have entered into an agreement to purchase electric locomotives for the Indian Railways costing about Rs. 1100 crores. I do not know what the Finance Minister is doing. I do not know whether he has also given his seal of approval on that. But last year, an Agreement was signed in the Railway Ministry. The output of electricity in India is so bad in the regions where electric locomotives are supposed to ply and there will not be electricity to give them the motive force, yet they are going to buy because the commission would be there.

The Government could have reduced also this fiscal deficit by various other means,

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including declaring moratorium on interest payments to people inside the country. Why not? You say that you cannot pay this year and you will pay next. You say, you will re-schedule these payments. They have not done it. They have not thought about it. Because those are the class or group of people who are their supporters.....

SHRI MANMOHAN SINGH: Mr. Amal Datta, a very large part of the interest payments go to the financial institutions, banks, insurance companies. They would all become sick, the whole system would collapse, if this suggestion is followed.

SHRI AMAL DATTA: The whole system is already sick. We have brought cases after cases of tax evasion; cases after cases of banks lending money to fraudulent companies. What did they do? Every week, we had been giving them Memorandum. But what about the Memorandums that were signed not only by one MP out by ten-twelve MPs? The answer given is 'It is under consideration'. After six months, everybody forgets. But what is the Government doing? We have given a Memorandum regarding Company about which a lot of agitation was there in the Eighth Lok Sabha, that is a company which is called Progressive Construction Company. Hundreds of Crores of Rupees have been taken by that company from the banks. They have defrauded the banks. They have defrauded the Income Tax and they have not done the work. It is because, they were progressive Company!

Four or five months back, I think just after this Government took over the Office, a Memorandum was submitted. Questions have been asked in Parliament during last Session and also during this Session. The answer that always comes back is that 'Enquiry is going on. How long will the Enquiry go on? In this pretext, no action is being taken against this kind of fraudulent people. Not only that, they are being encouraged. They have got good connections. So, they are being encouraged in the Govern-

ment. Those people who have certain connections in the ruling party, they have encouraged to have more construction works. They got one construction work recently for Rs. 300 crore. They have collected mobilisation advance something like that worth Rs. 50 crore. These are the people who are encouraged by the Government and where are they going to make saving? There is no question of making any saving.

They said, devaluation is going to increase our exports and curb imports. Curbing imports is the only thing that has happened. The export earning has not gone up but it has come down. Because, they are not going to buy our products more than what they have already bought. Quantity-wise, they are only paying a lesser price now, as now, as a result of that, we have got less money against the garment exports, against the gems and jewellery exports and various other exports. These are the two items that I saw in the newspaper.

MR. CHAIRMAN: Mr. Datta, are going to wind up or are you going to continue further?

SHRI AMAL DATTA: I am going to continue. (*Interruptions*)

19.00 hrs.

SHRI AMAL DATTA: I would like to continue tomorrow instead of finishing it today.

SHRI RANGARAJAN KUMARAMANGALAM: The House had decided that we should sit late today and finish it.

SEVERAL HON. MEMBERS: No.

SHRI BASU DEB ACHARIA (Bankura): It was decided that today we will sit upto 7 O'clock and tomorrow till it is finished. (*Interruptions*)

SHRI RANGARAJAN KUMARMANGALAM: It am sorry, I would like to make it extremely clear. I have no objection if the

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House adjourns now, but, then the Members belonging to the other parties must also realise that if the House adjourns just now, then they will lose out definitely all the public sector debate. (*Interruptions*)

SEVERAL HON. MEMBERS: No.

19.02 hrs.

[MR. SPEAKER- *in the Chair*]

SHRI RANGARAJAN KUMARAMANGALAM: If you do not want to discuss it today, the speaker may kindly decide. The hon. Members are not willing to discuss it today. I cannot help it. (*Interruptions*)

SHRI BASU DEB ACHARIA: It was agreed that today we will sit upto 7 p.m. and tomorrow till it is finished.

MR. SPEAKER: Please understand that these subjects were taken up for discussion at the instance of the Members law and order situation, economic situation, industrial policy and the Ministry of External Affairs' policy. And over and above, we have to pass certain Bills which are very important; and the Members want that those Bills should be passed.

Now, if you do not cooperate, then it will not be possible to discuss the other topics. Either you can cooperate and discuss all the topics or if you don't cooperate, then discuss only a few topics. It is not possible to extend the Session because of the Christmas. Members of the North-Eastern region do not want that it should be extended. Otherwise, we would have extended it certainly. That is why, you shall have to understand that please do not repeat the points which have already been made. Please don't take more time than really is required; and let the Parties give the names of one or two Members who can make the points and then have the reply. Otherwise, it is not possible; now if it were possible, we would have certainly done anything that you want; but, it is not possible to extend the time beyond 24 hours of a day; that is the position.

If the House wants that we should discuss only this, we can do that; there is no difficulty.

SHRI HANNAN MOLLAH (Uluberia): It was decided that the House should continue to discuss this topic upto 7 p.m.

MR. SPEAKER: Yes; it was decided to facilitate you. The Presiding Officers are not speaking neither the Ministers are speaking. It is only the Members who are speaking.

SHRIMATI MALINI BHATTACHARYA: Sir, because this is very serious subject and there are many people who would like to speak we may give them time tomorrow.

MR. SPEAKER: What subject is not a serious subject? Is the debate on External Affairs not serious?

SHRIMATI MALINI BHATTACHARYA: There will be pressure to end the speeches as quickly as possible.

MR. SPEAKER: I have been following the debate from the Chamber. Supposing you do not accommodate the other Members, it is very difficult. Other Members will complain. But my request today is, as a compromise, let Shri Amal Datta complete his speech. We will adjourn for tomorrow. But I will request the leaders of the parties to see that their Members do not repeat the point which are already made so that we can complete the discussion with one or two Members speaking and the hon. Finance Minister replying to it and we can to some other topic. Otherwise, we shall have to give up the other topics which are fixed for discussion.

SHRI NIRMAL KANTI CHATTERJEE: If new points are there, there should be no prohibition in making those new points.

MR. SPEAKER: I will not obstruct and I will request the Presiding Officers not to obstruct, if you are making new points.

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SHRI AMAL DATTA: Implication is that he does not make new points!

SHRI E. AHAMED (Manjeri): If there is a time limit and if Chair say that the Member should speak only for that amount of time.

MR. SPEAKER: I agree with Shri Ahmad. But it does not look nice all the time to tell the Members to conclude. Now Shri Amal Datta.

SHRI AMAL DATTA: The various objectives which made the Government to go for devaluation, out of them, what has been successful about getting the money from IMF? The others have not been called failures. We have not been able to increase the exports. But imports have been curbed. One of the reasons is increase in the price of Dollar or foreign currency which has made the imports much dearer. But, apart from that, it is the credit policy of the Government inside the country which has been able to curb the imports. Now LCs are not available LCs cannot be opened, except hundred per cent margins. That is how the foreign exchange reserves have gone up, not because exports have gone up but because imports have been curbed. If we have been able to curb the imports by our domestic monetary policy, that would have been adopted even without devaluation.

This is the point I would like to make and I would like the Finance Minister to appreciate why exports have not gone up. I have myself made a personal study of it.

I had a talk on this with our High Commissioner, our people in London, the High Commissioner, High Commissioner and also the Commercial Attache, Everybody agreed with me that it is not possible by decreasing the value of the rupee to export more. Because the markets which the traders export is 500 per cent. If you are exporting something for Rs. 100 they will sell it at Rs. 500; no less. By devaluation if you take down the price to Rs. 80, instead of Rs. 100 their price still remains Rs. 500 or something nearby. It is not going to cut into the market at all

because the traders trading channels are such. It is so much oriented towards high-overhead costs and all that, that you cannot make any headway. The way the other people have increased their exports is not by decreasing the value of your money, but by capturing the trading channels. That is what the Japanese have done and that is what the Koreans are doing now. But that is not on the Indian agenda at all. It is not known, it is not understood, how to make an aggressive debut in the foreign markets. We have no understanding.

In fact, tea is our big export commodity. We had examined the problems of tea export. The tea export in 1951 was 200 million kgs; in 1981 also it was 200 million kgs. In 1951 only 80 million kgs went to UK against 200 million kgs 40 year ago. Why did this happened? It is because the Indian Government had been promoting the tea export through the Tea Board in blind manner. What were they doing? They were advertising Indian tea. They were taking it to trade fair and everywhere, giving free drink of Indian tea. I asked the question, how about the housewife, who is pleased with drinking Indian tea, going to the grocery and ask for Indian tea. They said, there is no way. Nobody had thought on that. The Commerce Secretary had not thought on that, the Chairman of the Tea Board had not thought on that. But, they were spending crores of rupees in propagating Indian tea to people in UK. There is no brand name. They cannot ask for a brand. So, how are they going to recognise Indian tea? If the brand name is not there. So, these are not understood, the marketing phenomenon is not understood in India. Therefore, there is no chance of ever increasing export by devaluation.

Then, I come to the point of attracting the NRI capital. What has happened to that? NRIs have been told by their bankers in UK, is USA and in Canada that India's risk factor is very high. If India is going to give you 12 per cent interest, you deduct five per cent of that for risk factor. It comes to seven per cent. You are getting that return in America also, in Canada also, In UK you are getting

more. Why do you go to India? So, the risk factor is there. How is it going to be eliminated? It is not only a question of how much foreign exchange reserves we have because they may go out any time, but also the entire political situation, the entire economic situation of the country which matters. They are not going not in the short-term not in the medium term. They have fail-ed to do it. They are not going to be able to attract the foreign capital into India by giving them better value for their dollars or pounds or better interest rates. That is the only thing that we have lost during the last year which we may get back. It is not our own making. That is the remittances from Indians residing in the Middle East countries. It had dropped because of the Iraq war and it is going to be built up again because Indians are going, no matter what sort of life is there for them in that country. They are going and they will send back their money. So, that way only some relief will be there for the Government's foreign exchange position.

How is this Government going to fight it? The fact—according to IMF Report which must be believed is that 28 billion dollars had gone out of India during the eight year period between 1981 and 1989. It had gone out in the form of under invoicing on exports and over-invoicing on imports. This is the way the business men take their money out. Why do they take their money out? It is because they are more secured. They feel, their money is more secured abroad. How is he going to fight that phenomenon? And that is a phenomenon which has come to Europe. Every country suffers from that to some extent and mostly the Third World countries. The people do not trust the Third World countries to keep their money in. They take their money out. Then, they go to some European Banks. From there they channelise the money into America and there our money goes into America, the 28 billion dollars. It is a very substantial part which the US Government wants today because the anonymity has been given by this Euro-dollar system. From the late sixties the bank started channelising

the money of the Third World countries, petrodollars and others. How is he going to fight against this system of giving anonymity and high returns? Many people have taken out money in this fashion. We talk about the Swiss banks. They are not the only ones. Swiss banks do give much more security because these Euro Dollar banks also sometimes, like the Bank of Credit and Commerce, go to liquidation because of this kind of indiscriminately giving loans to their favorites.

Not only the businessmen, the Third World politicians also have been taking money. The Swiss bankers may be happy- I do not know, they must be happy-to have so much money with them, but the Swiss people are not very happy. In one publication recently they said * has put money in Switzerland-twenty seven billion dollars or something like that. But others also have taken money. They say, * (*Interruptions*).

MR. SPEAKER: Please do not mention the names of others. This is not allowed. You cannot mention the names of the Presidents of other countries here in this country. That is not allowed. That will not form part of the record.

SHRI AMAL DATTA: And they have mentioned for having deposited 2.5 million Francs...(*Interruptions*).*

MR. SPEAKER: The names will not go on record...

(*Interruptions*)

SHRI AMAL DATTA: There are pictures of all these leaders...(*Interruptions*).

MR. SPEAKER: This is very unfair...

(*Interruptions*)

SHRI AMAL DATTA: How is he going to prevent this from happening again? What is the method of prevention this? This is a

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magazine of Switzerland, a very reputed magazine, and it has come out that magazine. I can show it to him. Let them take action against this magazine if they want... *(Interruptions)*...

SHRI SRIBALLAV PANIGARHI (Deogarh): Sir, are we sitting overtime for this type of things? *(Interruptions)*.

SHRI AMAL DATTA: The point that I want to make is that all or quite a bit of our agony would be abated by getting this money back. Why the countries today is suffering is because of this kind of things... *(Interruptions)*.

SHRI SRIBALLAV PANIGARHI: Sir, it is not worth sitting overtime for this type of a speech... *(Interruptions)*

SHRI AMAL DATTA: What I am saying is that it has come out in this magazine. If he can promise that he will prevent this from happening again, I will support him... *(Interruptions)*.

MR. SPEAKER: One minute please. The convention is we do not level allegations against those persons who are not here to reply and will not form part of the record.

SHRI AMAL DATTA: I have not levelled any allegations. I am showing that they are saying this. Let the Government of India take action against this magazine... *(Interruptions)*.

MR. SPEAKER: Mr. Acharia, you do not have to advocate for him...

(Interruptions)

MR. SPEAKER: Now you just keep quiet. We organised this debated to give you an opportunity to discuss the policies and to advise and to criticise also, not to level

allegations which should not be levelled on the floor of the house. If you do not respect the foreign dignitaries, if you do not respect those people who are not here to answer your charges, this is not correct...

*(Interruptions)**

MR. SPEAKER: That is also not going on record...

(Interruptions)

MR. SPEAKER: Mr. Muttemwar, why are you prolonging? I have taken remedial action. Yes, Mr. Amal Datta, have you finished?

(Interruptions)

MR. SPEAKER: Shri Amal Datta, have you completed the speech?

(Interruptions)

SHRI AMAL DATTA: I would like to know as to what is the programme of the Finance Minister to prevent the businessmen from taking money out of the country by the various means they were adopting. What is the programme of the Finance Minister to prevent politicians and bureaucrats from taking money out of the country and stashing them in Swiss banks and all other European banks? What is the policy of the Government? What steps have you taken? What is your policy? The money involved is 28 billion dollars—that is I.M.F.'s own report. *(Interruptions)*

What is your programme to prevent that? If you cannot do that, then everything will come to naught. All your policies will come to naught. That is all I have to say *(Interruptions)**

MR. SPEAKER: Nothing of this sort will go on record.

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MR. SPEAKER: The House
stands adjourned to meet on Wednes-
day 18th December, 1991 at 11.00
A.M.

19.22 hrs.

*The Lok Sabha then adjourned till Eleven
of The Clock on Wednesday, December
18, 1991/Agrahayana 27, 1913 (Saka).*