

[श्री मधु लिमये]

abuse of the right of moving a resolution or calculated to obstruct or prejudicially affect the procedure of the House or is in contravention of these."

अब रूल्स में कंडीशन्स दी हैं। मैं पूरा नहीं पढ़ता हूँ, नियम 173 में ये सारी कंडीशन्स दी हुई हैं, और शायद यह हो सकता है

"It shall raise substantially one definite issue"

मेरी राय में माननीय इमाम का जो रिजोल्यूशन था वह बिल्कुल नियमों के मुताबिक था।

MR. CHAIRMAN: You may continue it on another occasion. Now, we will take up the half-an-hour discussion.

17.30 hrs.

HALF-AN-HOUR DISCUSSION

UNSATISFACTORY STATE OF INDIAN ECONOMY

SHRI R. BARUA (Jorhat): This half-an-hour discussion arises out of the answer to my question about the "unsatisfactory state of Indian Economy" on 17th November. At a time when agricultural production is looking up, when the recession period is over why do I call it unsatisfactory state of economy? Recently in a conference of economists organised by the National Council of Applied Economic Research, almost all of them were perturbed at the stagnation and immobility of the economy of the country. The irony of it is that it is happening at a time when the climate for growth economy was almost present. The prosperity of a country can be seen *prima facie* if we look into the per capita income and per capita consumption of essential commodities by the common man. If we apply that Standard, we find that the per capita income of our country has not gone up and it is very low in comparison to the rest of the world. About consumption of foodgrains, in 1968, in which year we had the best of production, the per capita availability of foodgrains was 166.6 kg, i.e. 3.7 per

cent less than in 1965 when it was 173 kg. It is a sad state of affairs at a time when one goes about saying that the green revolution has started. What is more, in 1969 we have not been able to keep up the tempo of increase and the agricultural production in 1969 is almost the same as last year.

Look at the consumption pattern of cotton cloth, edible oil and sugar. It is 11 per cent, 14 per cent and 17 per cent respectively less in 1967-68 and compared to 1964-65. On the contrary, look at the affluent few. From 1961 and 1966, production of motorcars rose by 27 per cent, of air-conditioners by 44 per cent, of refrigerators by 292 per cent, of confectionary by 52 per cent and of art-silk fabric by 51 per cent. Add to it the enormous increase of luxury flats and residences especially in the large urban areas and also the vulgar expenditure on marriages, ceremonies, and meetings. There is no check for diverting scarce resources to more useful and purposive production. In a truly developing economy, year after year, the common man should have a better standard and better consumption, but here we see it is in the reverse direction.

We are constantly facing demonstrations, strikes, gheraos, etc. We are apt to blame our communist friends mostly for it. Politically speaking it may be true, but is it not a symptom of the unhealthy economic state of affairs because of which the workers are dissatisfied? Therefore, it is wrong to say that it is just the machination of a few political parties. Let us go to the basic truth of it. Why was there trouble in the Hindustan Housing Factory as a result of which a part of the factory was burnt by the workers?

This shows that the price level is such that the workers cannot make both ends meet with the money that they are getting. What is the tendency of the price level? It is rising alarmingly. According to the Reserve Bank Report:

"The price level remained on the whole stable (apart from reasonable movements) upto end—January 1969. Since then, however, there has been a disconcertingly sharp upward trend. In the result, the price stability that had characterised the pre-

vious year and the early part of this has lately been disturbed."

This is not my language but the language of the Reserve Bank of India in a report which was submitted as late as 11th September.

What is the index of the workers' price rise? According to them, the workers' price rise is at a very high rate. If the price level is going up like this and the employment potential is limited, we shall have to start the Fourth Plan with a backlog of 16 million unemployed and we are going to end the Fourth Plan with an unemployment figure of 30 million. Why is it that we have not been able to attune our planning system?

Coming to savings, investment and production, let me remind the House that the capital formation climate is very bleak. During the last twenty years we could not do anything worth the name for encouraging private savings. During the decade ending 1965-66 our national income rose by 40 per cent. There should have been a corresponding rise in savings, but it stagnated at 8 per cent. In 1967-68 the national income rose up 8.5 per cent but the rate of savings rose only by 6.6 per cent. If you go through the figures of savings of other developing countries you will find that it is something between 15 per cent and 29 per cent. In such a situation how can the government say they can move forward in a bigger way?

We have got a good picture in the agricultural front. What is it due to? Is it not due to past investments in a big way? What is the investment position for the future? In the case of fertilizer, according to press reports and government sources, there is going to be a shortfall of one million tonnes. The Fourth Plan visualizes a production of 3.7 million tonnes by the end of 1973-74. Some of sanctioned projects like Kandla, Mirzapur and Trombay, they are not going to come off and some of them have to be written off. For instance, the Visakhapatnam extension can be almost written off. One foreign company is no more interested. Goa and Mirzapur projects because of certain details about finance and feedstock are not likely to come up.

If this is way we are going to proceed, there will be a shortfall of one million tonnes in the case of fertilizer.

If this this is the shortfall in fertilizer, what will happen to our agricultural production? Are you going to import? If so, where is the resource for that?

Coming to petroleum the original thinking was that as the end of 1975 our necessity will be 16 million tonnes.

But it is going to rise to 34 million tonnes by 1975.

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & CHEMICALS AND MINES & METALL (SHRI D. R. CHAVAN) 32 MILLION TONNES.

SHRI R. BARUA: All right; I accept it and put it 32 million tonnes. Thereafter it will rise at a compounded rate of growth of over 8 per cent per year through the 1980's. In order to meet this requirement every year we shall have to put up one refinery and in terms of rupees that will cost Rs. 40 crores. This will go on till 1980.

Secondly, if we have to go on with our exploration business, that will cost Rs. 1,200 crores to meet the need for exploration alone, not to talk of the substantially large added investment required for other phases.

When I talk of a refinery in Assam, all sorts of arguments are put forth but the figure shows that we shall be requiring 34 million tonnes by 1975. Our crude production is 6.2 million tonnes and we want 30 million tonnes of petroleum. And you say that this is not the time. Wherefrom are you going to have the money and how are you going to meet the demand? All these factors are not known to us. The investment climate is very bleak.

With regard to the export performance, we are having some exports on the traditional side. With regard to steel and engineering goods there is a shortfall this year. There is a high demand of steel and engineering goods outside India. A large number of our people are either unem-

[Shri R. Barua]

ployed or they want more opportunities. But the export performance seems to be suffering from a certain constraint which require to be corrected.

I have already indicated the per capita availability of foodgrains. The population is exploding at such a fast rate that it is to be seen how the Government in the present investment climate is trying to meet this.

With regard to the rise in the price level I should indicate one other reason, namely, pumping in more money into the market. That is mostly due to the credit given to different governments. Deficit financing seems to be a norm and the result is that there is no production and expansion. on the one hand, and more money in the market on the other. Consequently you cannot create employment potential and this is going to take such a proportion that we shall not be able to meet it.

Lastly, the political climate today is also very much disturbing. In a developing country economics is not just demand and supply ; it is not just investment, profit and outturn. It is something more. You will have to look to political stability of the country. Unfortunately, we are caught up at a time in a manner in which people are doubting the political stability. It is not my thinking. If you look up the papers or ask anybody, you will find that this is the position. Therefore I want a positive reply from the hon. Minister of Finance how he is going to meet the coming demand.

श्री शिव चन्द्र भा (मधुबनी) : भारत की अर्थ व्यवस्था की हालत दिन-ब-दिन बिगड़ती ही जा रही है बावजूद इनके आंकड़े दिखाने के तथा प्रदर्शनियां दिखाने के। पहली बात तो मैं यह जानना चाहता हूँ कि डिफिसिट फाइनेंसिंग को आपने पिछले चार पांच सालों में किस हद तक रोका है ? अगर नहीं रोका तो क्यों नहीं आप इसको रोक सके हैं ? इसी की वजह से प्राइस लेबल बढ़ता है और हालत बिगड़ती है। जब तक आप डिफिसिट फाइनेंसिंग को नहीं रोकेंगे तब तक अर्थ व्यवस्था की हालत अन-

सैटिमफैक्टरी रहेगी।

पो एल 480 का वह पोर्शन जो अमरीकी दूतावास यहाँ इस्तेमाल करता है, अर्थ शास्त्रियों का यह अनेलिमि है, वह भी डिफिसिट फाइनेंसिंग को बढ़ाने में मदद करता है। मैं जानना चाहता हूँ कि क्या उनको भी आप फ्रीज करेंगे और उसको फ्रीज करने के लिए कोई कदम उठावेंगे ?

मैं यह भी जानना चाहता हूँ कि क्या पिछले चार पांच सालों में बेरोजगारी बढ़ी है बावजूद आपकी काजियों के कि वह कम हो ? अगर वह बढ़ती गई तो हालत सैटिमफैक्टरी कैसे होगी और किम तरह से आप कह सकते हैं कि भारत की अर्थ व्यवस्था की हालत संतोषजनक है ?

मैं यह भी जानना चाहता हूँ कि क्या यह सही नहीं है कि 1967-68 के मुकाबले में 1968-69 में जो रेट आफ प्रोथ था वह कम था ? उसी तरह से इस साल में रेट आफ मेविंग भी कम हो गया, मेथानन इनराम भी कम हुई ? इन दो सालों का मुकाबला करके क्या जो मैं कह रहा हूँ यह सच नहीं है ? यदि यह सच है तो सरकार ने कौन से कदम उठाये हैं इसको रोकने के लिए चूंकि सरकार अस्तव्यस्त नहीं है इसीलिए क्या यह सही नहीं है कि अर्थ व्यवस्था की हालत खराब रही है और आने वाले दिनों में भी खराब रहेगी ?

श्री कंबर लाल गुप्त (दिल्ली सदर) : हमारे देश की इकोनॉमी क्रस रोड पर खड़ी है और दिन प्रति दिन गिरती जा रही है। इसका कारण डिफिसिट फाइनेंसिंग है, रांग प्रयोरिटीज हैं और बैंड इम्प्लेमेंटेशन है। उसके कारण आज लाखों लोग भूखे मर रहे हैं। यहाँ तक कि 1 लाख 18 हजार गांव ऐसे हैं जहाँ पीने के लिए पानी तक भी नहीं है। वस्त्र तथा दवाइयों का इंतजाम तो बहुत सी जगहों में नहीं है। यह कहना कि हमारी डिफेन्सिंग इकोनॉमी है, मैं

समझता हूँ गलत है हमारी स्टैगनेट इकोनोमी है और डिफ्लेशन इकोनोमी है।

मैं सवाल पूछना चाहता हूँ। क्या यह सही है कि हमारी पर कैपिटल इनकम करीब करीब वही है और विप्रेषण बढ़ी नहीं है ?

मैं यह भी जानना चाहता हूँ कि लैबल आफ कंजम्पशन मासिस का भी वही रहा है, बल्कि नीचे आया है ?

प्रधान मंत्री ने कई बार कहा और प्रधान मंत्री की ए आई सी सी का जो सेशन हुआ था वहाँ भी वह कहने वाली थी वह वहाँ हिस्टारिकल डिशिशन देने वाली थी कि लोगों के लिए दवाइयों का इंतजाम किया जाएगा और उनको भूखों नहीं मरने दिया जाएगा। लेकिन वहाँ कुछ निकला नहीं। मैं पूछना चाहता हूँ कि प्रधान मंत्री बैंकों का नेशनलाइजेशन करें या कुछ भी करें, क्या सरकार इस बात की गारंटी देगी कि स्पेसिफिक पीरियड में नेशनल मिनिमम हर एक आदमी को देश में मिलेगा और उसके लिए सरकार क्या कोई फेड प्रोग्राम बनायेगी ?

SHRIS. KUNDU (Bilaspore) : Mr. Chairman, Sir, I must thank my hon. friend, Mr. Barua, who has raised this discussion. He has really done a very good job in putting the picture of the state of Indian economy before us.

The state of Indian economy is really bleak and stagnant. One factor which hits the common man most is the rising prices. The National Labour Commission has said that the real wage today as compared to the wage obtaining in 1939 had gone down by about 60 per cent. Supposing the wage of a person in 1939 was Rs. 30, today its money value, the real value, is about Rs. 10 as compared to that of 1939. This is a finding borne out by the National Labour Commission. I am not just giving a story. When 90 per cent of the people are poor, struggling for a living, a starving humanity, I want to

know what concrete steps you are going to take to re-orient the state of our economy so that it gives benefit to the common man.

This the time for action. No amount of speeches and no amount of only slogans and utterances will solve this. Therefore, I do not want to repeal all the things that have been said. My specific question to the hon. Minister is: Does he agree, in principle, after all the facts and figures narrated by my hon. friend. Shri Barua, that Indian economy is bleak and that it is in a state of stagnation? If so, what concrete steps is he going to take to provide more mobility to Indian economy? I just want to tell him one thing by way of caution. If last year Indian economy has taken a better direction in a country's life such occasions come very rarely and if Government apparatus does not take advantage of that, you will lose for many years and you cannot get this sort of situation which we had last year. Last year the rise was mainly due to the rain gods, nothing else. Let us be frank among ourselves. Therefore, if you do not take positive and concrete steps, I think the coming 4 or 5 years will be very bleak. I just want to say one or two things. What specific measures have you taken for resource mobilisation? I want the hon Minister to listen to me. He should not give vague answers and go away. What steps are you going to take to stop the extravagant expenditure and unnecessary consumption so that resources released by that may be mobilised for the priority sectors like roads, small scale industries and irrigation? What steps are you going to take to check prices? Even though I do not agree with their ten point programme, even to start with what concrete steps you are going to take and within what time you are going to implement your ten point programme?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. C. SETHI) : The Reserve Bank had made that report on which the hon Member had raised this discussion and on the basis of the reply that I gave.

[Shri P. C. Sathi]

As far as the Reserve Bank report and the reply itself is concerned, I have made it very clear in my reply to the question on the Reserve Bank report that the overall position as given by the Reserve Bank is not as bad as has been pointed out by the hon Member himself. The Reserve Bank has itself pointed out this fact that after the drought years and the period of depression or recession which was there, the condition of Indian economy has considerably improved. After these two long drought years, especially on account of the new technology and new strategy that was adopted on the agricultural front, the position on the agricultural front has very much improved. And with whatever scorn one may look at the Green Revolution, the fact remain that the Green Revolution has become a reality and the age-old farmer who was rooted in the old methods of cultivation and was not adopting the new strategy and methods, has adopted the new technology and new methods. Now there is a growing demand in the agricultural front both for the new varieties of high-yielding seeds, fertilisers, pesticides and irrigation and the hon Members whenever they go to their constituencies may be finding that there is a great hunger and demand for electricity in villages.

"I would not go into any further details but I would only like to say that as far as agricultural front is concerned, our position has certainly improved, and this year, it is hoped that on account of the new strategy the food production may reach the level of 100 million tonnes. Therefore, as far as the agricultural front is concerned, we have certainly made strides and we have improved. But I would not go to the extent of saying that we should not be vigilant and we should not put more impute even in the dry areas where irrigation is not possible. At the same time we should also improve the other inputs which are necessary. That is why it was considered necessary that we should have control over the commanding height of the economy in the form of nationalisation of the major banks. That is why 14 major banks were nationalised and I am quite sure that on account of this nationalisation, the agricultural front, the small scale sector and persons who are self-

employed would certainly be getting a better treatment from the banks and their needs would be looked into.

Therefore, on the agricultural front we have improved. And, as far as the production of fertilizers is concerned, the position is this. Here the production has also improved. In respect of nitrogenous fertilisers the production was 545,000 tonnes in the year 1968-69 and in the year 1969-70 850,000 tonnes. In respect of phosphatic fertilisers the production figure for 1968-69 was 210,000 tonnes whereas it will increase to 310,000 tonnes in the year 1969-70. So it is expected to rise to far as the target for the production of fertilizers is concerned, we hope to reach a target of 3 million tons of nitrogenous fertilisers and 1.50 million tonnes in respect of phosphatic fertilisers. The fact is, so far as consumption of fertilisers is concerned, it is increasing. While we were importing fertilizers to a great extent, now we are in a situation where we have good stock of fertilisers. Even in respect of import of fertilizers, so far as Canada and United States are concerned, especially where they are not producing ammonia, we would find it difficult to import from these countries. I am quite sure that in the coming two or three years we will be in a position to make improvement and India shall not be in need of import of foodgrains except marginal import of rice or some such commodities which we need to import.

It is true that our development while on the front is quite good and the success is quite remarkable, we have also to see that we have to sustain it. At the same time I have no hesitation in accenting this, that as far as cotton is concerned, we have not made much headway and cotton production remains to be stagnant, nor have we made much headway in the quality production of cotton, with the result that we are importing cotton to the tune of about Rs. 100 crores per year. This is the situation so far as the agricultural front is concerned.

As far as the industrial sector is concerned the overall improvement in the industrial sector is also quite visible. This year, industrial sector would be in a position to achieve a growth of about 6 to 7 per cent which is the the production rate about

which we are satisfied, but I would like to say that there are industries which have improved while there are some industries where there is further scope for improvement because there is under utilisation of their capacities.

Therefore, there is a lot to be done on the industrial sector from the point of view of investment and also from the point of view of improving the capacity of the public sector plants wherefrom we can earn a good deal of amount. Various steps and measures are being taken but in spite of this the fact remains that out of the 83 public sector concerns, some of them are making profits, while some of them are losing heavily. It should be our endeavour to see that as far as public sector plants are concerned we should make further improvements.

So far as exports are concerned, we have made good headway in the exports also. Last year our export has been found to rise by 13 per cent. But we find that in this year, in the first five months, exports did not maintain that figure and that very growth. That was particularly so on account of a few factors.

The international market prices with regard to tea and coffee proved a lot of headache for us and it is still the position as far as coffee and tea are concerned but all the same it should be quite a satisfaction for us to state that we have diversified the exports and now we are exporting much more of the nontraditional items which were not being exported as yet. We are doing much better in the export of steel. We are exporting machine-tools and machines and therefore export of all these items are improving. I would also like to say that while exports have improved, the imports have also been reduced. The result is this that the gap between exports and imports is gradually going down and we hope that in the coming decade we should reach a position where the balance of exports and imports should be quite equitable. We shall be in a position where we shall not need foreign aid and assistance.

18 hrs.

Therefore, on all these counts, industry,

agriculture, exports the position of the economy is not in that condition of stagnancy as hon. members have pointed out; on the contrary we are quite hopeful that things are going to improve and we shall be in a position where we shall not be in need of foreign aid. Not only that, Our position of reserves has also considerably improved and it is now in a position which was not there since the last 8-10 years. Therefore, it would not be correct to say that overall Indian economy is in a condition of stagnation or in a state of degeneration.

As far as the gross national product is concerned, it has also increased. From Rs. 15,045 crores in 1965-66, it has gone up to Rs. 16,830 crores in 1968-69.

AN HON. MEMBER : *Per capita* ?

SHRI P. C. SETHI : It is true as far as *per capita* income is concerned, in 1965-66, it was Rs. 307.3 and in 1968-69, it was Rs. 319.3. This is really not a happy state of affairs, but one of the main factors relevant in this connection is also our population problem. It is a fact that in spite of the best efforts we have been making in that direction, we have not been able to contain the population problem to the extent we desire to. The reason is obvious. Although birth-rates have gone down, death rates have also come down on account of the social welfare measures taken up by Government.

SHRI R. BARUA : What about the staggering unemployment problem ?

SHRI S. KUNDU : What about price rise, checking consumption, implementation of 10-point programme etc ?

SHRI P. C. SETHI : We have just discussed the unemployment problem for more than two hours and I need not go into it now.

As far as development programmes are concerned, so far there was concentration in basic industries like steel, machinery, chemicals, infra-structure like power, transport, and communications. Agricul-

[Shri P.C. Sethi]

ture, as I have already stated, has also not been neglected. This position continues and I hope we shall be successful in our efforts. It is, therefore, not very correct to say that resources are completely being diverted to non-priority uses merely because some luxury expenditure is there. At the same time, I would like to admit that conspicuous consumption is there. That is why Government will have to think about how it could be checked. We will have to think about these measures which the hon. members have pointed out. We will give serious thought to the suggestions made by hon. members so that conspicuous consumption, specially manufacture of such items which are not priority items, is checked and our resources diverted to more useful purposes,

Shri Jha raised the question of deficit financing. The magnitude of it is not as the hon. Member made out. As a matter of fact, total deficit financing by the Central and State Governments amounted to Rs. 189 crores in 1965-67, Rs. 224 crores in 1967-68 and Rs. 269 crores in 1968-69. This reflects to a very large degree the impact on the economy of the two drought years 1965-66 and 1965-67. At the same time, the total plan outlay amounted to Rs. 2,137 crores in 1966-67 and Rs. 2,090 crores in 1967-68 and Rs. 2,337 crores in 1968-69. Despite additional taxation of a sizeable order, recourse to deficit financing is not on the high side. But at the same time, we will have to go into this aspect also certainly and see to what extent we should confine our deficit financing.

As far as the question of high prices is concerned, I would like to point out that in certain commodities, especially foodgrains, the rise has not shown an upward trend especially this year. In certain other commodities which were in short production especially cotton and jute, the rise was much more as compared to foodgrains. I am quite hopeful that with the Kharif crop that we have before us, there need not be cause for concern about food prices, and we should be able to stabilise the prices, but where prices are rising, certainly we will have to see that the production catches up with the demand. To that extent we hope we shall be able to stabilise the present prices and all

efforts are being made in that direction.

SHRI KANWAR LAL GUPTA : What about guaranteed national minimum within a specified period ?

SHRI P. C. SETHI : This is a complex problem and we cannot give a definite date with regard to it, but it would our endeavour, as has been stated, to see that by 1975 some sort of national minimum is arrived at, but I cannot give a definite, concrete guarantee in this respect. It should be the endeavour of all of us to move in this direction.

So, I would only end by saying that the overall picture of the economy is not as bad as the hon. Members may doubt, but certainly we will make all possible use of the suggestions which the hon. Members have made, and we can benefit by them.

18.07 hrs.

STATEMENT RE. AGREEMENT
BETWEEN H.A.L AND LABOUR
UNIONS

THE MINISTER OF STATE IN THE MINISTRY OF DEFENCE (SHRI L. N. MISHRA) : Mr. Speaker, Sir, I am glad to inform the House that Management of Hindustan Aeronautics Limited and representatives of the six majority Labour Unions of the Company signed a memorandum of agreement at Hyderabad on 27th November, 1969, revising the wage structure of the Hindustan Aeronautics Limited. This settlement brings to a successful conclusion bipartite negotiations that have been going on since July this year. The agreement is effective from 1st January 1969, for a period of four years.

2. The settlement allows for substantial increases in the wages of H. A. L. workers. It raises the minimum total emoluments of the unskilled worker from Rs. 144/- per month to Rs. 195/- per month, increases over the existing emoluments for the different trade groups range from Rs. 49/- per month to Rs. 59/- per month. Included in these increases is the Dearness Allowance, which