

come to invest, use our talents, give us technological know how and assistance, we are there to welcome that but not for exploitation.

Madam, Chairperson, I would like to submit, through you, that various allegations in terms of ideology have been made. I would like to repeat and clarify that we have not diverted at all. We have been on the Nehruvian path; there has been total continuity of thought. From day one, we never spoke of a totalitarian State sector; we never did it. Even Panditji did not do it; Panditji was clear in his mind; he spoke of the mixed economy and he spoke of the public sector and its commanding heights and he also spoke of the private sector and its motive and incentive as the basis.

SHRI INDER JIT (Darjeeling): He was not rigid in his ideas

SHRI RANGARAJAN KUMARAMAN-GALAM: He was always fluid in his thought and he had even said that it would grow with time. Let us not be under the impression that the whole arena is full today where public sector has the percentage and private sector has that percentage and there is nothing left. On the country, if one takes the portions of what is possible growth, we have not even crossed 25 or 30 per cent in the industrial sector; vast areas are open. We are not saying that we are selling out what we have in the public sector to others. We have always said that if the public sector has to achieve its commanding heights, it must be viable. We have not spoken about liquidation; we have not even ever said that in any way the public sector should be demeaned. To say that only a viable public sector would really occupy commanding heights, I think, is not a statement that can be criticised by anybody. If I may submit, we have, for the first time, very categorically said that even the public sector would be covered by the MRTP Act. We have denotified; we have categorically gone on record to say that the public sector will also be expected to keep to

the same norms of fairness that we expect from all industry. Our public sector is matured and it has grown up to the level where the protection that it had, is not required; fair competition is exactly what is required.

Madam, Chairperson, if I may end, I would only like to say that this amendment which we have brought forward is basically with the objective to ensure that Indian industry grows, matures, becomes efficient competitive and is capable of meeting the challenges from all over the world.

MR. CHAIRMAN: At 4.30 p.m. we are scheduled to take up the discussion under rule 193 on the international situation. However, it has been suggested by the Minister of Parliamentary Affairs that we might first conclude the discussion on the present economic situation that we had been holding yesterday. So, do I have the consent of the House for that?

SEVERAL HON. MEMBERS: Yes.

16.35 hrs.

DISCUSSION UNDER RULE 193

Discussion Re. Present Economic Situation in the Country with Reference to the steep rise in Prices of Essential Commodities in recent months, deficit financing, foreign exchange crisis and the Conditionalities Sought to be Imposed by the International Monetary fund
 —CONTD.

[English]

SHRI PRITHVIHAJ D. CHAVAN (Karad): Madam Chairman, this debate on the economic affairs in the background of grave economic crisis has given us an opportunity for critical review of the economic policy announced by this Government.

[Sh. Prithviraj D. Chavan]

We have been given a detailed note on the state of the economy. The document has two parts. The first part is regarding management of economic crisis and the second is the long-awaited letter of intent to the IMF.

The seriousness of the balance of payment problem had brought the country to the brink of disaster, to the brink of bankruptcy, threatening a complete collapse of our international trade.

Inflation, declaration in economic growth leading to stagnation, reduction in creation of jobs, has added to our worries. It is necessary to analyse the causes for this crisis.

There are many reasons for the current crisis. First reason is, there was large fiscal deficit of the Central Government, on account of very large Government expenditure. There was poor performance of the public sector requiring continued Budgetary support and leakages in developmental expenditure. It is also because of populist financial programmes like loan waiver scheme and loan melas. There were unabated subsidies to vocal minorities, frequent D.A. increase to the organised labour.

There was unmanageable current account deficit and there was serious balance of payment problem. There was total depletion of our foreign exchange reserves.

Another reason was, our populist labour legislation, which has bred inefficiency and indiscipline. One more reason was the low output of petroleum products and shortage of edible oils which compelled large scale imports. Almost our entire trade deficit is on account of oil imports.

Finally the most important reason was the political instability and disturbed social conditions obtaining in the last two years. There are all greatly responsible.

The main causes of current account deficit were indifferent export performance; gradual loss in value of rupee; steady decline in invisible flow; increased debt-service burden due to reduced concession assistance; and import intensive development strategy.

The Gulf war also aggravated the situation. The petroleum prices were doubled and exports to the Gulf declined. A huge cost was incurred in repatriation of Indian nationals. There was loss of remittances from Gulf. In addition to that, unstable economic conditions in the Eastern Europe and U.S.S.R. and a general down trend in international economic growth have all contributed to the crisis. These factors have caused a flight of NRI deposits. Concessional external assistance and commercial sources dried up, which adversely affected the external capital account.

This was the situation which this Government faced when they assumed office. The balance of payment difficulty was the most urgent problem. It required immediate attention. Let us consider what were the options open to the Government. Madam, the first option was to go ahead and default on all our commercial obligations. This, of course, would have been followed by a request for a moratorium, debt rescheduling, longer repayment terms, and even complete waiver. Madam Chairman, there is nothing alarming as many Less Developed Countries and low income countries have deliberately chosen this path. But what would have been the consequences of this approach?

Apart from the question of national pride in more practical terms, it would firstly put an end to all commercial and concessional loans.

Secondly, it would stop all international trade except on cash terms.

Thirdly, we would not be able to import

essential goods and petroleum products, fertilisers and edible oils.

Fourthly, it would cause grave shortages which would lead to a three digit inflation the like of which our country has never witnessed. It would cause riots and break up the nation, something which no democratic society would ever permit.

The only other option was to borrow from the international lending institutions, to tide over our immediate obligations. IMF, Asian Development Bank and bilateral donors were approached. If anyone has to go to bank for a loan, there are terms and conditions. Borrowing is not a very glorifying or happy situation.

The IMF is clearly an invention of the Western capitalistic economy. It was primarily established for promoting growth of international trade. For this, exchange rate stability and an orderly system of multilateral payment were necessary. IMF also provides temporary help to Member countries to tide over their balance of payments problems.

16.41 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

IMF has 155 member countries, including India. India is a founder member and is on the Board of Directors. Soviet Union has applied for membership.

Article 1 of the Charter of IMF is about giving loans to member countries. But the financial assistance has to be linked to the economic policy. That is the principle of conditionality. It was formally incorporated in 'Articles of Agreement' in 1968, and was accepted by all member countries.

Till the seventies, IMF considered that all problems of balance of payment and inflation were due to increase in aggregate demand and elimination of excess demand was considered essential but after mid-sev-

enties, the strategy of long term reforms was the prescription for such loans.

I will refer to a well researched book titled 'IMF and the Third World Political Instability' by Scott R. Sidel. This book has been published in 1988. I quote:-

"The conditions of IMF loan are:

1. Control of money supply.
2. Reduction of Government deficit.
3. Exchange rate devaluation.
4. Deregulation of prices.
5. Reduction of consumer subsidies.
6. Elimination of tariff and non-tariff barriers."

The IMF conditionalities are not something secret which were worked out behind closed doors for any Member country borrowing from IMF. There are standard conditionalities, standard prescriptions, to correct the external account imbalances.

In 1981, India got an IMF loan of 5 billion SDR under the Extended Fund Facility and accepted the conditionality then also. Every member country which wants assistance from IMF has to accept the conditionalities and continuous monitoring by IMF.

So, we had two choices. Either default or borrow from IMF with standard IMF terms. After careful thought, the Government approached the IMF.

IMF would not give the loans just for the asking. They would not sink in \$7 billion in India if they thought we would not be able to repay the loan.

A corrective action, a convincing plan,

[Sh. Prithviraj D. Chavan]

to make the economy strong and healthy, capable of honouring its international commitments, had to be designed and I am glad to say that this Government has produced such a plan which is logical and is producing results. The critics of the IMF loan have not been able to suggest any alternatives. Who else would give us the loan to tide over our immediate problems?—Certainly not the Soviet Central Bank. If they are opposed to the IMF Loan and the IMF conditionalities and if no one else would give us the loan, are they suggesting us to default?

Sir, the short-term objectives of the new policy have been fully achieved. We have avoided defaulting. The Government has demonstrated the will to fight back. The international confidence in the Indian economy is growing. Our credit-rating is going up. They have removed us from the credit-watch. Most important, the foreign exchange reserves have gone up, gone up by 200 per cent in rupee terms and 140 per cent in Dollar terms.

Hon. Shri George Fernandes had a great objection to Government giving both the figures - the rupee figure and the dollar figure. It is an international practice, particularly in dealing with the IMF, that the figures are quoted in local currency, dollars and also the SDRs. If the Government had not given the dollar figure, we could understand. But we have given both the rupee figures and the dollars figures. The growth in the reserves comes to 140 per cent. This is not a small achievement.

We may have succeeded in our short term objectives. But it has just bought us some time to tide over the difficult situation. We have to carry out the structural reforms and macro-economic adjustment which the Finance Minister had outlined in his first policy statement, the Budget speech. There is a lot more to be done.

The respected Opposition leader Shri Jaswant Singh had some objections. He asked; What further thing is coming? The finance Minister has very clearly stated that these structural reforms would take some-time and they will not come over-night. He has even outlined the nature of such policies. No one is saying that they will come over-night. Some hard, unpopular but necessary decisions will have to be taken. But the question is: Do we have the political will to do so?

There are some points which worry us. We should all be concerned that this debt, which has now made us the third largest debtor-nation in the world, should not land us in a debt-trap. Fortunately, our debt-service ratio is not as high as Brazil or Mexico but we have to be watchful.

SHRI INDRAJIT GUPTA (Midnapore):
How much is it?

SHRI PRITHVIRAJ D. CHAVAN: I think it is 21 per cent.

SHRI INDRAJIT GUPTA: It is 31 per cent, I think.

SHRI PRITHVIRAJ D. CHAVAN: I think the Finance Minister will bear me out. It is not 31 per cent. Secondly, we cannot continue to have a negative external account. Our export performance has to improve. The new Trade Policy and the Exchange Rate adjustments have produced results. There is a six per cent growth in exports in dollar terms. We expect it to go to 9 or 10 per cent. Thirdly, we have to control our large fiscal deficits which is mainly responsible for all our problems, inflation and current account deficit. Government expenditure has to be curbed. There has to be a political will to do it. The objective of containing the fiscal deficit to 6.5 per cent to the GDP is the other thing, of which I am a little doubtful. I have doubts because there are reports.

SHRI NIRMAL KANTI CHATTERJEE

(Dum Dum): What is the validity of that concept? Could you explain?

SHRI PRITHVIRAJ D. CHAVAN: The fiscal deficit has got to be controlled because the inflation and the balance of payments are the two main results. They are the main reasons for this position.

SHRI NIRMAL KANTI CHATTERJEE: Why not the Budgetary deficits? Why do you cite the fiscal deficit alone as the main reason? We will try to understand you. Please explain.

SHRI PRITHVIRAJ D. CHAVAN: There are reports. I feel it is difficult to meet because there are report that the Net RBI lending to the Central Government is already up by more than Rs. 2000 crores than the proposed Budget deficit. It is already about Rs. 9500 crores. It will have to be controlled. The whole nation is worried about rise in prices and the availability of essential commodities. The question is can we control the inflation to 9 per cent, as laid down in the objectives? Today, it is at 13 1/2 per cent. The supply management has to be improved. Then, there is another serious issue and that is about the State Government finances, particularly the staggering losses being incurred by the State Government owned Public Enterprises. We need to reach a consensus on economic pricing. For example, the power tariffs. The finances of the State Electricity Boards are in a mess. Also take the bus fares charged in Delhi. In Delhi, the commuters have fares had been highly pampered and subsidised. Whereas in other cities like Bombay, Madras, Bangalore etc. they at least pay twice as much of the bus fares that the Delhi commuters pay. And the Central Government is subsidising an accumulated loss of over Rs. 900 crores to Delhi Transport Corporation.

There is also a justified concern that these policies will not create enough jobs. The industry has registered a negative growth rate of one per cent. It will perhaps improve

after the import curbs are relaxed. But definitely, more thought has to be given to the problem of unemployment.

Personally, I am not happy with the various amnesty schemes. This is totally unfair to the honest tax-payers. The tax evaders should be dealt with sternly. The Government must aggressively continue the policy of searches and raids by the Income-Tax Department and the D.R.I According to my understanding, these were discontinued due to some dispute about the safety of the raiding authorities. This should be sorted out.

The short term objectives have been met; the medium term policies were spelt out in the Budget speech. The note presented yesterday has outlined the progress made in implementing these policies. In conclusion, I must stress that we are neither abandoning the concept of planning nor the Nehruvian model of mixed economy. The important lesson was of the economic collapse of the Soviet Union and Eastern European countries was that we have to review the direction of the economy after a certain stage of social development. Soviets delayed this process but we should not. At the present stage of our social development, we cannot abandon the Nehruvian model of mixed economy and blindly run after the free enterprise and market economy. We need to adjust the economy slightly to keep up with the reality of the fast changing world. This is precisely what these policies seek to achieve. And it is important that they get a unanimous support of this August House and all the sections of the society for it will greatly increase international confidence in the Indian economy and strengthen out negotiating position in international circles.

SHRI BHOGENDRAJHA (Madhubani): Mr. Chairman, Sir, today we are discussing the economic situation. From the very beginning, since the time of independence, we tried to evolve our economic policies both technically and strategically, taking into

[Sh. Bhogendra Jha]

account the situation that is in the world and more than that, the situation in our country. Ours has been a over populated country; a developing country; not yet developed and not even under-developed. There are more hands, much more resources and some technical advancement also. Our has been mainly agricultural country. And so it was decided that our agriculture will not proceed on the path of those countries which are less populated and are having more land. Take for example U.S.A, Australia and many such countries where the original population of those countries was almost eliminated. They are only to be kept to show to the world that they still exist in the museums. So large was Asia and Australia, from Asia to Europe in population composition. That very change took place in USA and so very big farms were established in those places. In our country which was an overpopulated country we have got many converts through invasion, through intrusion, etc. But there never have been mass massacres of the earlier population in our country. That has been one feature. So we got mixed up and most of us here are a hybrid breed in our country. The other word will be derogatory; so I use the word hybrid breed. That is a matter of glory for us and for the humanity also. In this context we evolved the policy of land distribution, abolition of landlordism, fixing of ceiling, rights of the share of tillers over the land and distribution of the surplus, that was a part of strategic task, tactical task of our agriculture policy so that more hands could be utilised on the land.

When Gandhiji said land to the tillers, when we said land to the tillers, our move was self-cultivating tendency. I simply want here to stress that that task has not been accomplished because of the lack of political will. Whenever our Finance Minister touches this point he does not mention this. He thinks that that is beyond his sphere. When the Minister for Agriculture touches it, he completely not only misses it, sometimes he

means the opposite. Without that, unless you complete this aspect, the millions and millions of people who are leaving the villages overcrowding the towns and cities or leaving Bihar and Eastern UP and simply overcrowding Punjab or Haryana and other places, will not be stopped.

More than that, land is passing more and more into the hands of absentee owners, not to the tillers, but to the absentee owners non-the less who don't actually cultivate. Those who own, most of them don't cultivate. Those who cultivate, most of them don't own it. So there is less interest, less incentive for investing inputs in these things. That is why though we have made progress, much progress of course, it is not yet adequate because of this aspect.

I think while the Finance Minister touches this point, he must ensure that our home market expands. In a country like India home market cannot expand unless those who toil in the land have something in their pocket to purchase the goods from the markets, goods manufactured by the industry. So, they must have the purchasing capacity. Our growing industry - which must grow; both in private and public sector, about which I will talk later - must have the base for the agricultural raw material inside the country - both commercial goods and other goods. For that purpose also increased production in the agricultural sector for the industrial raw material and for internal market for the industrial goods, is required.

In that context I think it is high time - whatever has passed cannot be brought back - that we ensure that whatever the clear agriculture policy that we have got time and again, is enforced and is strictly implemented, so that we can move over to the other task. That is required in the interest of economic development of our country.

On the point of industrial growth, from the very beginning this aspect was also taken into account.

17.00 hrs

Over populated countries like India having more hands and the brain behind it, require cottage industries also. Even today, if our party comes to power, if Communists come to power, we cannot do away with the cottage industries, because we have to utilise so many hands for national development, we have to utilise so many hands for our production. It is not only for those persons who are unemployed - of course, it is required for them - but for others also it is required, for our national goods and for our national economy.

The cottage industry has also been rotting. I will give one example. Madhubani Khadi Bhandar was one of the two cottage industries in the whole country which, during the British days, was producing paper - hand made paper - from straw. Gandhiji used to write on that paper. It was producing soaps and other things also. At present all those buildings, built during the British days are hired to offices and others. This sector has been neglected.

As part of this policy, we are discussing the multi-nationals, the corporate sector, and the public sector. If we miss the cottage industries, we cannot give jobs to the crores of persons who are fit and who are capable of working - both male and female. That must be a part of our economic policy and it should ensure a job for every hand. To begin with, we have to make India well.

Then, we have the mini sector, the tiny sector, the small sector, the medium sector and the big sector. Our Industrial Policy was never against any particular sector because we could not afford to copy the style of USA, USSR and other developed countries, be it socialist or capitalist, because of our very composition of the population. As Nehru used to say, the big industries - the key industries - will generate more investment. And there comes the role of public sector. Some of our friends say that it is the ideologi-

cal sector. But, it was not so. Some people gleefully, some other sorrowfully and some others simply mentioning that it is the collapse of socialism. But, they forget one thing. I want to emphasise that the media is completely suppressing. It is the Soviet Union, the socialist economy and the socialist industries which saved the world from fascist flare-ups during the Second World War, when all these tractor producing factories turned into tank producing factories. No capitalist country can do that. During those days, USA was not so developed. In one go, the most developed countries like France, whole of Europe and other countries collapsed before Hitler's army. It is not only the Soviet people, but the collective industrial base the socialists industrial base saved them. Thereafter, because of the investment, they have concentrated upon those industries. So, that saved them and that saved the world. Thereafter also, since 1945, the world has been saved from the horrors of the Third World War. We had the Second World War in 1939. It was not between the socialist and the capitalist; but the capitalist countries fought among themselves like dogs. That war became the World War. The Third World War was on the horizon. But because of the socialist economy, socialist industry concentrated upon strategic weapons, concentrated upon space weapons and space development. Then, the USA began crying in the 70's that the USSR had gone ahead of it. So, in order to be equal to that it must go over to Star War. The Soviet Union used to say, "No, we are not ahead of you. We are, more or less, at the equal level." So, you must remember but for that, what would have happened when the USA Seventh Fleet had come to our shores during the Bangladesh War. Could Cuba save itself? Could Vietnam save itself? Could Egypt save itself in 1956? So, they took upon themselves and discharged that responsibility to save peace for the world, and at the same time, the freedom of those countries in the world. Whosoever sought help from them, actually got it. So, do not try to equate, do not try to compare with other things. If they are chang-

[Sh. Bhogendra Jha]

ing, this is there is Russia. I think, the people in those countries will decide. With that aspect we are concerned. So I wanted to say it.

Similarly, when we began public sector, Pandit Nehru used to say, "If you do not plan, if you do not give prominence to the public sector, the private sector would want maximum and quick profit. So, they will invest only in cinema houses and hotels." These are his words. They will invest for quick profit. They would not invest in basic and key industries. And that was the fact. At that time, not because of any hunch, the public sector came. We tried what the USA. We tried with Britain and other countries. We could not have single basic industry in the beginning. In that context, the public sector came. And public sector with the commanding heights could not dominate the whole economy, but could give a direction, give a lead, give help to the whole economy. That was the meaning of the 'commanding height'. Commander is alone in the whole Army. The danger is there at present. The slide-down came in 1977 with the Janata Party Government. That was followed by the Congress (I) Government in 1980. The slide-down developed more in 1984 and again more developed in 1990 when my friend, Mr. Ajit Singh, was the industry Minister.

AN HON. MEMBER: And now again.

SHRI BHOGENDRA JHA: You are taking it to the logical conclusion. The tragedy is being developed. That is the tragedy. Here the danger comes.

I would not like to touch all those points which will come during the MRTP discussion. It will be discussed again tomorrow. At present, I would like to say about what the world is facing, what the country is facing. Last year, we had cement production when the cement industry organisation began crying that there is a glut in the market. The word was 'glut' but the cement prices went

up and did not go down. The whole economic theory of Adam Smith and Marshal collapsed. More goods and cheaper goods did not happen. More cement but costlier cement; 1.5 lakh tonnes of sugar produced - a record production - more sugar and costlier sugar; more foodgrains - 17,50,000 tonnes - and costlier foodgrains.

SHRI INDRAJIT GUPTA: Produced and perished.

SHRI BHOGENDRA JHA: Yes, more production and more inflation. How did it happen? That is the thing which our Finance Minister unfortunately misses. Stagflation is overtaking our country - stagnation and inflation at the same time. And that is the job of the monopolists in this country. This is the role of the monopolists, that is, produce less and earn profit on that by increasing the prices. I am not naming anybody.

SHRI INDRAJIT GUPTA: I am naming. (Interruptions)

SHRI BHOGENDRA JHA: That is the national calamity and that is the anti-national policy which has to be understood. The country has to understand it and the House has to understand it. First of all, Shri Manmohan Singh who is at the helm of affairs has to understand it. How can you ask the workers to produce more so that they will have to pay more tomorrow? This is the logic. The role of the estate which plays a regulating role, the role of the public sector and the commanding role of our Parliament should be in seeing to it that there must be production which means more goods for the people which means cheaper goods for the people. Sir, how will it happen? It will happen with our help. Those were the turbulent days in late 1960. (Interruptions)..

MR. CHAIRMAN: Please wind up. Your party had six minutes but I gave you fifteen minutes.

SHRI BHOGENDRA JHA: Kindly give

me some more time, Sir. The more we produce with the help of the bank advances, the more goods are stored in the bank godowns. There are less goods in the market and as the consumers do not go to the godowns and remain outside, prices rise. It is because of less goods and more consumers and with the help of our money, the bank money, the profiteers loot the country and inflation is uncontrolled and our Finance Minister is doing so much of exercises on how to control inflation. You can even help the monopolists if they help in increasing the productivity which is another matter. But what I mean to say is that you should stop advances for manipulation, for speculation and for hoarding. Do not pay bank advances. The private sector wants freedom. Give them full freedom. The traders of essential goods must be given full freedom. Let the wholesalers trade with their own money. Let them have their own money. Simply stop paying them the bank advances.

SHRI MURLI DEORA (Bombay South): It has already been stopped.

SHRI BHOGENDR JHA: As long as you are on that side, it cannot be stopped. I will be delighted if the Finance Minister says that it has been stopped.

So, this is what the consumers expect. I do not want you to pay the wholesalers. You cannot do that and I do not demand it from you. Leave them free with their own money. But do not give your money to them because that will lead to uncontrollable pressure which may result in more price rise and more inflation.

Similar is the case with regard to banks. I heard the radio news today that we are now going to give full freedom to foreign banks and Indian banks. I myself heard this news. I will be very happy if the Finance Minister contradicts it. Unfortunately, I heard this news from the All India Radio.

Similar is the case with regard to econ-

omy. What is the curb which the Finance Minister has put on taxes? If you have a fixed deposit in the bank, then it will be taxed at source. The fourth grade and third grade employees, the very poor peasants and the labourers who go to Punjab from Bihar and Uttar Pradesh, even they have some savings in the form of fixed deposit for worse days or for some marriage expenses, etc. Now, you are taxing them. I say, your banks will be in danger. At present, the directive is that if there is a deposit of Rs. 2500 per year, that will be taxable at source.

THE MINISTER OF FINANCE SHRI MANMOHAN SINGH: Poor people cannot afford to have such savings in the banks.

SHRI INDRAJIT GUPTA: You have created a panic among the people. They are taking back their deposits.

SHRI BHOGENDR JHA: Simply think it over. We are always in favour of taxing those who can really afford to pay. But the fixed deposits are an investment in our national economy for mobilising resources and for national advancement. Taxing the fixed deposits to that limit, goes against our national interests. That goes against national saving. Please do away with this directive. I do not think even that side will have any objection to it. If you do not remove it, bank and even the cooperative banks will be affected.

AN HON. MEMBER: They have already been affected.

SHRI BHOGENDR JHA: Then there will be disastrous consequences. This would lead to worse things. Our resources will be drained out and there will be more and more black money. Please give an assurance that you will modify it. I think the whole House supports you if you withdraw this measure.

Similarly, I have a letter with me here from the Bank Employees Association, the Bengal Cooperative Bank Employees Fed-

[Sh. Bhogendra Jha]

erations. I think it must have reached the Finance Minister and the Prime Minister. We know from our own experience that for more production, for more incentives to save, for enhancing self-employed productive endeavours, they are not to be garnered away by officers and even by those who take loans. As can be seen from my practical experience, they are also a guilty party. You must encourage self-employment in productive endeavours. Otherwise, how can you afford to give jobs to all? Any party that may be coming to power cannot do it at present. But you can solve the problem by encouraging self-employment in productive endeavours.

Similarly, with regard to public sector, I would like the Finance Minister of present a White Paper to the Parliament and to the country. How many of the private sector industries have fallen sick? And in how many units, resources have been diverted to other sectors?

AN HON. MEMBER: 60 per cent.

SHRI BHOGENDR AJHA: Not percentage alone. I want the entire thing in all details, so that the whole volume can be presented to the House and the nation will know as to what the so called private sector has done. As regards the public sector, please do not kill the patient. Try to see that he gets cured, see that he improves and in a healthy spirit, takes the path of commanding heights so that all aspects of our economy function harmoniously and simultaneously, supplementing and complementing each other and not at the cost of one another.

SHRI MANI SHANKAR AIYAR (Mayiladuturai): Mr. Chairman Sir, in November 1989, ours was a dynamic economy, more dynamic than it had ever been before, ever since Independence. We had at the stage recorded an average annual rate of growth in the Seventh Five Year Plan, of 5.5 per cent. In June 1991, we inherited not

merely a stagnant economy, but a debilitated economy, an economy that was in the process of crashing. In November 1989, we had controlled prices, for the better part of five years to a figure well below 10 per cent. In June 1991, when we were summoned back to power, we were faced with a situation where inflation was rising rapidly towards the dangerous benchmark of 20 per cent. It was rising rapidly and exponentially toward that benchmark where if the people of India had not decided to throw out that lot and bring us in, we would have reached 20 per cent and faced the disaster that most other countries have faced when inflation reached 20 per cent.

Mr. Chairman, Sir, when our Government left office in November 1989, our foreign exchange resources were about Rs. 6000 crores. And, when in June 1991, the people of India sacked them and brought us back into power, at that stage our foreign exchange resources were around Rs. 2,600 crores. When we left Office in November 1989, we gave to the country a dynamic private sector, a dynamic agriculture and dynamic public sector. When we returned to power in June, 1991, we were faced with a private sector which was crippled; a public sector which was bankrupt, and an agriculture that did not know where it was going. In November, 1989, month-by-month, millions of dollars were flowing into this country from NRIs. By the time we were summoned back to power in June 1991, we were losing our foreign exchange reserved to NRIs at the rate of over 300 million dollars a month. When we left Office in November 1989, our international credit worthiness was at a peak. It took exactly one month for a non-Congress Government to be denied getting a loan from the international community for a public sector corporation as great as the ONGC.

Sir, it is an astonishing tribute to the capacity of our Finance Minister, the Moses of our present reform, that in a matter of a mere six months, in a matter of less than 200 days, not only have millions started returning

back to our country so that there is no net outflow of our NRI deposit, but our international credibility has been so restored that every single international bank of the world, that every single commercial bank in the market and every single NRI is not only willing to donate to India but is eager to come to our assistance. Ours is an economy where, prices today are rising at a rate of 13 per cent per annum. This is not a desirable rate of increase. But the difference between 13 per cent last year and 13 per cent this year is that last year it had risen from 8 to 13 and was heading towards 18 per cent and in our case it has come down from 16 to 13 and is going down to 8 per cent.

Ours is a process of adjustment and it is this adjustment which the alleged socialists led by Shri George Fernandes and the discredited Marxists led by Shri George Fernandes and the discredited Marxists led by Shri Amal Datta and others are attempting to denigrate. I am not surprised. Every time the people of our country have mistakenly handed over the political power to one or other combination of Janata, or some other name, they have landed us in crisis. In 1979, India faced the worst crisis that it had faced since 1947. And in 1991 we faced the worst crisis that we have faced since 1979.

It is not as if crisis only come when the Janata party is in power. Crisis also arise when the Congress is in power. Let me take three major crises that we have faced.

In 1955 or so, the Government of India faced the most severe foreign exchange crisis, where all the sterling balances that had been built up in the Second World War were suddenly depleted. What did we do? We faced up to that crisis and converted it into an opportunity. It was that crisis that led to the launching of the entire Nehruvian proposals, the entire Nehruvian programme through the Second Five Year Plan and subsequent plans.

There was a second crisis in 1973 when

the oil shock took place. How did India react under the Congress Government? We reacted in such a manner that almost overnight our oil production went up by three times so that we were more self-reliant in petroleum products at the end of crisis than we were before the crisis set in.

In 1987, we faced probably the single most severe drought that our country has ever faced. Certainly, our country faced one of the severest droughts, if not the most severe. While our friends in the Opposition busied themselves with their meaningless allegations about Bofors, our Prime Minister Shri Rajiv Gandhi, instead of wasting his time on these matters, devoted himself exclusively to facing up to the crisis of drought with the result that for the first time in the agricultural history of India, we came through a drought with a positive rate of growth. I agree with Shri George Fernandes that there were many elements in the crisis that started in August, 1991 that were not of our making. But what was the difference between the crisis management under Congress Governments and crisis management under non-Congress Governments? I have giving you three examples of 1956, 1973 and 1987 to show how a Congress Government faces up to a crisis. What did the other Governments do? Instead of dealing with the single biggest crisis that we have ever faced in terms of the external equilibrium, what the Janta Dal Government of that day do? - One picked up Mandal, one picked up Mandir and in between the two, we had a Foreign Minister, who on the sacred floor of in this sacred House and actually announced that his Government could not make a telephone call to President Saddam Hussein because he would ask the Prime Minister what is his Government's policy on Iraq and the Foreign Minister actually said here, he does not know what his Government's policy is and so how can he talk to Iraq's President about this?

17.27 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

[Sh. Mani Shankar Aiyar]

It is the total failure of non-Congress Governments to conduct crisis management that has been responsible for those crisis worsening. And because the people of India know that it is only by re-entrusting governance to a Party that understands governance that we can overcome a crisis, in June 1991 they rectified their error of November 1989 and brought the Congress Government back to power. We have vindicated the hope that they reposed in us because, in a mere matter of six months, this country that was tethering on the brink of bankruptcy, this country that did not have any credibility in any financial institution, this country that looked as if it would collapse, has not collapsed but has bounced back and is today regarded the world over as a shining example of how to face up to a crisis.

I want to particularly congratulate our Finance Minister on this having done two things. I do not know why - our of excessive modesty - he failed to mention them in his own statements.

Sir, usually when a debtor country goes to the IMF to seek assistance, it has been the experience of most countries around the world, in Africa and in Latin America particularly, the IMF insists that as part of the conditionality of giving assistance, programmes that are designed to directly benefit the poor are reduced. The astonishing achievement of our Finance Minister has been that in this year of adjustment, when we will be cutting down on a whole series of things, when we will be stagnating on other fronts in terms of expenditure, we have not reduced the expenditure on our anti-poverty programmes. We have not reduced the food subsidy. It is this kind of compassionate adjustment that distinguishes an intelligent governance of the country from running after Mandal or running after some Mandir.

We have run this country with a sense of responsibility. Where does this responsibil-

ity come from? This responsibility come from the fact that - I say with pride - ours is socialist party, ours is a socialist Government, ours is a Government that represents the Constitution, in which our Republic is described and defined as socialist. (*Interruptions*) What is our socialism? It is a very good question from our Communist and Marxists friends. In 15 years of governances in West Bengal, the only light that the Communists have lit is the *Jyoti* in Bengal lamps. There is the Marxists heresy which has wrecked socialism the world over. But merely, because Stalinist Russia has collapsed under the perversion of Stalinism, Socialism has not died. Our socialism lives. Our socialism is an indigenous socialism. Our socialism does not come from books imported from abroad. Our socialism has, as its primary objective, the removal of poverty and our Finance Minister has demonstrated this by refusing even in this crisis to cut down on the anti-poverty programme or to cut down on food subsidies. And our objective is, remains, and shall always be, first add foremost the removal of poverty, Associated with this removal of poverty is self-reliance. We are a self-reliant people and self-reliant people are primarily a self-confident people. We are not going to come under the syndrome of the inferiority complex of Marxist theory that if foreign companies come in, our sovereignty goes. We know that we have got the ability to stand up for our country, our public sector has the internal strength, our private sector has the internal strength, and, above all our people have the internal strength to face upto pressures by any multi-national company, to attempt to undermine our sovereignty. Our people know that the multi-national companies can be used for the development of this country and we are going to use the multi-national companies for the development of the country.

In Panditji's socialism the single biggest emphasis was placed on productivity and employment. And he never mixed up ends and means as these Marxist groups do. Three decades ago, he looked upon the

ends as higher productivity and higher employment, and was willing to use whatever means, whatever combination of means was required, to achieve that objective.

Back in 1956, it was essential that the public sector play a much larger role than the private sector in promulgating and promoting productivity and employment in our economy.

Thanks to the success - not failure, I repeat, success of the Nehruvian model, we have today arrived at a stage where it is possible for us to change that mix, and in changing that mix, let us not forget that we have not abandoned the commanding heights of the economy. All that we have said is that we shall have a tough, and lean public sector. It is not part of Nehruvian socialism to have a flaggy public sector. It is not part of Nehruvian socialism to allow the public sector to be used for nepotistic purpose. It was no part of Nehruvian socialism to take over the sins of the private sector. The whole of this NTC, is a loss, it is a result of the government taking upon itself the sins of the private sector. That was no part Nehruvian Socialism .

If what Shri Manmohan Singh has done in the last six months is the remove to distortions that have crept into Nehruvian Socialism, let us not accuse him of having abandoned the path of Pandit Nehru. Because, the Finance Minister of India today, Shri Manmohan Singh, is a Congress Finance Minister, finance minister of the Congress Party, he is the Finance Minister of a socialism that has become the only valid form of socialism in the whole world over. And why is it valid? It is valid because only in the Nehruvian model of socialism was democracy associated with socialism. In the fast developing East Asian economies which are often held up, particularly by our BJP friends, as an example for us to follow, there is very little democracy as we understand it. And I would not like to see this country increasing its productivity at the expense of its democ-

racy. Equally, in the Soviet Union and the East European countries the fall of socialism is now because there is something wrong with socialism as such. It is because there was no democracy there. The entire world, whether it is the capitalist world or the socialist world, is not moving towards the vision of Nehru, which was that we have a mixed economy in which the mixture between the public and private sector is geared up to the realities of the time and that at no time is the market allowed either to be dominated either by a dictatorship of the proletariat, or by fascist forces. What we say is that the economy must be associated with a policy of democracy. And it is this remarkable mix, between democracy and socialism that constitutes the essence of the Nehruvian vision.

I would warn Shri Manmohan Singh that there is one thing that every Congress Finance Minister must guard against, or rather two. One is praise from Mr. Palkivala. And the second is the kiss of death from the BJP. My happiness today is not undiluted because I was shocked to find Mr. Jaswant Singh was praising my finance Minister. Why was he doing so? It was because he has an ulterior motive. That ulterior motive is to pretend that the Nehruvian model has failed and that the Government of India is abandoning Nehru's path. I assure Mr. Jaswant Singh through you, Sir, that the Congress Party will never leave the path of Nehruji, Indiraji and Rajivji.

And if any Finance Minister of India, including Dr. Manmohan Singh, were to leave that path, he will find that he will march alone and that the Congress Party will not march behind him. It is only to the extent to which the policy that he articulates is in conformity with the principles and objectives of socialist pattern of society, which was placed before us in 1955 at Avadi by Jawahar Lal Nehru, that a Congress Finance Minister can have any credibility.

When I look at Dr. Manmohan Singh, I

[Sh. Mani Shankar Aiyar]

see him as a Finance Minister, who has done the remarkable task of not only being true to the principles of the Congress Party but also acquiring the respect of the entire world, whether socialist or capitalist. If he is not acquiring the respect of the likes of Mr. George Fernandes, Mr. Jaswant Singh and Mr. Amal Datta, my heartiest congratulations, to him, Sir. Nothing is worse than their kiss of death.

But the biggest single danger is this: if the Finance Minister allows any of his present difficulties to stop him from persisting, if he allows problems on the price front, problems with regard to public sector productivity, problem with regard to employment to push him off the path on which he is, that will be a great danger. He must persist because it is only at the end of a period of penitence that we can make up for sins which these two Janata Governments left upon our head between 1989 and 1991.

Therefore, in conclusion, I plead with the Finance Minister to ignore the bouquets of the BJP and ignore the brickbats of the Marxists and persist upon the Congress path, the Nehru Path, the path of righteousness.

[*Translation*]

SHRI NITISH KUMAR (Barh): Mr. Deputy Speaker, Sir, we are discussing country's present economic crisis. Dr. Manmohan Singh had accepted it in his statement two days ago. What are the reasons of present economic crisis? What is he doing for resolving the present crisis?

The rate of inflation in the country is increasing. Prices of the Commodities are rising. Unemployment and poverty is prevalent. The gap between Import and Export is increasing. The foreign exchange reserve is decreasing and regional imbalance is in-

creasing. This is the present economic crisis.

Besides, the country is under heavy debt. Internal debt is 81 per cent while external is 19 per cent. According to this, we are under the external debt of Rs. one lakh eighty thousand crore. We earn 36 per cent from exports, and it is spent in paying foreign debts. Today, the country is falling in the grip of debt. Just now the well known Member Shri Mani Shankar Aiyar, was speaking on behalf of the Congress.

AN HON. MEMBER: Earliest also he was well known.

SHRI NITISH KUMAR: He was elected after winning popularity. In Rajiv's time, I read much about him in the magazines and I thought that there would be some depth in his intellect but today, when I heard him, I found his speech irrelevant and illogical. He was making contradictory statements. We have not come out from Doon school but we have studied in village panchayat schools and have reached here after studying in ordinary colleges and Patna University. I am a son of an ordinary freedom fighter, not of any capitalist. He is proving true to his reputation. He is making contradictory statements. He has accepted that our economic policies have failed, country has failed. He is presenting it in such a way as if the country has failed in every respect. In fact Nehruvian model has been adopted in this country, which he praised but at the same time, he is also criticising the economic condition of the country.

Nehruvian Model was in vogue in this country but today it is being said that it has failed. Nehruvian Model was to promote Industries. Now he is stating with pride that a big crisis came in 1955 and to resolve that crisis they gave a great boost to industrialisation in 1956. In 1956, from Second Five Year Plan, agriculture was neglected and industrialisation was given priority. It is the root cause of country's economic crisis. He

quoted it when Shri George was speaking. I do not want to repeat it. Today, our per capita income is Rs. 4 thousand while America's per capita income is more than Rs. 6 lakh and Switzerzland's more than Rs. 7 lakh. We are heading towards industrialisation while the world is heading towards automation. What I mean to say is that we followed others blind folded by and no positive results came out.

Nehruji had introduced public sector in the country. It was good, but today we are doing away within. Though we cannot hold any individual responsible for the plight of the public sector but the manner in which it has been misused, and the way it was established, it only increased inefficiency and promoted nepotism. We are not in favour of such a public sector but at the same time, we are not totally against it. Shri George said that now dishonesty, inefficiency and theft was going on in private sector. But this charge is levelled against the public sector. The Nehruvian model favoured the principle of balanced growth and Nehru expected that with industrialisation the benefits of development will reach the grass-root level. It was a dream to turn the pyramid and it failed. Socialists opposed this model at that time. Dr. Lohia, J.P. etc. opposed it and you were talking about Indian socialism with pride. If Indian Socialism is the philosophy of Swatantra Party, congratulations to Shri Mani Shankar Aiyar, Dr. Manmohan Singh, Narasimha Rao but people of this country cannot be misguided. You are giving the name Indian Socialism to the philosophy of Swatantra party of Muri Deora. I cannot understand this definition of socialism. It will be better to change its definition if you want capitalism to be called as socialism. You have a right to speak on socialism. Shri Nehru had said that there would be balanced growth but it did not happen so. It means that the pre-independence of the country economy was ruined by the Britishers.

In the past we had a number of cottage industries. There were highly skilled arti-

sans and craftsmen in the country. Such a fine quality of muslin used to be produced that a full length of it could pass through a ring. But today we do not have such art. No matter U.S.A. or other countries have progressed too much but no country has that art today which may match the muslin of Dacca. But the Britishers destroyed that industry to set up their own market. Gandhiji was in favour of cottage industries because he knew that India has a large population and little capital. But Nehruji attached importance to industrialisation and today we are saying that he too destroyed the economy of the country. Intellectuals like Dr. Manmohan Singh, Shri Narasimha Rao and Shri Mani Shanker Aiyar are supporting the new ideology and the new policy. Where will they lead the country to? We have little capital and a large population; and if we take the help of capital oriented industries our men would be rendered jobless. We do not have enough capital, so we cannot compete in the world market. The Nehruvian model is the main course of the economic crisis of our country. The socialists had opposed the Nehruvian model. The majority of the people of the country were against that Nehruvian model. They have been securing less than 40 per cent of the votes and more than sixty per cent votes have always been cast against their policies. Howsoever loud claims they may make but their policy has failed. They accepted its side and outside the House before the death of Nehruji that their economic policy of industrialisation has failed. When agriculture did not get encouragement, the country faced crises one after another and those crises are likely to come again in your regime also. The previous Government was also pressurised by I.M.F. to withdraw subsidy on fertilisers and Shri V.P. Singh was criticised in this regard. I would like to appreciate Shri V.P. Singh because he did not yield to that pressure. But today the subsidy is being withdrawn. When we gave our arguments against it the Government told us that it would continue to be given to the small and medium farmers. I want to know whether it is being implemented? Does the Ministry of

[Sh. Nitish Kumar]

Agriculture agree with it? Do State Governments agree with it and are they not facing any practical difficulty? The subsidy on fertilizers which you have mentioned just now, is not being given nor it will be given in future.

According to our experience, two things give rise to black-marketings. Even today black-marketing will increase in the case of fertilizers. You have got the approval of the House of Rs. 250 crore supplementary budget but the poor would not be benefited from that money. That amount will be allocated for other items and black-marketing will increase. This will cause foodgrains crisis in the country. Owing to the wrong policy of the Government there would be less production of foodgrains in the country and even then it is following the wrong policy. If you really want to save the country from the present economic crisis you should not misguide the country through words. You assert that the IMF has not imposed any conditionality but you have obviously made the statement that the Government is going to import edible oils. I want to ask what sort of policy the Government is following? Referring to the famine in 1987-88 Shri Aiyar has praised the Rajiv Gandhi Government. But I would like to say that is was the darkest period for the country. There was a minor crisis of edible oils and you started importing it to earn cheap popularity. It resulted in an increase in our requirements because oil was then available at cheap prices. Prior to it per capita requirement was 48 grams but after the fall in prices the requirement increased to 54 grams and today it is 58 grams. I do not think that a person would die if he gets 54 grams of edible oil instead of 58 grams. I do not think it an essential commodity. If 4 grams less edible oil is supplied to an individual, it won't affect his health. It will rather have good effect on his health. A bugbear is created about the crisis of edible oils. Hon. Shri Manmohan Singh, there is no harm in holding talks with the capitalists, these must be held. But was it proper to

surrender before the edible oil kings? They should have been trusted. The edible oil kings of Gujarat create oil crisis and control the market of edible oils. Two years ago these persons attacked Shri Kurien, the Chairman of N.D.D.B. These persons indulge in such things yet the Government surrenders before them. They are making attempts to create artificial crisis on a large scale. If the Government does not tackle them, the prices of oils would not come down. I would like to suggest to Dr. Manmohan Singh not to commit the mistake of importing edible oils from abroad in the interest of the country. Foreign exchange is earned with great difficulty. So it should not be spent in this way. I would like to say that there is no such crisis in the country. Only the wrong policies of this Government have aggravated the problems. Here are figures of the Government and Reserve Bank of India. But I don't want to go into the figures. I would like to know from the Government whether the employment opportunities are not declining at present? In the Seventh Five Year Plan period the employment opportunities were reduced to 1.8 percent. You are well aware of all these things. Whose failure does it show? The non-Congress Government was formed during 1977-79 and last time it was formed for a period of eleven months. After that there was no non-Congress Government in the true sense. It was a puppet Government of the Congress. It was virtually your own Government. You mean that the non-Congress Government which remained in power for two years and 1 month was responsible for all this. But I would like to know whether Shri Morarji Desai or Shri Vishwanath Pratap Singh or the Congress, who ruled the country for 42 - 44 years, is responsible for the decrease in employment opportunities. The Congress Party time and again talks of poverty. It is noteworthy that the percentage of people living below the poverty line had once declined to 30 per cent. But now this figure has again reached 50 per cent. What sort of progress is this? What sort of economic management is this? You are on the one

Present economic situation in

hand deviable from the so called Nehruvian Model and on the other you are appreciating it. (*Interruptions*) The economic policy of the Government has failed but the treatment which has been started to cure it, is more dangerous.

The Government is going to mortgage the entire country to the I.M.F. and the World Bank and the multinational companies. This will create much more severe crisis in the country. Only public sector is accused of inefficiency. Hon. Dr. Manmohan Singh, a time will come soon when democracy will be called dangerous for development in the country. In the name of this development, democracy is soon going to be murdered. I would like to say that we people feel very ashamed of the way Government is proceeding and Shri Manmohan Singh is writing letters in his capacity as Minister of Finance of an Independent nation like India. When U.S.A. wanted to exploit India through P.L. 480, the then Prime Minister late Shri Lal Bahadur Shastri called upon the people of the Country to miss one meal in a week, preferably, the evening meal. But we forgot about self-sufficiency and our domestic crisis. We are rushing to foreign countries with a begging bowl in our hands to find out the remedy of this crisis. When Someone takes exception to it, the Government claims that it has improved the economic management of the Nation. The Government expresses its satisfaction that it has increased foreign exchange reserve from Rs. 2600 crore to 8,000 crores. They are giving a pay on their own back but the country's condition is deteriorating. In this way, neither the employment opportunities would be created nor poverty or inequality would be removed. Moreover, the regional imbalance is increasing with this economic policy of the Government. In this way, development will take place in certain parts of this country but the whole country cannot be developed

What is the condition of Bihar today. Bihar has plenty of minerals but its plight is the worst of all. The States like Orissa, West

Bengal, Madhya Pradesh also face similar situation. A sort of colonies within the countries are being created. The present condition of Bihar is the result of the wrong policies of the Government. During Dr. Manmohan Singh's visit to Patna in the last week of August, the Chambers of Commerce of Bihar gave him a memorandum. It is a detailed memorandum giving details as to how Bihar is being exploited and how such other poor States are being exploited. The per capita income of Bihar is Rs. 2122, which the country's per capita income is Rs. 4247. Needless to say, that right from the first to the Savant Five Year Plan. Bihar has been allocated per capita Rs. 626 to Bihar whereas the average per capita allocation of the country was Rs. 1026. The cash credit-deposit ratio of Bihar is 38 and that of the country is 60. Thus Bihar is treated like a colony. The citizens of the poor States save money in their States but that money is not utilised for the development of that State, rather that amount is invested in other States and injustice is done to them.

Today, Bihar is facing shortage of electricity. Who is responsible for the present power crisis in Bihar? Who ruled Bihar and for how much period? Whenever, Bihar was ruled by parties other than the Congress, new Power Houses and Plants were installed, but whenever Congress came to power, the condition went from bad to worse. This has been the predicament of Bihar. Today, the per capita availability of electricity in Bihar is 19.56 megawatt and it is 65.16 megawatt in the country. The peak demand of electricity of Bihar is 1526 megawatt which is seldom supplied in full. The normal supply is 640 megawatt. In the field of energy, only 2.93 per cent money is being invested in Bihar whereas 97.07 per cent money is being invested in the rest of the country, despite the fact the Bihar comprises 11 percent of the population of the country but the investment is so little. It is not clear what sort of India is going to be built by the Government whether it is going to build India of the dream of Shri Murlidhar Deora and Shri

Present economic situation in

[Sh. Nitish Kumar]

Mani Shankar Aiyar where certain multi-national agents will thrive or it is going to build Bharat which is being reduced to poverty? (*Interruptions*) Today, the capitalists are thriving and flourishing in the country. This is the real picture of the economic crisis in the country.

With folded hands, I urge upon Dr. Manmohan Singh and Shri Narasimha Rao not to lead the country towards disaster, inequality, regional imbalances, unemployment, price-rise inflation etc. If the country is really to be put on the right track, we once again have to fulfil our those commitments which had been our ideals during the freedom struggle. We have to start our work from the ground level. A nation cannot prosper with foreign donations and foreign loans on hard conditions, a nation can be built with its will-power, with proper use of its own resource and by bringing the country out of its present plight by hard labour and concerted efforts.

Mr. Deputy Speaker, Sir, I therefore, request the Government to pay attention to it. This Government is a minority Government. It is surviving with the support of other parties. Anytime, those parties can withdraw their support and topple the Government. If the Government wants to continue, it must run properly. I am of the view that the country must follow the Gandhian policies so that it may be come self-reliant and give direction to the world.

With these words, I conclude.

SHRI ANNA JOSHI (Pune): Mr. Deputy Speaker, Sir, the previous speakers have expressed their views on various aspects of the economic situation. All are concerned about price rise. In spite of its promise the government could do nothing in this regard. If we think how the prices are going up. I do not see any valid reason for this price hike. The Prices of essential commodities are

constantly increasing. The reported reasons of price hike are not real. Whenever the government wishes, it raises the prices of services and goods. This is all unreasonable and unplanned. That is why we all are worried about it.

The second point is that as Shri Jaswant Singh has pointed out, our economy has lost credibility in the world and the value of rupee has also supported.

In the industrial sector, though there is production yet there is lot of unemployment. There is no market for our products. Illiterate people are unemployed and people who possess qualifications migrate to foreign countries. Just now, I read the annual report of one of the I.I.T., I found that 76% students of every batch were going to foreign countries and only 24% remained here. Unemployment is also responsible for this large scale brain-drain. A lot of money is being spent on training doctors and engineers...

[English]

18.00 hrs.

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 KUMARAMANGALAM): Mr. Deputy-Speaker, Sir, yesterday we had an understanding that we would finish this discussion today. So, I would be obliged if the time of the House could be extended by two hours, upto 8 O'clock, since there are a number of speakers to participate in the discussion.

There is dinner available for Members who are here at Room No. 70. They are welcome to join.

In case even if we have to sit late, I would oblige if the House agrees so that we will finish the discussion today.

MR. DEPUTY-SPEAKER: I think the House agrees to it.

SEVERAL HON. MEMBERS: Yes.

MR. DEPUTY-SPEAKER: Shri Anna Joshi may continue his speech.

[*Translation*]

SHRI ANNA JOSHI: Mr. Deputy Speaker, Sir, the economic crisis has created the problem of unemployment. As one of our friends said that our first five year plan was based on the Russian pattern. Pt. Nehru and his colleague were much influenced by Russian pattern, therefore, he paid his attention towards industrialisation and invested 75% of the annual national income on setting up industries in cities, big dams and setting up heavy industries. But he did not pay due attention towards agriculture, which is the main occupation of 80% of Indian population. Due to investment of only 20% of the total income on agriculture, its condition is very miserable. Even after 40 years of independence only 13-14% of our agricultural land is under irrigation and the rest of the agricultural area has been suffering either from excessive rain or from drought for the last 40 years. Even today, we can't say anything about agriculture. For the improvement of agriculture: For the improvement of agriculture, our policy should be based on Agro-industry. Agriculture should also be given the status of industry.

Mr. Deputy Speaker, Sir, I would like to point out that when the economic condition of 70-80% of the people of the country is not good, how the economy of the country can be saved because vast majority of the population of India depends upon agriculture and agriculture itself is not being developed in a proper manner. For the development of agriculture, more funds should be provided so that agroindustries can also be developed and more and more unemployed persons can be employed in those industries.

Sir, the problems of other countries of the world are different and our problems are different. Our problem is that many youth are ready to do work but they are not getting any work. They should be given employment. Our aim should not be more production. It should be mass production by masses. For this we should adopt agro-industrial policy.

I remind that during Janata Party rule there were 76 articles which were not allowed to be produced by big industrialists. Those articles were not to be produced even at the district level. These articles were allowed only to be produced at Tehsil level and below Tehsil level. There are both the raw-material and unemployed youths for doing work, and these articles do not require much money. When Mrs. Indira Gandhi came to power, this policy had been withdrawn. Yesterday during zero hour our Member of Parliament Shri Ram Naik raised an issue about the policy of the Government about khadi and gramodhyog. Till now there were 23 industries. Recently after much consideration we have given 67 industries to the Khadi and Gramodhyog Board. In this respect, the Government has not taken suitable action. It means these 67 industries have been given to Khadi and Gramodhyog Board only on paper. For that you have to arrange raw material and other things. There are 6000 posts in Khadi and Gramodhyog Board. Out of which 1300 are vacant. Some more posts are going to fall vacant in 1992.

[*English*]

1300 posts are vacant for years together, out of 6000 posts 2300 are kept vacant in Khadi and Gramodhyog Board.

[*Translation*]

It has created a doubt in our minds that the Government has not good intentions about Khadi and Gramodhyog. The Minister of Finance should state his views regarding Khadi Gramodhyog, rural industries and industrial policy.

Present economic situation in

[Sh. Anna Joshi]

When we support privatisation our friends allege that we are selling industries to the multi-national companies. We encourage and support the industrial policy. We will oppose the entry of multi national companies through indigenous entrepreneur. Our policy is

[English]

-Industrialise the nation. Nationalise the labour and labourise the industry.

[Translation]

Patriotism should be taught to labourers. Indianisation means labourisation in industry and the efficient and capable labourers should be given representation.

[English]

Mass production by masses, not mass production by industries as in the capitalist countries.

[Translation]

We did not hesitate in introducing privatisation. I would like to say to Shri Fernandes that we are not against nationalisation. We would like that basic and defence industries should be nationalised and should remain in possession of the Government. There are some small industries like soap, paper and cottage industries. If we provide financial help to a rural youth, who is matriculate or graduate, he can set up these industries in the village. Our dream is that the farmer will plough the field and his son will run a factory besides the field. During the rule of the Janata Party we allotted 76 articles to rural industries which were produced by the rural youths.

[English]

Crores of rupees were invested in differ-

ent programmes which were totally unproductive.

[English]

The Government invested lakhs of rupees during the last 40 years for launching such programmes for which there was no planning and we are not getting a single paisa as return. You have distributed Rs. 3000 crore by organising 'Loan Melas'. And those Rs. 3000 crore have been divided among these people only who can help them in election, who can work in their favour. You have given loan to improve the image of your party in elections. During 40 years you have distributed money in unproductive works and have given it to your supporters. Who is responsible for it. You should do away with unproductive programmes. You should start such productive programmes as may help the 80% of our population. Only then the situation will change otherwise the position will remain the same as it was in the period of Nehru. Crores of rupees have been spent on these big dams, but still they are incomplete and lying without any use. A number of dams have been constructed and completed but due to lack of funds the canals have not been constructed to carry the water to the fields. We have constructed Ujani dam in Maharashtra 20 years ago but there is no fund for constructing canals. It is better to construct small dams on the rivers in place of big dams so that the fields can be irrigated and the production may also increase.

Therefore, I submit that the proper attention should be given to rural areas and by promoting agriculture, agro based industries should be set up in the interest of the people.

With these words I conclude.

[English]

SHRI SOBHANADREEWARA RAO VADDE (Vijayawada): Mr. Deputy-Speaker, Sir, I thank you for giving me this opportunity to say a few words on these important issues

that are being discussed throughout the length and breadth of this country.

Sir, first of all, regarding the price rise, several hon. Members, senior Members who preceded me have said several things. I do not want to repeat what they have said. But I would like to ask the Government: How long will you be a silent spectator? when the traders, at least many of whom have no scruples, are cheating the farmers as well as the consumers, the producers as well as the consumers?

18.12 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

In this connection, Sir, you are quite aware that in Bangalore City there is the Bangalore Horticultural Growers Cooperative Society which is functioning since several years on very sound lines. With just a lakhs of rupees—may be with Rs. 20.25 lakhs—of capital at the present stage, it is able to deliver vegetables and fruits through nearly 80 retail outlets in the city of Bangalore, Mysore and some other important towns of Karnataka. That society is able to pass on 80 per cent of the consumer price to the farmers who are the producers whereas in private trade they are charging 50 per cent, in some cases 100 per cent and in some other cases upto 300 per cent. Just in a matter of one or two days they are minting money. So, my suggestion to the Government is that even after 44 years of Independence, it must make some efforts. It is not that you should merely do something but you must encourage such institutions to bring into being the producer-cum-consumer cooperatives which can do really something in curbing this price rise and the inflation at least to some extent. Maybe in the City of New Delhi, the Super Bazar may not be functioning on the lines which we have anticipated in the beginning. But I would like to bring to your notice that it is not the case everywhere. In my own city of Vijayawada, there is a Vijaya Krishna Super Bazar, which for sometime, was not running

on sound lines and it was defunct. But when a committed officer, a person with integrity, honesty, dedication, service motto, when he took charge of the situation, it is doing a very good service now. And not only the people of Vijayawada but even the people of from the surrounding villages are able to get lot of consumer goods at quite reasonable price. I suggest to the Government to take up in all earnestness and see the Cooperative Super Bazaars are encouraged with good people. If you appoint bad people, definitely, the same old story will be repeated. But you will be having some list of persons, who in all these years, have some proven record. When it is entrusted to such persons, then the prices can certainly be controlled to some extent and it will go a long way in curbing the inflationary trends.

Regarding the foreign exchange crisis and the balance of payments position, I would like to bring to the notice of the House that let us give priority to the interest of our nation rather than to politics or to any ideology. What is more important is the ultimate well-being of our people and improving the standard of living of the masses in our country. In that endeavour, we have to adopt what is practical, what is more beneficial and which serves the purpose of this country.

In this connection, I would like to say that recently I had the occasion to visit China, a country with more than 100 crores of population and it is making a very rapid progress. We were very much delighted to see how that country is progressing in several spheres. Several years back, it was with an isolationist attitude.

At one point of time that is in 1974, the Minister for foreign trade had said that China will never attract foreign capital or exploit domestic or foreign natural resources in conjunction with other countries. And that China will never go in for joint management with foreign countries and still worse that it will never go in for foreign loans as that

Present economic situation in

[Sh. Sobhanadreeewara Rao Vadde]

capitalist country indirectly accusing the Soviet Union.

After some years, the situation has compelled them and they have realised the necessity to open up. In the post Mao period, the top leaders have come to a decision that China should open up and it is only through that way the condition in China could be improved and the general well being of the people could be improved and also its economy could be improved. In that way, China had taken a decision. There were some people, some senior leaders who have expressed some apprehensions regarding the opening up. They have expressed their fears that something wrong may happen. But the great leaders, Mr. Deng, when some veterans, some of them have expressed fears that undesirable things may happen if the door was opened, said that I quite they should not be afraid and that the negative consequences could be contained. What is more important for us here is that the country and the people would benefit most by opening up to foreign investment and participation in joint ventures and not the capitalists. When a country like China has opened up to the other countries and it has been receiving foreign capital, and investment, technology on a much larger scale than what our country has received in all these 44 years. In a matter of few years, they have attracted more investment and capital. I have gone through the papers which were circulated by the hon. Finance Minister. I could not agree with the hopes that this Government is entertaining that with just the measures which he has stated in these papers things in this country are going to improve a lot. Many of these things are being told for quite a long time.

My friend Shri Mani Shankar Aiyar was telling very very emphatically that Nehruvian policy should continue. For several decades the Nehruvian policy was continued. But unfortunately at the tag end of his life Nehruji realised that he had committed a mistake

and taken a wrong path by deviating from the path shown by Mahata Gandhi.

I would like to ask the Government that when two-thirds of the population are engaged in agriculture, how are you going to change the life-style or the living standard of the rural people who constitute a vast majority of the population without taking concrete steps. There is not a single word - I have carefully gone through several pages of these papers-agriculture. If the same step-motherly treatment is given to the agricultural sector which is contributing nearly one-third of the gross domestic product and which is the main source of living for farmers and agricultural labourers who constituted nearly two-thirds of the population, if your new economic policy does not touch the agricultural policy, if your new economic policy does not bring a change in the way in which you have earlier gone through, then I fear, by adopting this present economic policy which is enunciated by the Government, you will further take us into difficulties.

Several hon. Members have expressed some fears that taking IMF assistance several countries', especially the Latin American countries', situation has gone from bad to worse. It may be a fact. But my confidence is, let us study as to where they have gone wrong, certainly we can take care, so that our country does not take such wrong steps. There are also some South Asian countries, which took IMF or World Bank assistance, and have succeeded in bringing a lot of economic development in their own countries. Let us not forget the experience of these countries also. Let us not close our eyes rigidly just for the sake of some ideology or ism.

In this connection I would like to say that the main crux of the problem is that the investment in agricultural sector is very very less. The World Bank report is there, on which you have more confidence, where it is clearly stated that the real investment in agriculture in the 80s, particularly in the

middle of the decade, has been lowered in absolute terms. The only period when the maximum investment was given to agricultural sector was in the second half of 70s when the Janta Government was able to rule this country for nearly two and a half years. But afterwards a lot of negligence was there.

The decline in public investment, the major part of which is allocated to expenditures on dams, canals, and flood control works, has gone down. Not only that, the public investment itself has gone down. Even the private investment has gone down because the terms of trade were operated against the farmers. The farmers were compelled to spend more money than they received by way of selling their agricultural produce. It is very clear in this report. The decline in private investment was even sharper. I would like to ask the Government as to whether they are going to effect a change in the wrong policy which they have adopted during all these years. The weakness of private agricultural investment may reflect an unfavourable structure of incentive because you are giving a lot of incentives to the industrial sector and the private investment was less and less in agricultural sector. That was also made clear in this report. The cross-sectional comparisons of incentives show that agriculture is disprotected related to manufacturing. The agricultural profitability may be deteriorating and a decline in rural capital formation has taken place. So, my suggestion to the Government is kindly take a serious note of this and at least in the Eighth Plan, you shall have to correct this imbalance and injustice done to the agricultural sector. By this action, you are not only helping the farmers, but also the overall economy of this country. The farmers are not beggars; we are not simply asking for any doles. If you give us reasonable and remunerative price, we need not ask for any subsidy. But, unfortunately in spite of the talk by the Agriculture Minister nothing has been done. I would like to quote one thing from the CACP replies when the Bhanu Partap Singh Committee inquired into that.

When the Bhanu Pratap Singh Committee asked the CACP as to whether the margin of profit over the cost of cultivation is a fixed percentage and if so, what is the percentage. There were some other questions also. They said that the margin of profit over the cost of cultivation is not a fixed percentage and there is not fixed mathematical model on the basis of which the Commission arrives at the decision. This is the reply that was given authorisedly by the Commission.

You know very well that the industrialists who are manufacturing the fertilisers are now operating on a very inefficient scale; and yet I think 12 per cent margin of profit is guaranteed and based on that profit margin, they are calculating the retention price. But the Government or the CACP do not think it fit to give at least some three per cent, five per cent or six per cent or something very reasonable percentage of profit to the farmers.

Under these circumstances, my submission to the Government would be that they have to think carefully, give remunment would be that they have to think carefully, give remunerative price and also credit that is required by the farmers.

I do not want to repeat the something about fertilisers which I have already said on earlier occasions.

I would like to say something about the State Electricity Boards. I have gone through the supposed conditionalities of the IMF. It is stated that the State Electricity Boards are incurring heavy losses. If there is some justification in increasing the price of electricity, you can do it at a moderate level. Just because the IMF has stated so, you should not put the entire burden on the farmers, just as has happened in the case of fertilisers.

There are many people who are preparing dubious and adulterated fertilisers. Recently firm also, a adulterating fertilizers was found in Guntur. So, there may be several

Present economic situation in

[Sh. Sobhanadreeswara Rao Vadde]

other manufacturers who are simply letting hundreds of crores of rupees from the farmers of this country. So, the price should be reasonable and at stretch the burden should not be put on the farmers.

Regarding employment, I fully agree with what my friends-Shri Nitish Kumar and Shri Anna Joshi-said. If new structural reforms are not going to help the unemployed persons of this country, there is going to be a lot of social tensions. Already in several parts of the country-in Punjab, Jammu and Kashmir and in our own State of Andhra Pradesh- the unemployed poor people are attracted by the militants and Naxalites and lot of social tension is taking place and the breach of peace in the villages, in the rural areas and even in cities, is on a very disturbing scale. My submission is that at least from now onwards, you kindly take such measures where the rural industries or the small-scale and cottage industries are encouraged to the maximum extent so that more number of people will be employed. Without doing that, this economic policy also is not going to help.

MR. CHAIRMAN: I wish to bring to your notice that normally for all speakers, it has not exceeded ten minutes. You have spoken for 20 minutes. There are many other people. Let's there be fairness for all Hon. Members.

SHRI SOBHANADREESWARA RAO VADDE: I will conclude very soon, Sir. What I to say is that unless agricultural development takes place in all aspects, the country is not going to progress and develop. What happened in China? After the reforms in the agricultural sector in 1978 were approved by Chinese leadership, in five years, they were able to double the production. In seven years, they were able to improve the living standards of the people which they could not do for 25 years. Apart from agriculture and the rural industries, have come up in a very very big way. In 1983, 13 per cent of the GDP was

from rural industries. In a matter of two years, the contribution from the rural industries has increased by 5 per cent. When China could do it, why can't our country do it? Certainly, we can do it. The people of this country, the farmers of this country certainly can do it.

My last submission to the Governmente is regarding the exports. You do rely only on manufacturing sector side. From the industrial sector alone, you will not be able to meet the difficult balance of payments position. It is the agricultural sector which will help in that aspect provided the Government gives all encouragement, if the Government encourages the exports from the agricultural sector by implementing the recommendations made by the Bhanu Pratap Singh Committee. Where the agricultural products are best produced with all necessary infrastructural facilities, if you implement the recommendations, in the export sector also, our country can definitely go forward. That will help a lot in improving the condition of the people of this country and also the general economy of this country.

So, I appeal that let us be cautious. Let us not just give complete freedom or let us have no inhibitions to take the loan or technology or investment. But let us take all precautions so that it will help in improving the conditions of these people and also provide more employment opportunities to the unemployed people. Already we are having 40 million unemployed people. If the same thing goes in the future, I think, we are going to deviate from the democratic path also. Ultimately some other social tensions and upheavals will take place and the present set-up cannot last long. With this warning, I thank you for giving me the opportunity.

PROF. SUSANTA CHAKRABORTY (Howrah): Mr. Chairman, Sir, that state of the Indian economy is like that of a patient with a fractured bone. The patient must try to stand on its own legs in order that he may be able to stand. Or the patient may also be left

to be card by the outside agency. In that case, you surrender the patient to the pity of the outsiders.

The basic problems of the Indian people continue to be the problems of hunger, starvation, illiteracy, unemployment, servility and incapability of the people to lead full lives. At this time, Sir, the urgent need of the economy is public action to protect and extend the entitlements of the poor and the under-privileged. But the present Government has inaugurated an economic policy which is a major assault on their living standards. So, Sir, on the one hand the problems of the people continue and on the other hand, the Government has only withdrawn its hand and there is no public action. This is only natural because this is a Government which believes in the philosophy of continuity in change.

Sir, the Finance Minister has given us a copy of the memorandum which he has submitted to the International Monetary Fund. Now, he has assured us that this has been prepared by the Government of India in consultation with the International Monetary Fund. The standards IMF policy package for structural reforms is this. That all the developing countries should resort to devaluation and fiscal austerity. There should be monetary and credit contraction and there should be different types of liberalisation. And the public sector units should be privatised and the market forces should work in the economy. This is the prescription in all the countries which have taken IMF loans.

In short, it means the economy is to adjust in this way via a contraction of output and employment and the poor people are to bear the heaviest burden of this adjustment. For example, the policy of fiscal austerity involves a reduction in public expenditure and investment and therefore, in aggregate demands, this results in a contraction of output and therefore, enhancement in price level. The policy of monetary restriction by means of a rise in interest rates and control on

credit also adversely affect the growth of output which in turn affects employment possibilities.

Devaluation has an inflationary impact, as the Finance Minister has already admitted. But because of the intermediate goods that are imported and used in the production of goods in our country, the burden of prices ultimately gets shifted to the back of the consumers and therefore, there are inflationary prices.

Different kinds of liberalisation policies associated with structural adjustment programmes bring about a realignment of prices, through financial liberalisation that raises interest rates which in turn contributes to the inflationary spiral. So, the claim of the Finance Minister and the Treasury Benches that this Government has taken a policy to curb inflation is not true. It will rather increase inflation.

An important component of structural programme in the rationalisation of public sector enterprises is the replacement of administrative control over prices market forces. There is a big question on market forces. The question is how prices will behave in the new regime of market that is being ushered in. Market is a wonderful social mechanism. But the market forces function on the basis of distribution of purchasing power. If the purchasing power is not equally distributed, then the market forces will hurt the common people. If it is otherwise, the rich will become an ally of the market forces and control the market and they will try to extract what they want. Are we going to leave the fate of this Indian economy in the hands of a few individuals? These are the things which we should consider. Again, since the motion that activates and sustains the market is the resource-power that functions via prices, price level as such cannot be major policy consideration, though the Finance Minister is not ready to admit. It will again create problems.

Present economic situation in

[Prof. Susanta Chakraborty]

I heard the Claims of my Congress friends that because of an inherited legacy, they have got all these problems. Are their claims proved by actual facts? So far as inflation is concerned, what are the percentage changes in the wholesale price index? In 1989-90, from September to December, it was minus one; in 1990-91, it was 3.2; and now it is between 12 and 14 per cent. Just see even the prices of vegetables are rising more and more. It should not be so, in this season when vegetables are available aplenty. I do not know what will happen to the price from after December, say from January. In the first quarter of 1991-92, the percentage change in the wholesale price index was only 1.9 and from that the Government inherited an economy where in the first quarter, the wholesale price index was 1.9 per cent the lowest in the dicate and in the second quarter, it has become 7 per cent. Mr. Aiyar has said that they are in the present condition because of the inherited economy of Shri V.P. Singh and Shri Chandrasekhar. But is his argument substantiated by facts? No Sir. It is not.

Now, what about employment? There were 33.2 million applicants for jobs in 1990. In the first four months of 1990-91, alone, the number of applicants grew to 34.9 million. Mr. Aiyar is not here what answer he has? Again he claimed that they have been able to solve the problems of our economy and cure the ills of our economy. Is that true?

The next point that I would like to stress is about exports. What is the picture here? While there has been some increase in exports in rupee terms, it has declined to 6 per cent in actual terms, viz. exports in dollar terms. During April-September, actually, exports have declined by 6 per cent. So, these structural reforms, as suggested by the hon. Finance Minister, will not help us.

There are other directions. There has already been a discussion on public sector in

this august House. Where are you moving? The ASSOCHAM's President has claimed that power should be shifted from the President to the people. The way they use the expressions, indicate a new philosophy of life. Who are these people? On the other day, I have already told you that these people are those to whom this Government is eager to hand over an industry worth Rs. 700 crore for a paltry sum of just Rs. 40 crore. This was the case of Dalla Cement Company which was handed over to Dalmias for a paltry sum of Rs. 40 crore! So, Sir, in this way the Government is functioning.

Then there is the case of devolution of funds from the Centre to the State. The Finance Minister with his new policy has advised the nationalised banks to open mutual funds. They are giving interest rates which are higher than what is in vogue in the National Savings Scheme. On the one hand they are relying more and more on surcharge on income tax and on the other the benefit that the States used to draw from the National Savings Scheme have been denied. Already the Chief Minister of West Bengal has drawn the attention of the Prime Minister and the Finance Minister to this matter but nothing has been done.

The entire approach of the Government is to contain the capital deficit and not the revenue deficit. What is needed is to cut the revenue deficit; to cut the expenditure of the Government and to raise the direct taxes and to improve the collection machinery.

Yesterday, when I took part in the debate on the Customs (Amendment) Bill, I mentioned one case of tax evasion now. I mention about a letter written by Shri Jaspal Singh, Member of Gujarat Assembly to Shri Manmohan Singh, the Finance Minister. In that letter it is revealed that against a newspaper management the income tax officials after enquiry found Incriminating evidence was also of tax evasion but no action was taken. So, this is the change that has taken place. They bid good-bye to the Nehruvian

Present economic situation in

model; they bid good-bye to all the goods that is there in human beings and they are relying upon the market forces to cure ills of the economy.

Now from Max Weber's version about the price I will quote just one line:

"Money prices are the products of conflicts of interest and of compromises; they thus result from power constellations.

Money is not a mere voucher of unspecified utilities which can be altered at will without any fundamental affect on the character of the price system as a struggle of man against man. Money is, rather primarily a weapon of the struggle and prices are expression of the struggle."

The way we are moving with money is bound to create inflation; is bound to create unemployment and is bound to increase the miser of the people of our country. So, I request the hon. Finance Minister to give a rethinking on all these points and come to people, talk to them and devise an alternative mean by which we can cure the ills of our economy.

SHRI GOPI NATH GAJAPATHI (Berhampur): On a subject of this high gravity, the foremost question that comes to ones mind is has the Government's economic policy really succeeded. Perhaps it is too premature to hazard a definite answer. Many measures will take time to yield result for which there is no readymade panacea.

An inefficient, inward looking economy cannot be transformed into an efficient outward looking economy overnight. However, several trends and statistics suggest that there is room for optimism, although the road ahead is strain with pitfall, it is important to focus our sight on the overall picture rather than get lost in mere statistics.

What stands out is that the hon. Prime Minister, Shri Narasimha Rao and his team

has transformed about an economic policy and brought about redicial changes which were regarded as political impossibilities just a few months ago.

An important method of assessing the success of policy is to ask, how likely it is to be changed, if another Government comes to power. The Congress Government's package looks irreversible in the fundamentals. This irreversibility owes much to be the fact that the country was more or less but and had no soft options left. The world over, politicians are generally notorious for avoiding harsh options, till the soft ones are exhausted. However, it is not globally true that leaders of the bankrupt countries recognise the need for radical changes, quickly or comprehensively. The Government has and hence deserves credit for exhibiting courage and vision.

Now, coming to general analyses, inflation accelerated from 12 per cent last year to 15.6 per cent September this year, before abating to 13.6 per cent. Those who predicted that inflation would rise to 20 per cent have been proved wrong. All the same, our hon. Union Finance Minister's claim of single-digit inflation by March, 1992 sounds very rosy. Most worrying aspect is the sharp rise in agricultural prices. Rice and wheat are up by more than 30 per cent in some mandis, oilseeds are 41 per cent up and some varieties of cotton by 100 per cent. This situation is far more than warranted by higher fertilizer prices or procurement prices of commodities.

It appears that the public is lacking confidence in the Government's ability to tackle inflation. Hence, inflationary expectations have led to hoarding. The Government must dump more grain from its buffer stock on the open market and keep money tight to penalise speculation. Perhaps, there is so much excess money in the economy three successive years of deficit financing that it will take yet another austerity Budget, next February, to soak it up and thus curb prices.

Present economic situation in

[Sh. Gopinath Gajapathi]

Fiscal reform is the fulcrum to the new package. Doubts have been raised about the Government's ability to fulfil its aim of slashing the fiscal deficit to 6.5 per cent of GNP from 8.7 per cent year. Customs revenue fell Rs. 2000 crore short of the target in the first half of the financial year. The fertilizer subsidy looks like being much higher than budgeted. The Finance Ministry states that other taxes are buoyant and that spending cuts, will ensure that the fiscal target is met. This may be possible only if Government holds firm against the peels for extra cash that usually come in from various Ministries, at this time of the year.

Should the Ministries retire to the idea of accepting to live within their means, they might end up slashing Plan investment, instead of pruning surplus staff or wasteful schemes.

The Government must make it obligatory to slash fresh recruitment and redeploy staff rendered surplus by de-regulation. This firm measure will, I dare say, release funds for essential public investment. Another crucial need of the hour is reform of the vital public sector undertakings of our country.

Dynamic exports are crucial to get out of the foreign debt crunch. However, exports actually fell 6.2 per cent in the first half of the fiscal year. Sales to the Soviet Union crashed by 56 per cent. Exports to hard currency areas were up by 5.4 per cent which is simply not good enough. However, the data suggest that an improvement in September and the impact of devaluation should be felt in the data from November 1991 onwards.

The Commerce Ministry puts the blame on the RBI's physical import curbs imposed in March 1991. These measures immediately led to a slump in both industrial production and exports, three months prior to the Congress Party coming to power at the Centre. Hence, it would be logical to infer

that the poor industrial and export performance is the direct consequence not of the new policies, but of the preceding bankruptcy.

The RBI's curbs have helped slash the trade deficit to one billion dollars in the first half of the year, down from 2.43 billion dollars last year. However, this has been accomplished only through import compression, essentially a crisis measure, which should not be persisted with indefinitely.

The RBI must relax release its curbs to enable manufacturing and exports to boom. The relaxation has become feasible since the foreign exchange reserves have gone up from a shockingly low figure of Rs. 2600 crore after devaluation in July 1991 to a more respectable figure of Rs. 8000 crores now. This is a clear indicator and acid test of success, without which other policies would have been in grave jeopardy.

It is all the more heartening to note the Union Finance Minister, hon. Dr. Manmohan Singh's assurance to us recently of the Government's relentless efforts to bring up the foreign exchange reserves to cross the Rs. 10,000 crore mark.

The country's credit-worthiness that had disappeared some time ago, seems to have reappeared now. Citibank and ANZ Bank have agreed to syndicate a loan to Air India. Nomura Securities thinks it feasible to launch a new foreign sale of 100 million dollars of a UTI country fund in February 1992.

With this backdrop, it would not be right to conclude that India has succumbed to pressures from international financial institutions. If the conditionalities prescribed by the IMF the World Bank and the Asian Development Bank were good for the country's economy, there is nothing wrong in accepting them. Looking beyond the immediate statistics. India needs to re-shape its whole economy to make it more productive and outward-looking.

One can ask, has it succeeded in creating a new climate for its economy's reshape? Indian businessmen, by and large, are generally happy about deregulation but complain that bureaucrats are still meddlesome and red-tapism continues to thrive. For the first time since independence, they view exports as profitable and state that they will factor this aspect into their investment plans. This is surely a good sign but only time will tell, if these intentions are translated into dollars.

Foreign investors are always cautious. Several new foreign investments have received Government approval, such as the IBM-Tata Computer venture and the BMW-Escorts deal for motorcycles. However, most of these were proposals already in pipeline. It will take India some more time to gain the all important foreign confidence, after this fairly protracted economic morass.

Finally what about the obstacles ahead? The Government needs to bring about not merely economic reforms, but political, legal and social changes, which will help restore the moral authority of the State and the rule of law. That is undoubtedly a tall order. Recent events in the USSR and Yugoslavia suggest that managing a country with diverse religious, racial and cultural groups is, by no means an easy task. The Government's initial reforms have met with reasonable success but it has still a long way to go. It also has to tighten its enforcement machinery, to ensure that hoarders and profiteers do not take undue advantage of the new liberalisation policy, to the detriment of the common man, whose unstinted support the Government would need to complete the onerous task ahead. Indeed recent events justify for concluding this discussion on an optimistic note and more so when one recalls the popular English adage: well begun is half done. This belief derives further strength by quoting, "Indian economy would

accelerate to 8 per cent next year", as has been reported in the recent monthly survey of Asian nation, by Merrily Lynch, the American investment and banking company of repute. Thus, let realistic optimism backed by position action, the vital ingredients for confidence, be our motto there is enormies potential that global capital and Indian brains hold, for eliminating poverty and creating wealth.

[*Translation*]

SHRI MOHAN RAWLE (Bombay South Central): Mr. Chairman, Sir, India stands third after Brazil and Mexico in the matter of taking foreign loan. We take loan even from small countries, such as Denmark, Holland and Yugoslavia. Today our total foreign indebtedness is to the tune of Rs. one lakh 77 thousand crores.

Mr. Chairman, Sir, the hon. Members belonging to Congress Party were just now speaking with great pride. The Congressmen have wasted the public money as a fool wastes his father's money. They say with pride "Mera Bharat Mahan". It has appeared in 'The Hindustan Times' dated 9th October that

[*English*]

'11,000 people die due to hunger every day.'

[*Translation*]

In India, 11000 people die due to rise in prices and poverty daily. It is a matter of regret. The economic crisis which the country is facing today is artificial one. Our imports one more as compared to exports. We import unessential commodities such as Maruti Motors, Pepsi Cola and cosmetics for a few people. The Government recovers taxes from the poor and exempts the rich. There are 1 lakh 34 thousands people in Bombay city who

Present economic situation in

[Sh. Mohan Rawle]

19.00 hrs.

[SHRIMATI MALINI BHATTACHARAYA *in the Chair*]

have black money. There are at least 50 cities in the country which have at least 10 thousand people each, who have black money. If you calculate, the amount of black money possessed by these people would be of the order of Rs. 74 lakh, 91 thousand and 529 crores. But the Government can harass only the poor. This Government can realise income tax only from the Government employees. If cannot realise even a single paisa from the black marketeers. The income tax amounting to Rs. 6.560 crores was outstanding as on 31st March, 1991. It would increase to Rs. 7 thousand crores by the end of the current financial year.

[English]

SHRI SYED MASUDAL HOSSAIN (Murshidabad): Madam, there is not quorum in the House.

MR. CHAIRMAN: Let the quorum bell be rung. Now there is quorum in the House Shn Mohan Rawle, you may continue.

[Translation]

SHRI MOHAN RAWLE: The Congress party has always supported the unscrupulous, dishonest and corrupt people and black marketeers. Due to this, our country is being ruined. Shri John Hopes, Executive Director, Hunger Project of an International Organisation has said that 11000 people die due to hunger every day. This Government only knows how to give slogans but does not know how to implement them. The Government which had promised to contain the price rise within 100 days has enhanced the Railway fare and foreign. As a result the prices of raw material and essential commodities have increased. The Government

reduces the price of kerosene on the one hand and increases the prices of sugar, on the other. These rates have been increased from 20 per cent to 40 per cent. The Government says again and again that no instructions have been given by the I.M.F. But it is not true. The Government does not want to tell the factual position to the people otherwise it will stand exposed before the people. But the people are coming to know steadily that our policies are being formed in accordance with the directions given by the I.M.F. so that we may get loan from them. When Shri Michael Camadessus, Managing Director, I.M.F., came to India, he had suggested curtailment of the Defence Budget of India. If it was not done, India will not get its first instalment of 80 crore dollars in 1992. There is not alternative left with India except to curtail the Defence Budget. Thus, the security of the country is in danger. The direction given by the I.M.F. will clearly figure in the forth coming Budget of 1992. There will be privatisation of coal. Owing to it, more than 50 lakh people would be rendered unemployed during 1992. In Maharashtra, in Bombay more than 70 thousand people were rendered jobless due to strike in cotton mills during 1982. One hon. Member, Shri George Fernandes has said that earlier their number was two and a half lakhs which now has been reduced to 90 thousand. The Government says that the sick units will be closed down. The Government says that the sick cotton textile mills have been taken over by the N.T.C. But these are also runnings loss. If we procure the clothe for curtains in Government offices and all the cloth for uniforms for three wings of defence forces from the N.T.C., it can never suffer loss.

About inflation, the Congress party had said in its manifesto that they would bring down the prices. Can the Government say that it has reduced the prices? Your promises have proved false. You have neither arrested any hoarder nor brought any black-marketer to book. You do not have so much courage. We should learn a lesson from China. Recently, Chinese Prime Minister

was here. We should have learnt from him. But we have not learnt from him. In China, the rate of inflation has been reduced from 20 per cent to 5 per cent. The situation is alarming here and can go out of control any time. In fact, the country is facing serious crisis.

When Shri Churchill became the Prime Minister of U.K. he asked his countrymen that country needs tears sweat and blood at this time of deep crisis. Such type of dedication is also required today in our country. If the Government has clear intention and arrests the black marketeers and takes action against them, we hope, the country would be able to come out from the current economic crisis. There is black money of the order of Rs. 74 thousand crores in India. We will have to near it.

I think you for giving me time to speak.

[English]

SHRI BIR SINGH MAHATO (Purulia): Madam Chairman, in India the people are facing a lot of trouble. My senior colleagues from this side and that side discussed about the present economic situation. I only went to draw the attention of the House to the price rise in the country. If you go through the price situation in our country for the last three decades, you will find that no Government has been able to bring down the price rise because of the fact that the Government could not take any bold step to bring down the price rise. The main reason for the price is the faulty economic policy and the fiscal policy of the Government. The tempo of price rise built up in 1989-90 was accelerated due to the Gulf crisis and it crossed the double digit mark reaching 12.1 per cent by the end of the financial year and it was 16 per cent in August 1991. But in reality, if one goes to the market, it will be a different picture in spite of the satisfactory agricultural production for three years in succession. The Prime Minister himself also admitted in the House that the present public distribution

system is urban oriented and a large section of the population does not benefit from it. The Central Government has advised State Governments and the U.T. Administration to open fair price shops in such a manner that one shop can cover 2000 people. And at present in India not more than three lakhs of fair price shops have been opened. Presently, 50 per cent of the foodgrains under P.D.S. are consumed by only five States, namely, West Bengal, Kerala, Tamil Nadu, Maharashtra and Metropolitan Delhi, and just 20 per cent of the foodgrains went to the major States, namely, U.P., Bihar, M.P., Rajasthan and Orissa where 50 per cent of the people live below the poverty line. The number of people below the poverty line is currently estimated at about 250 million.

In West Bengal, Madam, there are 17,256 retail shops under modified rationing system and 2,767 retail shops under statutory rationing system to cater respectively to ration card population of 536 lakhs and 105.74 lakhs. But during the last few months, the position of availability of foodgrains from the FCI has been very critical. The State of West Bengal made repeated references and representations to the Central Government for bringing 14 items of essential commodities within the hold of the public distribution system at reasonable prices. If this is done, I think, this will have an effect on the price level in the open market. But it is matter of regret that successive Central Governments had failed to appreciate the need of an effective public distribution system. I, therefore, urge the Government to straighten the procurement system. The present rate of procurement in India is 10 to 12 per cent of production. It must be raised to 25 per cent.

Lastly, my humble submission is that India's relations with IMF must be understood. It is no more a question of accepting certain conditionalities, but for the three years, the Indian economy will be supervised by the IMF. So, I would request the Finance Minister to take immediate action to control the price rise, stop avoidable expenditure, not to

Present economic situation in

[Sh. Bir Singh Mahato]

surrender before the IMF and arrange for proper distribution of essential commodities through public distribution system.

19.23 hrs.

SHRI M.R.KADAMBUR JANARTHANAN (Tirunelveli): Madam Chairman, we are discussing a very important and critical economic situation in the country. When such an important matter is being discussed, we must think as to what the people of this country would think about us if quorum bell is rung in the House.

Madam, on behalf of the AIADMK Party, I rise to lend a cooperative hand to our hon. Finance Minister in meeting the challenges that he is facing at this juncture. The hon. Finance Minister has stated that the international confidence which had collapsed at the beginning of the Narasimha Rao Government has now been restored, because the foreign exchange reserve has gone from Rs. 2,600/- crores to Rs. 8,000/- crores. Of course, the international confidence must have slightly improved, but, as Members of Parliament we must think about the confidence of the people of this country. Due to the unstable political situation in the country, the prices must have risen in 1989-90. Now, the people have sent us to Parliament to see that the prices do not rise further. After five months of governance of this Government, we must be bold enough to say that the prices have risen and it is the duty of the Finance Minister to restore the confidence in the people. Therefore, even if it is not possible to bring down prices to 1990 July prices, it is our duty, the promise that we gave, that the prices should be restored to July, 1991 level.

At this juncture, I want to tell the hon. Finance Minister that in the statement he has said that FCI has been instructed to off-load to the open market with a view to dampen the prices. What about poor rice eaters? You have not told anything for the rice eaters.

Bengali people, Tamil people, Kerala people depend on rice. Therefore, rice is an important part of politics in Tamil Nadu or in India. *Through rice, we had come to power in Tamil Nadu during Anna's period.* So, when our rice price has gone up in Tamil Nadu, our Chief Minister has called all the concerned officers and set up some committee to control the price of rice. But when I see newspapers, it has been reported that the Finance Minister has talked to Gujarat oil merchants but there is no effect. There is a proverb in Tamil.

See the peacock. Ask it to give its beautiful feather it will not give. One has to pick it up. Like that, the Government machinery must be very strict and take action for controlling the price.

We are talking of the Nehruvian days. In those days groundnut, mustard, se-same, gingerly were the oilseeds. But from 1970 onwards, we are taking cotton seed oil also. During the Nehru period, we were not taking cotton seed oil. It was extracted first in 1966-67 in Maharashtra. What about cotton? 54 lakhs of bales were there in Nehru days. Now it is more than 120 lakhs of bales that we are producing. We are getting cotton seed. 80 per cent the cotton variety seeds are extracted and refined as oil. We are exporting cotton cake. Coming to this point, we must see what the previous Government in which you were the partner, did. They exported 12 lakh bales of cotton, never in the history of India. Even then, the foreign exchange position had gone down. During Rajiv's time in 1985, two lakh bales were exported to stabilise the price. In 1986-87, 1989, the cotton prices were stabilised and there was no higher price in yarn or higher price for cloth also. We must understand this. We are not putting the blame bluntly on the previous Government. You must also answer. The Janta Dal Government, their politicians must answer why even after exporting 12 lakhs of bales, they could not improve the balance of payment position.

India budget is the gamble of the monsoon. After three number crops, three good monsoons, we are having this crisis. That is why, I ask Dr. Manmohan Singh that foreign exchange position, public sector undertakings doing good or not doing good is not the question for our people. But coming to the reasons for inflation, he says, they are due to persistent fiscal deficit associated with a monetisation of Budget deficit, excessive growth in money supply over the past years, supply and demand imbalances in sensitive commodities due to shortfall in domestic production, inability of Government to import disordered quantities due to pressure of balance of payment position, further wage-price spiral in organised industries leading to cost push inflation and demand-pull inflation.

Our comrades, good friends should not forget that the unorganised labourers are our masters. You were inciting the organised labour to observe one day bandh on 29th November in the organised sector. What about million of unorganised sector? What about millions of unorganised sector? Will you put all of our heads together and come out with stand that till the unorganised labour—not only those who are registered is the employment exchange but those who are remaining outside employment exchange—are better off, at least for one year, there should be a moratorium on *bandh*. Till the life of the workers in the unorganised sector comes to normal, let those who are getting good salary and who are having good and guaranteed jobs be given a one year holiday for strikes and bandhs. Then you will see whether the economic position will come up or not.

Therefore, I stress upon Shri Manmohan Singh that people are not worried about the public sector or the private sector but they are worried about the price situation. You must bring the prices if not to 1990 July price level but to 1991 July price level at least far as the price of rice and wheat are concerned.

SHRI BHOGENDRA JHA: They should donate to millionaires.

SHRI M.R. KADAMBUR JANARTHANAN: Within seven years, we have faced three elections. Can you not sacrifice 365 days only free of strikes and bandhs in the organised sector alone?

Whether it is public sector or private sector, an industry is an industry. Industries must make profit. For public sector, please nominate technically qualified, production guaranteed Chairmen and. I will give a quotation from Tamil since today Ramayana plays an important role in our Indian politics:

"KADAN PATTAR NENJAM

POLL KALANGINAN

ILANKAI VENDAN"

which means, Ravana in his last days had a pestering heart like that to a man suffering from the burden of debts. I will give a quotation from Tamil as regards the economic programme: -

"AKATHU ALAVU ETTITHAIYINUM
KEDI-LLAI
POKHATHU AKA-LAKADAI"

which means that even if the income-source is bountiful, expenditure should never be boundless.

You want to curtail the expenditure. For that, Tirukkural has sung 2,000 years ago. This is what the Tamil national poet said that the gates of income may be narrowed but the gates of income may be narrowed but the gates of expenditure must ever be strait. We should not cut the foot according to the chappal but chappal should be cut according to the foot.

The bureaucrats are travelling by flight daily. Even the professors of Universities are

Present economic situation in

[Sh. M.R. Kadambur Janarthanan]
going by flight many times. This kind of expenditure should be cut. We are giving a cooperative hand to the challenge which you are facing.

You are talking of Nehruvian days. Nehru told Shri Dograji that eight hours work is not sufficient for our country. It should have been ten hours.

With these words, I conclude.

SHRI RAMESH CHENNITHALA (Kotayam): Madam Chairman, Our country is facing unprecedented economic crisis and our Finance Minister is trying to bring back the economy from the brink of disaster. This year the foreign reserves dwindled to Rs.2,600 crores and it was barely sufficient for two weeks imports and IMF refused to give credit to India. NRIs are withdrawing their deposits of Rs.315 million every month. Industrial growth is totally negative.

This gloomy picture of our Indian economy needs urgent attention. Finance Minister has taken certain measures which were welcomed by the people of India. Of course, there are differences of opinion about the measures which are taken. At this crucial juncture, what is the way out? Our economy was in shambles. We were facing a lot of difficulties. There was no way before the Finance Minister and the Government of India. So, we had to take certain steps; we had to correct certain measures. Hence, the Government introduced certain measures for that. Certain short-term economic measures as well as far-reaching structural changes were made in the economy. We have to increase the production. That is the main thing. Only by enhancing the production we can achieve the growth. Government introduced employment-oriented pattern of industrialisation. I am congratulating the Finance Minister for taking certain steps in this matter.

Sir, our Government has proposed

certain measures, certain schemes for attracting the NRIs to invest in our country. Actually, the NRIs were withdrawing their deposits a few months back. It created an alarming situation in our economy. Now, our Government has proposed certain schemes to attract the NRIs to invest in our country. This is creating a good atmosphere in our economy. Our Government is also trying to attract more foreign investment in the priority sectors like power and coal. We have to improve our core sectors. Our Government is trying for that. This will bring viability in the balance of payments position. But one thing is there. The full effect cannot be seen now. But in due course, we can see the full effect.

The main point which the other speakers mentioned was that of winning back the international confidence. That is the most important thing. Unfortunately, our country has lost the confidence in the international community. Now, our Government is trying its level best to win back that international confidence. I am congratulating the Finance Minister who is working hard to bring the economy back on the rails.

About inflation, I would like to say that our inflationary rate was 16.7 per cent. Now it is coming down to 13.7 per cent. But it is not satisfactory. We have to do a lot of things for decreasing the inflation and ensuring competitiveness in regard to exports without any subsidies. Major changes in the Trade Policy were introduced. These are the actions taken by the Government. It has given incentives to exporters. These actions have given us more results and at will continue to give in due course to come. Further, a sum of 700 million were collected under two schemes proposed by the Government for the NRIs. Government tried to reverse the trend of fiscal deficits. As he has mentioned rightly in this paper, it is the root-cause of inflation. In the 1991-92 Budget, the Finance Minister tried to reduce the fiscal deficit from 8.4 per cent to GDP to 6.5 per cent to GDP by resource mobilisation and attempting expenditure restraint. Further, he has taken

other measures also. Export subsidies were abolished. Fertilizer subsidy, of course, was reduced. Defence expenditure was restrained. Monetary policy was tightened to counter the inflationary pressure. We were compelled to go in for external borrowing. There was no other way before our Government. Of course, some of our friends from the Left Parties were critical about the IMF loan and the World Bank loan. Look at China. What is happening there? (*Interruptions*) Look at West Bengal. What are you not doing there with the multinationals? (*Interruptions*) You are not really looking at the problem in a proper perspective. You are simply accusing our Government. If you do something in this matter, our economic crisis can be solved.

I request the Finance Minister to take certain measures to bring down the inflation. He has mentioned about the revenue from the customs. The custom's revenue is declined and we are not able to tap more revenue because of squeezing the imports. The Government has taken certain steps for importing more necessary items. I think that in the coming months, our customs revenue will increase. Our economic situation can be improved by imposing a five per cent in the expenditure; by not allowing any additional expenditure by way of supplementary grants and through fiscal corrections.

We have inherited the economy in a bad shape and because of that the prices are shooting up like anything.

The Finance Minister has declared the other day about the import of edible oil. The STC was allowed to import more edible oil and the States were also allowed to import edible oil and the States were also allowed to import edible oil.

Regarding wheat, the FCI is releasing more wheat in the open market. In the southern States, we are in the habit of eating rice. The price of rice is increasing day by day. I request the Finance Minister to take certain

steps so that the price of rice can be brought down. The export of rice has to be stopped immediately.

As has been mentioned earlier, the Government should take stringent measures against the horders, profiteers and black marketers and they should be prohibited.

About the devaluation, I would like to say that it is aimed at encouraging exports and discouraging the imports. But I am doubtful whether we can achieve what we wanted to achieve. The balance of payments position can be improved by reducing the trade gap and by restructuring the domestic production. If we carefully analyse, we are able to see that there was no radical improvement in the exports. The devaluation can correct the balance of payments position only if there is a high industrial production, by way of export of qualitative and competitive products and by technological modernisation. But in India these conditions are not prevailing.

Unemployment is a very serious problem which our country is facing. In the Eighth Plan, it has been mentioned that three per cent growth will be there and that the Eighth Plan is aiming at fuller employment. I am doubtful whether we can achieve it or not.

I want to mention one more point, and that is about the infrastructure industries. They need to be given more attention for achieving higher growth. The performance of our infrastructure industries was very poor. Although the actual output in areas like Electricity, Coal, Saleable Steel and Cement had improved in 1991, but the achievement fell short of the target set for them. The Thermal power generation for example is showing a decline of 10 per cent in the last six months. And also the crude production is showing a decline of 7.5 per cent; nuclear power is showing a decline of 3 per cent in the first six months of 1991-92. We have to give more attention to the infrastructure industries and we have to take care of these industries. We

[Sh. Ramesh Chennithala]

have to see that these industries are encouraged through foreign aid and other aids.

I once again congratulate the Finance Minister who has taken bold initiatives for the management of our economy in a good manner.

[*Translation*]

SHRI RAJENDRA AGNIHOTRI (Jhansi): Mr. Chairman, Sir the economic policy introduced by the hon. Finance Minister is being criticised. The Government has announced the new industrial policy to tackle the economic crisis. But during the last six months its results have not been satisfactory. Devaluation of rupee in July and new budget and new industrial policy have a mixed impact on the economy of India. Such possibilities have arisen which need thorough consideration. Mr. hon. Finance Minister, it is correct that a period of six months is not enough to reach any conclusions but at the same time it is not a short period. It shows your intention. It has caused a great setback to the development process. If you want to see its results, you will have to think in that perspective and see as to how much income is being earned by the country from foreign trade. What is the position of domestic production and what is the price situation? These are the main features of economy. On this basis we can assess the present per capita monthly average income, availability of essential commodities and employment opportunities in the country. All these things can be made clear by your economic policy. In short the economic policy of the country has proved a total failure.

As far as the foreign exchange reserves are concerned, the hon. Finance Minister had said in his speech in December that these reached Rs.8 thousand crores and very soon these would increase to Rs.10 thousand crores. The increase in the foreign exchange reserve has not been due to increase in earnings of this country. The

tutions of foreign trade in our favour has been due to imposing restrictions on import. Hon. Finance Minister, it is thus clear that in the foreign exchange reserve, earning portion is less and loan portion is more. The amount received under foreign exchange deposit schemes is an arranged loan. This type of inflow does not present a true picture of any increase in foreign trade because it is more due to imposing restrictions on import than increase in exports.

Mr. Chairman, I want to draw the attention of the hon. Finance Minister towards one thing. This is the country of villages. So the biggest consumer power lives in the villages. The farmers and the labourers are the biggest consumer power in the country. But economic measures adopted by you during the last six months have brought the farmers and labourers of the country on the verge of situation. What is the source of income of farmers and a labourers who reside in the village? The source of their income is the agricultural production. Today, agricultural production has registered a sharp decline. What is the reason behind it? Inputs, such as electricity, water, fertilisers and seeds have become costlier. The farmer is earning less and consequently his purchasing power is declining and low purchasing power means poverty and starvation. We would not be able to meet the demand. That is why the factories are closing down in the country. Therefore, I would like to tell you that regional imbalance is increasing in the country.

In many parts of the country the commodities of daily use are not available. This is because of your 6 months-economic old policy. I have seen this situation for the first time. There is an acute shortage of foodgrains in the villages. The farmer is selling his jewellery, to satisfy his hunger.... (*Interruptions*)

I would like to conclude after saying a few words. I would like to ask two questions from hon. Finance Minister. The farmers are in distress because of starvation conditions prevailing in the villages. These days, the

youths are unemployed. They do not have employment opportunities. How would you provide employment opportunities to them?

Mr. Finance Minister, Sir, what would be the fate of the country when the farmers and youth of the country are on the verge of starvation? What would be the result of your economic policy? The freedom of the country will be in danger.

Sir, I request you to answer my questions because you have given me just 2-3 minutes. I have not been able to complete my speech but still I thank you.

SHRI DEVENDRA PRASAD YADAV (Jhanjharpur): Madam Chairman, today we are having a discussion on the economic condition of the country. The new economic policy of the Congress Government has dangerous implications for the present and also for the future. There is a shloka in Sanskrit:

"Rinam kritva Ghritam pivet,
Yavat jeevet sukham jeevet."

No nation can survive on alms. This minority Government is conspiring to run a country of 86 crore people through 'artificial respiration'. The direction of the new economic policy will become clear as time goes by. I was listening to Shri Prithviraj Chauhan who was saying that the hon. Finance Minister is introducing the new economic policy in a country where 85% of the population lives in rural areas and subsist on agriculture. In this context Shri Prithviraj Chauhan said that this step had enhanced the country's prestige at the international level. I would like to know in what way the country's prestige has increased. I would like to cite the example of the hon. Prime Minister's visit to Harare to participate in the Common-wealth Summit. During that conference, heads of State of the developed countries said that foreign aid should be available only to those countries which preserve the human rights of its citizens.

19.53 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

As a result, India and other developing countries could not express their support. Has this enhanced India's prestige? It has actually lowered the country's prestige. The new economic policy will deepen the economic crisis, increase inequality and unemployment. Even the non-economic sector would be affected as the Government will adopt a policy of suppression in that area. When farmers, labourers and the unemployed take to the streets in protest, there will be a strict response from the Government. Social justice will no longer be an issue. When there would be no employment opportunities in the public sector, armed forces and other departments, how will the Mandal Commission Report be implemented. Today, the congress has come up with a new formula. Whenever there is talk of the Mandal Commission Report or of social justice it is said that jobs would be offered to the poorest of the poor. But when there are no openings then what would be offered to them.

Similar is the question of Farmers and fertilisers. Farmers work hard for their livelihood. Only the farmers in this country work honestly to attain their target. If the farmers do not sow seeds, irrigate and plough their land no foodgrain will be produced in the country. Engineers construct a one kilometre road and show 5 kilometres in the books. In this way it is only the farmer who works honestly. I think steps have been taken to the detriment of farmers. So it is certain that social justice will no longer be an issue, what to talk of 27% reservation. In a market economy, formalities will be encouraged, social relationships will become formal and human relationships will deteriorate.

Sir, these new policies will stop the country's development. I would like to say something on the effects of the economic policy in the coming days.

*Present economic situation in**[English]*

SHRI RANGARAJAN KUMARAMAN-GALAM: Mr. Deputy Speaker, Sir, I think there are a number of speakers. *(Interruptions)*

SHRI E. AHAMED (Manjeri) : I would like to say one thing. The Chair has been calling the Members of the different major parties. This is a situation where the other shades of opinion should also be heard. All people should have been give an opportunity.

SHRI RANGARAJAN KUMARAMAN-GALAM : It is an unfair allogarion. Even small parties are being given a chance.

(Interruptions)

MR. DEPUTY-SPEAKER: I think, we shall sit up to 9 o'clock. I hope the House agrees with it.

(Interruptions)

SHRI E. AHAMED: Sir, the House should know different shades of opinion from all parties.

(Interruptions)

MR. DEPUTY-SPEAKER: Please conclude Mr. Yadav

[Translation]

SHRI DEVENDRA PRASAD YADAV: Sir, as I was saying, this new economic policy will stop national development. This is is conspiracy of the Congress. We have new cultural, agriculture edyucational, environment and economic policies. The leader is old. I wonder what is the objective of these policies.

20.00 hrs.

In all this talk of small and marginal farmers and poverty the Government is hatching a conspiracy to suppress the rights

of the people. Therefore, the economy is going to be deeply affected. As in 1977, an emergency is going to be declared in the country on the pretext of an economic crisis. Its effect will be falt by the weaker sections. Agriculture has become a losing proposition these days.

Sir, all this is because agriculture is exposed to the vagaries of nature.

The economic condition of Bihar has wisened, Hon. Shri George Fernandes rightly said that this time there will be a 30% reduction in the Rabi crop. This will have a direct effect on the production of cereals and pulses because the Central Government had to send 8 lakh metric tonnes of fertiliser, Urea, D.A.P phosphates and phosphates and potash to Bihar. Sir, I would like to inform the hon. Finance Minister that the Bihar Government had sent a message to the centre that the rabi crop in the State was getting destroyed for want of fertilizer. The quota of fertilizer allocated to Bihar should be given. The 8 lakh tonnes tonnes of fertilizer allocated to Bihar has not been sent. Will this not have an adverse effect on the economy of Bihar? The Government approved Rs. 35 crores as subsidy to farmers. How many crores have gone to Bihar? After sowing the Rabi crop, farmers will demand subsidy. Bihar and other big States are being neglected. The Gadgil formula of allocating funds to States according to their respective contributions is a defective one. When our party was in power it took the initiative of rectifying the Gakgil Committee Report. This Government is bent on creating problems for big States like U.P., M.P. etc. The policy of the Congress Government is destructive in nature because they have not got votes from there. They will formulate a plan on the basis of the resource contribution of States. As long as plans are not drawn on the vasis of the needs of states and the problems being faced by them, the States cannot make progress. Sir, I would like to say something about the economic disparities.

[English]

MR. DEPUTY SPEAKER: As you have

taken nearly 20 minutes, kindly conclude now.

[Translation]

SHRI DEVENDRA PRASAD YADAV:

Economic disparities have increased in the last 40 years. This situation has not come about in two days. We belong to villages, Shri Nitish has also said that we belong to villages. In the older days, people of one status sat atop elephants or horses while travelling and people of another status travelled on foot. The Government's faulty policies have increased the economic disparities. This disparity will fuel resentment, violence and terrorism and even complicate the Punjab and Kashmir problem.... (Interruptions) It will further complicate matters.... (interruptions). The measures proposed to be taken by the hon. Finance Minister will disrupt the economy. He has said that the economic crisis will not last long because it has been caused by a problem of balance of payments. Such a situation came about due to the livery policy followed by the earlier Congress Government. As a result, goods were bought indiscriminately and then sold at low prices. There was a loss of Rs. 2300 crores in 1979-80 and the figures increased to Rs. 5,300 crores in 1981. In 1985 during the right of late Shri Rajiv Gandhi the trade deficit was nearly Rs. 10,000 crores, the situation in 1991 is due to the policies of 1985.

MR DEPUTY SPEAKER: Please wind up now.

SHRI DEVENDRA PRASAD YADAV: I am concluding now. The new economic policy will cause large-scale destruction in the country. With these words I end my speech.

SHRI E. AHAMED: Mr. Deputy Speaker Sir, I hope I am the last speaker today.

MR. DEPUTY-SPEAKER: No please. There are found more speakers!

SHRI E. AHAMED: I would not like to trade much of the valuable time of this House

because we have been discussing the economic situation in great detail. I think there is nothing much left out and everything under the sky has been discussed. Therefore, I would like to scrupulously avoid the repetition of what other hon. Members have already mentioned on the floor of this House.

On one side, there has been criticism of the economic policy of the Government and a number of arguments have been advanced, based on ideological stand. On the other side, countering that argument and justifying the policy taken by the Government to wriggle out of an economic crunch facing the country.

I would like to take a critical view of the situation. Since the Government has taken some policy changes, I would just like to ask one thing. Had the Government not taken a policy change, that we have seen in this fiscal policy, what would have been the position of the country in facing the challenges? It is true that we have been following Mahatma Gandhi's perspective for the future India. It is also true that we have been following Pandit Jawahar Lal Nehru's policy of mixed economy in the country. But we cannot forget the fact-it is an undisputed fact-that this country was passing through a grave, serious economic crisis. We cannot forget the grass root reality that the country has engulfed in facing the economic situation.

As pointed out by hon. Members of this House, as on June, 1991, our foreign exchange was to the tune of Rs. 2677 crores and we were about to be declared by the international trading community as defaulters as our balance of payment was the lowest in the history of India. Now, after the policy change, as on December 3, 1991, we have the foreign exchange to the tune of Rs. 7242 crores. This is a fact and we were also assured that we are going to have foreign exchange to the tune of Rs. 10,000 crores by the end of this calendar year. Had we not changed that attitude and not introduced some new changes in our fiscal policy we would not have been in a position to give a

Present economic situation in

[Sh. E. Ahamed]

credible position to India in the world market.

Therefore, Sir, I find that the downward adjustment in the exchange rate against the major currencies was a correct step in a given situation. In a basket of currencies, our currency was very much below. There was no improvement at all. This must have gone further down. At the very same time the policy of the Government, of promoting competitiveness of our exports and reducing the inessential import, has helped the country to a great extent. That is an undisputed fact.

The structural changes in economic sphere also were very significant. The Trade Policy of liberalisation of the system from the administrative control of licence has given a boost to export and encouraged the competitiveness. Further liberalisation announced by this Government in August, 1991 has led to decanalisation of 20 imports and 16 export items. These are the realities we should see and we cannot also close our eyes to other achievements made by way of this policy like, inflow of remittances by NRIs etc. I those policy changes helped to take steps to reduce the outflow from NRIs' deposits. This House has also passed a legislation regarding NRIs remittances.

We are also very glad to know about the steps taken by the hon. Finance Minister for redeeming the gold which was pledged outside our country. Many people have described this as a shameful act on the part of the Government. Even in an ordinary house, whenever they feel that there is a crunch of money, they use to place their gold. Such was the situation of our country at that time. The Finance Minister and the Government had no other alternative except to pledge our gold in a Bank in London.

AN HON. MEMBER: It was surrendered.

SHRI E. AHAMAD: It was not surrendered. It has been redeemed now. That

shows, there is stabilisation of our economy. Now, everybody is talking about the conditionalities of IMF. Why should there be conditionalities? May I say just one thing? When anybody gives money, he wants that that money should be repaid and for that he attaches some strings. Suppose, an ordinary man goes to a bank and takes a loan, the Bank will also ensure that that money is repaid. Whether of it is a local bank or a nationalised bank or the IMF, they will attach some strings. This is applicable everywhere. When we are not in a position to repay the money, what is the use of taking more loans? Even without taking loans, that was an admitted fact—it is not possible for us to move forward. Even the Governments under Shri V.P. Singh and Shri Chandra Shekhar had resorted to taking loans. When the Congress Government goes in for such a loan, then they will say, with a begging bowl, they are going. When the other Parties' Governments go in for such a loan, do you mean to say that those Parties go with a Golden bowl? We cannot just forget the reality because of which our Government had to resort to such a measure. I would congratulate the hon. Finance Minister for taking such drastic steps, of course, without deviating from the policy enunciated by Pandit Jawaharlal Nehru, for the benefit of this country.

I would also like to remind the hon. Finance Minister about the steps to be taken on the production front? I would also like to know whether the Government will continue with this policy or will there be any changes? Now, the Finance Ministry is controlling so many Departments. I am asking this question because our economic situation has stabilised. Are we prepared to go with this economic perspective so as to stabilise our position more?

I would like to know whether any tangible or perceptible changes will be there in the production front. Every Minister had been issuing statements that NRIs will be coming for foreign ties-up. New industries will be coming up. I would like to ask as to how many such new industries have come up during

the last six or seven months. How many MOUs have been signed? How many MOUs have been implemented in this country?

On the economic front, we have stabilised but on the production front, we have not. I would like to know whether, we will be going in the similar way or will there be any perceptible change with respect to the policy changes that we have made, in the near future? I hope, the Finance Minister will enlighten the House during his reply.

Many hon. Members have referred to the price front. May I say that it is very much disappointing? The general public is sceptical about the fiscal policy change, not because the policy could not stabilise our economy, but the prices have not been brought down, especially with regard to the essential commodities. The Finance Minister's frequent assurances that the price rise is about to be checked, may I say, unfortunately, has not so far materialised? However, the impression is that the Government is nowhere in a position to control the price rise, rather the spiralling of the prices of essential commodities. I deem it my duty to bring it to the notice of the hon. Finance Minister and this House. Especially the fixed income group people find it extremely difficult to make both ends meet. That was the position in the country. I do not want to deny that.

Sir, everybody says hand to mouth. Many of the State Government they are now saying Treasury to mouth. That was the financial position. But as far as the general public is concerned, they are not very much happy, the rate of inflation has been pointed out here was 6 per cent in 1988-89, 9 per cent in 1989-90 and 13.5 per cent now. It is going up. This, we cannot deny. We cannot close our eyes to these factors.

Also, I would like to request the hon. Finance Minister, the Government also should dispel the impression that some people have created that the fiscal policy changes, that the new economic structure, looks after the well-being of small minority at

the top and brings about the impoverishment of the rest of the society. This is a fact. That is the propaganda going on in this country. But I do not endorse or subscribe to that propaganda. But it is the duty of this government to take into account this reality and dispel the impression that interested parties have created in the country.

And I would also request the hon. Finance Minister that he may have to apply his mind to the stabilisation of the economy of many of our State Governments. And wasteful expenditure, on the one hand and also a sort of disorder in the financial economic front have brought many of the States to the brink of an economic crisis. And I wish the hon. Finance Minister will look into this matter.

Therefore, I am summing up my impressions of this economic policy. The fiscal changes, the radical changes of liberalisation brought into operation by this Government were the need of the hour. But at the same time, I would like to caution the hon. Finance Minister, whatever be the anxiety for foreign aid, whether be our anxiety to double or triple income from RNI, we cannot simply depend on such things because these are also governing several factors of the country which they are coming forward to help us.

In this respect, I quote here the assessment of Dr. Jai Dubashi, in one of his articles. I am just quoting it here. I quote:

"The Government seems to be relying too much on foreign investments including non-residents. It is like putting one's eggs in one basket, that too a foreign one. The role of foreign capital is important. But it is being exaggerated. The bulk of investment nowhere in the world is financed by domestic savings. not foreign capital.

A study by the World Bank of 14 developing countries indicated that on an average inflow of the foreign capital were equivalent to less than 10 per cent of domestic savings."

Present economic situation in

SHRI MANI SHANKAR AIYAR: Are you aware that Mr. Jai Dubashi is a spokesman of the Bharatiya Janata Party and you reading him is like seeing the Devil quoting the scriptures?

SHRI E. AHAMED: It is immaterial to me whether he is a BJP spokesman or not. Whenever I read one thing, if any idea strikes to me, which is acceptable to me, I would take it. I do not take the other part of his article. I will accept any good idea whether it is from Mr. George Fernandes or Mr. Vajpayee though I have a lot of difference of opinion with them. Whenever they speak something good and if it is acceptable to me, I will take that. I am with an open mind.

I do not accept all the views expressed by Dr. Jai Dubashi. He trusted that foreign aid and foreign investment was good in the interests of our country. Therefore, I thought it my duty to bring to the Government. At the same time, this is the time to encourage the foreign investment but we shall not solely depend on the foreign investment. That is my submission.

I would like to point the whatever changes the Finance Minister made in the fiscals policy were in the best interests of the country.

I would also like to avail of this opportunity to point out that the opposition, unlimited and unbridled oppotion, to the Government policy is wrong. The Government policy should be in the best interests of the country. The policies pursued by the Government, especially by the Finance Minister, are in the best interests of the country. Therefore, all of us should give a nod of approval to these policies.

[*Translation*]

SHRI CHANDULAL CHANDRAKAR (Durg): Mr. Deputy Speaker, Sir, we have improved very much our economic condition during the last 5 months after implementation of the economic policy of the Government announced some time back Hon. Prime

Minister, the Finance Minister and this Government should be thanked for this.

Second thing is that you cannot guess how much our economic condition has improved. Many hon. Members have criticised Pt. Nehru's policies in the House. I do not know whether you know or not but if you were present at that time you would have realized the importance of the policies which Shri Nehru adopted. The country would not have reached in today's position. Expels of several countries are before us whose condition has gone from bad to worse, after their independence. It is only our country where democracy prevails in all respect and which has developed economically. I know it very well, so I want to inform you also and you can judge yourselves that no country has developed as much as we have.

Sir, I do not want to take much time of the House but I would definitely like to point out that our hon. Prime Minister and Finance Minister and the Congress Government have created such an atmosphere that the people have become conscious about the economic condition of the country and they have helped in improving the miserable economic condition. I wish that our Government should also create an atmosphere as may help to check and to reduce the rapidly growing population of our country.

Unless the population growth is checked, we can not achieve progress despite our best economic schemes and planning. Each party should try to create an atmosphere congenial to checking of growing population at every cost. As our hon. Prime Minister had said one day that efforts should be made to check the growing population at each and every level, Village, Block, District, State and Capital. We must decide the steps to be taken in this direction after deliberating on the matter very though fully.

Improvement in a country's economy can be measured only in two ways. First the maximum people should get employment which is very much required in our country, secondly, prices of essential commodities

Should we reasonable. It is a fact that Government has not achieved its goal in reducing the prices as much as it intended during the last 5 months but there are some reasons behind it. We are fully hopeful that our Minister of Finance will soon succeed in his efforts to implement new schemes and he will have able to control the inflation. As soon as the rate of inflation is reduced, I hope the prices also, that have gone up, will definitely be reduced.

It is not correct to say that once the prices go up, it becomes difficult to reduce them. However, we will have to continue our efforts to bring down the prices.

The industrial policy should be beneficial for every sector. Till now there has been economic disparity in the country. There may be a controversy over the reasons for this disparity but to remove this disparity such factories should be set up as may help us increase production. Iron and petrol should be produced, at these places where it is possible to do so. Only then the prices of the essential commodities can be decreased in our country.

Power crisis has engulfed the whole country. Farmers in Madhya Pradesh get electricity hardly for three hours. Industries get electricity for not more than five hours. Unless the power-generation is increased, the target of our production will not be achieved. I would like to point out that the quantity of power varies from State to State. I am of the opinion—of course, you may not agree while me—that if possible the Centre should oversee the whole operation of power generation so that it is increased uninterruptedly. At present, the generation of power in many States has been very low and the State Governments are also paying little attention to it on. On the one hand, we make complaints that our economic condition is deteriorating and the prices are rising but on the other hand, we go on strike. Today the need the hour is not to go on strike but to increase the production. I congratulate the workers of the country, especially the INTUC workers that in spite of the strike on the 29th

the production has not been affected rather it has somewhat increased. In the fields of steel plants and several other spheres, the production has been remarkable. In the fields of coal and iron the production has increased. I would like to advise the union leaders that they should take a lesson from it.

I would like to refer to the issue of economic policy. The Eighth Five Year Plan is being finalised. In view of the present state of agriculture in the villages, there is no possibility of improving the lot of the farmer. I, therefore, would like to suggest setting up small scale and cottage industries in each gram panchayat through Small Scale Industry and Tiny Development Bank which has its headquarters in Lucknow. Unless small industries are opened, nothing can be done. Now-a-days, after getting education, youths are unable to take up agricultural operations. Therefore, taking these factors into account tiny banks should be encouraged to set up small scale industries in villages.

In place of consumer industries, core industries like coal, iron, petroleum etc. should be paid special attention and more money should be invested in them. Unless keeping these things in view, we increase the production, the country can not make progress.

I express my thanks for giving me time to speak.

SHRI ATAL BIHARI VAJPAYEE (Lucknow): Mr. Deputy Speaker, Sir, now the discussion is about to conclude his, and the hon. Minister is going to reply. I shall not take much time and stand between him and the house.

The hon. Finance Minister showed his out-spokenness in statement in presenting the picture of economic condition of the country. I would like to thank him for that. The statement clearly shows that though we have overcome the immediate problem of foreign debt yet we have not achieved our goal.

Many changes have been made in the economic, industrial, trade and financial

Present economic situation in

[Sh. Atal Bihari Vajpayee]

policies during the last 6 months. These changes are far-reaching and in some respects these changes are fundamental changes. I am not one of those who say that the old structure has failed completely. We had adopted mixed economy after independence. It was a right decision but later on due to certain political reasons the power and functions of the State have increased. The industrialists of our country also did not do justice with the country. They were interested in profit making only, and they inroads the development of the country. They did not like competition; they wanted a protected market.

The developments in Europe clearly show that competing is very essential for the economic development. Monopoly either of the Government or of the industrialists is an obstacle in the economic development. I do not see any thing wrong in the concept of Public Sector Industries. Public Sector Industries were started for public welfare but we could not run them properly because we could not manage them professionally. We left the public sector industries on the mercy of I.A.S. officers. They do get administrative training, but they do not get training in running industries. What should be done with the industries which are running in loss. We increase the prices of items which are manufactured in these industries. But the problem is not solved because the people have to pay it in the form of taxes. I would like to know whether it has been decided to close the public sector industries on a large scale as it appears from the long list of industries which has been published. Perhaps the circumstances forced the hon. Finance Minister to take some immediate decisions in this regard. My complaint is that the country and specially the labour class have not been prepared mentally for the far-reaching changes of liberalisation and privatisation of public sector industries. What will be the fate of labourers if the factory is closed. I fear the new economic policy will fail due to price hike and growing unemployment problem. Prices are rising.

The hon. Minister of Finance may import edible oils to provide immediate relief; though this action is likely to increase the loss in foreign trade but edible oils will have to be imported otherwise masses will feel dissatisfied for want of edible oils. We have to bring about changes in the infra-structure of our democratic system. In the present infra-structure there is tough competition in politics; a race is going on to win; and a fluid situation prevails as to when elections may have to be held.

A national consensus, which is very necessary to be developed before introducing reformatory steps, has not yet emerged. The general impression is that these reformatory steps have been taken under the pressure of IMF or World Bank. It is also a matter that creates difficulty. It is to be seen as to how the confusion that may arise due to the unprepared mental attitude, can be overcome. I suspect that price rise and unemployment would further increase in the next two years. I was going through the figures collected by International Labour Organisation, they have come to the conclusion that by the year 1992-93 the number of unemployed persons would be around 10 to 30 lakhs and by the year 1993-94 this number would increase to about 40-60 lakhs. It is very strange that industrial production is increasing and the job opportunities are decreasing.

We are talking about the latest technology. New technology is rather essential to be adopted because we have to increase our production and improve the quality as well so that we may be able to compete in the world market. Who will purchase inferior things? At the same time it is also a fact if new technologies introduced, it will reduce the job opportunities. Where all those unemployed persons would be absorbed?

It is essential to close all those public sector industrial units which are running in loss, but where all the labourers rendered unemployed in this manner will go. The members of all the political parties should arrive at a consensus in this regard, which

they do not have. Just now, there was a reference to the strike called on 29th. The leftist parties are following their own principles and I do not blame them. They have their own way of thinking, either the matter should have been discussed extensively—

SHRI BHOGENDRA JHA: Vajpayee ji, you were never of the opinion to close the industries which is just like killing the patient than curing him. Why do you not suggest improving their condition and giving representation to labourers in running those industries properly.

SHRI ATAL BIHARI VAJPAYEE: Efforts should be made to improve the public sector industries. But I know that there are some industries which are not viable. What can be done regarding textile mills?

SHRI BHOGENDRA JHA: Those are in private sector too.

SHRI ATAL BIHARI VAJPAYEE: Yes, they are in private sector too. What can be done in regard to those mills? I was referring to the approach of the Government.

There is a jute mill named New Central Mills Company situated in 24 Paraganas, South in which 13,000 labourers are working. The mill owners declared a lock out in the factory in April 1986 but the labourers united and said that they would collect about Rs.6 crores out of their own wages for restarting the unit. They gave that money. But BIFR delayed the report and financial institutions did not provide financial aid. Perhaps, this is the only example in which the labourers were ready to contribute to raise finance to restart the sick mill. But the matter remained pending due to the wrong policy adopted by the Government. There may be many cases where sick units restarted after streamlining the management taking the help of labourers. I am not in favour of closing the sick industries. But there are certain industries which have become white elephants, their condition should be improved. Exit policy is being discussed but a general view should be formed at least in this regard. It would not be

good if the labourers are rendered jobless due to the closure of industrial units. I beg your pardon, the labourers would not be ready to hand over the industries to the capitalists if corrupt practices are adopted in this regard. Similar is case in regard to DALA Cement factory. I beg your pardon—corruption is rampant in the public sector.

I would like to cite an example. I would not mention the name. The Government changed hands at centre and Shri V.P. Singh came into power, We were not partners in his Government. Rather we were giving support to them from outside. A gentleman came to me with a high official of a public sector undertaking. I would not mention his name. If the hon. Minister of Finance is keen, I may disclose his name to him afterwards. I was told that a new chairman and a managing director was to be appointed in that undertaking; the person mentioned a name and suggested that if I helped him to be appointed to that post, my party may get aid of about one crore rupees per annum from the same unit. I was just stunned to hear all this. Are the public sector units set up for this purpose? However, the fact is that they are misused in this way also. That may be one of the causes of their going in loss. Public sector industries cannot run properly in this manner, irregularities do take place there. The Government imposed checks to help the weaker sections but that led to artificial scarcity and corruption and a feeling of competition faded away. Neither unnecessary control nor regulation should be there, it may encourage unhealthy competition to establish authority; how poor man, small industries and small farmers will survive—this is the challenge to be met. My submission is that though the hon. Minister of Finance is very wise, yet he cannot find solution to it without getting a general opinion. Decisions may be correct but their implementation would not be effective if the atmosphere in the country is not favourable, and the present atmosphere is not favourable. Nor efforts are being made to create such an atmosphere.

Generation of electricity in the country is

Present economic situation in

[Sh. Atal Bihar Vajpayee]

inadequate. I beg your pardon, I may be misquoted but it is a fact that farmers have been getting power at a very cheap rate, even that is not being recovered from them. Power theft is taking place on a large scale and the Government is not able to check it—
—(*Interruptions*)

SHRI BHOGENDRA JHA: Power theft in cities is also going on unchecked. (*Interruptions*)

SHRI ATAL BIHARI VAJPAYEE: It is in the cities also, the Government cannot check this practice nor they can increase the rate. Electricity Boards are running in losses. Just now one of my friends was saying that the Centre may take over these Boards. But that will not solve the problem. This disease has spread every where. There are no work ethics in the country. People lack the sense to work hard in order to overcome the present crisis. The Government has failed to inculcate this feeling. Hence, I fear that when there is price hike people will come on roads; and as one of our friends submitted, unemployment will increase, youth will revolt openly and political tussle will start. We saw that the decision to reduce the subsidy on fertilisers was basically correct. How long this facility can be continued? This country cannot make progress on the basis of subsidy. But who will decrease the subsidy and if at all it is decreased, we agree to the decision here in the House but would oppose it outside. What will happen then? Still there is time, the Government should try to seek a general opinion in this regard.

A suggestion has been made to curtail the Government expenditure. I beg your pardon, there has not been considerable curtailment in the expenditure. The present atmosphere is not that of simplicity. People are not ready to realise that the country is in crisis, rather they should unite in order to overcome this crisis. How this difficulty will be overcome? Let the political race continue. I would not like to say much in this regard but if the hon. Minister of Finance

wants that the measures taken to bring about reforms may prove effective, then favourable atmosphere will have to be created. General opinion will have to be developed for this. With these words I conclude.

SHRI RAMASHRAY PRASAD SINGH (Jahanabad): Sir, many hon. Members of the House have expressed their views in the discussion going on over Indian economy. Our economy has collapsed and the hon. Minister of Finance on behalf of the Government propose to improve it by getting aid from IMF. But it would not improve in this manner. Loans taken from IMF are not meant for development purposes; moreover, the interest charged on that loan will further deteriorate the financial condition of the country.

Some of the hon. Members have given a very good suggestion just now. I do not know whether the Government sincerely want to improve the situation or not, rather everyone wants this situation to be improved. But all the members in the House, right from officials to politicians do know that a parallel economy is going on in our country; and so long as that economy is there, the financial condition of the country cannot be improved whatever efforts are made. Because when there is inflation there is price hike. We do not have purchasing power but there is a small section of people who purchase things even though the prices may increase from Rs. five to fifty thousand. And this is what is called black money which has been destroying our economy. Can the Minister of Finance control all this? He cannot, because those persons who are running this parallel economy become the members of Lok Sabha and may be of Legislative Assembly also, rather they are elected, how dare you do this? Unless parallel economy is removed, the economic condition of the country cannot be improved.

Secondly, the Government want to fill the foreign exchange reserve, how is it possible, it is possible only by means of import. You know that ours is an agricultural country, a little attention was paid to it and

the Government must have developed a misconception that development has taken place in the name of Green Revolution and were relieved of PL 480 under which they had been forced to bow to the conditions laid by USA. How much foreign exchange was required? If the Government had modernised agriculture, completely the situation would not have deteriorated this extent and the import of agricultural products would have increased, and this in turn would have to fill the foreign exchange reserves. Just as the country grow foodgrains to suffice the needs, we would have earned adequate foreign exchange. But the Government did not pay any attention to it.

Now we want that the country should grow best quality of cotton. If best quality of seeds are sown we would be able to grow best cotton which can be exported. Similarly if sugar is produced in abundance it can be exported. There are several other agricultural products which can be grown in abundance and then exported. But it is a matter of wisdom on the part of the Government.

Thirdly, there are certain goods the export of which proved profitable to the Government. But the Government will have to find out a way to expand the domestic market. Unless the purchasing power of the people working in rural as well as urban areas increase, domestic market cannot expand—the Government have to put this fact before them. The Government had adopted a policy to employ educated youth in small scale industries under self-employment scheme. The Government spent thousands of crores of rupees in the implementation of self-employment scheme. Did they monitor it? Is the scheme still in implementation? Not more than 5 per cent of the youth have been able to become self-reliant, they were not capable to do so. About Rs. 35,000 in total are given to them as aid, out of which bank also takes commission—(Interruption) About 24000/- out of the total Rs. 3500/- are left. This amount is not adequate to set up an industry. Our area Jahanabad is also covered under this scheme but not even two percent people are working under this

scheme. How the Government will bring about reforms? If inflation is not checked, corruption will certainly increase. Every person wants to get as much money as possible even at the cost of the interests of the country. The Government should accept our suggestions. They should take the black money holders to task. Rather their money should be extracted and tax-evasion should be checked. Smuggling leads to tax-evasion. Smugglers are invited for canvassing in the election campaigns. If they are engaged in such activities, smuggling cannot be checked. Thus tax worth hundreds of crores of rupees is evaded. It must be recovered. Multi-storeyed buildings are being raised in metropolitan cities. From where all that money is coming? It should be detected. No one is sincere to take the initiative in this regard. The Government will be able to assess the results of the policy they are adopting only after four months. A small number of youth have taken weapons, others may also do the same. It will create crisis in the country. With these words I conclude.

[English]

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): After the dinner is arranged in the dining hall, I thought I should wait in the House to say something at least! I will not take a lot of time.

Let me first indicate my agreement with the hon. Finance Minister. He has been candid enough to state on page 6 that the burden has to be borne by all. That precisely is one of the points that we are making. Our objection starts from there that the burden has to be borne by all including those people who fall below the poverty line. This is what we are objecting to.

A second part for which I thank him is for another very candid statement, I should say, which is that what is at fault are the persistent macro-economic imbalances.

I take the first statement not as self-criticism but as a criticism because he was not there in the ruling party at that time.

Present economic situation in

[Sh. Nirmal Kanti Chatterjee]

I thank him for making these two statements after pursuing the policies in the course of the last eight years.

But the second part of the statement also leads to another statement which is what were the policies which led to the macro-economic imbalances that you are reversing today.

21.00 hrs.

Or, is it not the same policies, in a much more accentuated form, that you are pursuing today? I know that. I have heard Shri Mani Shandar Aiyar's excellent oration about Nehru. I will come to socialism including that of Stalin's socialism. One of the merits of Pandit Jawaharlal Nehru was that he knew what he was saying and what he was not doing according to what he was saying. There was a very famous piece of work. The old-timers must be knowing about it. He used the pseudonym of Chanakya but he laughed himself at it. What we take to be Nehruvian is what he professed, and not what has been practised. Let us try to distinguish it there. What did he profess? His profession included a statement, unlike the statements made by some, that the Public Sector is there only where the private sector is not throwing funds. That is the pactice. The profession was that there should be the Public Sector. Yesterday I interrupted someone while he was speaking.

SHRI RANGARAJAN KUMARAMAN-GALAM: I will just take one minute, please. It is already 9 o' clock. The time has to be extended. I would request that the time be extended till 9.30 p.m. (*Interruptions*)

I would like to make it clear that beyond 9.30 p.m. it would be difficult to sit because we have not made arrangements for the staff for returning home and their dinner etc. So, I request the Members to be a little bit cooperative.

MR. DEPUTY-SPEAKER: Is it the de-

sire of the House that we should extend the time till 9.30 p.m.?

SEVERAL HON. MEMBERS: Yes.

MR. DEPUTY-SPEAKER: All right. We extend the time till 9.30 p.m.

SHRI NIRMAL KANTI CHATTERJEE: This is the same practice. Because of some mistakes as is the case in the House or mistakes in the policies, others have to suffer. Coming to my point, I would like to say that he wanted the public Sector as an instrument of his ideals, one of his ideals that there should be an egalitarian society and no concentration of wealth. He even suggested that if due to the requirement of the skill for efficiency no more than one unit could be established, in such a case it should be in the Public Sector and not in the Private Sector. That was mentioned in that statement. They talk of mixed-economy. That is all rubbish. As I asserted, there is no part in the world where it is in the mixed-economy. Our objection is to the mixed-up economy. What we are talking is that it is from that path that you have deviated. The aims of egalitarianism could not be achieved. Everybody knows what Pandit-ji said. Whoever has heard him he would know. I hope the older people would know what he said. Pandit-ji in his eloquent language would say that the people cannot be hurt and there has to be the egalitarian society; there cannot be a passion for demonstrating one's wealth: therefore, wealth has to be curbed. That was the justification for the Avadi Resolution. That was the justification for the Public Sector. But in practice it was not so. We discussed about the MRTTP Act and other things. During that discussion, in fact, we mentioned that the entire policy has led to the concentration of more wealth. It is quite contrary to what Pandit-ji professed and stated. So, which Nehru do you want now? That question has to be answered. Pandit-ji himself posed a question. I hope Shri Mani Shankar Aiyar remembers this.

Sir, we were critical all the time of Pandit-ji and yet supported-all that was best in

him. We did not support the growing concentration of wealth into a few hands.

Now, where will your policies lead to? The point is, everybody knows that capitalism was not born with the monopoly. It was through competition, through the market that they arrived at the monopoly stage. This has to be remembered. When you say that we will open up, will indulge in competition, the conclusion of the competition is ouster of some and victory of some. It is not always a cricket tie. This is the inevitable process which we have witnessed in the course of the last 3000 years of capitalist development all over the world. So, when you talk of the competition, when you talk of the conditions in the country, you talk about the people and not the geography of the country. Today, if we say that we want to be integrated at the world level what does it really mean? At the world level, forget the socialist countries that were there. The production is dominant. Why do you call multinationals? When we say 20 houses control 67 per cent of industrial production in India, is that concentration or is that competition? Everybody knows it and I need not advise Dr. Singh. The idea of protection inside the country or outside the country, the idea of the infant industry argument was born against the competition. Germany generated the first protectionist economist in the world - he was not called Marx - against what was propounded in England, the foremost capitalist country at that time. Marx came afterwards. He analysed and showed how competition inevitably generates monopoly. Therefore, what we say is that opening up does mean the ousting of the small scale sector. If the multinationals come, it means ousting of even the medium sized and large scale industries from India. That is one part. And that is one major reason which we object to.

I agree with Shri Vajpayee very easily that there are cobwebs to be cleaned up. I totally disagree with him that if the people could be taken along with us, then this policy could have been adopted. People will never agree to it. There is a talk of socialism - permit me to utter those words - including a Stalinist

socialism. You almost gloated over it. Kindly remind yourself that had there been no socialism, even of the Stalinist variety, we would never have discussed the question of how many people are there below the poverty line in India or in U.S.A. Do you realise this fact that but for the existence of whatever kind of socialism that was there, we would not have talked about the literacy campaign in the world? The kind of socialism that existed, with all its distortions that you associate name with the name of Stalin, even with that, had that not been there, you would not have talked about the poverty level, literacy campaign, health, welfare State and welfare economies. And there would not have been no planning at all in the world. Do you not know and did Pandit ji not know that without socialism in the Soviet Union, there would not have been any independence on the steel front. On the Steel front, Bhilai and Bokaro are the landmarks of all the distorted socialism that you accuse the Soviet Union of.

Coming back to our own economic situation, the question is, if we oppose such a policy can we suggest an alternative. The risk involved - that even the Congress benches admit - is that one is not sure as to what future is there for the Indian economy, going by the way the policies are being framed and pursued. The question therefore is, legitimate and it can be asked of us, what alternative do we propose. We were on the brink, on international terms. Well, no matter that they themselves were responsible for this. An answer has to be provided to the situation as of today.

What are the internal economic conditions? In all the States, even the most important egalitarian measure in the country is connected with land reform. Is that mentioned here! You know the danger of competition, you know the danger. Everybody knows it, including Dr. Singh. Therefore he is always trying to be around it. The single most important egalitarian measure is abolition of landlordism and land reforms. You have not done that. This has no mention..

Present economic situation in
[Sh. Nirmal Kanti Chatterjee]

The second important thing is, when you admit by all means that our large houses or industrialists, despite all restrictions, have reaped enormous profits, have accumulated enough wealth, for the sickness of both private and sector if anybody is responsible, *that is the large houses in the country. Can you deny that? So, if you have to search for an alternative, don't think the public sector is ill because of itself. Public sector is sick because the public sector has permitted the growth of huge private sector outside it. It is they who manipulate the public sector as well. Why are the Government sometimes directly allowing this? So, an alternative has to be sought. On the one hand as a measure of egalitarianism, land reforms are there. The workers are no longer satisfied only with the kind of statement that they will not be retrenched. They have come of are in the country. They are now in the mood to say that here we are, we want to take charge of the economy That is the alternative way.*

When the working class in the country went on a strike on 29th, they were not only saying that they are afraid of retrenchment; they also said that they want to take over the public sector, and it possible the Government. This is the other route.

This, Mr. Aiyar has to realise when he recollects what Pandit Nehru said. At the best of his times he said that these industries to the extent possible—even under the present circumstances—should be managed, if not owned by the workers. This is the alternative. If you want to garner, if you want to collect taxes, if you want to siphon off the accumulated wealth, take the help of the workers, bureaucracy. This kind of a Government will be of no help. That is the alternative route which has to be pursued. (*Inter-ruptions*)

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): Mr. Deputy Speaker, Sir, I am very grateful to all the hon. Members who have taken part in this debate. I was particularly struck by the note on which Shri

Vajpayee ended his speech, that our country is faced with formidable challenges.

Nobody has the monopoly of wisdom, of knowledge. We are faced with unprecedented with unprecedented penis if I may say so; and the task is something which no single individual, no single party can carry by itself. Therefore, there is a need, an urgent need to need evolve a national consensus for dealing with these formidable challenges that our country faces. It is in pursuit of this that in the very first week that our Government came into power—the Prime Minister took the initiative of inviting all the hon. Leaders of Opposition and I can say in all truth, that I presented to that august assembly as truthful a picture as I could; short of telling that I was going to devalue the currency, I black all the facts of the economic life of the country as we found on the day our Government came into Office before the House, without saying who is responsible, without apportioning blame, we gave them an account of the situation in which our country was. If that situation was allowed to drift the way it was drifting, I can say in all truthfulness, you would have seen in this country, a total breakdown of the economic system. It was not merely a foreign exchange crisis; it was a crisis of the total economic system of our country, of a country's treasury which was nearly bankrupt, a country which was not able to import even the most essential things of life, a country from which the Non-Resident Indians were taking money out at the rate of nearly 350 million dollars a week and a country which had reserves which were not equal to two weeks' imports.

In that situation, if we had allowed the situation to develop, you would have seen the magnitude of unemployment, the magnitude of the disruption of industrial production as well as of agricultural production, that has never been seen in this country. I do not, in any way, want to gloat over what has happened to the Soviet Union or what has happened to the countries of the Eastern Europe. In many ways, it is my honest conviction that many of the political turmoils which

have developed in these countries are rooted in the mal-functioning of their economic. These mal-functionings were put under the carpet for some time. At one time, we have all thought that Yugoslavia was the workers' paradise; workers also rule Yugoslavia. According to all the norms, it was a model economy that the civilised human beings ought to emulate.

But, over period of time, Yugoslavia developed a system where financial discipline weakened, where wages rose much faster than productivity, where the economy became totally isolated from the rest of the world; and then the seed of decay was sown. That led to the ultimate disintegration of Yugoslavia.

I submit to you that the economic history of the its disintegration will be traced back to economic mismanagement. I think the two oil price increases of the 1970s and the early 1980s saved the Soviet Union. But the problems which we are tackling today, have been there in the Soviet Union. Their inability to tackle them accumulated into a massive political crisis which ultimately led to the disintegration of the old Soviet Union that we know.

I do not want to gloat. But I want to submit to this House that if we do not tackle the economic crisis effectively, I think, there is no iron law which says that this blessed republic of ours is immune from the normal economic laws. There is, therefore, a great danger. So, I submit in all humility, without scoring debating points, that we do need a national consensus on all the major issues that our country is confronted with.

I do not claim in my statement that we have found solutions to the problems of the country. All that I said was that we have bought some time, that we have restored a measure of international confidence. But let me tell you that this can be destroyed overnight also. Tomorrow, for example, if you do not control the budget deficit or if there is a lot of violence in the country, whether over communal issues or other issues, if there is

a lot of industrial unrest, this confidence can disappear. History is full of cases. It takes years to build confidence. It takes days to destroy it. So, we are in a very fragile state of the health of our country.

I do not want to create an illusion that we have found solution to these problems. We have begun the arduous journey. The first steps have been taken - some success in achieving a semblance of stability. But a long journey lies ahead to control fiscal deficit, to make our public sector much more vibrant, much more competitive. Let me say that in terms of our objectives, our commitment to growth with equity, our commitment to adjustment with equity or what I described in my speech as adjustment to the human phase, I think is firm. That is irrevocable that is the message that is contained in the letter of intent that I sent to the IMF that we will not do anything which would put disproportionate burden on those who are not able to bear them. Whether it is the organised working class or the unorganised working class, our Government is fully committed to ensure social justice to see that the costs of adjustment to a more dynamic economy are not put on the weakest shoulders. That commitment is repeated in my letter of intent to the IMF. Once again, I reiterate that commitment

But let me say that you cannot achieve your objectives without handsel. I think, Mr. George Fernandes yesterday said, "Are you not worried about agriculture? Are you not worried about food production?" Are you not worried about unemployment? Some hon. Members said, "Are you not worried about regional imbalances?" We are very worried about these things. But you cannot find solutions to these problems if you do not start by correcting the fiscal and balance of payments mess that we were in June, 1991. It is only if you have a sound fiscal system, a Central Government, which is strong enough to have surpluses, can come to the help of a State like Bihar. I sympathise with the plight of Bihar. I think, Bihar certainly deserves lot more attention from the country than it has. But what can a bankrupt treasury do for

Present economic situation in

[Sh. Manmohan Singh]

Bihar? Therefore, we must set our fiscal system in good shape so that the Central Government can go to the help of the weaker States of our Union.

Mr. Atal Bihari Vajpayee mentioned about the state of the public sector, the way the public sector is managed, the way losses accumulate, the way corruption takes place. Now that is not a public sector with which can achieve the objectives that Mr. Nirmal Kanti Catterjee had in mind. That sort of public sector, let me say in all sincerity, is a dreg.

Therefore, all of us have an obligation and we are committed to supporting the public sector which is efficient. We must plug all sources of inefficiency. But to have this mantram that regardless of efficiency and social cause every public enterprise must be kept alive I submit to you, is neither serving the cause of the public sector nor is it serving the cause of the workers employed in those industries. Our Government swears by working honestly to improve the working of the public sector. We will, for this, seek the help of the workers, the trade unions and all interested parties. But, I think, you cannot solve the problems of the public sector by asking people to go on strike. I am not saying that by way of criticism. It is a right of trade unions and workers in a free society to go on strike. But that one day strid that took place, I tell you, has sent, I think, wrong signals all over the world that this country does not appreciate the value of discipline. May be it was our failure that we did not have time to develop an all-round consensus that there was no need for strikes. But strikes, lock outs and other events like communal violence are all barriers of progress and this country has to find ways and means to deal with these problems.

Now, several hon. Members raised points and one particular Member said that we are heading for a third devaluation. Now, interested parties and those who do not want India's balance of payment to be improved have been spreading rumours from day one

that this is a bankrupt country, this is only the beginning and you will see a lot more of devaluation and therefore, they have discouraged non-residents from sending money here, etc. Now, I want to say and I have made it very clear in my letter of intent to the IMF also that we are committed to maintaining the present nominal exchange rate of the rupee and that we have no intention to devalue further and I do not think that there is any need to do so because the rupee is becoming stronger and our foreign exchange reserves have improved. Therefore, this is a malicious propaganda that we are planning for another devaluation.

Now, several hon. Members have expressed their concern about industrial production. Let me say that I share that concern. But in a situation when you have no foreign exchange, if you have to impose a savage import compression of the type that we have has to import, then what else could you have expected? And I have been saying this from by one that I am worried about the affects of import compression on industrial production in our country. All that I am saying is we had not taken the measures that we did now we are beginning the process of import liberalisation gradually and we are beginning the process of credit liberalisation. In expect the industrial situation to improve. But this is a direct consequence of the tremendous import squeeze which has to be imposed to deal with the foreign exchange crisis that our country was facing.

In the same way, several hon. Members have raised issues with regard to price rise. I share my concern with them. In my statement, I have said that we have not chived the success that we would liked to do on the price front. I submit to you that considering the handicaps that we have had, the handicaps of a large overhang of excess liquidity, considering that we have to put a savage imports squeeze so that domestic supplies become inadequate, considering the shortage of foreign exchange, we had to send even essential commodities like wheat and rice outside the country so that we could import fertiliser and diesel. Taking all these

factors into account, to expect that the price situation could be brought to control in a short period of time, I am afraid, is unrealistic, as I was saying from day one.

As I can assure you that if we persist with the path that we have, if this hon. House supports us in correcting the fiscal imbalances about which Nirmal Babu spoke, and if we also persist with the path of supply management, I am confident that the price situation will improve day by day. Now that our foreign exchange position has improved, we can import vegetable oils also. If we do all this, the situation will certainly improve. Finally, I do want to say...(*Interruptions*)

MR. DEPUTY-SPEAKER: It is not fair to interfere unnecessarily. Let the hon. Finance Minister complete his reply. Then you can ask clarifications.

SHRIMANMOHAN SINGH: Finally, Mr. Deputy Speaker Sir, I had promised to this House that I would place this letter of intent before this august House to convince the hon. Members that what we have done in this letter of intent is no more than the re-statement of policies approved by this House. Therefore, all this propaganda inside the House and out side the House that somehow we have sold this country's national inter-

ests, is incorrect. I think this letter of intent with its strong emphasis on growth and equity, strong emphasis on poverty alleviation, strong emphasis on rural development and strong emphasis on environmental protection, gives the lie to those who perpetuate this propaganda that we are out to sell this country's honour and interests.

With these words, I would like to thank all the hon. Members who participated in this debate. (*Interruptions*)

AN HON. MEMBER: I want a clarification.

SHRI RANGARAJAN KUMARAMAN-GALAM: This is not a Bill; nor is this a third reading. Clarifications are never sought on discussions under Rule 193. It is never done. We have spoken for more than four hours and it is also 9.30 pm. Please listen to me.

MR. DEPUTY-SPEAKER: The House now stands adjourned till 11 o'clock tomorrow.

24.33 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, December 19, 1991/Agrahayana 28, 1913 (Saka).