

permits licences and quotas which have opened the flood-gates of corruption. It has impeded the growth of the nation.

The President speaks of economic stability. In 1964-65, real national income was estimated to have increased by Rs. 4,160 crores. In the same period, money supply expanded by Rs. 6,741 crores. This imbalance is the main reason for the economic crisis. The imbalance has further worsened since 1971-72. The real national income rose by Rs. 1,348 crores and money supply by Rs. 3,860 crores. That means that the national income rose by 7 per cent and money supply by 54 per cent.

What is its effect on prices? The index price of food articles (Base 1961-62: 100) has reached 360. The purchasing power of the rupee has gone down to 25P in terms of its value in 1949-50. There has been complacency in the President's Address on the seasonal decline of prices, because there has been a good harvest this year. I submit this is a temporary phase. The price of rice which is the staple food in eastern India has gone up to 400 per cent which is beyond the purchasing power of the common man. The situation has been further worsened by the bungling of the FCI and the State Government's arbitrary imposition of levy for procurement of paddy at unremunerative prices. If it is anti-hoarding, I fully support it, but we find that resistance is coming from the youth of the area. They want the surplus grain to be stored in their panchayats so that it could be distributed in the lean months among the villagers. But Government's policy is that the surplus paddy should go to the millowners who have been given the benefit of exporting 25 per cent and selling at any price in the market.

Thus there has been a clash. Firing has taken place in two places in Sambalpur, in Chattisgarh in Raipur district and in Balaghat.

I condemn in the strongest terms violence which is a part of our life today, which has been injected into the body-politic of the country, and I condemn Government's failure to curb it. Government has not yet unfold the mystery of the death of a Cabinet Minister, Shri Lalit Narayan Mishra. There is the case of Shri Parsuram Satpathi, a budding journalist and BLD worker of Bolangir, who was crushed to death under the wheels of a Congress jeep on 29-11-74.

MR. CHAIRMAN: The hon. member might continue later. We interrupt the debate now to enable the hon. Prime Minister to make a statement on Jammu and Kashmir.

16.40 hrs.

STATEMENT RE. JAMMU AND KASHMIR

THE PRIME MINISTER, MINISTER OF ATOMIC ENERGY, MINISTER OF ELECTRONICS, MINISTER OF PLANNING AND MINISTER OF SCIENCE AND TECHNOLOGY (SHRIMATI INDIRA GANDHI): In pursuance of Government's policy to secure the active cooperation and involvement of all democratic, secular and progressive forces in the country it was considered desirable to have a dialogue with Sheikh Mohammed Abdullah. Hon'ble Members are aware that Sheikh Abdullah had played a notable part in the freedom struggle and in the accession of the State of Jammu and Kashmir to the Indian Union. He formed and headed the Government of the State for a number of years after Independence. Despite the differences which led to the subsequent estrangement it seemed clear from the public statements made by Sheikh Abdullah as well as personal talks with him that his commitment to basic national ideals and objectives had remained unchang-

ed. He reaffirmed that the accession of the State to the Indian Union was final and irrevocable. His main area of concern was about the legal and constitutional changes made after August, 1953.

It was decided that Mirza Afzal Beg whom Sheikh Abdullah named for the purpose and Shri G. Parthasarathi whom I entrusted with the task should examine these changes in depth and make appropriate recommendations. After extensive discussions they reached agreement on various points which are incorporated in the Agreed Conclusions, a copy of which is placed on the Table of the House. These conclusions formed the subject matter of further discussions at a political level in which Sheikh Abdullah, Syed Mir Qasim, the Chief Minister of the State, and Sardar Swaran Singh participated. As a result of these an understanding has been reached as disclosed in the letters exchanged between me and Sheikh Abdullah, copies of which are also placed on the Table. I shall refer to certain basic features of the understanding.

The Agreed Conclusions have been formulated within the framework of the Constitution of India. The constitutional relationship between the State of Jammu and Kashmir and the Union will continue as it has been and the extension of further provisions of the Constitution to the State will continue to be governed by the procedure prescribed in Article 370. There will be no weakening of the ties which exist between the Union of India and its constituent units of which the State of Jammu and Kashmir is one. The existing jurisdiction of the Centre to deal with activities directed towards questioning, or disrupting the sovereignty and territorial integrity of India, or bringing about cession or secession of any part of the territory of India from the Union, will also continue. It has also been agreed that any amendment of the Constitution of the State on certain specified matters of importance will not become effective

unless the assent of the President is obtained. The Agreed Conclusions seek to reassure the State that in case the State Government comes up with any proposal to change any Central law made after 1953 on matters in the Concurrent List such as social welfare measures, cultural matters, social security, procedural laws and the like, the grant of assent to the Bill will be sympathetically considered.

A proposal was made by Mirza Afzal Beg that the jurisdiction of the Supreme Court in relation to the State should be curtailed. This was not accepted as it is considered important that the Supreme Court should continue to have its original and appellate jurisdiction in the matter of Writs, appeals and other matters. However, it was agreed by collateral letters (Copies of which are placed on the Table) that the provision in Article 132(2) enabling the Supreme Court to grant special leave on the refusal of a certificate by the High Court need not apply to the State. Action on this will however, be taken only when the State Government comes up with a proposal in this behalf.

Hon'ble Members will notice that the question of nomenclature of the Governor and the Chief Minister could not be settled. This is a matter which is provided for in the State Constitution which at present uses the expressions "Governor" and "Chief Minister". A change in the nomenclature can be made only by amendment of the State Constitution by the State Legislature. So far as the Chief Minister is concerned, there should be no objection to the adoption of the designation "Wazir-e-Azam" in the State if the legislature of the State of Jammu and Kashmir amends its Constitution accordingly. Until this is done, the present designation will continue.

Sheikh Abdullah was very anxious that to start, with the constitutional relationship between the State and the

[Shrimati Indira Gandhi.]

Centre should be as it was in 1953 when he was in power. It was explained to him that the clock could not be put back in this manner. Mirza Afzal Beg pressed for the transfer of provisions relating to Fundamental Rights to the State Constitution, the removal of the supervision and control of the Election Commission of India over elections to the State Legislature, and the modification of Article 356 to require the State Government's concurrence before imposing President's Rule in the State. It was not found possible to agree to any of these proposals. I must say to the credit of Sheikh Abdullah that despite his strong views on these issues, he had accepted the Agreed Conclusions.

The State Government is in agreement with the understanding reached and the approach in regard to political cooperation with Sheikh Sahib and his followers as being in the interests of the State and the country

Hon'ble Members will have seen the statement made by Mirza Afzal Beg on February 6th, 1975 to the effect that in the changed circumstances plebiscite has become irrelevant and that the name and objectives of the Plebiscite Front have to be changed accordingly. We have been informed that this statement was endorsed at the recent meeting of the Executive Committee of the Party and that Mirza Afzal Beg has been entrusted with the task of calling a meeting of the General Body of the Front for taking the necessary follow up action in this regard.

As is disclosed in the letters exchanged Sheikh Abdullah has stated in clear terms that the future of Jammu and Kashmir lies with India and that as one who cherishes the ideals of democracy, secularism and socialism, he has come forward with his cooperation with a view to further strengthen the bond between the State and the Union. We have every confidence that he will make his own distinctive contribution

to the task of strengthening the nation and sustaining its ideals.

The settlement that has been reached is an entirely domestic matter. It has been endeavour of Government to find satisfactory solutions for political problems in a spirit of conciliation. The manner in which differences with Sheikh Abdullah have been resolved shows the vitality of the functioning of our democracy. It is my sincere hope that the agreement will open a new era of understanding and cooperation with those in the State of Jammu and Kashmir who had not associated themselves with the main stream of national life during the last two decades. It will also amply demonstrate the identity of interests and ideals of the people of the State with those in the rest of India and mark a milestone in the onward march of our nation.

Agreed Conclusions

1. The State of Jammu and Kashmir, which is a constituent unit of the Union of India, shall in its relations with the Union, continue to be governed by Article 370 of the Constitution of India.

2. The residuary powers of legislation shall remain with the State; however, Parliament will continue to have power to make laws relating to the prevention of activities directed towards disclaiming, questioning or disrupting the sovereignty and territorial integrity of India or bringing about cession of a part of the territory of India or secession of a part of the territory of India from the Union or causing insult to the Indian National Flag, the Indian National Anthem and the Constitution.

3. Where any provision of the Constitution of India had been applied to the State of Jammu and Kashmir with adaptations and modifications, such adaptations and modifications can be altered or repealed by in Order of the President under Article 370, each individual proposal in this behalf being considered on its merits; but provisions of the Constitution of India already

applied to the State of Jammu and Kashmir without adaptation or modification are unalterable.

4. With a view to assuring freedom to the State of Jammu and Kashmir to have its own legislation on matters like welfare measures, cultural matters, social security, personal law, and procedural laws, in a manner suited to the special conditions in the State, it is agreed that the State Government can review the laws made by Parliament or extended to the State after 1953 on any matter relatable to the Concurrent List and may decide which of them, in its opinion, needs amendment or repeal. Thereafter, appropriate steps may be taken under Article 254 of the Constitution of India. The grant of President's assent to such legislation would be sympathetically considered. The same approach would be adopted in regard to the laws to be made by Parliament in future under the proviso to clause 2 of that Article; the State Government shall be consulted regarding the application of any such law to the State and the views of the State Government shall receive the fullest consideration.

5. As an arrangement reciprocal to what has been provided under Article 368, a suitable modification of the Article as applied to the State should be made by Presidential Order to the effect that no laws made by the Legislature of the State of Jammu and Kashmir, seeking to make any change in or in the effect of any provision of the Constitution of the State of Jammu and Kashmir relating to any of the undermentioned matters shall take effect unless the Bill having been reserved for the consideration of the President receives his assent; the matters are:

- (a) the appointment powers, functions, duties, privileges and immunities of the Governor; and
- (b) the following matters relating to Elections, namely, the superintendence, direction and control of Elections by the Election Commission of India, eligibility for inclusion in the electoral rolls without discrimination, adult suffrage, and composition of the Legislative Council, being matters specified in Sections 138, 139, 140 and 50 of the Constitution of the State of Jammu and Kashmir.

6. No agreement was possible on the question of nomenclature of the Governor and the Chief Minister and the matter is therefore remitted to the Principals.

Afzal Beg Mirza Mohammad
G. Parthasarathi.

New Delhi.

Dated: November 13, 1974.

Copy of letter of Sheikh Mohd. Abdullah to the Prime Minister

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3, Kotla Lane,
New Delhi
Dated 11-2-75

My Dear Prime Minister,

I have seen the text of the conclusions reached between Shri G. Parthasarathi and Mirza Mohammad Afzal: