

ADDRESS TO PARLIAMENT—18 FEBRUARY 1974

Lok Sabha	—	Fifth Lok Sabha
Session	—	First Session of the Year
President of India	—	Shri V.V. Giri
Vice-President of India	—	Shri Gopal Swarup Pathak
Prime Minister of India	—	Smt. Indira Gandhi
Speaker, Lok Sabha	—	Dr. G.S. Dhillon

HONOURABLE MEMBERS,

You reassemble at a time of difficulty and trial. The people face many hardships as a result of high prices, scarcity of essential commodities and interruptions in production and supply caused by strikes, *bundhs* and unrest, which in some parts of the country have taken a violent turn. The international oil crisis has cast an uneasy shadow on the economy. These unforeseen events have undoubtedly slowed down the pace of our social and economic development. In this situation, the people's mood is one of understandable anxiety. I have deep sympathy with the people, particularly the poor sections, who have had to suffer.

Seldom has a country faced such gigantic problems in quick succession, year after year, as we have these last three years. It has been a continuous testing of the nation's mettle. The nation has survived these difficulties and has not allowed them to come in the way of its basic endeavours towards development. This is no mean achievement and should not be ignored, even though positive aspects are apt to be overlooked in difficult times.

There have been a number of welcome developments. One of these is the manner in which the people of Andhra Pradesh have solved the problem of intra-regional tensions which only a year ago appeared insurmountable. I congratulate all sections of the people of that State on the wisdom and spirit of accommodation which they displayed. The six-point formula which has been evolved should lead to fuller integration and to the accelerated development of the backward areas of the State.

Two other hopeful trends are in the economic sphere: the rise in export earnings and the improvement in the performance of public undertakings. Until about two years ago, the low rate of growth of our exports was a

cause for considerable anxiety. However, since 1972-73, there has been a marked improvement. In that year, our exports increased by 22 per cent. In the first eight months of 1973-74, despite a variety of constraints, exports have increased by 20.8 per cent. We are confident that with a greater national effort, exports can be pushed up substantially.

Only about two years ago, the continuing losses of our public enterprises were a cause for concern. It is, therefore, a matter of satisfaction that consequent to a number of measures taken by Government, our Central public undertakings, taken together, have increased their production and earned a net profit for the first time in 1972-73. This year the position is expected to be much better. The utilisation of capacity will generally increase, the profits of some units are expected to be higher and in others the losses will be considerably reduced.

The rise in prices and the scarcity of food articles, particularly in deficit States, is of prime concern to the people and the Government. The expectation that the good *kharif* harvest of 1973 would help to stabilise prices has not materialised. Partly, this is due to the internal inflationary situation. The provision of work and relief on a hitherto unprecedented scale to the people of drought affected areas, without jettisoning investment on Plan programmes and the requirements of defence, has necessitated increased deficit financing. The situation also reflects the effect of the international economic crisis on our country. The steps towards *detente* between nations in different parts of the globe had raised hopes of a favourable climate for the speedy progress of developing nations. However the international economic situation has created new and complex problems. The international monetary crisis, followed by the steep rise in the prices of many commodities, has affected poorer countries like India more than others. The prices of almost all commodities that we have to import have gone up by two to four times in the past few months, while the prices of our own exports have risen, if at all, only marginally.

The serious situation created by these developments has been aggravated by hoarding and speculation by unscrupulous traders and by interruptions in production and movement caused by lapses on the part of management and by some misguided sections of organised classes. Stocks are also being hoarded by producers and affluent consumers. All these sections of our people must realise that they cannot survive unless the nation as a whole survives. Resort to violence and *bandhs* only worsens the situation. The poor suffer the most. Government will deal firmly with hoarding and with attempts to interrupt production, movement and distribution.

Supplies to deficit areas and vulnerable sections of society can be maintained through the public distribution system only if there is adequate procurement of grains. Appreciating the need to compensate the farmer for the rise in the cost of production, Government increased procurement

prices substantially for the current *kharif* cereals. While the procurement of rice is satisfactory in many States, it is unfortunate that the procurement of coarse grains did not gather momentum. The *kharif* procurement season has still several months to go. The situation has been studied in detail, State by State, and Government has indicated the steps to be taken by State Governments. This year's experience in procurement and distribution will be fully considered in taking corrective action for the coming *rabi* season. I wish to impress upon the State Governments, with all the earnestness at my command, the importance of achieving procurement targets. It has to be realised that the Central Government can distribute only as much quantity as the State Governments procure and make available to it. Therefore, all State Governments, whether they be of surplus or deficit States (which also have surplus areas), should give overriding importance to this matter and to the checking of hoarding and smuggling.

Judged by world standards, we consume very little oil. Yet the increased prices of crude oil alone will cast on us an additional burden of rupees eight hundred crores a year in foreign exchange. This poses an unprecedented challenge to our economy.

We can understand the anxiety of oil producing countries to conserve their depleting reserves of crude. We also appreciate their desire to strengthen and diversify their economies through investments financed by larger revenues from their exports of oil. We extend our support fully to them in their efforts to secure a dominant role in the international trade in oil which has hitherto been controlled by a handful of private oil companies. We have cordial relations with oil-exporting countries. The adverse impact of the rise in oil prices on the economies of developing countries like India is recognised by the friendly countries in Western Asia. We have to devise ways and means of ensuring that this genuine concern is adequately reflected in concrete measures. We are in close touch with oil producing countries and hope that we can find just solutions through appropriate mutual arrangements.

We have satisfactory reserves of coal and a sizeable potential of hydro-electric power. We possess the technology for nuclear power generation. We are hopeful that our efforts at oil exploration will yield results. Given a little time and the necessary resources, we should be able to develop these to meet our needs. But the intervening years will be difficult and will call for the most disciplined effort on our part and understanding from our friends.

Government is organising a massive effort to develop our indigenous sources of energy and to maximise our earnings from exports. Efficient and increased production of our own sources of energy and of export-oriented industries, utmost economy in the use of oil products and selective restraints

on domestic consumption of exportable goods are essential for the success of this effort. I appeal to all section of the people to co-operate fully with measures that will be taken by Government.

The search for oil, onshore and offshore, will be pursued with vigour. The exploration which has begun in one offshore area will be intensified. We have already a joint venture for production of crude oil in Iran. The Oil and Natural Gas Commission has started exploration in a prospective area in Iraq and similar ventures elsewhere are under consideration.

Schemes for the generation of power will be given high priority. Special attention is being paid to improving the working of existing units and the earlier commissioning of projects which are in an advanced state of construction. This will add a sizeable quantum of power. In addition, a large number of projects are to be taken up and completed during the Fifth Five Year Plan period. The necessary approvals for these projects have been given and in the case of thermal plants, the coal fields from which coal will be supplied have been identified and linked up for particular projects. A co-ordinated development of coal fields transportation and power plants will be ensured. This massive programme calls for the reorganisation of the electricity industry.

The key to the success of our efforts in insulating our projected targets of economic growth from the rise in prices of oil lies in larger production and transport of coal. Department of Mines and the Railways have to gear themselves to the task of raising and moving the coal to various centres of consumption.

The State Governments on their part should ensure that necessary basic facilities like power and feeder roads are made available. A great responsibility rests on the managements and the one and a half million workers of the mines and the Railways. With their co-operation, the production of coal will be increased in 1974-75 to 90 million tonnes, if not more, and a steady flow will be maintained to keep the wheels of industry running smoothly.

In the present situation, the maintenance of production, particularly in essential sectors, is an obligation we owe to our people. In recent months, the workers have been experiencing considerable economic difficulties. In spite of this, our workers, who have a proud heritage of patriotism, know very well that the situation can be improved only if the social tasks of production are viewed in the larger national perspective. Therefore, workers have to make a supreme effort to increase production and to ensure quick and uninterrupted movement. This is the only way in which they can contribute to relieve the shortages faced by the common people.

The Draft Fifth Five Year Plan provides the framework and the programme to tackle the twin problems of food and fuel. The strategy for agriculture is based on a combination of the application of new technology and widening

the base of production. The emphasis is on programmes for command areas and marginal areas on the one hand and for the small farmers on the other, so that the very process of increased production ensures wider distribution region-wise as well as between different sections of the people. The Plan gives special importance to the development of power, coal, oil and transport and of industries like fertilizers which are vital for agriculture. In a number of sectors, a large part of the output levels envisaged in the Plan is based on the assumption of full and more efficient utilisation of existing capacities. This is as much a part of the Plan as new investment.

For the first time integrated sub-plans are being prepared within the overall framework of State Plans for the development of backward areas, including hill and tribal areas, so that all sections of the people achieve certain minimum levels of social consumption in elementary education, rural health, drinking water, provision of home sites, slum clearance, rural roads and rural electrification. The endeavour will be to integrate the services under health, family planning, nutrition, education and social welfare at the field level.

It is a measure of the maturity of our democracy that notwithstanding the present economic difficulties, a fifth of our population is exercising franchise this month in elections to State Assemblies. I appeal to all political parties to ensure peaceful conduct of the elections. We are proud of our record in this regard, as free and peaceful elections constitute an important feature of a stable democracy. Successful democracy consists not only of the freedom to choose but also of a realisation that in spite of differences, the parties in power and in opposition abide by certain basic rules of conduct, the more important of which is the avoidance of all forms of violence and extra-constitutional methods.

Early this month, Gujarat has come under President's rule. It is the responsibility of all citizens to help in the establishment of a climate of self-restraint and co-operative effort so that the peoples' hardships can be alleviated.

In the year under review, our foreign policy was pursued with vigour and registered some notable successes. Relations with our neighbours, particularly Bangladesh, Bhutan, Nepal and Sri Lanka, as also Burma* and Afghanistan, saw noticeable improvement in building up a polity of peace, friendship and mutually beneficial co-operation.

The human problem of the persons stranded in Pakistan, Bangladesh and India after the conflict of 1971 is on the way to satisfactory resolution following the historic initiative taken by India and Bangladesh. The three-way simultaneous repatriation began in September last and is expected to be completed before the middle of this year. My Government is prepared to enter into negotiations with Pakistan to implement the rest of the Simla

* Now known as Myanmar.

Agreement. We sincerely hope that the Government of Pakistan also desires this.

We have maintained a constant dialogue with Bangladesh on all issues of mutual interest. The Governments of both the countries have made concerted efforts to further strengthen friendly relations and co-operation in commercial and economic fields.

I am happy to say that the exchange of visits by our Prime Minister and the Prime Minister of Sri Lanka has resulted in the activation of economic relations and co-operation between the two countries. The question of the status of all persons of Indian origin in Sri Lanka has been finally resolved and considerable progress has been made in finding a solution to other questions.

The visit of our Prime Minister to Nepal and of the King and Queen of Nepal to India symbolised the close relations between us, which are based on mutual trust and commonality of interests. We admire greatly the resolve of the Government of Nepal to advance the economic and social interest of its people, a task in which we have been privileged to participate according to the wishes of the Government of Nepal.

Our friendly relations with Afghanistan are being developed and strengthened further by mutual co-operation in many fields. Several projects in which we will be able to participate under our technical and economic co-operation programme have been identified in Afghanistan.

During my visit to Malaysia in March 1973, I had expressed our support to the Declaration of November 1971 by Indonesia, Malaysia, Philippines, Thailand and Singapore that South-East Asia should be a zone of peace and neutrality. Along with other countries of the region, we have always urged that the Indian Ocean should be a zone of peace and should be free from military bases of big powers. This has been emphasised by the General Assembly of the United Nations and the non-aligned countries who met at Algiers last year. It is, therefore, a matter of deep concern and disappointment to us that the United Kingdom and the United States of America have entered into an agreement for the establishment of a military base in the island of Diego Garcia in the Indian Ocean. We consider that the establishment of the military base is against the interests of peace and we sincerely hope that the wishes of the people of this region and of the United Nations will prevail in this matter.

We attach the greatest importance to our friendly relations with countries of West Asia. We are pursuing these in the emerging context of greater economic exchanges between developing countries. We have concluded agreements with the Republic of Iraq covering many fields of such co-operation. The growing friendship between India and Iraq is reflected in the positive response of Iraq in finding a solution to the problems arising from the rise in oil prices.

Our view that no stable peace can be established in West Asia without the vacation of Israeli aggression from all occupied Arab territories and the restoration of the rights of the Arab people of Palestine is well-known. There have recently been some positive developments and we hope that the West Asia Peace Conference will lead to lasting peace and stability in this region.

As a result of the high-level visits recently exchanged between Iran and us, there has been a better understanding of each other's policies and many new avenues of mutually beneficial co-operation have been identified. Government will pursue these vigorously.

Yet another milestone was reached in our relations with the Soviet Union with the exchange of views and the Agreements that were signed when we had the pleasure of playing host to General Secretary Brezhnev in November 1973. The Agreements put the economic relationship between the two countries on a long-term footing. We are gratified that Indo-Soviet friendship has progressively attained newer levels of maturity and co-operation.

In June 1973 our Prime Minister visited Yugoslavia. I paid a visit to Romania and Czechoslovakia in October 1973. Later in the year, we welcomed General Secretary Dr. Gustav Husak of Czechoslovakia and an agreement on economic co-operation was signed with Czechoslovakia. President Tito's visit last month gave yet another opportunity for a detailed exchange of views on recent developments affecting non-aligned countries.

There has been a conscious effort on the part of my Government and that of the United States of America to strengthen relations on the basis of equality and mutuality of interests. An important result of this is the agreement on the question of U.S. rupee funds in India.

The conclusion of the Commercial Cooperation Agreement with the European Economic Community is a significant step and with this our relations with the enlarged Community have started well. We are confident that trade and economic co-operation between the Community and India will grow fast in the coming years.

The views exchanged during the visits of the Prime Ministers of two sister countries of the Commonwealth—Australia and New Zealand—indicated the enlightened stand of these leaders on world issues, their commitment to peace and their increasing interest in the development of India and other countries of Asia. The visit of our Prime Minister to Canada in June 1973 helped to further strengthen the close ties between the two countries.

Our relations with African countries are close and co-operative. The Vice-President visited Tanzania recently and participated in the tenth anniversary of the Revolution in Zanzibar. In line with our well-known

support for the struggle of the African peoples against colonialism and racism, we hail the emergence of the new State of Guinea-Bissau.

Close co-operation with other non-aligned countries has been one of the important aspects of our foreign policy. The Prime Minister attended the Fourth Summit of non-aligned countries in Algiers in September, 1973. The Conference demonstrated a large measure of agreement in the political field and also the resolve of member countries to co-operate with one another more concretely.

Hon'ble Members, the basis and nature of relationships between the countries of the world are changing rapidly; so also many concepts which held sway during the last two decades. Amidst all this, it is a matter for satisfaction that the basic tenets of our foreign policy since Independence have been consistently vindicated.

During this session you will consider the demands for grants for the next financial year and the pending and new legislative business. Government will bring before Parliament a Bill to amend the Prevention of Food Adulteration Act to enable more vigorous enforcement. Among other measures are the Bills for establishing Central Universities at Pondicherry* and Hyderabad, a Bill to further amend the Ninth Schedule to the Constitution and a Bill to amend the Agricultural Refinance Corporation Act to enable it to extend assistance directly to Area Development Corporations.

Hon'ble Members, I summon you to the exacting tasks of 1974. The formidable challenges that the nation faces can be turned into an opportunity by determined people. I have no doubt that as the representatives of the people, you will give the right lead in a spirit of dedication and constructive co-operation and that the country will overcome the present difficulties and emerge stronger and more united to advance along the chosen path.

* Now known as Puducherry.