

National Executive

Hyderabad

11-12 January, 2004

'Banish poverty, create wealth, make India an Economic Superpower

After six years of the NDA Government headed by Prime Minister Shri Atal Bihari Vajpayee, the fundamentals of the Indian economy have emerged stronger than ever before. The country is poised for an economic leap that will enable it to tackle age-old problems of poverty and under development and elevate living standards of the people significantly. India is scripting one of the most inspiring success stories in recent times.

The economy has grown in the second quarter of the current financial year by 8.4 per cent and it is likely that this growth will be sustained through out 2004. Higher growth rates will imply larger economy activity, larger generation of wealth, quicker eradication of poverty and a larger job creation. Already the depletion in the past six years of the numbers living below the poverty line is among the highest.

The spectacular growth rate has freed India from the dubious distinction, acquired after decades of Congress misrule, that the economy at best grows sluggishly at a 3.5 per cent "Hindu" rate of growth. No wonder the Congress President is unable to stomach this achievement and does her utmost to ridicule it.

The rate of inflation, which routinely touched double digits during earlier Governments run by the Congress, has been contained to modest levels.

The corporate balance sheets have never looked better. The stock market is booming to its best ever performance. Agriculture

is poised for an all time high production. The service sector is expanding at a very rapid pace.

India's status as a competitive economy has grown to such an extent that even developed economies are worried about the loss of service sector jobs to India.

The foreign exchange reserves have crossed a comfortable US Dollars 100 billion mark. India is no longer dependent on the charity of the international community for its well-being.

Under the NDA Government, the past six years have seen India transforming itself from an economy built on shortages to an economy governed by surplus. This dramatic transformation has enriched the quality of life of the common man.

The bold and decisive policies of the NDA Government have ushered in a telecom revolution and made efficient services available to a common citizen at affordable prices. The long queues for telephones and gas connections and before ration shops and milk booths have been eliminated. For the first time in living memory, consumers are able to exercise choice.

The low tax regime and the gradual decline in interest rates has provided Indians with a disposable surplus. Housing loans are now available at rock bottom interest rates. The NDA Government is bringing the dream of the average Indian to acquire a roof over his head at reasonable price closer to reality. Having achieved food surplus, the NDA Government has leveraged it into the world's largest Food Security Programme.

India is the envy of the world for its rise as an IT super power. It is emerging as a veritable knowledge center of the world. India is emerging as a global hub in Research and Development, designs and even in health care. The six new AIIMS proposed to be set up will lift the quality of health care in the country.

The NDA Government's tenure has witnessed the growth of several sectors such as pharmaceuticals, biotech and automobiles. The export growth has been an important engine of pulling the GDP growth. The taxation procedures have been simplified to help the citizen from the Babudom. Even the much neglected sector of tourism has witnessed a boost and India is showing the potential of becoming a tourism hub.

Once known for its inadequacies, the automobile industry has

transformed under the NDA Government into a producer of quality and cost effective vehicles which are being sold worldwide. Low interest rates have made the ownership of vehicles possible for large numbers of Indians.

Thanks to the personal initiative of the Prime Minister, India has now the largest National Highways and Road building programmes. The completion of the Golden Quadrilateral and Rural Roads will transform the economic face of India. The new scheme of interlinking rivers besides generating employment, will ensure rural enrichment.

The initiative taken by the government under the income generating insurance scheme to the farmers can lift the farmers from the uncertainties of income.

The Indian Farm sector has benefited from several schemes of the NDA Government such as low interest rates, *Kisan* Credit Cards and Crop Insurance and subsidy and cold storage.

There is a mood of resurgence within India and a dramatic change in the external perception of India. India's voice counts in the world, as was evident in the leadership role it took on behalf of the developing world in the WTO.

Rapid depletion of poverty rates is taking place. The Bharatiya Janata Party commits itself to an economic agenda aimed at further banishing poverty, creating wealth and transforming India into an economic superpower. This is our Mission.

The Bharatiya Janata Party commits itself to the following :

1. Transforming India into a Global Manufacturing Hub

At present, only 25 per cent of India's GDP is contributed by India's manufacturing sector. The share of manufacturing in the GDP has to expand. For this, the NDA Government has taken several initiatives in the past six years for creating an infrastructure of international quality. Our telecommunications have substantially improved. A National Roads Programme for building world-class highways and all weather rural roads has been launched. The unfinished task has now to be completed. New initiatives have to be undertaken to create the environment conducive for growth in manufacturing.

- The major airports of the country need to be expanded and upgraded.
- Seaports require huge public and private investment

to increase capacity and improve efficiency. A Sagar Mala project to connect to Sea ports has already been announced.

- A massive programme for the modernization of railways needs to be undertaken.
- Power sector reforms have to be expedited in accordance with the letter and spirit of the Electricity Bill, 2003. Both the quantum and cost of power at competitive rates would be ensured to make it certain that the manufacturing sector is not handicapped.
- Reforms in the coal sector for enabling both public and private participation in non-captive coal mining for improving productivity and reducing the cost of fuel for production of steel and power are the need of the hour.
- India's potential in the export of merchandize has to be exploited by strengthening the Special Economic Zone package through a legislative framework. This will ensure stability of policy regime.
- There is need for improvement in Labour Laws to ensure higher productivity and greater employment generation.

2. Putting India at the Centre of a Knowledge Economy

Given the country's capability, skilled manpower and cost effectiveness, the Bharatiya Janata Party will ensure that India becomes the most preferred global destination for business process outsourcing (BPO) and all value added activities ranging from Planning to Design and Research and Development. The momentum has to be sustained with policies aimed at upgrading manpower skills and tuning our educational system accordingly. For this, it is necessary to develop a transparent time bound accreditation process of institutions of higher education. The BJP in the Government will ensure that models of public-private partnership for collaboration on Research and Development between Universities and Industry are developed. Educational Centres of excellence with public/private support to strengthen research and development will be encouraged and developed. Through recent policies such as the Sarva Siksha Abhiyan and the expansion of technical education

has already been strengthened the base of education.

3. Initiating a Process of Urban Renewal

There is a need for the revitalization of India's urban sector. Economic progress inevitably involves migration of people from rural to urban clusters. This necessitates the creation of mega cities. In the first phase, several Indian metros must be converted into cities of global standing. In the second phase, the next level of cities would also become key global townships. Urban sector reforms would involve implementation of model Municipal Laws by the state governments, formulation and implementation of a National Policy on slums, rationalization and lowering of stamp duties, a modern Transfer of Property Law, a rational Rent Law, complete scrapping of Urban Land Ceiling Laws in states where they still exist and the introduction of user charges for maintenance of sewers and other public utilities through public and private partnership. The Bharatiya Janata Party will press for a national policy on urban transport and the development of the Metro and rapid transport systems in many urban areas.

4. Empowering Agriculture

Concerted efforts have enabled India to not only achieve self-sufficiency in food but also become a net exporter of food. The Government has in the past taken several steps to ensure an improved rural development and help the farmers of India in trying and achieve quality income and life. Villages are being connected with rural roads. Work in this direction is on at a war footing. Several rural development schemes to ensure water, power, credit have been implemented for the Indian farmers. The challenge for the future is to improve agricultural productivity, concentrate on the agro processing activity and connect product of the Indian farmer to the global market.

5. Creating Job-oriented Growth

The economic initiatives launched by this Government have resulted in massive job creation. However, one of the great challenges for the future of Indian economy has to foster an

employment growth. Our young democratic profile can be converted into a global activity. Our knowledge resource can be used to create global talent which will not only serve the Indian economy but also respond to global challenges. India will, therefore, need an employment model which creates growth with jobs. Improved productivity will generate efficiencies which will preserve existing jobs and give an opportunity for increased investment which in turn will create more jobs. Sectors such as roads, ports, power generation, food processing, tourism, construction, transport and Khadi & Village Industries require to be encouraged to improve job opportunities. The Sampoorna Gram Yojna and the Food for Work have to be utilized for creation of effective employment in the rural sector. The Social Security Scheme for the unorganised sector will go a long way to improve the lot of our workers.

6. Developing Infrastructure for Tourism

Tourism has the potential to turn into the largest employment generator in the country. India has the advantage of a large sea-coast, mountains, forests, urban metropolis, religious and cultural tourism. An infrastructure for development of tourism needs to be actively promoted.

7. Enlarging the Community of Stakeholders

Financial sector reforms have to be continued and the gains there of to be shared equitably. Today, less than 2 per cent of Indians are retail investors. We need to increase the base of the retail investors. Competition in the financial sector has resulted in lower interest rates for several activities. Similar benefits have to be extended to smaller businesses, farmers and shopkeepers. The insurance sector requires to be encouraged to present affordable products to secure life and properties of businessmen, farmers and traders.

8. Extending the Reach of Prosperity

Kashmir and the North Eastern states have been on the top priority of the NDA Government. Several effective steps have been taken to combat terrorism and restore normalcy in these regions. These gains have to be consolidated to ensure

economic prosperity to these States. In the next 5 years it will be important to formulate a master plan and initiate its implementation for economic development and creation of job opportunities in the states. Investment should be encouraged as also small and large enterprises, wide-spread training for the youth, soft funding facilities and location of national institutions and offices in these areas.

9. Making India a Global Economic Power

Today, thanks to our Prime Minister's vision and the policies pursued by the NDA Government, India is emerging as a military, political and diplomatic power. This needs to be complemented by making India a global economic power. This can be achieved by –

- ensuring that India's export reaches the figure of 1 per cent of global trade before the projected date of September, 2007 and then double it in the next five years.
- using Special Economic Zones as engines of growth.
- using our foreign exchange reserves to invest more in foreign countries, promoting and building Indian MNCs as also to support other developing countries in arriving at trade arrangements that defend our collective interest and at the same time open developed countries' market to Indian goods, services and agriculture; and
- encouraging a culture of entrepreneurship, nurturing high standards of corporate governance and streamlining the rule of law.

Economic Resolution

The National Executive of the Bharatiya Janata Party notes with a sense of satisfaction India's journey towards becoming one of the largest economies in the world. The leadership provided by the National Democratic Alliance Government led by Shri Atal Bihari Vajpayee in the last 5 years has revealed the real potential of the Indian economy. In the year 2003 it is competing for the third place in terms of GDP in purchasing power parity terms. It is amongst the two fastest growing economies in the world after China. This year despite the backdrop of global slow down, despite the worst drought in the last 20 years which we witnessed in 2002-03, the Indian economy

looks poised for an accelerated rate of growth close to 7 per cent.

The impetus received by the Indian economy has been on account of stability in polity, stability in governance and stability in policy provided by the leadership of Shri Atal Bihari Vajpayee. The reforms have been focused and purposeful. They have lifted millions out of stagnation and poverty. They have brought about revolutionary structural changes. They have made our economy competitive.

In a nutshell, the NDA Government has successfully given priority to the resolution of the major problems that have plagued the Indian economy since Independence. These were problems of food shortage, balance of payments, deficits, the steep rise of prices, and poor infrastructure. The NDA Government led by Shri Atal Bihari Vajpayee has addressed these problems and achieved notable success in resolving them. The BJP National Executive is proud of the performance of the NDA Government.

The country had, during the first four and a half decades of Independence suffered an economy of shortages. Even for our daily staple cereals we depended on imports from outside. Our infrastructure was underdeveloped. Even social sectors suffered neglect. Growth rates were pathetically low and the rate of elimination of poverty was minimal. The last few years have seen a sea change in each of these areas.

In agriculture, we are today an economy of surpluses. India is the largest producer of milk in the world. Last year, we were the second largest exporter of rice in the world. And yet, we protected our markets in view of the historically fragile condition of our farmers. To improve upon that, the Government has launched several innovative schemes. Rural road connectivity for every village under the Pradhan Mantri Gram Sadak Yojana, the *Kisan* Credit Cards, the largest ever subsidy to our farmers amounting to Rs. 27,750 crore, the recent decision to lower the interest rates for farmers for credit against crops to 9%, farmer friendly programmes such as the crop insurance scheme, have protected many a farmer against uncertainty. Initiatives such as the setting up of cold storage facilities will spur the food processing industry, and thereby multiply farmers' incomes manifold.

Apart from a vigorous and integrated domestic market, the welfare of the Indian farmer who produces a surplus, depends upon

his access to the global market which has been hitherto denied to him on account of excessive subsidies given by the developed countries. The Government has actively campaigned uncompromisingly against these subsidies. The year 2002-03 witnessed agricultural and allied product exports totaling Rs. 21,704.46 crore. This is in addition to the increased exports in marine products.

The Indian Services sector has witnessed unleashing of the knowledge power of India as never before. The talent and innovativeness of Indians – in particular of our youth, have made a mark across the world. In Information Technology, India has acquired a commanding position. In fields such as Biotechnology, super-specialty health services, drugs and pharmaceuticals, the Indian impact is being felt globally. For the first time in history, developed countries are apprehensive of losing jobs to India. Today, services contribute 50% of the GDP. A series of higher educational institutions have come up in the country. The intake capacity of IITs has been doubled. India is moving towards becoming a global health centre. Patients from far off regions are now travelling to India for treatment. The reverse flow has almost stopped.

A major focus of the NDA Government has been on the infrastructure sector which was neglected in the first four decades after Independence. The National Highway scheme is integrating the whole nation. The Rural Road Connectivity links villages to the mainstream. Our sea ports are more efficient with higher productivity and capacity than ever before. For the first time in history, berths are waiting for ships rather than ships waiting for berths. Our tele-density which during the first 49 years of Independence reached a pathetic 0.8% has climbed up by 600% in the last 5 years. Queues for ration have disappeared. Antyodaya Anna Yojana covering 1.5 crore poorest among the poor families is the largest food security programme in the world. No government in the world has made food available to over 75 million people at Rs. 2 and Rs. 3 per kilogram of wheat and rice. The rest of the world is scarcely able to believe that a monthly ration for 75 million people is available at a cost of 3 per family. Preparatory work to interlink our rivers has commenced. Every step towards its completion will bring immense relief to Indian farmers. The Housing sector has received the strongest boost in the past 5 years. There is strong revival in steel and cement. The last 5 years have seen more gas connections being provided to Indian

households than were provided during the first 47 years after Independence.

The new strength of the Indian economy is evident from its competitiveness. Last year, merchandise exports grew by 19%. That was the second highest growth rate in the world. In spite of global recession, Information Technology exports grew by 26%. Indian corporates are now making overseas acquisitions and investments. India is today providing aid to the least developing countries. We are returning our high cost debt ahead of schedule. The macro economy indicators have never been better than at present. Foreign exchange reserves are in excess of 82 billion dollars - the highest ever. Inflation is under control at 5%. The accelerated growth in the economy coupled with infrastructure creation has led to job creation at a mass level. The figures of job creation for the past three years from 2000-01 to 2001-02 and 2002-03 demonstrate the creation of 73.3 lakh, 78.6 lakh and 82.7 lakh jobs respectively.

The National Executive notes with appreciation and satisfaction that the Government is straining every nerve to ensure that its economic policies work for the common man. In just a fortnight it has announced a slew of measures that will benefit people across the country:

- Senior citizens will be able to earn higher interest on their hard earned life savings.
- It has introduced the cheapest ever health insurance scheme – a scheme by which the entire family will be protected for just Rs. 1 to Re.1.50 a day.
- Interest rates for farmers have been reduced, and brought at par with housing loan.
- Interest that farmers will have to pay for buying tractors will now be no more than interest on loans for purchasing cars.
- A package of Rs. 600 crore has been launched specially designed to help sugarcane growers.

Similarly, the Government's reform policies like disinvestment that aim at unleashing the productive potential locked in our enterprises have been vindicated thus:

- Policies like disinvestment are being adopted by state after state, including Punjab, West Bengal, Karnataka, Madhya Pradesh, Chattisgarh and that are being ruled by parties that

have stridently opposed those policies at the Centre.

- Production in the disinvested units has increased very substantially.
- Wages and allowances in these units have gone up by 20 to 30 per cent.
- That the maximum possible value has been earned for Government in the process is evident from the fact that in the sale of Maruti shares the Government has secured eighteen times the value that the Congress Government secured when it sold shares and transferred control of the same company to the same Suzuki Motor Company.

While noting these achievements of the NDA Government under the leadership of Shri Atal Bihari Vajpayee, the Bharatiya Janata Party National Executive believes that the best in the Indian economy is yet to come. While “Service from India” brand is today a global leader, the “Made in India” brand needs a boost. We have to out do our competitors. For this we strongly support the reform process accelerated by the NDA Government. To further strengthen this process, the Bharatiya Janata Party calls upon the Government to ensure the following:

1. The agricultural sector continues to grow. Crop diversification must be incentivised. Farmers must be provided adequate security against uncertainties and a remunerative price for their produce. The Government must continue to champion the cause of the Indian farmers by crusading against subsidies being provided by developed countries.
2. The Services Sector will form the core of our present and future economic activity. The knowledge resource of India must be encouraged. A vision of the future indicates growing demographic changes in the global pattern which will enable knowledge resources from India to dominate globally. To ensure that our knowledgeable minds do reach their potential, we must create an enabling and helpful environment in India as also make India the hub of educational activity.
3. Our manufacturing sector must become more competitive. It must create more jobs; it must become profitable. For this strong specific steps are required. Our industry must have a level playing field in terms of freedom

from regulation, cost of capital and cost of utilities.

In a word, because of the policies of the NDA Government led by Shri Atal Bihari Vajpayee and the hard work and creativity of our people, India is well on the way to becoming a major economic power. To accelerate this journey, the Bharatiya Janata Party offers to the Government the following suggestions:

1. Redouble efforts to ensure speedy execution of major projects. A task force should be set up to ensure that the last-mile projects in particular are completed within the year.
2. In particular, make available additional funds for the Pradhan Mantri Gram Sadak Yojana, and institute a monitoring mechanism to ensure the speedy implementation so that the remaining 1,60,000 villages are connected.
3. Commence work on the North-South, and East-West Corridors.
4. Persevere with reforms that are unleashing the productive potential of our farmers, of our enterprises.
5. Ensure that procedures are streamlined so that the reforms that are mandated in Delhi result in the actual and accelerated execution of projects on the ground.
6. Incentivise reforms; in particular, states should be given substantial incentives for completing irrigation works, for instituting reforms in the power sector, and for improving their fiscal position.
7. Act with a sense of urgency on the Planning Commission's reports on medicinal plants, on bio-fuels, and on the bamboo economy.
8. Multiply assistance to self-help groups, and knit them together on the Amul model. Enable the individual farmer to produce to his maximum potential, collect his produce, process it and market it centrally.
9. Now that the country has surpluses of foodgrains, pay special attention to programmes for crop diversification.

The National Executive is confident that the NDA Government will continue its pro-people, pro-India economic policies, and that as a result, under its leadership, India will soon become an economic super-power.



National Executive

Ranchi

24-26 November, 2004

Agriculture

Measures to promote development of Agriculture

Bharatiya Janata Party's National Executive expresses deep concern over the plight of Indians farmers, caused by the systematic, sustained and structural neglect of the agricultural needs of India since Independence. The NDA Government, under the leadership of Shri Atal Bihari Vajpayee, attempted to mend this situation through a number of important initiatives. Our efforts bore some fruit. However, the problems created by nearly five decades of neglect coupled with a lack of priority by successive Congress governments could not have been undone during six years of the NDA rule. As a result, many entrenched problems still remain unsolved. The situation is made worse by the steady globalization of the agriculture economy. The Indian farmer is handicapped by poor infrastructure support and myriad domestic controls and restrictions. Now, additionally, he has to face hurting competition from an unfair and iniquitous global trade regime.

Our strategic vision

The principal reason for the poor economic health of majority of Indian farmers is the mismatch between the very high population that is still dependent on agriculture and the steadily decreasing share of agriculture in the country's GDP. 69% of our population continues to depend on agriculture and nearly 70% still lives in villages. Yet, the share of agriculture in India's GDP has come

down from 61% at the time of Independence to 24% in 2001. Lack of basic amenities combined with the paucity of gainful and year long employment and income-enhancing opportunities has forced large numbers of agriculture-dependent people to migrate to urban areas. This, in turn, has rapidly worsened the living conditions in urban India, as seen in the steady proliferation of slums in every Indian city and town.

Therefore, the Bharatiya Janata Party firmly believes that any strategy for India's rapid, all-round, egalitarian and environmentally sustainable socio-economic development can succeed only if it makes agriculture and agri-centred rural economy vibrant, substantially augments the purchasing power of kisans, agricultural workers and other sections of our village population, increases opportunities for employment and enterprise in rural areas, and improves the living conditions in rural India. This robust strategic vision will guide the BJP's approach towards agriculture and rural development – indeed, towards India's socio-economic development in general.

The Bharatiya Janata Party is convinced that effective long-term and short-term measures are needed to deal with the multi-dimensional crisis in Indian agriculture. In addition to the provision of *bijlee, sadak, paani*, the revival of agriculture on a sustained basis critically hinges on five other needs: cheap credit, fair and efficient markets, inputs of science and technology, promotion of value-addition enterprises in nearby village clusters, and human resource development. Indeed, this is the perspective that formed the policies and programmes of the Vajpayee government between March 1998 and May 2004.

Achievements of the Vajpayee Government

Ours was the first government since Independence to unveil a national agriculture policy. Realising that timely and adequate credit is as important to the Indian kisan as timely and adequate rainfall, the NDA Government took major steps to both expand and ease credit availability. For the first time, over 3.5 crore farmers were given *Kisan Credit Cards*. The total volume of agriculture credit nearly tripled from Rs. 30,000 crore to over Rs. 90,000 crore. The government also enabled every *Kisan Credit Card* holder to avail himself of the individual insurance benefit of Rs. 50,000 in the case of death in mishap and Rs. 25,000 in the case of permanent disabilities.

Believing that farmers too must benefit from the trend of falling interest rates, the rate of interest on farm loans was brought down from around 14-18% to less than 9%. The minimum support prices of 25 crops were raised consistently each year by margins that were unmatched during any comparable period before. Our government gave unprecedented incentives for setting up cold storages. *Kisan* Call Centres were established to provide information and advice to farmers. The number of Krishi Vigyan Kendras was significantly increased. A new *Kisan* Channel on Doordarshan was launched. Futures trading was permitted in several agricultural commodities, in order to ensure that farmers get higher risk-free prices for their produce. A National Commodities Exchange (NCDEX), on the lines of the stock exchange, was established. Its performance has been highly encouraging.

Even after 50 years of the Congress Party's rule, as many as 1.86 lakh villages in India, that is, nearly one-third of all the villages in the country – remained deprived of good, all-weather roads. In a revolutionary new initiative, the Vajpayee Government launched the Rs. 60,000-crore Pradhan Mantri Gram Sadak Yojana to provide universal rural road connectivity by 2007. In less than three years, nearly Rs. 13,000 crore were given to states and 30,000 villages were connected with model roads under the PMGSY. The National Executive expresses deep concern that the Congress-led UPA Government has more or less put this project in limbo.

We expanded the scope of the crop insurance schemes. Simultaneously, in yet another innovative initiative, we launched the Farm Income Insurance Scheme. Our aim was to provide guaranteed minimum income support to farmers. This support level is based on a farmer's average income of the previous seven years. In order to make it attractive for small and marginalized farmers to participate in this scheme, the government pledged to contribute 75% of the premium amount. The National Executive demands that the UPA Government should implement this pro-kisan scheme at the earliest. When implemented all over the country, this innovative scheme is expected to benefit 70% of our kisans.

In a visionary response to the recurrent problem of floods and drought in many parts of the country, the NDA Government had resolved to embark on an ambitious river-linking project. The Task Force set up for this purpose had drawn up the blueprint for

commencement of a few schemes initially. It is deeply regrettable that the UPA Government has shelved this project without taking the people into confidence.

Suicides by Farmers: a National Concern

The National Executive shares the sense of anguish and outrage felt by the Indian people at the alarming rise in the number of farmer suicides in Congress-ruled states. As per the latest reports, in the last six months alone, as many as 1,860 suicide cases have been reported in Andhra, far more than the total number of cases reported in the state in the previous six years. Similarly, Kerala, Karnataka and Maharashtra have reported 419, 467 and 350 cases of suicide respectively by farmers in the past six months. That our *annadata kisan* has to see *atmahatya* as the only way out of his hardships is indeed a national indignity. It pains us deeply to see the plight of our farmers worsen under the uncaring Governments of the Congress Party, both at the Centre and in States. The BJP National Executive demands that the Central Government immediately declare a socio-economic relief package for the families of all the deceased, with assured employment and education benefits to their family members.

The BJP demands that the government renounce its callous attitude, set up a high-powered national study team to comprehensively examine this unfortunate and discreditable phenomenon, and implement the team's recommendations in a time-bound manner. On its part, the BJP has decided to set up a study group, with participation of experts, to look into this problem. The team will submit its report to the Party President before 31 March, 2005.

UPA Government's Anti-Kisan and Anti-Rural Orientation

The National Executive wishes to point out that the Congress Party's traditional betrayal of the Indian kisan has begun again under the UPA Government. We have already mentioned the virtual stalling of the PMGSY and the shelving of the river-linking project. Reforms in the power sector, the agenda for which was so painstakingly prepared by the NDA Government, have come to a grinding halt. Deep differences within the ruling coalition have stalled the implementation of the provisions of the Electricity Act, 2003. The BJP wishes to forewarn the Indian people that the UPA

Government's inaction will hugely worsen the already critical power scarcity in the country. This will badly affect every sector of the economy and, in particular, our agriculture.

In the past six months, the Indian kisan has been hit the hardest by a steep rise, amounting to 30-40%, in the prices of diesel, fertilizers, pesticides and all other farm inputs. The prices of most agricultural produce have either remained stagnant, or got further depressed in real terms due to rising inflation, on the one hand, and the wrong policies of the government on the other. For example, prices of domestically produced soya have crashed due to reduction in import duty on it. The token hike of Rs. 10 per quintal in the minimum support price for wheat amounts to a mere 1.8% over the last year's price, whereas inflation has more than doubled to reach about 7.5%. This is nothing but a cruel joke on our kisans, for which the UPA Government deserves condemnation.

Amid much official trumpeting, the Prime Minister recently launched a national Food-for-Work programme in Andhra Pradesh. This is nothing but a repackaging, with little additional allocation of resources, of the Rs. 10,000-crore Sampoorna Grameen Rozgar Yojana launched by the Vajpayee government. Under the SGRY, foodgrains worth Rs. 5,000 crore were given free to state governments. Similarly, the new government's much-trumpeted Employment Guarantee Scheme, which promises 100 days of assured employment to at least one person in every BPL family in rural and urban areas, is no more than an illusion.

Need for a National Bio-Fuel Policy

The National Executive condemns the UPA Government's callous neglect of the urgent need to promote bio-fuels, for which the Vajpayee Government had set up a national mission. With the prices of imported crude oil skyrocketing and India's oil import bill rising from Rs. 80,000 crore last year to over Rs. 125,000 crore this year, the BJP believes that achieving maximum self-reliance in energy must become a national priority. This is why, for the first time since Independence, the Vajpayee Government had unveiled a policy for the production of ethanol (a byproduct of sugarcane) and bio-diesel.

The visionary policies of the NDA Government brought our great nation to the verge of emerging as a global economic power. As India marches ahead, its energy requirements are increasing.

Looking at this steep projected growth in energy needs in the coming years, the BJP proposes the following innovative ideas in the area of energy security linked to the interests of Indian farmers. Our guiding principle should be increased harnessing of indigenous and renewable energy sources. For this, Indian agriculture must be made one of the primary non-conventional sources for the production of power and energy. Hence, cultivation of bio-mass, which can be used in power and energy generation, must be made a supplementary agricultural activity, as remunerative as cultivation of foodgrains and cash crops. Mandatory use of ethanol, as an admixture in petrol, must be increased from the present 5% to at least 10% within the next 2-3 years, with the price of ethanol enjoying parity with the price of imported crude. Cultivation of *jathropa*, *karanja* and other plants for producing bio-diesel must be popularized in a big way, with appropriate arrangements for purchase and processing at the nearby rural centres.

Cultivation of bio-fuels should be made an integral and important part of wasteland development and social forestry, with attractive incentives for private sector investment. Similarly, farmers' cooperatives and private companies should be incentivised to set up a vast network of small-scale, localized captive power generation plants using bagasse and other types of bio-mass. CSIR, ICAR, Krishi Vigyan Kendras and other wings of India's large science & technology establishment should be made to partner with auto and oil companies to focus on R&D in this field.

The BJP demands that the Government unveil a comprehensive, sustainable, and stable National Bio-Energy Policy to address all the above-mentioned ideas. The implementation of this policy will not only reduce India's dependence on fossil fuels and crude imports, but also pump huge resources into the rural economy enhancing kisans' incomes. Besides, these will also generate lakhs of new employment and entrepreneurial opportunities in rural India.

Time to Launch a Second Green Revolution

As mentioned in the BJP's Vision Document prepared on the eve of Elections to the 14th Lok Sabha, our Party believes that the time has come to launch a Second Green Revolution to comprehensively strengthen India's rural economy. This, in turn will help increase the farmers' incomes. Its scope has to be far wider than that of the first Green Revolution in the 1960s. First, it must aim to vastly increase

per acre farm productivity, which is considerably lower in India than in many other countries. This has become especially crucial in view of the shrinking size of land holdings, making agriculture unremunerative to most farmers. Extension of farm services and use of bio-technology, with the aim of reducing the distance from “Lab to Land”, should be an important part of increasing farm productivity. Diversification of crops – from cereals to pulses, edible oils (the shortage of which forces India to import Rs. 12,500-crore worth of edible oils from other countries), horticulture, floriculture and medicinal plants must become a priority.

While increasing public investment in agriculture, private sector investments should be encouraged in every area of the farm economy. One of the broad aims of the Second Green Revolution should be to ensure that, besides agriculture, every kisan family has an assured second source of income that is rooted mainly in the local economy. This is best achieved, among other things, by boosting animal husbandry, dairy, poultry, and inland fisheries, which are an integral part of Indian agriculture. It has the potential to create lakhs of new employment opportunities and also to increase the income of small farmers. For this and several other important reasons, the BJP demands a law to ban cow slaughter. The Ministry of Agriculture in the Vajpayee Government had prepared a bill on banning cow slaughter. However, this could not be passed due to opposition from the Congress Party, communists and some other parties.

WTO: UPA is Selling out the Interests of Indian *Kisans*

International trade in agriculture is undergoing a major transformation under the aegis of the WTO. This has thrown up both challenges and new opportunities. India needs to consider its options carefully because treaty obligations under the WTO will make it difficult to avoid the impact of agricultural trade liberalization indefinitely. Of paramount concern to India is the need to protect national food security and the livelihood of our 125 million farmers. The Vajpayee Government had steadfastly defended the interests of Indian *kisans*, as also the farmers in other developing countries, against blackmail from developed nations at the WTO meetings in Doha, Cancun and Seattle. We had raised a powerful voice against unfairness in global farm products trade introduced by heavy subsidies by the European Union and the United States (\$1 billion

each day) and also against their attempts to force the elimination of modest and fully justified farm subsidies in India.

In stark contrast, the UPA Government has adopted a vacillating and compromising stand on agricultural trade liberalization in WTO negotiations. The BJP regards food security for the poor as an inviolable requirement of any international agreement. The Party demands a robust policy package framework to make Indian farm products competitive in global markets. Such a policy needs to be adopted quickly, before additional treaty stipulations widen the definition of illegitimate subsidies. The BJP also insists on effective protectionist measures combined with a reasonable period of transition for our farmers to face farm imports from abroad. We hold that India should agree to only such agreements under agriculture trade liberalisation as enable Indian kisans to compete successfully in the global market.

Summary of the Resolution

Summing up, the National Executive of the BJP presents the following specific demands:

1. The BJP demands that the government renounce its callous attitude, set up a high-powered national study team to comprehensively examine this unfortunate and discreditable phenomenon, and implement the team's recommendations in a time-bound manner.
2. Reforms in internal trade, especially in agricultural goods, must be implemented vigorously. Indian farmers must be liberated from all the archaic and unnecessary controls and restrictions, with elimination of all disparities between agriculture and industry. All the remaining restrictions on inter-state movement of agricultural goods should be eliminated. The Essential Commodities Act should be so amended that state governments can invoke it only in emergency situations to deal with scarcities of specific goods and for specific periods, with the permission of the Central government.
3. The combined public-private investment in agriculture, which now stands at a meagre 1.3% of the GDP, should be doubled in five years. Towards this end, all restrictions on private investment in agriculture, irrigation, farm R&D and

- rural infrastructure development should be removed. Public-private partnerships should be vigorously encouraged.
4. Interest rates on farm loans should be lowered to 6%, which is nearly the same as the rate at which NABARD disburses its loans to state cooperative banks.
 5. Urgent measures should be taken to expand the land under irrigation from the present 40% to at least 60% over the next 10 years. The river-linking project should be taken up for implementation in right earnest. All the long-pending irrigation projects should be completed in a time bound manner. Fiscal and other incentives should be given for the rapid spread of minor irrigation schemes. Drip, sprinkler and other low-cost micro-irrigation systems should get priority attention. Guided by the philosophy of “More Crop per Drop”, efficient use of water through setting up of water user associations should be made mandatory.
 6. The BJP condemns the shelving of the decision of the NDA Government to set up the Rs. 75,000-crore Jayprakash Narayan Fund for Agriculture and Rural Development. This fund must be immediately operationalised.
 7. Work on the ambitious Pradhan Mantri Gram Sadak Yojana (PMGSY) must be accelerated. There should be no delays or discrimination of central funds to state governments.
 8. The innovative scheme of PURA (Provision of Urban Amenities in Rural Areas), which was unveiled by the NDA Government, should be implemented in a timebound manner.
 9. The minimum Support Price of wheat should be raised from the present Rs. 10 to Rs. 30 per quintal, and that of gram (chana) should be raised from the present Rs. 25 to Rs. 50 per quintal.
 10. State governments should be persuaded and incentivised to amend the Agricultural Produce Marketing Committees (APMC) Act and abolish mandi taxes within one year to promote emergence of competitive and efficient agricultural markets.
 11. The problems faced by ailing cooperative banks must be immediately attended to, with assured protection of their autonomy. Decisions taken in this regard by the NDA

Government, such as the fiscal support of Rs. 15,000 crore, should be speedily implemented. In addition to their early recapitalisation, norms for refinancing, accountability and capital adequacy should be brought on par with those of the commercial banks.

12. Commercial and cooperative banks' procedures for lending to farmers should be made as easy and simple as loans given by private banks for the purchase of vehicles or homes.
13. There should be no mortgage of immovable property on loans for purchase of farm implements like tractors etc. Government must announce attractive tax incentives for the manufacture of low-cost and high-quality farm implements.
14. As had been envisioned by the NDA Government, there should be a policy for setting up grain banks, godowns, cold storages and fodder banks. *Kisans* who keep their produce in these should be entitled to avail themselves of bank credit with the introduction of negotiable warehouse receipts.
15. The cost of seeds has gone up steeply in recent years and is one of the main reasons for *kisans'* indebtedness. To bring seed prices down, seed production should be considerably augmented by selling government-owned wasteland to *kisan* cooperatives and *kisan* entrepreneurs and by giving them other incentives to set up seed farms. The Seeds Act drafted by the NDA Government should be quickly enacted and implemented. Exemplary punitive action must be taken against those indulging in sale of spurious seeds, fertilisers, and pesticides.
16. The BJP demands that the Government unveil a comprehensive, sustainable, and stable National Bio-Energy Policy to reduce India's dependence on fossil fuels and crude imports, and also to pump huge resources into the rural economy enhancing *kisans'* incomes. Mandatory use of ethanol, as an admixture in petrol, must be increased from the present 5% to at least 10% within the next 2-3 years, with the price of ethanol enjoying parity with the price of imported crude. Cultivation of *jathropa*, *karanja* and other plants for producing bio-diesel must be popularized in a big

- way, with appropriate arrangements for purchase and processing at the nearby rural centres.
17. Dairy and poultry industries, as also employment-intensive food processing industries, should be treated on par with agriculture for provision of credit and other benefits.
 18. A National Animal Husbandry Development Board should be set up with adequate budgetary support to state governments.
 19. A National Commission on Fisheries and Aquaculture should be set up to boost development of marine and inland fisheries. Fishermen's cooperatives should be helped to modernise their trawlers, set up cold storages and processing plants, and establish direct linkages with domestic and foreign markets. A National Fisheries University should be established.
 20. The Development and Finance Corporation for the Shepherd Community, which was set up by the NDA Government, should be made fully operational.
 21. The National Mission for Development of Bamboo and the National Medicinal Plants Board, also set up by the NDA Government, should be strongly supported, with focus on attracting large scale private investment.
 22. Organic farming should be widely encouraged. Facilities for standardisation and marketing of organic foods should be set up at district levels.
 23. Government-driven extension services in most states have collapsed. Therefore, cooperatives and private sector companies should be encouraged to provide efficient, modern and kisan-friendly services.
 24. In order to overcome the problem of shrinking landholdings of most Indian farmers, leasing in and leasing out of lands among farmers should be encouraged through appropriate legislative protection. Contract farming, which is virtual consolidation of land holdings, should also be encouraged with legal guarantees that the farmer does not lose his land. The NDA Government had prepared a model act to legitimise leasing of farm land. This should be expeditiously implemented.
 25. The Food Corporation of India (FCI) should be completely restructured in such a manner that the government's subsidy

burden comes down without any impact on food security. the FCI should be directed to procure foodgrains from all states, rather than from only a few states as at present.

26. Effective steps should be taken to extend the technologies and innovations developed by the ICAR system of agriculture to kisans. For this, agricultural extension services should be completely overhauled with private sector participation.



National Executive

Ranchi

24-26 November, 2004

The Price Rise

The Bharatiya Janata Party expresses grave concern at the heavy burden on the kisans, the workers, the poor, the middle-class, the salaried people, the government employees, and the fixed income groups due to a steep rise in the prices of essential commodities ever since the Congress-led UPA Government came to power six months ago.

When the NDA was in power, prices of essential commodities were kept firmly under control. Inflation remained between 3.5% to 4% and still the NDA could maintain the high GDP growth rate. However, within only six months of the UPA Government, inflation has nearly doubled. The prices of atta, sugar, medicines, textbooks, milk, vegetables and edible oil have steeply increased. Cement, coal, and textiles too have become more expensive. The cost of electricity and water has gone up.

There has been a cascading effect on the general price line due to the recent hefty increases in the price of petroleum products. The hike in diesel and petrol prices has made transportation for both man and goods dearer. The hike in diesel is directly hitting farmers in making their lives much worse. The increase in the price of the LPG gas cylinder has been affecting the living standards of the lower and middle-income groups. This is directly affecting millions of Indian housewives, who have to cut down on other essential needs to pay the increased price of the LPG gas cylinder.

Due to the sustained efforts of the NDA Government, not only did more Indian families get cooking gas, but the long waiting lists

for a simple gas connection were also done away with. Each family on an average uses two gas cylinders in a month, and now has to pay Rs. 80 more. The UPA Government first proposed a recurring monthly increase of Rs. 5 in the cost of the domestic LPG cylinder, creating speculation and confusion in the minds of the Indian people. But due to immense opposition and public pressure this flawed decision has been withdrawn. This proposal would have eventually hit the average family with an additional expenditure of Rs. 170 per month. Truly, the Congress Party's slogan, "*Congress ka haath, aam aadmi ke saath*" has transformed into a vicious "*vishwas-ghaat*" with the "*aam aadmi*".

Due to the increased prices the cost of steel, cement, coal and iron used in the construction industry has gone up, making construction more expensive than before. The six years of the NDA rule had witnessed a steady lowering of interest rates. Lately, however, the increased rate of interest on home loans is making the ownership of a house more expensive than before. Due to the increasing rate of interest on bank loans, the construction activity is slowing down. The lull in this activity is, in turn, resulting in fewer employment opportunities. The hike in railway freight charges for cement, steel, coal etc. announced yesterday is the last straw on the camel's back.

On the issue of price rise, the National Executive of the BJP resolves to expose the hypocritical stand of the communists, who are a part of the ruling UPA. They have obviously given a green signal to this important decision of the UPA Government during their closed-door consultations with the Congress party's leadership. However, they are now trying to fool the people by feigning as if they are opposed to this patently anti-people measure of the UPA Government. The communist double-speak can be described as "*Andar dikhayi hari jhandi, bahar dikhate hain lal jhanda*". Hence, the communist parties, RJD and the other partners of the UPA are as much responsible as the Congress Party for the inflation and the price rise.

We express concern at the apathy of the UPA Government towards the effective implementation of the Antyodaya Anna Yojana, the largest food security programme launched by the Vajpayee government for the benefit of the poor. Under this scheme, as many as 1.50 crore poorest of the poor families were entitled to get 35 kgs of foodgrains each month at highly subsidized rates of

Rs. 2 per kg for wheat and Rs. 3 per kg for rice. The BJP demands efficient implementation of the Antyodaya Anna Yojana, since the poor need this more now than before. The BJP also demands that the inadequacies in the working of the PDS be removed.

The BJP National Executive demands that the Government take immediate and effective steps to rein in inflation, and check and reverse the rise in prices of all essential goods without letting the GDP growth rate degrade. The BJP has decided to hold a massive public demonstration against price rise in New Delhi on the 1st December, 2004. We appeal to the people to join the protest action in large numbers. The Party also resolves to raise the issue of price rise powerfully in the Parliament during its forthcoming winter session.



National Executive

Indore

04-05 April, 2003

VAT

The BJP National Executive takes a serious note of business communities agitation against VAT.

The BJP wishes to make it crystal clear that VAT is not a partisan issue. The very concept of VAT was initiated during the Congress regime and the majority of the state governments belonging to all political parties have accepted it voluntarily. It is blatantly wrong to suggest that the Central Government or the BJP has forced this legislation on state governments.

VAT is a state legislation, replacing Sales Tax which is again primarily a state subject. State governments belonging to all political parties have legislated VAT without the Union Government's coercion.

The BJP is also aware of the fact that there is wide-spread resentment and misunderstanding in the minds of the business community all over the country about the implementation of VAT.

The BJP Government in Gujarat has already entered into a dialogue with the business community. The BJP National Executive calls upon all other state governments to enter into a dialogue with the business community so as to remove their misunderstandings and also make amendments in legislation, if any.

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National Executive

Raipur

18-20 July, 2003

The National Executive of the Bharatiya Janata Party notes with a sense of satisfaction India's journey towards becoming one of the largest economies in the world. The leadership provided by the National Democratic Alliance Government led by Shri Atal Bihari Vajpayee in the last 5 years has revealed the real potential of the Indian economy. In the year 2003 it is competing for the third place in terms of GDP, in purchasing power parity terms. It is amongst the two fastest growing economies in the world after China. This year, despite the backdrop of the global slow down, despite the worst drought in the last 20 years which we witnessed in 2002-03, the Indian economy looks poised for an accelerated rate of growth close to 7 per cent.

The impetus received by the Indian economy has been on account of stability in polity, stability in governance and stability in policy provided by the leadership of Shri Atal Bihari Vajpayee. The reforms have been focused and purposeful. They have lifted millions out of stagnation and poverty. They have brought about revolutionary structural changes. They have made our economy competitive.

In a nutshell, the NDA Government has successfully given priority to the resolution of the major problems that have plagued the Indian economy since Independence. These were problems of food shortage, balance of payments, deficits, the steep rise of prices, and poor infrastructure. The NDA Government led by Shri Atal Bihari Vajpayee has addressed these problems and achieved notable

success in resolving them. The BJP National Executive is proud of the performance of the NDA Government.

The country had, during the first four and a half decades of Independence, suffered an economy of shortages. Even for our daily staple cereals we depended on imports from outside. Our infrastructure was underdeveloped. Even social sectors suffered neglect. Growth rates were pathetically low and the rate of elimination of poverty was minimal. The last few years have seen a sea change in each of these areas.

In agriculture, we are today an economy of surpluses. India is the largest producer of milk in the world. Last year we were the second largest exporter of rice in the world. And yet, we protected our markets in view of the historically fragile condition of our farmers. To improve upon that, the Government has launched several innovative schemes. Rural road connectivity for every village under the Pradhan Mantri Gram Sadak Yojana, the *Kisan* Credit Cards, the largest ever subsidy to our farmers amounting to Rs. 27750 crore, the recent decision to lower the interest rates for farmers for credit against crops to 9% farmer friendly programmes, such as the crop insurance scheme have protected many a farmer against uncertainty. Initiatives such as the setting up of cold storage facilities will spur the food processing industry, and thereby multiply farmers' incomes manifold.

Apart from a vigorous and integrated domestic market, the welfare of the Indian farmer, who produces a surplus, depends upon his access to the global market which has been hitherto denied to him on account of excessive subsidies given by the developed countries. The Government has actively campaigned uncompromisingly against these subsidies. The year 2002-03 witnessed agricultural and allied product exports totaling Rs. 21,704.46 crore. This is in addition to the increased exports in marine products.

The Indian Services sector has witnessed unleashing of the knowledge power of India as never before. The talent and innovativeness of Indians - in particular of our youth, have made a mark across the world. In Information Technology, India has acquired a commanding position. In fields such as Biotechnology, super-speciality health services, drugs and pharmaceuticals, the Indian impact is being felt globally. For the first time in history developed countries are apprehensive of losing jobs to India. Today,

services contribute 50% of the GDP. A series of higher educational institutions have come up in the country. The intake capacity of IITs has been doubled. India is moving towards becoming a global health centre. Patients from far off regions are now travelling to India for treatment. The reverse flow has almost stopped.

A major focus of the NDA Government has been on the infrastructure sector which was neglected in the first four decades after Independence. The National Highway scheme is integrating the whole nation. The Rural Road Connectivity links villages to the mainstream. Our sea ports are more efficient with higher productivity and capacity than ever before. For the first time in history, berths are waiting for ships rather than ships waiting for berths. Our tele-density which during the first 49 years of Independence reached a pathetic 0.8%, has climbed up by 600% in the last 5 years. Queues for ration have disappeared. The Antyodaya Anna Yojana covering 1.5 crore poorest among poor families is the largest food security programme in the world. No government in the world has made food available to over 75 million people at Rs. 2 and Rs. 3 per kilogram of wheat and rice. The rest of the world is scarcely able to believe that a monthly ration for 75 million people is available at a cost of \$3 per family. Preparatory work to interlink our rivers has commenced. Every step towards its completion will bring immense relief to Indian farmers. The Housing sector has received the strongest boost in the past 5 years. There is strong revival in steel and cement. The last 5 years have seen more gas connections being provided to Indian households than were provided during the first 47 years after Independence.

The new strength of the Indian economy is evident from its competitiveness. Last year merchandise exports grew by 19%. That was the second highest growth rate in the world. In spite of global recession, Information Technology exports grew by 26%. Indian corporates are now making overseas acquisitions and investments. India is today providing aid to the least developing countries. We are returning our high cost debt ahead of schedule. The macro economy indicators have never been better than at present. Foreign exchange reserves are in excess of 82 billion dollars - the highest ever. Inflation is under control at 5%. The accelerated growth in the economy coupled with infrastructure creation has led to job creation at a mass level. The figures of job creation for the past three years

from 2000-01 to 2001-02 and 2002-03 demonstrate the creation of 73.3 lakh, 78.6 lakh and 82.7 lakh jobs respectively.

The National Executive notes with appreciation and satisfaction that the Government is straining every nerve to ensure that its economic policies work for the common man. In just a fortnight it has announced a slew of measures that will benefit people across the country:

- Senior citizens will be able to earn higher interest on their hard earned life savings.
- It has introduced the cheapest ever health insurance scheme – a scheme by which the entire family will be protected for just Re. 1 to Rs. 1.50 a day.
- Interest rates for farmers have been reduced, and brought at par with housing loans.
- Interest that farmers will have to pay for buying tractors will now be no more than interest on loans for purchasing cars.
- A package of Rs. 600 crore has been launched specially designed to help sugarcane growers.

Similarly, the Government's reform policies like disinvestment that aim at unleashing the productive potential locked in our enterprises have been vindicated thus:

- Policies like disinvestment are being adopted by state after state, including Punjab, West Bengal, Karnataka, Madhya Pradesh and Chattisgarh – that are being ruled by parties that have stridently opposed those policies at the Centre.
- Production in the disinvested units has increased very substantially.
- Wages and allowances in these units have gone up by 20 to 30 per cent.
- That the maximum possible value has been earned for Government in the process is evident from the fact that in the sale of Maruti shares the Government has secured eighteen times the value that the Congress Government secured when it sold shares and transferred control of the same company to the same Suzuki Motor Company.

While noting these achievements of the NDA Government under the leadership of Shri Atal Bihari Vajpayee, the Bharatiya Janata Party National Executive believes that the best in the Indian economy is yet to come. While "Service from India" brand is today

a global leader, the “Made in India” brand needs a boost. We have to out do our competitors. For this we strongly support the reform process accelerated by the NDA Government. To further strengthen this process, the Bharatiya Janata Party calls upon the Government to ensure the following:

1. The agricultural sector continues to grow. Crop diversification must be incentivised. Farmers must be provided adequate security against uncertainties and a remunerative price for their produce. The Government must continue to champion the cause of the Indian farmers by crusading against subsidies being provided by developed countries.
2. The Services Sector will form the core of our present and future economic activity. The knowledge resource of India must be encouraged. A vision of the future indicates growing demographic changes in the global pattern which will enable knowledge resources from India to dominate globally. To ensure that our knowledgeable minds do reach their potential, we must create an enabling and helpful environment in India as also make India the hub of educational activity.
3. Our manufacturing sector must become more competitive. It must create more jobs; it must become profitable. For this strong specific steps are required. Our industry must have a level playing field in terms of freedom from regulation, cost of capital and cost of utilities.

In a word, because of the policies of the NDA Government led by Shri Atal Bihari Vajpayee, the hard work and creativity of our people, India is well on the way to becoming a major economic power. To accelerate this journey, the Bharatiya Janata Party urges the Government to the following suggestions:

1. Redouble efforts to ensure speedy execution of major projects. A task force should be set up to ensure that the last-mile projects in particular are completed within the year.
2. In particular, make available additional funds for the Pradhan Mantri Gram Sadak Yojana, and institute a monitoring mechanism to ensure its speedy implementation so that the remaining 1,60,000 villages are connected.
3. Commence work on the North-South, and East-West corridors.
4. Persevere with reforms that are unleashing the productive

potential of our farmers, of our enterprises.

5. Ensure that procedures are streamlined so that the reforms that are mandated in Delhi result in the actual and accelerated execution of projects on the ground.
6. Incentivise reforms, in particular, states should be given substantial incentives for completing irrigation works, for instituting reforms in the power sector, and for improving their fiscal position.
7. Act with a sense of urgency on the Planning Commission's reports on medicinal plants, on bio-fuels, and on the bamboo economy.
8. Multiply assistance to self-help groups, and knit them together on the Amul model. Enable the individual farmer to produce to his maximum potential, collect his produce, process it and market it centrally.
9. Now that the country has surpluses of foodgrains, pay special attention to programmes for crop diversification.

The National Executive is confident that the NDA Government will continue its pro-people, pro-India economic policies, and that as a result, under its leadership, India will soon become an economic super-power.

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National Executive

Goa

12-14 April, 2002

Budget 2002-03

The Central Budget for 2002-03 was presented in the background of many difficult challenges before the government on the economic front as well as on the national security front. No doubt, the fundamentals of economy have remained strong with inflation rate falling to a record level of 1.1 per cent, foreign exchange reserves crossing 54 billion U.S. dollars and food stock remaining around 60 million tonnes. These would certainly have been reassuring factors instilling confidence to face any crisis situation but for the major challenges, such as the slow down in economy, the consequent shortage in revenue collections by over Rs. 20,000 crores, the rising burden of interest payments on debt accumulated over decades – (50.5 per cent of the total revenue receipts), the pressure on resource mobilisation to promote the social sector and infrastructure developments, apart from the need to step up public investment in agriculture and increased expenditure to meet the threat on national security.

The fiscal situation is such that the total revenue receipts of Rs. 2,12,572 crore in 2001-02 would, in fact, fall short (by Rs. 17,982 crore) to meet even debt servicing at Rs. 2,30,554 crore, let alone enabling the government to meet the current and developmental expenditure. In this background, the budget for 2002-03 rightly evolved a strategy to step up revenue mobilisation. Strategic priority has been to strengthen the aggregate demand in order to revive the economy through innovative measures to accelerate rural development, infrastructure development, and promotion of housing and tourism.

The National Executive Committee appreciates the proposed

steps to initiate the much awaited agricultural reforms. The proposed amendment to the Milk and Milk Products Control Order would remove restrictions on new milk processing capacity. This would promote the growth of dairy industry which has enormous potential for employment generation. Similarly, removal of small scale industry reservation related to various agricultural equipment items as well as reduction in import duties on agricultural equipment from 25% to 15% should benefit farmers with availability of cheaper and quality inputs. Expansion of futures and forward trading to cover all agricultural commodities would effectively insulate farm products against fluctuations in market prices and benefit farmers by ensuring better returns for their products.

It may also be recalled, here, that the Cabinet decision to facilitate free movement of foodgrains and also to lift export restrictions would go a long way in farmers realising better returns for their products. Besides, stepping up of agricultural credit from Rs. 64000 crore to Rs. 75000 crore, extending micro credit support to additional 1.25 lakh families, the proposal to set up a new corporation for Agricultural Insurance, increased allocation for irrigation programme from Rs. 2000 crore to Rs. 2800 crore, diversification and modernisation of agriculture through Krishi Vigyan Kendras, farmers' associations and NGOs, the proposed 15 Agri-export zones, an additional allocation of Rs. 2,500 crore for the Pradhan Mantri Sadak Yojana, the proposal to upgrade village haats etc. should help in strengthening the rural economy with better infrastructure facilities and enhanced employment opportunities.

The Government has come out with a number of proposals to deplete the bulging foodstock with increased allocation for the BPL families from 25 kgs to 35 kgs a month, launching of major food-for-work programme, allocation of 30 lakh tonnes of foodgrains to states for relief works in areas affected by natural calamities. However, these steps may not be adequate to correct the mismatch between procurement and the poor off-take. The National Executive Committee hopes that the adequate steps would be taken to minimise issue prices through efficient and decenralised food management and also flexible distribution system so that the poorest of the poor would have access to food security.

Housing construction plays an important role in kickstarting the economy along with acceleration in employment opportunities.

Due to various fiscal incentives offered by the NDA Government, there has been remarkable improvement in this sector. For instance, housing finance institutions disbursed Rs. 26,300 crore in 2000-01, a 28 per cent increase. This amount financed the construction of 28 lakh houses, much higher than the target of 20 lakh houses. To strengthen the efforts further, the current years budget proposed steps such as securitisation of housing loans, the Mortgage Credit Guarantee Scheme to all housing loans, increased financing of 2.25 lakh houses in 2002-03 (as against 1.7 lakh houses this year) under the Golden Jubilee Rural Housing Finance Scheme, 13 per cent increase in allocation to Rs. 1725 crore under the Indira Awas Yojana etc. In a major step in this direction the current year's budget proposes to set up an Urban Reform Incentive Fund with an initial allocation of Rs. 500 crore to provide reform linked assistance to states. The states which intend to make use of the scheme could remove major hassles in housing construction by addressing the related issues such as reform of Rent Control Laws, Urban Land Ceiling Acts, rationalisation of stamp duties, streamlining the process of approvals for construction, clearance of land titles etc. The states which would cooperate in this respect would enormously be benefited in the form of rise in building activities and employment opportunities.

Infrastructure development plays a key role in facilitating the flow of investment and generation of employment opportunities. Public investment in key infrastructure is being sharply hiked up to a total of Rs. 37919 crore. Extra budgetary resources in power, roads, national highways, and railways are being increased by 22 per cent, 39 per cent and 23 per cent respectively. Similarly, steps have been proposed to facilitate private sector participation in ports, airports and roads. The Party would like to congratulate the Government on its progress in the Prime Minister's National Highway Development Programme launched three years back. The Golden Quadrilateral is expected to be completed substantially by December 2003, a year ahead of schedule. This example may be followed in the case of other infrastructural projects through effective coordination and by resolving the related hassles in time. It may also be mentioned here that the government has prepared a crash programme for increasing indigenous crude oil production.

The non-performance assets worth around Rs. 65,000 crore have been a major handicap for the banking sector effectively

playing a supporting role in economic development. Due to the measures initiated by the NDA Government, net NPAs as percentage of net advances came down to 6.7 per cent as on March 31, 2001 as compared to 7.4 per cent in the previous year. The current year's budget proposes major steps to contain NPAs in the future. In this direction, a new bill on Banking Sector Reforms would be introduced in the Parliament to strengthen creditors' rights through foreclosure and enforcement of securities by banks and financial institutions. Similarly, a pilot Asset Reconstruction Company will be set up by June 30, 2002 to initiate measures for taking over NPAs in the banking sector. This along with the proposed labour laws reforms, is bound to contain NPAs in future. However, that alone may not be sufficient. While the proposed measures may contain NPAs in the case of genuine commercial failures, it is essential for the financial institutions to be vigilant and do adequate homework at the stage of lending itself in order to prevent NPAs by wilful defaulters.

The Budget proposes many social security measures to protect the weaker sections. The major steps in this direction are: a proposal to set up pension funds to enable individuals to subscribe on a defined contribution basis to obtain the benefits of pensions on their retirement, the Janaraksha Scheme to provide protection to the needy population with a payment of one rupee a day insurance premium, entitling Rs. 30,000 a year health insurance cover for indoor treatment and Rs. 2000 a year for outdoor treatment, proposal to institute 100 scholarships a year to women scientists and technologists, the National Nutrition Mission under which foodgrains would be made available at subsidised rates to adolescent girls, expectant and nursing mothers belonging to below the poverty line families and, an increase in the outlay by 21 per cent to improve the economic life of scheduled tribes through various schemes such as access to quality education and establishment of grain banks. The monthly remuneration of Aganwadi workers has been doubled from Rs. 500 to Rs. 1000.

The Budget contains certain measures which may appear harsh to certain sections. Five per cent surcharge on income tax, a half per cent cut in interest rate on small savings, reduction in tax rebate on the taxable income of over Rs. 1-5 lakh and the hike in the prices of cooking gas, kerosene and urea may appear harsh. However, in the

present critical fiscal situation, the increased burden of expenditure on account of the deployment of armed forces on the borders, a 20% increase in Plan outlay and also, as a strategy to strengthen the aggregate demand in order to revive the economy which has been passing through a stage of slow down, these steps have become essential parts of the overall strategy. The National Executive Committee earnestly appeals to the affected sections of society to cooperate with the Government at this hour of crisis. At the same time the Committee would like to appeal to the Government to set an example by following austerity measures which should be visibly felt by people – specially by cutting down wasteful expenditure so as to enthuse people to cooperate.

Suggestions

The National Executive Committee would like to suggest the following steps which may be considered by the Government.

1. Since the Administered Price Mechanism on petroleum products has been phased out with effect from April 1, 2001 as per the decision of the United Front Government in November 1997, the government should clearly distance itself from the pricing process. The government's role should be confined to providing subsidy support on a time bound decreasing scale to products like cooking gas and kerosene during the next three to five years. For instance, the government may announce subsidy support to a cylinder of cooking gas and a litre of kerosene – leaving the net price effect to the market forces.
2. Steps should be taken to minimise the issue prices of the PDS foodgrains through efficient and decentralised food management and also, flexible distribution so that the poorest of the poor would have access to food security.
3. Though low interest regime is essential for boosting economic growth, long-term savings should be encouraged with appropriate fiscal incentives. Special tax rebate of 20% under section 88 may be restored for taxable income between Rs. 1.5 lakh and Rs. 5 lakh.
4. The proposed service tax on insurance may be reconsidered.
5. An attractive monthly income scheme could be started exclusively for senior citizens who could invest their

- savings and lead retired life peacefully through interest earnings.
6. The government should expedite the introduction of the proposed pension scheme for individuals.
 7. The government should seriously examine providing subsidy support on fertilisers directly to farmers instead of routing it through fertiliser companies. In this case also, pro-rata subsidy should be announced not the prices of fertilisers unlike as recommended by the Expenditure Reforms Commission.
 8. The criterion of owning a telephone for compulsory filing of the income tax return may be deleted under the one-by-six scheme. It may be restricted to mobile phones (other than WLL, which is as good as a landline telephone).
 9. Goodwill of the general public is crucial for carrying out economic reforms, specially the second generation reforms. In this context, austerity measures by the Ministers and senior government officials would go a long way.
 10. The government should rapidly proceed on making amendments to the SEBI act so as to get the regulation of the securities markets on a sound footing.
 11. The government should give top priority to getting economic legislations passed through the Parliament.
 12. The privatisation programme is a key to improving resource allocation, specially to the social sector and, to sending out signals about commitment to economic reforms. Hence, it should be aggressively pursued.
 13. The implementation of various developmental and welfare schemes should be strictly monitored.
 14. Efforts should be made to recover tax arrears – income tax, corporate tax, excise duty, customs duty – at the earliest with tough measures.
 15. The crop insurance scheme should be modified in such a way that farmers many have easy access.
 16. Achievements of the government during the last four years, specially the social welfare measures, should be adequately publicized.
 17. The removal of tax concession on diesel used by the fishermen should be reconsidered.



National Executive

New Delhi

04-05 January, 2001

Need for Reforms in Agriculture sector

After assuming power, the NDA Government, under the leadership of Shri Atal Bihari Vajpayee, started giving special attention to the agricultural sector – in tune with the commitment by the BJP to this vital segment of the economy. In the very first budget of the NDA Government outlay on agricultural sector was raised by 45 per cent, followed by around 35 per cent annual rise in the following two years. Besides, many innovative measures were introduced to promote the agricultural sector, the backbone of Indian economy. Some of the important measures initiated include the *Kisan* Credit Cards, encouragement to set up cold storage facilities, crop insurance, measures to promote food processing industries etc. As a result, the country could witness record foodgrains, the production of over 201 million tonnes in 1998-99 and 204 millions tonnes in 1999-2000. With this, today, the food stock position has crossed 50 million tonnes, that is, around 30 million tonnes in excess over the normal storage capacity and what is required for maintaining the public distribution system. Revival of the agricultural sector also led to revival of the rest of the economy, specially the industry, which was under the grip of demand recession three years prior to mid-1998 – due to the negligence of the agricultural sector by the earlier governments – specially in the post-reform period. Besides, the country's first ever Agricultural Policy has been announced by the NDA Government targetting an annual average growth rate of four per cent in order to make the country self-sufficient within the next ten years.

However, today, the agricultural sector is again under stress, not due to negligence but because of surplus production. The country has been caught in various circles mainly due to certain inherent obstacles which deter farmers from getting just prices for their products. To name a few of such obstacles: Essential Commodities Act, 1955, which controls the movement of essential commodities, their stock, price, etc; monopoly of the Food Corporation of India since 1965 in handling food procurement, storage and distribution; control on the wholesale trade in wheat since 1973-74 etc. Therefore, reform in the agricultural sector is a must to take care of these inherent problems in the overall interests of farmers and consumers.

Today, the country experiences a paradoxical situation of surplus food stock but at the same time millions of people go hungry. There is another paradox of surplus production in certain regions while some other regions are under the grip of drought. But the control on free movement of agricultural produce came in the way of equitable distribution. As a result, farmers from both the regions suffer. We cannot even export at a desirable price level in view of the crash of agricultural prices in the world market. In this background, the decision to distribute 25 kg of foodgrains (wheat at two rupees per kgs and rice at three rupees per kg) for the poorest of the poor people under the Antyodaya Anna Yojana announced on the Prime Minister's birthday is a timely step. It would help ten million poor people. It may be recollected here that the Government had already announced the Sarvapriya Yojana under which 11 essential commodities would be supplied at lower than market prices. Besides, foodgrains would be supplied at 50% of the cost for the welfare schemes of the states. The National Executive Committee urges the government to persuade the state Governments to implement this scheme on a priority basis. The Government may also think of involving voluntary organisations and charitable trusts in implementation of the scheme.

Similarly, the National Executive Committee appreciates the Pradhanmantri Gram Sadak Yojana with an outlay of Rs. 2,500 crore which is part of Rs. 60,000 crores for overall development of the Rural Sector. This would help in connecting the rural sector with domestic as well as international markets and, in the process, would get better returns for farm products. Besides, it would also inject much needed demand support to construction industries apart from accelerating

rural job opportunities.

In a few states, farmers who failed to repay their debt started committing suicide. It may be recalled here that within a couple of months of assuming power, the NDA Government got a circular issued through the RBI to the commercial banks with a clear instruction that no farmer should be arrested and put behind bars for default in repayment of bank loans. Though it contained suicides at that time in states like Andhra Pradesh, Karnataka, Madhya Pradesh and Orissa, it appears that still many farmers are not aware of the measure. Therefore, there is an urgent need to widely publicise this step among the farmers. Besides, it is equally important to persuade farmers to move away from private money lenders to commercial banks. In this context, the Party cadre could play an effective role by supplementing the Government's efforts specially, by apprising farmers about the government's measures.

The National Executive Committee is fully concerned about the drought situation in certain parts of the country such as Orissa, Chhattisgarh, Rajasthan, Gujarat, Madhya Pradesh, Haryana and Maharashtra. As a result, farmers are compelled to make distress sales of their products. The Party urges the Government to provide relief measures in the drought areas such as supply of fodder, drinking water, and other essential items. Similarly, all types of revenue collections should be suspended.

Opposition parties have been trying to misguide farmers that import of agricultural produce has resulted in fall in the prices of domestic farm produce. It is true that many farm products are open for import as per the commitment made to the WTO—during the Congress rule which also got endorsed by the previous UF Government. But the actual import does not support such fear, except in the case of soyabean oils on which the bound import duty agreed by the then Congress Government was exceptionally low at 45 per cent. Otherwise, the import of agricultural products as a whole came down from Rs. 12,584.08 crore in 1998-99 to Rs. 11,510.09 crore in 1999-2000. (If one takes into consideration the depreciation of rupee against dollar, the actual fall would be more). In fact, the share of agricultural imports in the total imports came down from 7.05 per cent in 1998-99 to 5.63 per cent in 1999-2000. Besides, the Government has also raised the tariff duty on import of foodgrains

from 80 per cent to 100 per cent (which were zero per cent in many cases prior to 1998). In fact, fall in prices of agricultural produce is due to lack of free movement and threat of imports.

Keeping in view the current agricultural situation and the long-term interests of farmers as well as consumers, the National Executive Committee suggests the following steps, which the NDA Government may consider.

Suggestions

1. Extend the economic reform measures to the agricultural sector specially in the direction of removing all controls, such as the movement of farm produce.
2. Limit the role of the FCI to maintain buffer stock. PDS operations could be decentralised. The private sector may be involved in handling procurement storage, distribution etc. This would not only minimize the economic cost of PDS for the BPL section but also supplement Government's efforts in setting up additional storage capacity.
3. Provide additional incentives for setting up of cold storage facilities and also, encourage refrigerated transport system. This would prevent wastage of perishable commodities such as vegetables and fruits which is estimated to be around Rs. 30,000 crore annually. This would help farmers in getting just prices and consumers would end up paying much lower than at present.
4. Reduce import duties on essential agricultural inputs, such as fertilizers and agricultural machinery except under special cases of dumping. At the same time rationalise fertilisers subsidy so that it would benefit only farmers.
5. Speed up completion of the ongoing irrigation projects and encourage small irrigation projects.
6. Give further incentives to food processing industries so that the demand for agricultural produce would improve with better prices.
7. Initiate measures to ensure supply of quality seeds and other inputs.
8. Raise import duties on farm products to the bound level so as to protect the domestic agricultural goods.
9. Introduce the food for work programme on a priority basis

involving the elected representatives, NGOs, and local Panchayats.

10. Encourage upgradation of agricultural technology such as bio-technology, to enhance farm productivity. Private seed companies involved in the development and testing of seeds may be exempted from land ceilings. Special attention may be paid enhancing the production of pulses.
11. In states like Rajasthan water bed started depleting. Hence give top priority to integrated water management.
12. In case of purchase of farm produces, often farmers do not get timely payment. Pay attention to this crucial problem so that farmers get hassle free timely payments.
13. Take immediate steps to implement the comprehensive crop insurance scheme – linked to crop loans. Individual farmers should be delinked from crop losses.

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National Executive

New Delhi

24 March, 2001

Second generation reforms focus on interest of poor

The National Executive Committee congratulates the National Democratic Alliance Government led by Shri Atal Bihari Vajpayee on maintaining the plus six per cent annual growth rate in GDP in spite of certain setbacks such as irregular monsoon resulting in the low agricultural growth, escalation in world petroleum prices etc. Still, the Government has been able to contain the inflation rate at around four per cent in terms of consumer price index, comfortable food stock of over 45 million tonnes and foreign exchange reserves at over 38 billion dollars and over 20 per cent export growth rate. Poverty ratio has fallen from 36 per cent in 1993-94 to 26 per cent now. The ratio of external debt to GDP improved from 23.6 per cent at the end of March 1999 to 20.7 per cent at the end of September, 2000.

However, of late, the agricultural sector has been facing the problem of falling prices for agricultural goods mainly due to the possibility of imports (though actual imports of agricultural goods have gone down except in case of soyabean oil and palmolein oil after the removal of quantitative restrictions as per the commitment made to the WTO. The Party notes with satisfaction the Government's timely step to protect farmers' interests by raising import duties on crucial agricultural products such as tea, coffee, copra and coconut (from 35% to 70%) crude edible oils from 35% -50% to 75%), refined oil (from 45%-65% to 85%), and crude palm oil (from 25% -55% to 75%), in addition to protection already given since November, 2000 to major cereals: wheat (50%), rice (70%-80%) and maize (50%). The Hon'ble Prime Minister has promised that the interests of the farmer

will always be protected. The Government should not hesitate to raise the custom duty further if need be.

For the first time, the Government has proposed concrete measures to promote the agricultural sector from a long term point of view. To mention a few, measures to set up agri-clinics where agriculture graduates could provide consultancy services and facilitate soil testing, 24 per cent increase in overall credit support to agriculture, extension of *Kisan* Credit Cards to all eligible farmers etc. Similarly, fiscal incentives to food processing industries based on perishable items, such as vegetables and fruits as well as encouragement to cold storage facilities would not only help in conserving perishable agricultural goods (estimated loss of around Rs. 30,000 crore per year) but also would help farmers in getting better prices. The Party welcomes the Government's decision to increase the minimum support price of wheat by Rs. 30 a quintal, of gram by Rs. 70 a quintal and of oilseeds by Rs. 100 a quintal.

The proposed amendment to the Essential Commodities Act, 1955 would facilitate free movement of foodgrains, thus ending the paradoxical situation of surplus in certain regions and the simultaneous shortage in other regions within the country. The proposal to end monopoly of the Food Corporation of India in handling procurement, storages etc. would lead to efficient and cost-effective handling of foodgrains to the benefit of consumers. The involvement of state governments in handling the Public Distribution System would increase their accountability in the implementation of the poor people oriented scheme.

The allocation of additional Rs. 2,500 crore for rural road construction would not only help in generation of employment opportunities but also facilitate linkage of farmers with domestic as well as international markets. The decision to provide electricity to all the hitherto neglected 80,000 villages within the next six years would be a major step towards integrated rural development.

In the background of the earthquake in Gujarat, the National Calamity Contingency Fund set up earlier with the initial corpus of Rs. 500 crore is being augmented by imposition of two per cent surcharge on personal and corporate tax. Assistance will be provided to the state government under various centrally sponsored schemes for the reconstruction of roads, bridges, power installations, school buildings, public utilities and other public infrastructures.

Steps to promote infrastructural sectors (10 years' tax holiday, 93% increase in investment on road construction etc.) along with measures to revive capital markets, the removal of surcharge on corporate tax, labour laws reforms, etc. would create a conducive investment climate leading to acceleration in industrial growth with better job opportunities.

The proposed labour laws reforms would ultimately result in better returns to workers and enhanced job opportunities. The proposed amendment to contract labour laws would encourage employers to increase fresh recruitment, especially in the labour-intensive industrial units. It would lead to healthy linkage between accountability from workers and productivity – leading to higher profit which is bound to be shared among workers. Similarly, the proposal to facilitate easy exit of unviable units upto 1,000 workers would stimulate investment leading to growth with employment opportunities. In fact, the stringent exit policy has been the major deterrent to the flow of investment and also a major cause of NPAs (Non-performance assets) which is at present around Rs. 60,000 crore. At the same time, the Government has raised compensation to the affected workers from 15 days' to 45 days' salary against each year of service put in.

The Government's decision to cut down the interest rate on small savings from 11 per cent to 9.5 per cent may appear to be a harsh step, especially to people with hard earned savings to depend upon. Though there is a cut in actual gain by 1.5 per cent as compared to that in the immediate past, in real terms, they continue to be the gainers, because, inflation in terms of the consumer price index is, still, around four per cent and over five per cent below the new interest rate. It may be recollected, here, that people were actually losing even when the interest rate was 12 per cent two years back due to 13.1 per cent inflation rate in terms of consumer price index. Moreover, this step was crucial to set an environment of low lending rate. Economists are almost unanimous that the low lending rate would step up investment leading to growth with employment opportunities. At the same time, this Executive recommends to the Government to consider providing some relief to the affected depositors in small savings.

The procedure for the privatisation of public sector enterprises

has now been considerably streamlined. To maximise returns, the approach of the Government has shifted from the disinvestment of small lots of shares to strategic sales of blocks of shares to strategic investors. The disinvestment process is as per the declared policy of the Party and the government to facilitate professional management through functional autonomy. At the same time, care has been taken to protect interests of workers. In this context, the Government has proposed to introduce a new scheme of group insurance, namely, the Ashraya Bima Yojana to extend security cover to such affected workers. The policy will provide a compensation of upto 30 per cent of the last drawn annual pay for a period of one year to the workers who lose their jobs.

The Party notes with satisfaction the various social welfare measures which would take care of the weaker sections of the society, such as agricultural workers, dalits, women etc. The Khetihar Bima Yojana would provide a pension of Rs. 100 a month to an agricultural worker on reaching the age of 60 years. Similarly, widows and destitute women could become economically self-reliant with the proposed micro-credit support. The decision of the government to grant Rs. 100 a month to every poor student studying in 9th to 12th classes would go a long way in extending the blessings of Goddess Saraswati even to the doors of poor families. In keeping with the Government's commitment to improve the welfare of Scheduled Tribes, a separate National Scheduled Tribes Finance and Development Corporation with an authorised capital of Rs. 500 crore has been set up. Similarly, workers who may lose job as a result of disinvestment would get insurance cover.

The Central Budget for 2001-02, in a nutshell is a major step in the direction of facilitating economic growth with social justice, with welfare measures as well as employment opportunities, specially to poor people through rural connectivity, increased credit support to weaker sections and encouragement to cottage and small industries etc.

The Party would like to make the following suggestions to the Government.

1. Speedily implement all social welfare and developmental measures.
2. While initiating the second generation reforms including labour reforms as these are in the overall interests of the

economy, and for improving the quality of human life, take utmost care to protect interests of the poorer sections and workers with regard to increase in employment opportunities and accessibility to essential items.

3. Strengthen the anti-dumping machinery and provide timely protection to domestic economy, specially for the agricultural sector.

The Central Budget for 2001-02 has received widespread appreciation – surpassing the earlier three budgets of the NDA Government. Yet, within a fortnight of the presentation of the Budget, when there was an all round sense of hope and confidence, the phony crisis created by the Tehelka tapes and the sinister exploitation of the same by the Congress Party has caused damage to the economy. The National Executive Committee, therefore, resolves to expose this cynical game of the Congress Party by educating the people. Economic dimension will be the integral part of our forthcoming nationwide mass awareness campaign against the Tehelka related conspiracy through which the vested interests wanted to destabilise the economy and the country.



National Executive

New Delhi

27-29 July, 2001

Focus on social sector development

The NDA Government under the able leadership of Shri Atal Bihari Vajpayee has initiated a number of innovative and timely measures to restore the health of Indian economy so that India becomes an economic power. Policy initiatives since the assumption of power in 1998, no doubt, resulted in the economy moving on the right track with bumper foodgrains production, overflowing food stocks at 62 million tonnes, revival of industry during the first two years, stable price level, inflation rate contained at around five per cent, comfortable foreign exchange reserves at around 43 billion dollars, export growth rate at over 20 per cent as against marginal increase in imports during 2000-01, and containing external debt at around 21.0 per cent of the GDP in 2000-01 as against over 24.0 per cent of the GDP in 1997-98 and 38.7 per cent of the GDP in 1991-92.

While emphasising the need to continue the process of economic reforms, the Government has amply proved its commitment to the welfare of the weaker sections through various social welfare measures, such as the Antyodaya Anna Yojana – providing 25 kgs of highly subsidised foodgrains to the poorest of poor families, the Sarva Shiksha Abhiyan, bank finance to meritorious students, bank loans up to Rs. 7.5 lakhs for studies in India and Rs. 15 lakh for studies abroad, the Janashree Bima Yojana, the Annapurna Yojana – providing 10 kgs of foodgrains free of cost to senior citizens, insurance cover to agricultural workers, crop insurance, *Kisan* Credit Card etc. As a result of the emphasis placed on the social sector development with special attention to health care, primary education,

drinking water etc., there has been a remarkable improvement in the overall human development. In fact, the UN Human Development Index went up by 13 points during the period from 1998 to 1999 as per the latest data.

This trend would have continued but for an overall sluggishness in the world economy from which India cannot remain insulated. The economy has started showing signs of strain mainly due to external factors as well as certain inherent weaknesses within the system, which need to be addressed on a priority basis. During the current year, the economic situation is likely to improve due to the normal monsoon in many parts of the country and the expected bumper food crop and the consequent improvement in rural purchasing power. The Party urges the Government to step up public investment in order to kickstart the economy.

The decelerating trend in industrial production – observed of late – is not due to major bottlenecks, such as industrial unrest or raw materials shortage or the lack of investment friendly policy support. The slow down in the world economy is clearly affecting our exports related growth. In spite of slowing import growth, there seems to be a feeling of uncertainty in the market due to liberalisation of imports. Weakening of the purchasing power of the farmers mainly because of the falling prices of agricultural produce (which provides nearly two-thirds of the domestic demand support) has also contributed to the economic slow down.

Time and again, the Party has been emphasizing the importance of the farm sector to the overall economic growth. After the two years of bumper foodgrain production at 204 millions tonnes in 1998-99 and 209 million tonne in 1999-2000, production declined to around 197 million tonnes last year mainly due to the drought situation in many parts of the country. Though the current year is likely to witness another bumper foodgrains crop, that alone may not be sufficient to revive the economy. Therefore, the Party urges the Government to strengthen the purchasing power of farmers either by reverting the falling prices of agricultural produce or reducing the cost of agricultural operation and also effectively protect the agricultural sector from the threat of imports. In this context, the party suggests to facilitate free movement of foodgrains through necessary amendment to the Essential Commodities Act.

The Party welcomes the recent initiative taken by the Prime

Minister to convene a Conference of all the Chief Ministers to discuss the WTO-related issues in Indian agriculture. This first-ever Conference produced a useful exchange of views and prompted the Chief Ministers, cutting across party lines, to pledge their support to the Centre in evolving a national strategy to face the challenges and seize the opportunities ahead. The BJP urges the Government to continue this process of broad-based consultation both at Central and State levels, and invite political parties and *Kisan* organisations to the future meetings.

At this critical juncture of the Indian economy infrastructural projects could play a major role in the revival of the economy. The Pradhan Mantri Sadak Yojana, for which Rs. 5000 crore has been allocated till now, could play a catalytical role in enhancing the rural purchasing power. To speed up implementation of this scheme, it is important to clear certain inherent bottlenecks such as the Forest Act, the environment related laws, inordinate delay in the acquisition of land etc.

The small scale sector and village industries have been making substantial contribution to the economy in terms of production, exports and job opportunities. With liberalisation of imports as per the commitment to the WTO, this sector has been exposed to external competition. The Party urges the Government to initiate policy measures to promote this vital sector in order to enhance employment opportunities and exports. In this context, the Party appeals to the Government to come out with a comprehensive policy package at the earliest. The Government may also consider redefining the small scale sector in terms of number of workers involved instead of investment limit. This would enhance productivity as well as the ability of the SSI sector to compete.

The Party appreciates the recent initiative by the Government to restructure the huge outstanding of the State Electricity Boards, which are in a very poor state of health. This is a part of the larger effort of the Government to introduce much-needed reforms in the power sector. The Prime Minister convened a meeting of all the Chief Ministers in March this year to drive home the stark truth that the absence of power sector reforms is badly affecting our agriculture, services, and industry. The fact that the country loses as many as Rs. 25,000 crore in theft of power alone should make everyone aware of the gravity of the situation. A broad area of agreement

among the states on power sector reforms has already emerged. The BJP urges all political parties to make common cause on the quick implementation of reforms in this vital area of infrastructure with people's participation.

It has been the accepted philosophy of the Party that the Government should play the role of the facilitator of economic development and restrict its active participation to only the strategic areas. Keeping this stand in view and in order to inculcate a culture of professional management in the existing public sector units as well as to mobilise resources for the purpose of retiring public debt and to promote social sector development, the party has been supporting disinvestment of PSUs. Though the NDA Government has come out with a clear-cut disinvestment policy, the National Executive Committee suggests that the Government should make conscious efforts to realise maximum possible returns. It is also suggested that domestic companies may be preferred in case of the disinvestment of PSUs.

The finances of all state governments continue to cause serious concern. The need for a concerted and coordinated strategy between the Centre and the States to improve fiscal discipline, reduce wasteful and unproductive expenditure, and raise revenues has assumed unprecedented urgency. The BJP urges all the political parties to cooperate with the Centre in evolving a strong national consensus on this important issue, on which depends the prospect of sustained and faster economic growth as also our ability to maximize resources for development and people's welfare.

Mobilisation of resources is crucial for economic development. The average Indian saver is predominantly influenced by a precautionary approach rather than indulging in speculative investment in capital markets. Mutual funds started providing a via media to a large number of small investors who normally hesitate to risk their hard earned savings in the capital markets. The UTI has been playing a pivotal role with the investment of over Rs. 60,000 crore, mobilised from millions of the small investors through its various schemes including the US-64. The recent crash of the US-64 scheme has shaken the confidence of around two crore small investors endangering resource mobilisation efforts for developmental purposes. In this context, the Party would like to suggest that immediate steps should be taken to restore confidence

of the small investors and also to bring the UTI within the ambit of the SEBI guidelines and make its transactions more transparent and accountable. In this background, the Party would like to appeal to the Government for initiating immediate corrective steps including strict vigilance on functioning of the entire financial system and also empowering the SEBI on the lines of Securities Exchange Commission of the US.

Keeping in view the prevailing economic situation the National Executive Committee recommends the following steps:

1. Take immediate steps to improve the purchasing power of the rural sector by diversifying farm produce and promoting agro-based and agro-related industries.
2. Facilitate free movement of foodgrains through necessary amendment to the Essential Commodities Act as announced in the last Budget.
3. In view of the heavy carrying cost and lack of adequate storage capacity, take steps to deplete its food stocks, already cover 62 million tonnes. The government may even think of reducing issue prices to the BPL families in the same way as the recent reduction in issue price for the APL section. Similarly, the food for work programmes should be stepped up, and export possibilities should be explored.
4. Expedite the implementation of all social welfare schemes. The government may consider social auditing of all welfare schemes with regard to transparency and efficient implementation.
5. Speed up the implementation of infrastructural projects, specially the rural connectivity programme, and the National Highway Development Programme.
6. Come out with a comprehensive policy package to promote small scale and village industries which should also include adequate credit support, marketing assistance, modernisation, transfer of technology, and timely payment.
7. Efforts to realise maximum returns in case of disinvestment of PSUs. There could be internal valuation of the concerned PSUs in addition to their valuation by the global advisors.
8. Probe the nexus between the corporate sector and the UTI. Investment decisions of the UTI during the last ten years

should be thoroughly investigated.

9. Bar Mutual funds like the UTI from investing in private placement of shares at prices higher than the prevailing market prices. The Board of Trustees and senior officials should be made accountable for any violation of investment norms.
10. Professionalise all stock exchanges in the same way as the National Stock Exchange. SEBI should be strengthened on the lines of the Securities Exchange Commission of the US-inducting professionals with adequate exposure to Capital Markets.
11. Expedite the implementation of the Prime Minister's TEN POINT Science & Technology Programme so as to make the country technologically strong.

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National Executive

New Delhi

27-29 July 2001

Development of the North East

The nation's attention is today focused on the situation prevailing in several parts of the North-East. Massive influx of infiltrators from a neighbouring foreign country has adversely affected the social, political, and electoral balance apart from bringing about changes in the demographic profile of the area. This area has become increasingly vulnerable to not only ISI activities but also those of extremists and religious fundamentalists. Underground terrorist movements and secessionist activities are being carried on, disrupting the normal life of the people and severely jeopardizing the smooth implementation of various developmental schemes and programmes. Corruption has been a vicious virus that has sapped the economic energy of the area. God-gifted nature's bounty has not been properly used to remove the misery of the common people.

Apart from these general afflictions in the entire North-East, Manipur found itself in a turmoil. Normal life was very much affected. Unfortunately, due to a misunderstanding of the recent agreement with the NSCN (I-M), extending the ceasefire to a few other states including Manipur, made the people of Manipur to have an apprehension that their territorial integrity was to be affected. Assurances by the Prime Minister and the Home Minister together with the steps taken to revoke the extension of the ceasefire beyond the boundaries of Nagaland, would go a long way to restore normalcy in Manipur. The National Executive commends the efforts of the central government in this direction. The National Executive also welcomes Parliament's approval of the imposition of President's

rule in Manipur and hopefully looks forward to Manipur regaining political stability soon.

The BJP notes with satisfaction the efforts made by the central government to accelerate the all-round development of the North-Eastern states. The Prime Minister's Package of over Rs. 10,500 crore announced at Shillong in January 2000, has given a significant impetus to the economic progress of the entire area. We welcome the initiative of the Prime Minister's Office to regularly monitor its implementation by the Central Government so that the targeted people enjoy the entire benefit of the package schemes.

Keeping in view the overall development of the entire North-East area the National Executive makes the following suggestions for the careful consideration and required action of the central government.

1. Plan and complete the viable hydro-electric projects.
2. Develop the infrastructure like road connectivity, communications and telecom facilities.
3. Increase the TV and radio coverage.
4. Lay special emphasis on and give incentives for promoting small industries.
5. Develop the HRD potential in the region.
6. Take steps to improve the employment and service conditions of tea gardens and mine workers.
7. Tone effective flood control measures.
8. Tone up security and administrative machinery.
9. Vigorously pursue the case in the court so as to see that the IMDT Act gets scrapped.

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National Executive

Amritsar

02-03 November , 2001

Indian Agriculture: Policy Suggestion

The NDA Government deserves congratulations on bringing out the National Agricultural Policy – the first ever since independence. The policy aims at the laudable objective of making the country self-sufficient in terms of foodgrains requirement by the next one decade. In this respect, it has kept a target of 400 million tonnes of foodgrains to be achieved with an average annual growth rate of four per cent in the next ten years. There are also specific policy directions in order to achieve the set target. Some of the major policy directions proposed are: removal of controls in the agricultural sector, upgradation of technology in order to accelerate agricultural productivity and facilitating active participation by the private sector. The Committee on Agricultural Policy set up by the BJP National Executive Committee is in total agreement with the National Agricultural Policy of the NDA Government with regard to its objectives and policy directions. However, in order to make it effective in implementation, the Committee would like to recommend a few specific policy measures.

The main problem before Indian agriculture, today, is that on the one hand, more than 60 million tons of foodgrains are lying in the central godowns and, on the other hand, about 30 per cent of our population, i.e., 30 crore people do not get a full meal a day and are undernourished. The second aspect of this problem is that three items of agricultural produce i.e., wheat, rice and sugarcane (including sugar), are being produced continuously more than the demand while edible oils and dals have to be imported. Keeping

in view the problems being faced by the agricultural sector, the Committee has come to the conclusion that the following measures should be initiated.

1. Rationalisation of Buffer Stocks:

Provision should be made for having a buffer stock of around 20 million tons at the most 30 million tons, which should be kept in reserve for use in times of scarcity and famine. Every year fresh procurement should be added to it at the time of arrival of new crop and old stock should be disposed off. This foodgrain stock could even be used for mutual exchange with crisis-ridden countries in time of scarcity at the international level. Excess food stock would not only result in burden on the exchequer in the form of heavy carrying cost but also has the risk of not being able to be utilised – specially when not stored scientifically.

2. Remunerative Prices for Pulses:

The minimum support prices for oilseeds, dals and coarse grain should be fixed at such a level that it would be as remunerative for the farmers to grow these crops as wheat and rice are. For this purpose, it is necessary to impose minimum rates of import duty on these commodities within the bound rates of the World Trade Organisation – in order to stop their import completely. Any kind of subsidy or concession to vegetable oil mills or any government or non-government agencies should be discontinued, because these could have a negative impact.

3. Removal of Restrictions on Sugar Industry:

Because of the excessive production of sugarcane, 10 million tons of extra sugar stocks have accumulated after meeting the annual requirement of the country. There are great possibilities of value addition in this industry. Unfortunately, even today value addition in the sugar industry is made only in the form of sugar. On account of the development of technique and technology in the sugar industry throughout the world, it has now become possible to have only 18 per cent value addition in the form of sugar from sugarcane.

The remaining 82 per cent value addition could be done through other commodities. The process of modernisation and diversification has remained stagnant in this industry due to the imposition of various licensing and other control systems. The NDA Government delicensed the sugar industry in 1998. However, several restrictions still continue on the distribution of molasses and other products of the industry based on sugarcane, including technical processing. Even today, molasses are being supplied at controlled rates to liquor factories and several other industries. It is possible to produce 27 valuable chemicals from molasses. Therefore, it is necessary to bring in modern technique to the sugar industry and remove all kinds of restrictions from it and its products. Another irony is that while controls have been removed from imports of all kinds of liquor including vodka and wine produced in other countries, processing from potato, grapes, molasses, coarse grains and the agricultural products is still under the license system in our country. All these restrictions should go.

4. Free Movement of Agricultural Commodities:

There are restrictions even today on trade – internal as well as international – in foodgrains and agricultural commodities. All these restrictions must be removed. The Hon'ble Prime Minister, Shri Atal Bihari Vajpayee, called a conference of all the state Chief Ministers on July 27, 1998 in Delhi in which issues relating to restrictions on trade and movement of agricultural commodities were discussed. With the exception of only a few states all the other states agreed to remove all these restrictions. However, restrictions still continue on the movement of agricultural commodities, over granting of loans against them, their storage and processing and their future trading etc. All these restrictions should be removed bringing the necessary amendment to the Essential Commodities Act, 1955. In case it is necessary, such laws could be retained for use under emergency conditions. However, these laws should be used only when there is a real crisis regarding the availability of such commodities as foodgrains. Even in such circumstances, the state government should be able to declare

such an emergency only with the consent of the Central government. However, under the changed circumstances of globalisation with liberal import-export of agricultural products under the World Trade Organisation, it would be ironical to continue internal restrictions.

5. Scrapping of the Milk Products Order:

Similarly, Indian dairy and milk processing industry is also handicapped due to the outdated Milk Products Order. Indian Dairy Development Board has neither been able to purchase milk produced by all the farmers in the Operation Flood Areas nor has allowed private investment in these areas. Therefore, there is an urgent need to scrap the Milk Products Order to harness and promote dairy industry.

6. Promotion of Traditional Farming:

After Independence, specially since 1968, entire emphasis has been on increasing the production of foodgrains. For this purpose we adopted the dwarf varieties of wheat and rice. The special feature of these varieties of wheat and rice is that they require more water and fertilizers as compared to the traditional crops and could give more produce per acre. This strategy paid us rich dividends as expected which was termed as green revolution. However, now we have realised that due to excessive use of irrigation and fertilizers the fertility of the areas under green revolution has come down rapidly. Out of 23 micro-elements, 16 elements including iron, zink, manganese, sulphur, ferrone, nitrogen, phosphate, potash etc. have been found lacking in the soil of these areas. The adverse effect of this is that the quantity of fertilizers required to obtain one kilogram of produce increased by two and a half to three times now as against earlier to produce the same amount of food. It has badly affected the physical, biological and chemical composition of the soil for a long time. This fact scientifically brought out in a report of the Indian Council of Agricultural Research in 1998. A group of Indian scientists have also observed in a study recently that Indian farmers spend Rs. 1,72,000 crore annually on the

three agricultural inputs alone, namely, chemical fertilizers, pesticides and quality seeds giving more production. As a result, the cost of agriculture has been constantly rising. The production has no doubt increased. However, there has been no increase in agricultural output proportionate to inputs. Similarly, farmer's income has not improved. The main reason for this is the excessive use of inputs including chemical elements in the case of the dwarf variety of foodgrain plants. The farmers at individual levels and the NGOs have produced successful models at several places in the country, where the same quantity and of better quality foodgrains could be produced with less than half of the chemical elements. It is, therefore, essential to chalk out a programme to prepare compost with the residue of agricultural commodities and the garbage of villages, towns and cities. Similarly, wormi-culture, which has been successfully experimented in regions like Rajasthan should get due attention. It is also necessary to set up financial and institutional framework and promote food processing industry for this purpose. This would reduce the cost, improve the quality of production and bring down pollution and would also reduce the adverse effect on human health.

7. Meaningful Minimum Support Price:

The Concept of minimum support price (MSP) has been devised in order to rescue farmers with procurement of agricultural produces when the market is volatile, which obviously would mean that procurement by the government agencies has to be the last resort. Minimum support price should also strike a healthy balance keeping in view the interests of consumers so that the latter would also play a supporting role to farmers. However, when the MSP is kept at an unrealistically high level, the government's supporting role would be curtailed as the same could not be extended to consumers due to high issue prices. This is the reason behind the paradox of over flowing godowns with poor off-take. If farmers and consumers have to be mutually supportive the MSP should be at a scientifically

acceptable level which would take care of the interests of both.

8. Removal of Export Restrictions:

The biological diversity of India is unique in the whole world. Our traditional crops could be sold at remunerative prices in the international market. For example, the C-281, C-591 and Duram varieties of wheat could be produced with less than 40 per cent of water and less than 50 per cent of fertilizers. It is also notable that 10 per cent less protein is found in the high yielding varieties while our traditional varieties contain 12.5 per cent protein. The quantity of moisture is also lesser in these varieties. The price of the high yielding varieties of wheat is Rs. 610 while that of the indigenous varieties ranges between Rs.1100 and Rs. 1800 per 100 kilograms even today. These varieties could also be produced for the international market, where there is a considerable demand for such varieties because of the superior quality despite higher prices. However, this is possible if private trade is encouraged and the international export of these commodities is made free of all restrictions. There is also need to equip Mandis and ports adequately for winnowing and loading of foodgrains.

9. Need to Promote Agro-based Industries:

Similarly, coarse grains produced in India are more useful due to rich, nourishing elements from the human health point of view. These are being used as cattle feed ages. Throughout the world several varieties of alcoholic and nourishing food items are produced from such coarse grains. There is a need to encourage the import of the relevant technology and also to develop indigenous technology in order to promote such agro-based industries.

10. Encouragement to Medicinal Plants:

There are vast potentialities of international trade in medicinal and fragrance giving plants and their products. According to the Planning Commission and the Commerce Ministry, international trade in these plants and their products is likely

to cross 100 billion dollar mark during 2001-02. It is estimated that China alone would capture about 50 per cent of this trade while India's contribution is estimated to be less than two per cent. In fact, the ancient traditional systems of medicine like Ayurveda, Unani, Siddha and Tibbi have been in use in India for ages. Detailed descriptions of the traditional medicines and their processes are available in the relevant books. Using such information, China has been able to expand trade in traditional medicines. The Government of India should immediately set up a mission at national level which should look into the requirement of the financial assistance and technical information for promoting traditional medicine through their vegetation, use, research and their integration into the medical system.

11. Protection of Indigenous Cattle Wealth:

India's cattle wealth is unique in the world. We have got traditionally available 30 breeds of cows, 20 breeds of goats, 40 breeds of sheep, 12 breeds of buffaloes, 8 breeds of horses, 6 breeds of camels and several known and fine breeds of load carrying donkeys and mules. Among the cattle bio-diversity, India's share is more than 15 per cent of the whole world – while our area is 2.2 per cent. There is a demand for the Indian breed of Jebu (with hump) cows in more than 70 countries. These breeds have got some special qualities which make them superior to even imported breeds and cross breeds developed through the imported ones. The quality of a Jebu cow's milk is better. They have got more resistance power to fight the diseases, the capacity to give comparatively more milk with comparatively lesser fodder and animal feed and remarkable energy to withstand cold and hot seasons. For example, the average Indian cows milk contains 5.5 per cent fat, buffalo's milk 7.75 per cent fat while the foreign and cross-bred cows contain 3.6 per cent fat in their milk. The foreign and cross-bred cows become pregnant only five or at the most six times in total and become useless afterwards. Besides, these cows are infected with various kinds of diseases and cannot sustain in adverse climate. They are to be bathed twice every day during summer. On the contrary, for the

maintenance of the indigenous breeds generally no medicine is required except the vaccine and neither bathing nor fans are required. Therefore, the cost of their maintenance and keeping them disease-free is very little. Hence, it is essential to formulate a national programme for the protection of indigenous breeds, to bring about improvement in their breeds through selected breeding and to improve their health by nourishing food. This is the greatest means of employment generation to meet the requirement of nourishing foodstuffs in the rural areas and to improve the economic condition of small and marginal farmers. Imported breeds should be discouraged.

12. Promotion of Animal Husbandry:

Animal husbandry enables one to earn more by using cow dung and animal urine preparing in the compost than by selling milk. It is possible to resolve the problem of the rising cost of agriculture and the decreasing fertility of the land through effective use of cowdung along with garbage through advanced system. By using organic manure which would help in containing environment and water pollution, we could produce better quality natural food. India could establish its identity in the world market by certifying organic produce free from chemical and poisonous elements.

13. Stepping up of Investment on Water Resources:

During the last two decades, there has been a steep decrease in public investment in the agricultural sector. The investment in irrigation has almost become stagnant. An outlay of at least Rs. 1,00,000 crore must be provided for the national plan for irrigation and rain water collection and water management under the Tenth Five Year Plan. Even today, India's 62 per cent agriculture is dependent on rain water. But the allocation is only Rs. 402 crore during 2000-01 and Rs. 477 crore during 2001-02 for irrigation, including flood control under the Central Plan expenditure as against a provision of Rs. 20,317 crore and Rs. 20,289 crore during the respective years for which the availability of underground water is comparatively low. It is necessary to increase the pace of this programme

in the eastern zone under the Tenth Plan.

14. Diversification of Agriculture:

On the one hand, we talk of the stepping of agriculture, specially foodgrains and on the other hand, the prices of farm produce such as foodgrains, vegetables and fruits have been going down due to surplus production. In order to rectify this situation, diversification of agriculture is essential. Farmers should be encouraged to cultivate horticultural crops, vegetables and promote fissi culture through the information on the required technology and financial support. Similarly restrictions on food processing industries as well as agro-based activities including horticulture should be removed.

15. Afforestation Programme:

Increase in the production of bio-products through afforestation has not received due attention. In this context, the example of Finland is worth following. Finland is the second largest country of Europe from the point of view of area. Afforestation is done in 60 per cent of Finland's total land area. Out of these, 54 per cent of the forests are owned by the farmers while private companies own 11 or 12 per cent of the forests and the remaining area is owned by the Government. Infinite forest wealth could be produced through plantation of medicinal plants, fragrance plants, shrubs and production of other forest products such as paper, oil and timber. Timber worth more than 9,000 crores of rupees is imported in India annually. 80 million hectares of fallow land in the country could be utilised for this purpose. This land should be distributed among small and marginal farmers, educated unemployed, ex-servicemen etc. in order to provide employment to them on the basis of ownership or on long term lease by constituting economically gainful units of this land. This land could also be utilised for production of vegetation which could be used as animal feed. If the Central Government formulates an integrated policy and programme with the cooperation of state governments, there could not be a better programme to solve the problem of poverty, unemployment, starvation and under nourishment in the

country.

16. Leasing of Land:

Consolidation of small land holdings is a prerequisite for economies of agricultural operation, as this would ultimately lead to cost reduction and make agriculture competitive. In this context, the government's proposal to facilitate leasing of land is a welcome step. However, this should be strictly on a voluntary basis as Indian farmers have emotional attachment with their land holdings. However, the government may lease wasteland under its control to the private sector – specially for the promotion of Agricultural Research & Development, which would require vast size of land. Similarly, cultivation for export purposes, like medicinal plants, could be considered under this scheme.

17. Protection to Agriculture:

With the emergence of the World Trade Organisation in the field of agriculture, various apprehensions are being expressed. Practically all political parties are apprehensive about the situation. So far as the Congress is concerned it is sufficient to remind that the agreement relating to World Trade Organisation was signed under their regime. So far as the potential dangers under this system are concerned our view is that inspite of removal of quantitative restrictions on imports, the available maximum rates of import duty could stop import of agricultural products. However, such a danger does exist only in regard to two commodities. One is edible oils and the other is milk products, because India had accepted 45 and 15 per cent maximum import duties on these products. The Government of India should try to get these rates increased during the next round of trade talks.

18. Quantitative Restrictions on Imports:

So far as the question of removal of quantitative restrictions before time is concerned, this had to be done because developed countries including the U.S.A. had filed a case against India before the WTO Dispute Settlement Authority in which India had lost. Even the appeal made against the

verdict went against India. The U.S. and other countries had argued that five or six countries including India had been given exemption from this provision because of the balance of payment crisis. However, the balance of payments crisis was over since the last few years with comfortable Foreign Exchange reserves. Therefore we were required to remove quantitative restrictions on imports by March 31, 2001 as per the verdict of the WTO.

However, India has reserved the right to impose quantitative restrictions in case of imports resulting in environmental pollution, residue of poisonous substances and the apprehension of crop diseases. The government should strengthen its anti-dumping machinery and timely corrective steps should be taken to protect domestic agriculture.

19. Removal of the Anomaly in WTO Provision:

It is also a fact that the developed countries still continue to heavily subsidise their agriculture. For example, all the countries belonging to the European community, on an average, provide 38 per cent of their total gross agricultural products as subsidy. Japan pays 68 per cent. Similarly, the U.S.A. also pays heavy subsidy to its agriculture. As per the World Trade Organisation provision these countries were required to reduce their subsidy considerably, so that the developing countries could get a chance to export their products to these countries. However, the last six years' experience shows that these countries have increased their subsidy instead of decreasing it, using distortion within the WTO provision. This should not be acceptable to India. The Government of India should raise this point during the next round of trade talks and the developed countries should be persuaded in this respect.

20. Enlarging the Consultative Process:

The Government of India has made an important change in connection with the future talks that in addition to the Ministry of Commerce, the Ministries of Agriculture, Food, Science and Technology and Finance would also be included in these talks. At the same time, decisions

would be taken after consultation with leaders and representative of various political parties, and all the state governments. This is a welcome step. Earlier the situation was that only the Ministry of Commerce of the Government of India used to undertake this job and the Ministry of Agriculture and other Ministries were consulted very rarely on the subject and it was for them to accept their advice or not. This process may be expanded further by including outside experts in the fields such as economics, law, finance, science etc.

21. Integrating the System of Agriculture:

As prices of Indian agricultural products are comparatively high they are not competitive in the international market, mainly due to the heavy subsidy given by the developed countries. Besides, the cost of agricultural production in India has been going up. In order to compensate the farmers for the higher cost, minimum support prices of these products have to be raised constantly. It is, therefore, essential to introduce rotation system of agriculture, mixed sowing of crops and their diversification and to develop an integrated system of agriculture so as to reduce the cost through converting residue of the crops, using dung of animals, agro-wastes and garbage in preparing organic manure. This would also resolve problems related to pollution and health.

22. Rationalisation of Fertilizers Subsidy:

Subsidy amounting to several thousand crores of rupees is paid annually to chemical fertilizers, and Rs. 14,170 crore during 2001-02. The amount of 13,800-14,170. crores has been allocated in 2000-01 for subsidising the chemical fertilizers. More than half of this amount is siphoned by the chemical fertilizer companies. Two measures are required for this purpose. One, dependence on chemical fertilizers be reduced, and two, whatever subsidy is given may be paid directly to the farmers or subsidy may be totally abolished and the minimum support price be increased in proportion to the increased cost.

23. Development of Agricultural Infrastructure:

The World Trade Organisation is being presented only as a danger and a challenge. However, this system has created a potential for export of Indian products. Hence it is also an opportunity. But for this purpose, proper utilisation of the bio-diversity of India, the introduction of sanitary and phito-sanitary checking system and the establishment of the series of quality certification agencies and the promotion of trade by linking transport, cold storage and a series of vehicles having cold storage system to airports and ports would be required. In this context, the implementation of the proposed Agriculture Export Zones should be expedited.

Committee on Agricultural Policy

1. Shri Bhairon Singh Shekhawat (Chairman)
2. Shri Narendra Modi
3. Shri Sompal
4. Shri Mahadev Shivankar
5. Shri Chandra Mohan Rai
6. Dr. J. Venkatarayudu
7. Dr. Jagdish Shettigar (Member Secretary)



National Executive

New Delhi

15-17 April, 2000

Economy on growth path

The National Executive Committee congratulates the NDA Government for having succeeded in bringing back the economy on the growth path with appropriate and bold policy measures initiated during the last couple of years under the able and visionary leadership of Shri Atal Bihari Vajpayee. The Party would like to place on record its appreciation of the government's success in containing price level at below four per cent during the last one year, for maintaining comfortable food stock at over 32 million tonnes, stable foreign exchange reserves at above 37 billion dollars, and the stable rate of exchange, for achieving the growth of industrial production at around eight per cent and the strengthening of purchasing power of the common man. The Party appreciates the sincere efforts made by the government in translating the economic package contained in the Chennai Declaration into the governmental policy measures through the recently presented Central Budget - specially, for its emphasis on the development of social sector and infrastructures along with continued attention towards agriculture and rural development and, at the same time making an attempt to initiate fiscal discipline. In fact, the Party is happy with the government's performance during the first six months after coming back to power.

The BJP is of the firm belief that sustained and broad based growth of the agricultural sector is essential for alleviating poverty, generating income and employment, assuring food security and sustaining market support to domestic industry and services - thereby, leading to overall economic growth and prosperity. In

this context, the government's proposal to step up credit flow to agriculture through institutional channels, such as commercial banks, cooperative banks, and rural banks by 20 per cent to a level of Rs 51,500 crore in 2000-01, is a welcome step. The government's proposal to distribute additional 75 lakh *Kisan* Credit Cards by March 2001 as against 50 lakh credit cards distributed in the previous year, the Micro Finance Development Fund to cover self help groups for developing micro enterprises, specially the ones set up by the vulnerable sections including women, scheduled castes, scheduled tribes and other backward classes, the proposal to construct 25 lakh dwelling units in rural areas and granting Rs. 5,000 crore for overall rural development – including rural roads with an outlay of Rs. 2500 crores – under the Pradhan Mantri Gramodaya Yojana need to be specially noted.

The Party is of the firm view that the fruits of developmental efforts should be extended to socially vulnerable sections, which in fact is the focal point of Pt. Deendayal Upadhyaya's philosophy and the Party's commitment to Antyodaya. Without improvement in the quality of life of those who have been kept out of the developmental process during the last five decades, development per se is meaningless. Economic reforms would be purposeful and effective only when it improves the overall quality of life including that of the people below the poverty line. In this context, the government's initiatives to raise the literacy rate to 75 per cent by 2005 from the present level of 51 per cent under Sarva Shiksha Abhiyan, the objective to provide drinking water facilities in all rural habitations in the next five years, insurance cover to poor people under the Janashree Bima Yojana, doubling the allocation of foodgrains from 10 kgs to 20 kgs for families below the poverty line, raising free foodgrains to senior citizens from 10 kgs to 15 kgs under the Annapoorna Yojana, the proposal to set up a task force to suggest ways and means for empowering women, raising the income tax exemption limit by Rs. 5,000 for women etc. are steps in the right direction.

Similarly, the government's proposal to ease and step up credit flow, the setting of a fund for technological upgradation and the proposal strengthen marketing support to products of the small-scale sector and Khadi & Village industries are bound to promote the decentralised sector with improved employment opportunities.

The Party would like to place on record its appreciation of the government's proposal to strengthen and modernise defence preparedness, which has become a national priority in view of the continued tension on the borders. The record rise in defence outlay by Rs. 13,000 crore is timely, specially in view of the Kargil operations.

Ever since the Vajpayee Government assumed office, knowledge-based industries, specially, information technology, biotechnology and pharmaceuticals have been getting due attention of the government. Further fiscal incentives proposed in the Budget would help the country in emerging as a dominant player in the knowledge-based sector with, of course, acceleration in employment opportunities. Similarly, the concept of venture capital would help people with ideas but without capital in turning their dream into reality as entrepreneurs. The attempt to simplify indirect taxes through the introduction of CENVAT is also a laudable measure.

Disinvestment and privatization is essential in order to professionalise management of the public sector units so as to improve productivity, reduce operational losses and maximise profit earnings. Moreover, such a policy is perfectly in tune with the approach of the party right from the beginning to the Chennai Declaration that the government has to contend with its role as a facilitator of economic development rather than a controller of the economy. In this context, the government's policy declaration to reduce equity holding to below 26 per cent in non-strategic areas and 33 per cent in the nationalised banks the proceeds of which would be used for social sector development and retiring debt with, of course, full protection to workers, would have full backing of the party.

In the background of the present fiscal imbalance where the total annual revenue collections fall short of even debt servicing by around ten per cent, let alone being able to meet the day-to-day expenditure and developmental needs, and at the same time, the need to mobilise resources for the social sector and infrastructure development, there is no other option except to rationalise the subsidy expenditure. While the party is in favour of continued subsidy support to the needy sections, others have to minimise their dependence on the government in the overall interests of the economy. Raising of issue prices under PDS and the hike in the prices of fertilizers, kerosene and cooking gas should be viewed from this angle.

While the management of the economy by the Government

has been laudable, there are areas of concern, which must receive the urgent attention of the Government. For the national executive of the party, the fiscal situation continues to be worrisome. It is true that India has lived with unsustainable fiscal deficits for almost two decades, which have added to its debt stock and put unbearable burden of debt servicing on the country. Interest payment alone on loans taken in the past has gone up to over one lakh crore rupees in 2000-2001, that is, nearly fifty per cent of the revenue collections. The country cannot live on borrowed money indefinitely. The fiscal situation, therefore, has to be brought under control. The party would like to advise the government to reduce its establishment expenditure more proactively, instill a sense of austerity in the entire system of the Government and avoid conspicuous consumption and wasteful expenditure. The Party calls upon the BJP Ministers in the Government to set an example in economy and austerity.

Another area of concern is the management of globalisation. The national executive of the party is fully aware of the commitments of the Government of India under the WTO agreement. The quantitative restrictions on imports had to be removed under the agreement. However, tariff protection should be provided to Indian products wherever necessary and Indian agriculture and industry must be rendered all help to become globally competitive. The national executive calls upon the Government to initiate a series of steps which will make Indian economy globally competitive and enable its farmers and entrepreneurs to hold their own in the face of stiff global competition. The Party also urges upon the Government to steadfastly protect national interests in the international fora especially the WTO. The party notes with satisfaction the recent decision of the Central cabinet to reimpose import restrictions in case domestic, industrial and agricultural products are adversely affected due to dumping.

The Party urges the government to remove bottlenecks in the way of successful implementation of its pro-poor policies. In this connection, the role of the Panchayati Raj Institutions has to be specially emphasized. The party also calls upon its cadres to closely monitor the implementation of the welfare and developmental schemes and ensure that the monies are spent on the programmes for which they are meant. It is only through this that the ailment which

afflicts the delivery system of these programmes can be corrected.

The real challenge to the effective implementation of the second-generation reform is the state of economy of the State Governments. Unfortunately, some of the State Governments indulge in populist measures at the cost of their own economic health. The National Executive Committee earnestly hopes that state governments would cooperate with the centre in implementation of economic reforms and conserve resource for development of the much needed social sector and infrastructures in their states.

It is the considered view of the party that economic reforms must impact on the quality of life of the poorest of the poor in order to become acceptable. This should be the joint responsibility of the Government and the Party. The Party would be failing in its duty if it does not provide necessary cooperation to the Government. It will be failing in its duty equally if it does not interpret the policies to the Government of the people. It is this synergy between the party and the Government, so fruitfully established over the last two years, which must be strengthened and improved upon in future. The Party calls upon its members to go out to the people and explain to them the various programmes and policies of the Government and become active partners in ensuring that the fruits of the development reach the masses. This would defeat the disinformation campaign launched by the frustrated opposition parties. The BJP National Executive Committee would like to assure the people that the NDA Government would implement the policy commitments made at the time of the last Lok Sabha elections.

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National Executive

Nagpur

27-28 August, 2000

Economic Situation: Achievements, Opportunities, Challenges, and Tasks

The National Council of the Bharatiya Janata Party appreciates the performance of Hon'ble Prime Minister Shri Atal Bihari Vajpayee and his Government in managing India's economy well since assuming office in March 1998. Nearly two-and-a-half years later, the economy presents a picture of some solid achievements, many opportunities, and notably, several daunting challenges. The National Council urges the NDA Government to consolidate the successes, take bold and speedy steps to transform the opportunities into new successes, firmly tackle the many existing problems in the economy, and prepare the country to face the formidable challenges emerging on the horizon.

India has begun its journey into the new century on an ambitious note. The Prime Minister, in his visionary address to the nation on Independence Day, has given a call to make the next ten years the Decade of Development. Towards this end, he has set a target of doubling the country's per capita income by 2010. This implies increasing our economy's yearly growth rate from the present 6.5 per cent to 9 per cent on a sustainable basis for the next ten years. The BJP is confident that this will generate the targeted one crore additional employment opportunities each year and help us to win our war on mass poverty within the foreseeable future.

Besides, this will lay a strong foundation for the country's all-round development in the coming decades so that we can redeem our slogan of "Making the 21st century India's century". The BJP fully

endorses this call and urges all sections of our society – our kisans and mazdoors, our artisans and craftsmen, youth and intellectuals, our entrepreneurs and professionals, our scientists and engineers, our administrators and people’s representatives – to harness our collective energies to make this happen. The Party urges the Government to use science and technology as an effective means to fuel the engine of growth.

Agriculture and rural development are the key to the realization of faster growth of our economy. Since the last National Council meeting in Chennai in December 1999, the Government has taken many steps to translate the policy measures suggested in the Chennai Declaration. The Union Budget 2000-2001 has increased the focus on agriculture and rural development. The Government has introduced several new schemes, and suitably revised the earlier ones, for poverty alleviation and employment generation like the Pradhan Mantri Gramodaya Yojana, and micro-enterprises. Many welfare schemes aimed at providing succour to the poorest of the poor, like the Janashree Bima Yojana, the Sarvapriya Yojana, and increased food allocation in the Annapurna Yojana for senior citizens, have also been unveiled, which is in tune with the BJP’s commitment to Antyodaya i.e., upliftment of the poorest of the poor. The Party also asserts that in the economic planning of the Government Antyodaya should be the touchstone for evaluating the performance of the Government in the economic field.

The National Council welcomes the announcement of the National Agricultural Policy, which is the first of its kind since Independence. This fact alone suffices to show the gross neglect of Indian agriculture during the Congress rule. The policy has a target of 4 per cent yearly rate of growth in farm production. This is ambitious, but entirely realizable. One can only imagine what higher levels of productivity and prosperity they can achieve for themselves and for the country, if they have the benefit of a proper policy and appropriate programmes. The Party considers that food security is an important ingredient of economic development. The BJP urges the Government to quickly convert the many laudable objectives in the National Agriculture Policy into specific time-bound programmes and prepare a strategy for their effective implementation.

In particular, the Government should take immediate initiatives to remove all restrictions on the movement of agricultural

commodities throughout the country. The Party urges all the state governments to fully back the creation of a nation-wide internal farm market, which will benefit both kisans and consumers. The prolonged and chronic neglect of agriculture in rainfed and backward areas must end through innovative technological and financial measures. Also, the Government should speedily implement the many schemes announced earlier - such as Irrigation projects, *Kisan* Credit Cards, crop insurance, enhanced agricultural credit support, watershed development, flood control mechanism, cold storage facilities, etc. The Party notes with concern about the receding waterbed level. Therefore effective corrective measures should be taken. Water harvesting should be given top priority.

Volatility in production and uncertainty in the prices of certain agricultural commodities have severely affected our farmers. Periods of acute shortages, often necessitating imports, are followed by gluts that see a slump in prices, storage and transportation bottlenecks, and grossly inadequate opportunities for exports. The best example of this is the current situation in sugar. The Party urges the Government to prepare a comprehensive long-term strategy to address these problems and boost exports in a sustainable manner. We also urge our kisans to take advantage of the opportunities of the rapidly growing global market for primary and processed farm produce by practising better crop management and using greater inputs of science and technology, particularly for the food processing industry.

The National Council applauds the decision to provide Rs. 5,000 crore this year for a new Pradhan Mantri Gram Sadak Yojana to link all villages with all-weather roads before 2007. This is the first time that the Centre has taken a major initiative in improving rural connectivity. It is also for the first time that as much as Rs. 2,500 crore is sought to be raised each year from the capital market for this vital rural infrastructure. This will not only facilitate the movement of goods and people and accelerate the rural economy, but also generate employment opportunities. The Party urges the Government to ensure the effective implementation of this project with the active cooperation of state governments and Panchayati Raj institutions. Due attention should also be paid to the promotion of cooperative movement, especially in the areas of cottage industries.

The unorganized sector and traditional industries are the second most important pillar of our economy after agriculture.

Since a majority of the people engaged in these industries and self-employed activities belong to the Scheduled Castes, Scheduled Tribes, and Other Backward Classes, this is where Economic Justice and Social Justice are closely interlinked. The Party calls upon the Government to implement the proposed Deendayal Upadhyaya Hathkargha Protsahan Yojana to promote the handloom sector, revive the other areas of our textile industry and reactivate the Khadi and Village Industries Commission. The Party would also like to draw the Government's attention to the challenges that the small-scale sector is facing after the removal of quantitative restrictions (QRs) on imports based on the commitment to the WTO made by the previous Congress Government.

Unless effective steps are taken, the removal of QRs is likely to have an adverse effect on many domestic producers, especially in agriculture and small-scale industries. The Party appreciates the Government's decision to impose 35 per cent import duty (bound rate ranging up to 100 per cent for foodgrains) and also its decision to reimpose the import restriction if any of the domestic producers are adversely affected. Rather than leaving it to the affected individual parties to bring forward their complaints, the Government should proactively defend India's interests before the WTO by cutting down the inter-ministerial procedures and delays and enact laws in this regard. For this, special cells should be set up in the Ministries of Agriculture and Small-Scale Industry to continuously monitor the production and market situation and ensure effective anti-dumping measures on their own. In this context, the National Council appeals to the Government to assess the impact of globalization in general and liberalization of imports in particular on the Indian economy and take corrective steps on time.

We are happy that a National Convention on Small-Scale and Cottage Industries is being organized on 30th August. We urge the Government to announce, among others, the following initiatives to strengthen this large and vital component of our economy: 1) Credit guarantee to the small-scale sector units without mandatory collateral up to a certain level, 2) Facilities for technological upgradation, 3) Marketing support, and 4) An enabling atmosphere for the small-scale sector to enter the 21st century with full self-confidence. The Party supports such economic reforms as would give a great boost to the economy.

The slow pace of infrastructure development continues to be an area of major concern. The Party commends the Government for its many bold decisions to reform the telecom sector and to promote IT in India. However, the same pace is required in other infrastructure sectors like power, roads, railways, ports, and airports. Without adequate power, there is no way we can achieve our desired objectives in agriculture, industry, and services. The Party urges the Government to prepare a crash programme to remove all bottlenecks in power generation, transmission, and distribution with the active involvement of state governments.

A Golden four-arm scheme linking Delhi to Mumbai, Calcutta and Chennai with a 6000 km long 4 to 6 lane highway is underway. Similarly, an ambitious highway development scheme in the name of National Highway Development Scheme to connect Srinagar to Kanyakumari and Silcher to Porbandar with a 7000 km long 4 - 6 lane highway is also underway. The National Council is extremely happy to note that these two schemes are progressing well and will get completed two years ahead of their scheduled time. Contracts would be awarded for more than 5000 km long stretch of highway within a year.

The Council expresses its happiness over another noteworthy scheme going on for an interstate waterways which is the cheapest mode of transport. This is an innovative step. Arrangements are being made to begin a National Waterways - 1, that is, to link Allahabad with Haldia in River Ganges for a distance of 1650 km from the 1st of October, 2000. This will facilitate not only goods transport but also other transports. This will provide jobs for thousands of youth. Efforts are also on to have goods transport over other waterways.

The slow expansion and modernization of our railway network is a serious hurdle in the path of faster economic development. It is also critical for removing regional disparities. This is a source of widespread discontent. The resources of the Railways are severely limited. Therefore, prioritization and railways expansion in the left-out backward areas is the need of the hour. The Party, therefore, urges the Government to evolve a new long-term policy on the development of Indian Railways with the active participation of the private sector and the state governments.

The Party urges the Government to speed up its efforts to increase revenues and drastically curb unproductive government

expenditure. There is a need to reduce the size of departments and offices that are either over-staffed or obsolete, both at the Centre and in the States. This is necessary if more resources have to be channelled for economic and social development. In this context, the Party feels that there should be an all-round consensus to accomplish this through a proper strategy of compensation, retraining, and non-governmental re-deployment.

The efforts to make our PSUs commercially viable brook no delay. The State has played and will continue to play, a vital role in the country's development. From directly providing goods and services in the coming decades, it will focus on enabling the private and cooperative sectors of society to provide them, and in its turn, it will focus on providing infrastructure as well as the basic minimum services – drinking water, primary education, health, housing, and nutrition. The Party notes with satisfaction the initiative of the Government to involve local bodies like Gram Sabhas and voluntary organisations in the social sector development.

Disinvestment is an instrument for transforming one set of assets – many of which have sadly become unbearable drains on the public exchequer – into more productive assets, and of redirecting the State's role in the economy. It is an imperative of the times. The Party therefore endorses the steps the Government is taking towards disinvestment. Simultaneously, it calls upon the Government to ensure that: every step in the process is transparent; every effort is made to protect the interests of workers; the public sector continues to have an effective presence in strategic sectors; while selecting purchasers or strategic partners for vital national assets, other things being the same, preference is given to Indian entities; and wherever necessary, effective regulatory mechanisms are put in place before the Government reduces its presence in a vital sector.

Our core industries, such as steel, textiles, cement, sugar, jute and chemicals and fertilizers, continue to face many problems. These problems are getting aggravated because of globalization. The Party urges the Government to study these comprehensively and take necessary measures for the continued growth of the industries. Another important area of internal liberalization, where immediate action is needed, is the tardy pace of the removal of unnecessary restrictions and controls that allow the Inspector-Raj to continue to throttle our businesses,

especially small businesses. These breed corruption and waste the precious time and resources of our entrepreneurs who ought to be devoting these to improve their quality and productivity to face the new challenges.

The country imports 70% of its crude oil requirements. The prices of crude oil have reached an all time high in the last ten years from US \$10 per barrel in the beginning of January 1999 to US \$32.50 – a 225% increase. The indigenous exploration and production of crude oil and natural gas, therefore, need to be given greater impetus. In spite of these problems, the supply of LPG has been stepped up to liquidate the waiting list of 1.10 crore by the end of November 2000. This figure compares well with 4.25 crores connections given during the last 40 years. Efforts should be made to cover the rural area as early as possible. The Government's programme of increasing the number of Retail outlets and LPG Agencies by over 5,000 outlets would help to achieve this objective.

A long-term energy generation and management is overdue. Meanwhile, the National Council urges the Government to quickly evolve a major strategy for conservation of diesel and petrol. Simultaneously, alternative sources of energy such as ethanol, upgradation of coal washery technology, co-generation of power from sugar mills, etc. should be harnessed on a war footing. In short, all-out efforts must be made to mitigate the effect of India's rising oil import bill.

Swadeshi, Swavalamban (self-reliance) and decentralization will continue to be the guiding principles of India's economic development.

Some Major Tasks before the Government

In conclusion, the National Council calls upon the Government to focus its attention on some of the following immediate tasks:

1. Expedite social sector development like safe drinking water, health care, and primary education.
2. Remove all restrictions on the nation-wide movement of agricultural products by amending the Essential Commodities Act.
3. In view of the burgeoning food stocks and severe constraints in their safe storage, start a Food-for-Work programme in

- collaboration with state governments.
4. Revamp the functioning of PDS so as to benefit the poorest of the poor and daily wage earners. In this context the party suggests purchasing power linked PDS distribution.
 5. Effectively implement the ban on slaughter of cow and its progeny and the ban on the export of cattle meat.
 6. Effectively implement the schemes like Crop Insurance and *Kisan* Credit Card, welfare programmes like the Annapurna Yojana, the Sarvapriya Yojana, the Janashri Bima Yojana, and rural development programmes including the newly announced Pradhan Mantri Gram Sadak Yojana take steps for setting up “*Kisan* haats” at block level.
 7. Expedite implementation of measures like setting up cold storages, food processing industries etc. so that farmers can get remunerative prices for their products.
 8. Announce a package of effective measures to protect and rejuvenate our small-scale and cottage industries, in view of the WTO regime. Special efforts should be made towards upgradation of technology.
 9. Complete the National Highway Development Project on time.
 10. Explore and expedite the potentialities of waterways.
 11. Remove all bottlenecks in the power sector and ensure that at least half a dozen major power projects start construction soon.
 12. Immediately formulate a new policy for the development and modernization of Indian Railways, with a substantial role for the private sector and the state governments. immediately.
 13. Take effective measures to minimise non-performance assets (NPAs), if necessary by amending the existing banking and company laws.
 14. Take innovative and urgent steps to remove the “Digital Divide” by promoting IT for the benefit of the masses. The first priority of telecom reforms should be to ensure universal rural connectivity through reliable media before the end of 2002.
 15. Take to ensure greater inflow of Foreign Direct Investment in areas where FDI is necessary. However, the Government should take care that foreign companies set up greenfield

- units, and are not allowed to acquire existing Indian companies and that too with money raised from the Indian capital market.
16. In view of the serious challenge of our rising oil import bill, quickly put in place a nation-wide campaign for conservation of petroleum products and for harnessing alternative sources of energy.
 17. Make efforts to reduce interest payments burden by stepping up repayment of debt—with the target of making the country debt free.
 18. Fix a minimum target in each of its economic ministries to be achieved before March 31, 2001, in the programmes already announced.
 19. Create an effective and easy mechanism for registering patents.

Tasks before our Party

The National Council notes that the prevailing economic situation imposes many economic tasks before our Party workers, too. They should understand, and in turn should make the people understand, that the NDA Government has inherited many complex problems in the economy, which were the result of the wrong policies and programmes pursued by the previous governments. They should especially impress upon the people that the accumulated problems of the last few decades cannot be solved in a short time. They should also educate the people about the temporary and transitional problems as India moves from a largely State-controlled economy to a more vibrant and strong People-driven economy.

The Party will mobilize people's participation in monitoring and implementing the Government's various programmes. It will also present constructive ideas and suggestions to improve the Government's performance.

The National Council firmly believes that only closest possible partnership between the people, the Party, and the Government can ensure the success of the great mission of economic reconstruction that our country has embarked on.

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National Executive

Bangalore

02-03 January, 1999

Need for consensus on the economic issues

Ten months ago, the BJP-led Government inherited a noticeably declining economy. Industrial production had slowed down considerably. Agricultural production had dropped steeply. With exports performing poorly, the trade deficit had increased. The fiscal deficit had shot to over 6 per cent of the GDP. Consequently, the debt burden was also growing alarmingly.

The National Executive congratulates the BJP-led Government on making the best of a bad situation. It also congratulates the Government on standing up to the sanctions applied in the wake of our nuclear tests in May 1998, necessitated by our security needs. And it notes with satisfaction the \$4 billion plus response to the Resurgent India Bonds. The National Executive also congratulates the Government on successfully protecting the national economy against the destabilising economic ill-winds blowing over East Asia, Russia and Brazil.

The need to amend the Patents Act arises out of India's obligations under the WTO treaty. In consonance with the thinking in the Party, the Government has adopted the necessary safeguards to ensure that the changes do not affect the areas of agriculture, drugs, chemicals and medicines, as well as the area of bio-diversity.

The National Executive welcomes the Government's initiative to amend the law regarding the non-banking financial companies to make them more accountable. We urge the Government to position, at the earliest, a mechanism to protect the interests of small investors.

In recent weeks, the Insurance Regulatory Authority Bill has been in focus. The Government has introduced this Bill. While opening the insurance sector to private enterprise may improve efficiency, the question of opening it to minority foreign participation is being debated. The BJP is of the opinion that foreign participation should not result in foreign monopoly and control over the insurance sector. The dominant control must be that of private Indian companies. In this regard, we recommend the following to the Government:

1. Foreign direct investment should not exceed 26 per cent of

equity and a foreign investor should not be the single biggest shareholder in such an insurance company.

2. Insurance companies with foreign equity must comply with all the guidelines issued to the LIC and the GIC from time to time.
3. Premia funds should not be allowed to go out of the country under any circumstances.

Although the BJP-led Government has taken all the required “investor friendly” measures and sought to ensure demand support in order to kick-start the economy, the National Executive is of the view that the results are slow in coming. It, however, takes note of the fact that performance in several industrial sectors has started looking up. The growth of consumer goods, two-wheelers, capital goods, housing finance, software, and the increased consumption of cement and steel have been gratifying. The policy initiatives have been quite effective and we expect the Government to keep this up.

Certain steps have been taken by the Government to meet India’s energy requirements. The National Executive urges the Government to initiate further steps to rapidly enhance power production to meet the emerging and future demands.

The growth of agriculture and service sectors has been excellent and will, no doubt, boost the overall economic performance in spite of the industrial slowdown. Thanks to the BJP-led Government, there has been a record rise in the outlay on agriculture and rural development and a big rise in Plan expenditure and infrastructure outlay. All this is calculated to boost the demand support to industry.

The fact that the results are not entirely commensurate with the efforts is mainly due to the subdued market sentiments. The failures of the previous regimes have had much to do with this. The small investor has still not returned to the market after having been exploited by the unscrupulous elements.

The Government must take urgent steps to remedy this and punish the guilty.

Though the Government is the best judge of the country's economic situation and is best placed to take appropriate steps, the National Executive strongly urges the Government to evolve a consensus among the major political parties on key economic issues. This is all the more necessary to further strengthen and protect India's economic sovereignty.

The broad long-term perspective of the Government should be as follows:

1. The Government should shortlist its economic priorities to manageable areas within the available resources.
2. Rural development, economic empowerment of youth and women, drinking water, primary education, basic health, and shelter for the poor should be given topmost importance.
3. The small scale sector and cottage industry need to be strengthened through adequate policy initiatives and additional support.
4. The intensive pro-poor employment generation and Antyodaya schemes should be launched in a planned manner to benefit the largest number of the poorest of the poor.
5. The government should give priority – in terms of resource mobilisation and urgency – to the Prime Minister's special scheme of a 7,000-km national expressway, as this would be an effective strategy to generate employment and create demand.
6. It should be made obligatory for the importers of consumer goods and luxury items to earn the foreign exchange needed by them through appropriate exports.
7. Stability of the prices of essential commodities must be ensured. The Public Distribution System needs to be further strengthened and better targeted.
8. The Government should evolve a consensus on the approach required towards tackling the undesirable external economic forces, as also the entire gamut of the WTO obligations and their impact on India's economic sovereignty.
9. The Government must further speed up the disinvestment process and release the huge funds blocked in PSUs for investment in the social and infrastructure sectors. The

Government must accord the highest priority to turning these huge industrial assets into productive assets that will spur industrial growth to a new level.

Let 1999 be a stepping stone towards achieving the objectives enumerated above. Let the interests of the common man be the centre-piece of our economic policy, in keeping with the true spirit of *Swadeshi*.



National Executive

Panaji

02-04 April, 1999

Economy back on rails

The Bharatiya Janata Party National Executive congratulates the BJP-led Government on bringing the economy back on the rails and laying a strong foundation for sustained economic growth.

The GDP has grown by 5.8 per cent in 1998-99 (the final figure will be higher, taking into account the record 202 million tonne food production), as compared to 5 per cent in 1997-98. This is a commendable achievement in the background of the international recession—with hardly 2 per cent growth in the world output. Moreover, the BJP-led Government has kept its promise of economic growth in the face of the economic sanctions imposed after the nuclear tests in May 1998.

This achievement has been made possible mainly due to the emphasis on agriculture and rural development in the first Budget of the BJP-led Government. An increase in the agricultural outlay by 40 per cent, backed by other supportive measures such as *Kisan Credit Cards* and better pricing of agricultural produce, has contributed to growth.

In fact, the relative wholesale price index for agricultural produce, as compared to the prices of agricultural inputs, moved up by over 10 points in favour of farmers during 1998-99. During the preceding six years of the Congress and UF rule, farmers had benefited by a mere 4 points. We hail our farmers' untiring efforts that made it possible to achieve 5.3 per cent growth in agriculture in 1998-99. During the UF rule, it had declined by 1 per cent.

We compliment the Government for successfully bringing the prices under control. The inflation rate in terms of the wholesale price index has fallen to 4.9 per cent from over 9 per cent a couple of months back. The retail price index has fallen to 8 per cent from 20 per cent in November 1998.

The credit for this goes to the BJP-led Government's measures to control the prices of primary articles—especially vegetables and fruits. With foodstocks at a comfortable level of 36 million tonnes, it

should not be difficult for the Government to further stabilise prices, thus benefiting the common man.

It is notable that the number of strikes and lockouts has decreased by half. Mandays lost due to strikes and lockouts have come down from 17 million during April-September, 1997 (when the Congress backed UF was in power) to 7.9 million in April-September 1998. This reflects improved industrial relations and both the management's and workers' faith in Shri Atal Bihari Vajpayee's leadership and the BJP-led Government's initiatives.

With these achievements, the Government should be in a position to tackle the remaining economic problems, such as the slowdown in industrial growth, the widening trade deficit and fiscal deficit. Indeed, the widely acclaimed second Budget of this Government has already proposed corrective steps to address these problems. The current Budget addresses the short-term economic problems without losing focus on the long-term development. More importantly, it integrates social development in the overall national development paradigm. Towards this end, the Budget seeks to empower people, especially the weaker sections, and strengthen gram sabhas.

We welcome the continued emphasis on agriculture and integrated rural development as reflected in the current Budget. Measures, such as providing for a 34.5 per cent rise in agricultural outlay, setting up of a Watershed Development Fund to cover 100 priority districts within three years, expediting the ongoing irrigation projects through accelerated irrigation benefit programmes, increasing the institutional credit to agriculture by 20 per cent, hiking the rural infrastructure fund from Rs. 3,000 crore to Rs. 3,500 crore and targeting 20 lakh farmers under the *Kisan* Credit Card Scheme within a year, are bound to further strengthen the agricultural sector

in the coming years.

The Government also deserves credit for initiating comprehensive measures for the upgradation of farm technology. Every year vegetables and fruits worth over Rs. 23,000 crore are lost due to the lack of cold storage facilities. This deprives the farmer of his due while the consumer has to pay twice the price. The proposal to provide credit linked capital subsidy for setting up 12 lakh tonnes additional cold storage capacity, modernisation of the existing 8 lakh tonnes cold storage capacity and setting up 4.5 lakh tonnes cold storage capacity exclusively for onions are bound to minimise the wastage of perishable agricultural produce – thus benefiting both the farmer and the consumer.

This, along with measures such as setting up of micro-enterprises to cover 50,000 self-help groups, targeting 100 rural clusters every year to promote rural industrialisation, providing easy credit facilities to agro and food processing industries on a priority basis, are bound to encourage flow of capital towards villages, create a demand with better prices for the agricultural produce and generate employment in the rural sector. Under this Government, India is at last taking a decisive step towards realising Mahatma Gandhi's dream of Gram *Swaraj*.

We welcome the Government's decision to reorient the national development approach by integrating human development in the overall development model. This is in keeping with Pt Deendayal Upadhyaya's philosophy of Integral Humanism, and Nobel Laureate Amartya Sen's view that true development will be possible only when human development is ensured. Setting up 1.8 lakh elementary schools, each within a radius of one km, in the next three years under the Education Guarantee Scheme, improving the primary healthcare system with a target of covering every household, providing shelter to all by the end of the Ninth Plan under the Samagra Awas Yojana, and giving 10 kgs of foodgrains free of cost to the aged persons under the Annapurna Scheme, reflect our Government's humanistic approach and commitment to Antyodaya.

The proposals to involve Gram Panchayats, Gram Sabhas, and the local self-help development groups will ensure not only the speedy and efficient implementation of these schemes but also better utilisation of funds with minimum leakage. Let 1999-2000, which has been appropriately declared Gram Sabha Year, usher in

a new era of empowerment of the people up to the grassroots level and democratisation of the system. The Party appeals to the cadre to remain vigilant and play an effective role in ensuring the speedy implementation of various development schemes. The Party will organise state level conventions to educate our cadre about our Government's initiatives.

The handloom sector has an immense employment potential. However, of late this sector, based on traditional skills, is on the verge of collapsing mainly because of the inadequate financial, designing and marketing support. The proposed all round support to the handloom sector under the Deendayal Hathkargha Protsahan Yojana will go a long way in tapping its employment potential. Similarly, fiscal incentives to branded small scale units and the appointment of a committee to study their problems will go a long way in promoting tiny and small units and generating employment opportunities.

Our Party believes in providing a transparent, rule-based rather than discretionary or arbitrary, decision-making process. The second Budget has taken a giant step in this direction by reducing the number of basic excise and customs tariff rates, so that there is little scope for discretionary fixing of tariffs. Very importantly, it has also given up its powers for the grant of ad hoc exemptions. We commend the Government for these bold and salutary measures.

The special emphasis on housing and infrastructural development — such as power, telecom, roads including expressways, and ports — involving private sector and foreign investors and through rural development schemes, should also help in reviving the industrial sector. This will happen through improved purchasing capacity and aggregate demand as well as, direct demand for related industries such as steel and cement. Investors confidence has already got a boost with capital market sentiments showing an upbeat mood. The upbeat sentiments are also indicative of the success of the Government's measures to bring back small investors.

We have been advocating for long that the country should be made debt-free at the earliest. The first step towards this should be the control over unproductive government expenditure. We, therefore, commend the Governments' bold steps in this direction, such as cutting down the subsidy support by over Rs. 1,700 crore to people above the poverty line, abolition of four secretary-level posts, bringing down the revenue deficit to the zero level in the next four

years and, above all, its decision to appoint an Expenditure Reforms Commission to rationalise government expenditure.

Measures to promote domestic research and development, fiscal incentives to tackle the problems relating to Y2K and encouragement of information technology show the Government's resolve to upgrade the nation's technological base so as to safeguard the consumer's ultimate right to quality products at a minimum possible price. The various initiatives taken to strengthen the information technology sector would enable it to build on the advantage it already enjoys in international markets and provide avenues for the creation of a large number of high value jobs. This will enhance India's competitive strength in international markets.

The National Executive applauds the Government, especially the Prime Minister, for articulating the economic concerns of the developing countries at the recently held G-15 summit in Jamaica. We believe that under the BJP-led Government, India will emerge as a natural leader of the developing countries and thus, with their cooperation, be in a position to protect the interests of the developing world at future multilateral negotiations. India will be hosting a crucial meeting of G-15 Trade Ministers in August and this could be used as an opportunity to organise an integrated common approach towards the WTO.

We record our appreciation of the sincere efforts made by the Government in putting the philosophy of *Swadeshi* into practice by seeking to build an economy that rests on the pillars of self-reliance and self-respect. The National Agenda for Governance commits the Government to calibrated globalisation. We are happy that the thoughtless globalisation during the Congress and the UF rule has been halted.

Though certain sections of the society are affected by reduction in subsidy support on food, fertilizers and cooking gas, the 10 per cent surcharge on income and corporate taxes and the one rupee hike in the price of diesel, we hope that they will stand by the nation in its efforts towards physical and social development. While urging the Government to ensure time-bound implementation of all initiatives, we appeal to all sections of the society to give a fair chance to the BJP-led Government.

With the support of the people, this Government can ensure that India will stand among the comity of nations with pride. We

reiterate our faith in the people and our belief that, given the right environment, they can hold their own against the best in the world. Indeed, they can become the best in the world.

We urge the Government to consider the following suggestions in the overall interest of implementing the various path-breaking measures it has taken and protecting our domestic economy:

1. Fully implement the 73rd Amendment so as to ensure full empowerment of, and devolution of, powers to Panchayati Raj institutions.
2. Harness indigenous talent and put into place legal safeguards to prepare ourselves for the future WTO negotiations.
3. We welcome the measures for export promotion in the new Exim policy. However, we urge an assessment of the impact of this policy on agriculture and the domestic consumer goods industry.

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National Executive

Jaipur

21-23 July, 1998

New national development programme

The Bharatiya Janata Party National Executive welcomes the BJP-led Government's initiatives to provide long term and lasting correctives to the various maladies that have afflicted the Indian economy for decades, severely affecting its health and holding up rapid development. The common man, long ignored by successive governments, has been made the focal point of a new national development programme. Both the social and physical infrastructure have at last got their due attention. *Swadeshi*—self-reliance and self-pride—has been made the cornerstone of this Government's development model. For all this, the National Executive applauds the Government.

The economic mess which this Government has inherited, and to which the National Executive draws the people's attention, can be easily gauged from the all round decline in growth and production in 1997-98 as compared to the previous year. The stark realities are reflected in the decline of the Gross Domestic Product from 7.5% to 5.1%; fall in agricultural production by 5.9% ; a negligible growth in industrial production which went up from 5.6% to 5.9%; a nearly 50% fall in exports from 5.3% to 2.6%; and, a whopping fiscal deficit of 6.1% of the GDP as against a targeted 4.5%.

This is the legacy of 50 years of mismanagement of the economy, the pursuit of wrong priorities and the adoption of unbalanced development models by the previous governments. We are happy to note that this Government has begun the process of undoing the wrongs and correcting the mistakes of the past.

The first step in this direction has come in the form of this year's Union Budget through which the Government has sought to reach out to each section of society and involve it in the arduous task of rebuilding and revitalising the economy. More importantly, as promised in our Election Manifesto and the National Agenda for Governance, through this Budget, the Government has shifted the focus of development strategy by

investing in agriculture and rural development, firm in the belief that a resurgent India must rest on the foundation of rural prosperity.

Marking an all-time record, the Plan outlay on agriculture has been raised by 58 per cent. The allocation for Rural Infrastructure Development Fund of the NABARD has been increased from Rs 2,500 to Rs 3,000 crore. Rural development expenditure has gone up by 27 per cent and Plan expenditure by 19 per cent, a record rise in this last decade. Against the backdrop of debt-ridden farmers committing suicide, an innovative programme to protect farmers who default in debt repayment and issue *Kisan* Credit Cards to make credit for farm inputs easily accessible have been adopted. The scope of crop insurance has been expanded to cover more areas and new crops. While crucial farm subsidies like that on urea have been retained, cross-subsidies like the one used by the Railways – hiking freight rates to hold down passenger fares – till now are being eased out.

In keeping with our promise of providing shelter and employment opportunities to the largest number of people, this year alone 20 lakh additional houses will be built, 13 lakh of them in the rural areas. On the Independence Day, the Prime Minister has announced the creation of 1 crore new employment opportunities every year, which reflects this Government's commitment to ensure freedom from unemployment.

Over the years, especially since 1991 when economic liberalisation gathered speed, public investment in the social sector registered a steep decline. This Government has not only halted the decline but also reversed the trend by investing heavily in education, health and drinking water. Literacy and health together can combine to become a powerful engine of growth. The National Executive applauds the stepped up spending on the social sector.

We welcome the attempt to end the generation of black money

by both tightening the tax collection system and widening the tax base. Innovative steps to ensure compliance as also smooth resolution of disputes, apart from making the filing of simplified income tax returns mandatory, will hopefully not only strengthen the nation's resource base but also make black money less lucrative. The proposed laws on foreign exchange and money laundering are bold steps in the right direction.

For the last couple of years, Indian industry has been facing a recessionary trend. Unfair competition resulting from liberal imports, the absence of a level playing field and the falling demand had all combined to deliver a blow to our domestic industry. This Government has initiated several remedial measures to give an impetus to industrial growth and protect the small scale sector. These steps, including the 4% additional customs duty to protect Indian industry from the onslaught of foreign industry, have begun to show results.

The National Executive finds the latest data on industrial performance very encouraging. The manufacturing sector's performance has improved by 5.4% in the first quarter as compared to 3.3% in the corresponding period of the previous year. The capital goods sector, languishing till now due to liberal imports, has shown an improved performance of 11% growth in April-June this year.

Energy is required for ensuring both economic growth and national security. This Government has taken several path-breaking steps to increase power generation. State governments have been authorised to clear investments up to Rs. 1,500 crore in power plants; an Electricity Regulatory Authority has been set up to strike a balance between the interests of the consumers and producers; and investment in the key areas of physical infrastructure, including energy, roads and communications, has been stepped up by 35% to Rs 61,146 crore.

Yet another welcome step taken by this Government is the decision to clear all foreign investment proposals within 90 days. In the past, proposals were kept pending for up to five years, thus creating opportunities for kickbacks. Disinvestment in PSUs has been given a clear-cut policy direction. The thrust on Information Technology will provide India's IT industry with a cutting edge.

The National Executive views the new export policy as a morale booster for exporters. We, however, draw the Government's attention

to the developments in the South-East Asian economies and the worldwide recession, and urge a contingency strategy that seeks to make a dent in the world market by improving the quality of Indian goods instead of indulging in competitive devaluation. We note with satisfaction that this Government has successfully articulated the interests of developing economies at the WTO and the need to renegotiate certain provisions.

We view with concern the fluctuations in the capital market and the continuing fall in the external value of the Rupee. Both are, no doubt, influenced by the tremors sweeping through the South-East Asian economies. But the role of the Western economies cannot be ignored. They obviously want to shake the confidence of the nation. We urge an effective dialogue between the Government and industry to stabilise market sentiments. We also call for steps to shore up the external value of the Rupee.

Following the nuclear tests in May, economic sanctions were imposed on India. But this neither deterred the Government nor dampened the nationalist spirit of Indians, both at home and abroad. To ward off the anticipated blockage of external aid of around \$1.5 billion, this Government opted for alternative means. Resurgent India Bonds have been floated and NRIs have responded with full patriotic fervour. Instead of the targeted \$2 billion, the RIBs have already fetched more than \$4.16 billion. A similar response is expected to the India Millennium Fund to be floated by the UTI. The Indian industry has also stood by the country.

The National Executive expresses concern over the rising prices of essential commodities and calls for an urgent action to hold the price line. Two reasons are attributable to the mounting prices – the faulty policies of the previous governments and the unfavourable weather conditions. Together, they have resulted in major shortfalls in the production of essential commodities and vegetables. The shortfall in the production of pulses is 11 lakh tons; potatoes, 60 lakh tons; onions, 6 lakh tons; and, oil seeds, 27 lakh tons. The shortfall in the supply of edible oil has been caused by the fall in imports from the South-East Asian countries. Due to the economic turmoil in these countries, it is no longer profitable for traders to import oil from there. The Government has decided to step in and import 1.5 lakh tons of oil.

We suggest the streamlining and strengthening of the Public

Distribution System and the use of organisations like the NAFED to hold the price line and ensure the distribution of essential commodities at reasonable prices so that the common man is eased of the burden of back breaking prices and shortages created by hoarders. All such steps as can ease the price rise should be taken without any further delay. The Government should call a meeting of Chief Ministers to facilitate the removal of controls on the movement of agricultural produce.

We also call upon the Government to ensure that commercial banks implement the Finance Minister's Budget announcement that the defaulting farmers will not be arrested. We recommend the setting up of rural loan recovery tribunals at the district level. The *Kisan* Credit Card scheme and the Enhanced Crop Insurance scheme should be immediately implemented. We are confident that all these steps will have an immediate curbing impact on the runaway prices and that by mid-September this impact will be felt by the people.

The Government has taken the first steps towards the economic recovery of India and setting the nation on the path of self-reliance and self-confidence, of convincing the people that India can and shall be built by Indians – be they farmers or factory workers, scientists or industrialists. Simultaneously, it has put out a helping hand to the poor, the unemployed and the underprivileged so that each section of society is taken care of and no section is left out of the noble task of nation-building. Some results are already evident a lot more will be evident in the coming months.

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National Executive

New Delhi

26-27 July, 1997

Lopsided progress

It was Gandhiji who laid down a simple test for those in public life to judge their action. Did it benefit the poorest of the poor or not? The BJP regrets to note that the rulers of the past fifty years have failed this test. They have kept the people of India poor, backward and deprived, first in the name of “socialism” and now in the name of “liberalisation”. The record of the past fifty years shows that out of the total population today, 135 million do not have any access to medical services, 290 million adults are illiterate, 171 million do not have a safe drinking water source, 640 million are deprived of sanitation, and 37.6 million unemployed were registered with the employment exchanges in January, 1997, which was 1.9% higher than in January, 1996. At the time of Independence, our total population was 37 crore, today the population below the poverty line exceeds 40 crore. Cattle population, which was 400 heads of cattle per 1000 human beings, has now got reduced to 278 per thousand. The total forest cover has dwindled to around 12%. We are also a nation deep in debt. 42% of the Government of India’s total receipts and 104% of its total borrowings was spent on paying interest alone on the past debts in 1996-97.

Undoubtedly, there has been something seriously wrong with the entire direction and thrust of our economic policies all these years. It is not that no progress has taken place during the last fifty years, but the progress has been lop-sided, in favour of the few and to the disadvantage of the many. The quality of life has deteriorated during the last fifty years. Our cities are bursting at their seams, civic amenities have collapsed and for want of opportunities in the rural areas, the rural urban drift continues unabated. The mistakes of the past have been further compounded during the last fourteen months of the UF rule.

It is the firm belief of the Party that agriculture is the key sector of the Indian economy. Yet, agriculture has been the most neglected sector of our economy, especially in the era of economic

liberalisation since 1991. Public investment in agriculture has been steadily declining. It stood at Rs. 1796 crore in 1980-81. It declined to Rs. 1310 crore in 1995-96 at constant prices. The UF Government has been even more reluctant than the previous Congress Governments in giving remunerative prices to our farmers for their produce. This was the reason for the stand off between the farmers and the Government on the procurement price of wheat earlier this year. But surprisingly, while the Government is reluctant to pay remunerative prices to our own farmers, it is ready to pay much higher prices to farmers abroad. Despite the bonus of Rs. 60 per quintal, which the Government agreed to pay under our pressure and that of our allies in Punjab and Haryana, the cost of imported wheat is higher by over 80% in real terms compared to the Indian wheat. Only an anti-farmer Government could act in this manner. The Party expresses its deep concern at the misfortune which the potato growers had to suffer throughout the country during the last season and regrets to note that the UF Government failed to come to their rescue.

The nation's food security is in grave jeopardy. Despite a good crop last year, the foodgrain stocks at 16 million tons are lower than the minimum safe level of 20 million tons. The Public Distribution System is in shambles. The targeted PDS has only added to the woes of the poor. Identification of families below the poverty line has been more on the basis of the whims and caprices of the local officials than on the basis of the established norms. The increase in the prices of foodgrains in the PDS has put a higher financial burden on the poor since they can get only ten kgs of wheat or rice at the lower price. With foodgrain production stagnating at around 190 million tons, we are still far away from the target of 300 million tons which is our real need.

The Congress Government of Shri Narasimha Rao could not formulate a national agricultural policy during its five year rule.

The humble farmer has come and gone. What can one expect from the 'helpless' Intellectual? The BJP would like to reiterate that India cannot progress without a vibrant agriculture. The Party reiterates that it will give agriculture a pride of place in its strategy for economic growth. Public investment in agriculture would be stepped up and agriculture would be made remunerative for our farmers.

The failures of liberalisation have been many, especially during the last 14 months. But nowhere is it more dramatically illustrated than in the core sectors of the economy including infrastructure. The growth rate of six infrastructure industries (electricity, coal, saleable steel, crude petroleum, refined petroleum products, and cement) slumped to 3.48% in 1996-97 as compared to 8.8% during the previous year. Power, which is the engine of growth, not only for industry but, even more importantly, for agriculture, recorded a capacity addition of 14799 MW during the first four years of the Eighth Plan as against the plan target of 30858 MW. Throughout this period, not a single MW has been contributed by the private sector due largely to the misconceived policies of the previous Congress Government.

The BJP notes with concern the dismal performance on the foreign trade front last year. The export growth rate of 4% in the base year of the Ninth Five-Year Plan, which assumes an average export growth of 14.5% per annum, has been disappointing. The trade deficit has also increased to \$5.44 billion. This disturbing trend continues. Exports actually registered a decline of 10.06% in April this year and though there has been an increase in May, the overall decline is still 2% during the first two months of the current fiscal year.

The Party feels disturbed at the signs of deceleration in the economy. Industrial production is stagnating. A decline in interest rates has not spurred investment. Banks are flush with funds but there are no takers. While the Mumbai Stock Exchange appears to be booming on the strength of a very limited number of scrips, the primary market has hit a nadir. In July, there were only three public issues collectively raising a meagre Rs. 3 crore. According to a recent study in the first four months of the current fiscal year, there have been only forty public issues raising Rs. 201 crore as against 404 issues totalling Rs. 4453 crore during the corresponding period of the last fiscal year. Policy initiatives of the Government have failed to draw in fresh investment, including foreign investment in the

petroleum sector.

The Voluntary Income Disclosure Scheme has failed to work and has even been challenged in court on the ground that it is iniquitous to the honest tax-payer. The huge deficit in the Oil Pool Account remains unresolved. The Government appears determined to take the easy way out by raising the prices of petroleum products. The Party would like to warn the Government against any such misadventure. The Party is convinced that only a comprehensive approach can solve this problem. Tinkering will not do.

The Government came out with a discussion paper on government subsidies in India in May this year. This paper has completely distorted the concept of the welfare state by including expenditure even on items like education and public health, welfare of weaker sections, flood control and drainage etc. in the list of subsidies. The Party does not agree to this concept and rejects this approach.

The CRB scam has played havoc with the confidence of the small investors once again. But this scam is only the tip of the iceberg. A large number of Non Banking Financial Companies have cheated the people of thousands of crores of rupees especially in the rural areas. These small investors have been left to their own fate and in most cases have lost their lives' savings. The Party would like to reiterate that, as in the banks so with the NBFCs, the small investors' deposit upto Rs. one lakh should be insured and a JPC should inquire into the CRB scam.

The Government has failed to evolve a policy for the public sector which is in the grip of uncertainty. Many important PSUs have remained headless for months. Privatisation is being resorted to in a cavalier fashion. The need for a proper PSU policy cannot be overemphasised.

The Government has taken a long time in coming to a decision on the Pay Commission's recommendations. Yet it has satisfied nobody. Despite the tall claims of the Defence Minister, gross injustice has been done to the armed forces as also to some civilian cadres. The Party expresses its complete disgreement with the Government on this issue.

The international situation is not favourable to India. The developed countries are using the devices of the WTO to pressurise India to abolish its quantitative restrictions on the import of some

2700 products in quick time. This will play havoc with our food security and the future of our small industries. The pressure to agree to a multilateral investment agreement continues unabated. The Government's abject dependence on foreigners is aptly illustrated by the consultancy contract given to Jeffrey Sachs by the Department of Industry. This clearly shows that the Government is incapable of even formulating its own policies without foreign assistance.

The votaries of "globalisation" have also distorted the economic agenda of the country. The nation has been led to believe that foreign investment, foreign technology and foreign enterprise alone can bring prosperity to the country. Nothing could be farther from the truth. Foreign direct investment continues to be less than 1% of the GDP as compared to over 25% provided by domestic savings. Out of the total foreign investment that came to the country during 1991-96, the highest, viz., 39% went to the services sector, 13.99% to consumer non-durable industries, 3.07% to consumer durable industries, only 9.66% to the power sector and 8.80 to oil refinery. This exposes the myth that foreign investment is being attracted in hi-tech areas or in infrastructure. Foreign investment has at best a marginal role to play in our economic development. It can never become its mainstay.

The false slogan of globalisation, the fatal attraction of unrestrained consumerism, the aping of the West, the concern for the comfort of the few at the cost of the vast millions, the lurking dangers to our cultural values and the emerging threat to our sovereignty are the issues which ceased to worry the Congress Party at the beginning of this decade. They have stopped worrying the constituents of the United Front after they came to power last year. The worst betrayal has been that of the Left parties who are merrily running with the hare and ferociously hunting with the hound. Their transformation from being the most vocal critics of the new economic policies to being its willing supporters is entirely in keeping with their track record of opportunism.

Thus, the historic responsibility to safeguard Indian interests, to preserve the Indian identity and to take India to prosperity through the uniquely Indian way of *Swadeshi* has devolved squarely upon the BJP.

The Party is quite clear about how this goal can be achieved. No economic reform in India can be sustainable without broadbased agricultural development. Village, cottage and small-scale industries

must be developed alongside to impart dynamism to the rural sector. Total employment for our unemployed youth must be the most important priority of our economic strategy. It is this directional shift which was envisaged by Deendayalji long ago when he summed up our basic approach to economic development in just two words – *Swadeshi* and Decentralisation. Only this approach will ensure employment for every pair of hands and water for every farm.

The Party is in no doubt that the clash of ideas today is not so much a difference of opinion about the model of economic growth as essentially a clash of civilisations. The challenge is daunting. But we have accepted this challenge in all humility and resolve in this Swarna Jayanti year of our *Swaraj* to take the country forward to its great destiny.



National Council

Vadodara

10-12 June, 1996

Imported models of economy – unsuitable

The present Government is completing three years in office. The economic policies initiated by this Government with so much fanfare and promise have also been tested and tried over the last three years. It is clear that these policies are nothing but a rehash of the IMF/World Bank model which has been followed with disastrous results in Mexico, Brazil, the former Soviet Union and some other countries. It is doomed to fail here also. The performance of the economy during the last three years merely confirms our worst fears.

The Rao/Manmohan singh model rests on three legs: 1. Fiscal stabilisation, 2. Economic re-structuring, and 3. Foreign investment and globalisation. As far as the third is concerned, the BJP does not share the misplaced faith of the Government in foreign investment and globalisation as a panacea for all our ills. Unrestrained globalisation in effect means wholesale and shameless capitulation before foreign vested interests, the lowest point of which was the signing of the GATT at Marrakesh.

The BJP is not against the entry of foreign capital and technology in hi-tech areas. Even here, however, it should not be to the exclusion of Indian companies. Joint ventures between Indian and foreign companies should be encouraged so that the country is able to absorb new technologies. Exclusion of Indian companies would only lead to our perennial dependence on foreigners. In areas which involve national security considerations, like telecommunications, exclusive dependence on foreign companies is fraught with grave dangers. Similarly, in the oil sector, while the Party is not against the entry of foreign capital, sharing of existing production or profits on existing production is not in the country's interest. The foreign companies can share the profits on incremental production.

The performance of the economy during the last three years has been dismal. It has slipped back on every front, viz., price stability, economic growth, employment generation and investment promotion, though the Government itself admits that there is no dearth of resources. The steady deterioration in economic

performance is reflected in the major economic indicators most of which point to the wrong way. The GDP growth rate has never exceeded 4% a year and actually continues to stagnate with an overall growth of around 2% a year since 1991 as against almost 8% through most of the eighties.

Agriculture, irrigation and rural development have been completely neglected by the present Government. Agricultural production has been stagnant for the last three years, despite good monsoons every year since 1988. The fertilizer prices muddle has already led to a significant decline in fertilizer consumption. The long term impact of this can only be disastrous for Indian agriculture. Now the cost of other agriculture inputs has also sky-rocketed, while the agricultural produce prices continue to remain unremunerative, thus putting the farmer at a great disadvantage. Investment in agriculture, irrigation and allied areas has actually declined in spite of the crying need for more public investment in this area. The GATT will add further to the farmer's woes.

Unbridled inflation with the WPI rising at over 12% is the most damning evidence of the failure of the economic policies of the Government. The wholesale price rose by 13.7% in the first year of this Government (against 12% in the previous year), came down slightly to 10% in the second year and ended 1993-94 at nearly 11 per cent. The prices of essential commodities and items of mass consumption like foodgrains, edible oils, tea and coffee, sugar, soaps and detergents have risen by as much as 50% during the last three years.

The Union Budget, 1993-94, clearly demonstrates the inability of the Government to keep control over its finances, as both its expenditure and revenue estimates have gone haywire. The fiscal deficit (the difference between the government revenues and its total expenditure) which was estimated to be Rs. 36,959 crore in 1993-94,

actually turned out to be Rs. 58,551 crore as per the revised estimates, thereby recording an increase of more than 58%. Similarly, the Budget deficit and the Revenue deficit also went up by nearly 100%. The fiscal deficit last year was over 8% of the GDP or nearly as high as recorded in 1990-91, the year of the crisis which triggered off these reform programmes. We are back on the dangerous road which had led the country to near disaster in 1991. Once again profligacy and waste have become the style of the Government.

The country is in the deadly trap of debt. Out of the total budgeted expenditure of Rs. 1,50,000 crore, as much as Rs. 50,000 crore or one third, constitutes fresh borrowings. Two years ago, this was only 23%. The Rao Government not only lives from day to day – since the revenues can finance only half its expenditure – but has to borrow money simply to pay interest. This year (1994-95), the borrowings are estimated at Rs. 48,900 crore while interest charges on the huge debt that it has accumulated amount to Rs. 46,000 crore. The BJP would like to warn the nation that the year 1996-97 will see the peak of debt repayments, and since the Government does not seem to have any plan to meet this contingency, the nation may face another severe balance of payments crisis.

In its desperation to raise revenues, the Government chose, in the last Budget, the softest and most unsuspecting of all targets, namely, the small industries sector. This sector has been made to bear the bulk of the increase in excise revenues while many large industries including the multinationals have been let off easily. This short term view of resources generation will destroy the health of the small scale sector and make them vulnerable to closure and take over by both large industries and multinationals.

Employment generation, which must be the principal aim of any economic policy in India, has been abandoned by the present Government. Instead of generating fresh employment opportunities, the present policies have led to decline in existing job opportunities by 7 to 9 million. India will thus enter the 21st century with a massive backlog of unemployment if the present policies continue.

In brief, the net result of the Government's economic policies has been

1. Rise in prices;
2. Increasing unemployment;

3. Stagnation in agricultural and industrial growth and an adverse impact on the SSI sector;
4. Increase in national debt and surrender of national sovereignty; and
5. Unprecedented corruption highlighted by such scandals as the securities scam, the PSU disinvestment scam and the sugar import scandal

All these have adversely impacted on the already poor living standards of the weaker sections of society, especially the Scheduled Castes and Scheduled Tribes.

The greater success of the Government's economic policy is claimed to be the growth in exports by around 20% last year and larger foreign exchange reserves which stand at 15 billion, \$7.5 billion having been added in the last one year alone. Exports growth is largely a myth. The main reason behind the exports have gone up is not that the export sector has suddenly become more efficient and competitive, but that the rupee has been devalued by over 40% since 1991, which has made exports cheaper and imports costlier. In one stroke, it has also increased in Rupee terms the foreign debt of the country and saddled the future generation with the burden of repaying it.

Similarly, a close look at the nature of these reserves will reveal that most of it is ephemeral. The current account continues to be in the deficit. Only about \$600 million out of the last year's total of \$7.5 billion is accounted for by funds raised abroad by Indian Companies. The rest pertains to the funds brought by foreign institutional investors (FII) who want to make a quick buck by playing in the stock market, the funds brought in by foreign banks involved in the securities scam and the loans raised abroad by the Government. It is clear that these reserves are fickle and cannot be depended upon.

While the Government has somehow managed to accumulate a large foreign exchange reserve, it has failed completely to minimise the adverse impact of these reserves on the economy. The unbridled growth of aggregate money supply is the result of both the burgeoning budgetary deficits and mismanagement of the large foreign exchange reserves. The run-away inflation is the direct result of this thoughtless action on the part of the Government. The BJP would like to warn the people that with money supply running out of control, with the supply side in

disarray, the nation is in for a severe bout of inflation and a heavy dose of further foreign borrowings in the days to come. The electoral promise of the Congress Party enshrined in its 1991 manifesto to bring down prices to the level of July 1990 within 100 days has been treated with complete disdain and lies in shambles. It proves once again how lightly and irresponsibly the Congress Party treats its electoral promises to the people.

The Rao Government, however, has proved its unmatched competence in one area—the area of corruption and scandals. The ink was hardly dry on the report of the Joint Parliamentary Committee which investigated the biggest and the worst scam ever in our history when the Public Accounts Committee came out with its indictment of the Government on the disinvestment of PSU shares. The PSU lost over Rs. 3,000 crore in this muddle. Hardly had the ink dried on the PAC report when another news of a massive scandal relating to the import of sugarcane surfaced.

The fact that the sugarcane crop will be smaller in 1993 and, consequently, sugar production will also decline, was known to the authorities at least since early 1993. Even then the Government prepared no contingency plan to tackle the emerging situation. The timing of the sugar imports, the prices at which these imports have been made, the modalities adopted for such import, and the rising prices of sugar despite these imports clearly demonstrate that the whole exercise was tailored to suit the interests of a few sugar barons, traders and higher-ups in the Government. There is no doubt that the sugar muddle has been deliberately created by the Government to raise massive political funds for the ensuing state election with the connivance of the higher-ups in the Government. The BJP is happy that the Public Accounts Committee has taken the initiative to enquire into this scandal and expose the guilty.

The scant regard which the Government has shown towards public opinion and the brazen manner in which it has gone ahead and signed the GATT only proves that the present Government is not here to protect national interests but to serve the needs of the foreign vested interests. The deleterious impact of this treaty on every aspect of our economy has already been documented in detail by the Party. The Party will, therefore, continue to oppose this treaty.

The Party has for long held that the planning model that we imported from the Soviet Union has not served much purpose. In the changed context, its relevance has further dwindled. The BJP feels that the time has come for a radical review of the role and relevance of the Planning Commission.

The Party feels that while the demands of the top 200 million of our population need not be overlooked, overriding priority and attention must be paid to the minimum needs of the other 700 million whose demands can be overlooked only at the nation's peril.

The *Swadeshi* approach is the bedrock of the BJP's economic policy as enunciated by the Party in 1992. This, and this alone, shall enable India to take its place in the comity of nations as an equal partner rather than depend on the mercy of others.

While the Government stands exposed on the economic front, it once again powerfully vindicates the stand of the BJP that neither the Nehruvian model nor the Rao model, which derive their inspiration from abroad, can solve the problems of the Indian people. It has been conclusively proved a second time in our post-independence history that imported models will not do.

The BJP, therefore,

1. rejects the present economic policy and the Rao model of economic development and demands its replacement with a *Swadeshi* model based on Gandhiji's Ram Rajya and Deendayalji's integral Humanism;
2. rejects the GATT in its totality.

It re-emphasizes the importance of:

1. agriculture, irrigation, rural development and animal husbandry as engines of growth in the Indian context;
2. making the agriculture sector remunerative, for which the additional cost of inputs should be added while fixing the price of the agricultural produce;
3. the role of the small scale, village, cottage and tiny industries sector and handicrafts in the advancement of Indian economy;
4. control over population growth through family welfare;
5. protection of environment, afforestation and reclamation of waste land;
6. the development of human resources in all its aspects;

7. the development of backward and far-flung areas through exploitation of the local potential like preventing the flaring of gas in the oil wells of Assam and their productive use;
8. Effective decentralisation political and economic of the possibilities of taking up agro-based, forest based, mineral based, small and medium scale industries and electronics industries in the North-Eastern Region.
10. evaluation of a special speedy development package for the upliftment of the economically poor people in the N.E. States; and
11. Insuring crops compulsorily, utilizing 60% of the total budget for agriculture, and fixing the support price of the agricultural-produce, taking into account the enhanced cost of the inputs used in farming.

The BJP commits itself once again to:

1. the task of radical national reconstruction and creation of full employment opportunities for youth;
2. a comprehensive Antyodaya programme for the poor and deprived, especially the Scheduled Castes and Scheduled Tribes, which will ensure the fulfilment of their minimum needs in their own habitat and thus prevent rural-urban drift;
3. lifting of all unnecessary controls on domestic competition and encouragement to Indian entrepreneurship to bring Indian industry at par with the best in the world;
4. massive development of infrastructure like roads, railways, power, ports and shipping; and
5. modernisation of the services sector like transport, telecommunications, banking, insurance, etc.

The party demands:

1. the resignation of the Union Food Minister and expeditious completion of the PAC enquiry into the sugar import scandal;
2. punishment to the guilty in the securities scam before 30th June, 1994, as promised by the Government in Parliament;
3. immediate punishment to the guilty in the PSU disinvestment scam;
4. setting up of a PSU Disinvestment Commission to ensure transparency of transactions;

5. A statutory limit on Government's borrowings as provided for in the Constitution;
6. immediate bringing down of prices of agricultural inputs and consumer goods;
7. the abolition of preferential treatment to MNCs in matters of taxation, investment, pricing of shares, returns, dividends, etc. to prevent their unfair onslaught on the Indian companies; and
8. enhancement of subsidies on agricultural inputs, e.g., fertilizers and agricultural implements.



National Executive

Bhopal

21-23 June, 1996

Economic situation sinks under UF Government

The country has just got rid of the five years of the Congress Party misrule. It is not surprising, that a regime which distinguished itself, if at all, by a string of scams and striking inefficiency should leave the economy in shambles as the Narasimha Rao-Manmohan Singh duo has done. One may consider it even a token of natural justice that the new negativist conglomeration of incompatibles that is in power today has to manage this economy – or what remains of it. The indications so far are not encouraging.

The Common Minimum Programme (CMP) of the United Front had to be minimum in order to be common. It is vague, misleading, self-contradictory, incomplete, impractical and full of platitudes. Its economic policy pronouncements start by paying lip service to social justice and self-reliance but they are forgotten no sooner than they are uttered. Lip service is also paid to 'labour-intensive' industrialisation. But such industrialisation is sought to be achieved through a massive inflow of capital and modern technology. How capital-intensive modern technology will serve the need of labour-intensive industrialisation is left unexplained. It talks of the need for foreign investment only "at the margin". But the need for such "marginal" foreign investment is put at \$10 billion a year. The United Front, including the holier - than - thou Leftists, does not talk of banning the entry of multinational companies into low priority areas including the consumer goods sector, but only talks of discouraging them through suitable fiscal and other measures. The subsequent utterances of the Finance Minister indicate that the list of such low priority areas will be extremely small.

The CMP mentions the urgent need of stepping up investment in infrastructure and projects this requirement at \$200 billion in five-years. Even if \$50 billion, i.e. all the foreign investment at the rate of \$10 billion per year is channelised into the infrastructure sector, it will still leave a huge balance of \$150 billion or Rs. 57,50,000 crore to be funded by domestic public and private resources. Can this be

considered feasible?

No specific measures have been suggested for improving the lot of small and cottage industries or of sick industries.

Its stand on the public sector abounds in contradictions. It promises to make the public sector strong and competitive. For this, they have to be reformed and restructured. In the financial sector, it seeks to strengthen companies like the LIC and the GIC by permitting the setting-up of not only domestic private companies but also foreign private companies. It talks of the withdrawal of PSUs from the non-core and non-strategic areas without however, endangering the job security of the employees. It is silent on how these self-contradictory goals are to be achieved. Its plans to revive the sick or potentially sick PSUs is woolly.

There are many other examples of empty promises, contradictory assertions and platitudinous statements in the Common Minimum Programme. It is small wonder, therefore, that it has come to mean different things to the different constituents of the United Front and to the Congress Party which is supporting the Government from outside. The Congress President, who supported the CMP in the Lok Sabha except for minor reservations said in Orissa the other day that the Congress was firm in its policies and programmes, would not compromise on them and that the Deve Gowda Government would have to honour the Congress policies. The recent outburst of the CPI and the CPM over the so-called austerity measures announced by the Finance Minister is a proof, if proof was needed at all, of how far apart is the interpretation of the Finance Minister from that of the Left parties as far as the CMP is concerned. The attitude of the Left parties clearly demonstrates that they wish to run with the hare and hunt with the hound.

The BJP is of the firm view that austerity should not be imposed

only on the wage-earners or government employees. It must cover all the sections of society, the private and the public sectors alike, and must touch the affluent before it touches any other section. Austerity must be accepted as a national discipline. This can be achieved only through national consensus and not through knee-jerk reactions.

The target fixed for return on capital for the public sector undertakings in the austerity package is unpractical. Such stringent norms cannot be fixed even for the private sector. Similarly, by insisting on the profitability of public utilities, the Government is giving a go-by to its concept of social justice, since the services provided by these utilities will go beyond the reach of the poorer sections of society.

Three weeks in office, and only a couple of important policy measures announced by the UF Government indicate the yawning gap between its precept and practice. The warnings issued by the Left parties as also the Congress Party are indicative of the shaky foundations on which the whole United Front edifice rests. The dilution of the austerity measures within a day of their announcement clearly shows how the Government will function in the days to come. The economic situation, already in disarray, will sink deeper into crisis.

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National Executive

Jaipur

16 November, 1996

Deve Gowda Government 'clueless' and 'directionless'

The National Executive of the Bharatiya Janata Party expresses its deep concern over the rapidly deteriorating economic situation in the country. The corrupt Narasimha Rao Government and the directionless Deve Gowda Government are both equally responsible for the current mess. While the seeds of the crisis were sown during the five years of the Narasimha Rao Government, the same are being allowed to grow menacingly by the Deve Gowda Government.

This is in sharp contrast to the tall claims about turning the economy around and taking it to new heights of prosperity of the Congress regime and the protestations of the present regime. The stark fact is that the economy is today totally vulnerable to external threats and internal mismanagement and is slowly but inevitably grinding to a halt.

The tell-tale signs are all there. Foodgrain production declined by a whopping 60 lakh tonnes during 1995-96 despite a good monsoon for the seventh successive year. This is not an accident. It is the direct result of the utter neglect of agriculture by the Narasimha Rao Government. The reduction in fertilizer subsidies and the confused policy of control and decontrol has led to an alarming imbalance in the use of various fertilizers – instead of the ideal ratio of 4:2:1 among the nitrogenous, phosphatic and pottassic fertilizers, the distortion in 1995-96 stood at 8: 6 : 2 :5:1. Public investment in agriculture, which was already low, was reduced further during the Narasimha Rao regime and the reduction in capital expenditure became the favourite instrument of the then Finance Minister for reduction of the fiscal deficit in the Budget. Rural infrastructure has become even more rickety during these years. All these policies are now showing their adverse impact. Deceleration in agriculture is the root cause of the present demand led slump in the economy. It is not surprising, therefore, that industrial production is down, infrastructure is lagging behind, and both exports and imports are recording alarmingly low levels of growth. Money has become both expensive and non-available, buffer stocks of foodgrains have

declined and prices are on the rise.

The worst part of it is that the pundits in the Government do not even know why the economy is slowing down. The capital market is in doldrums. Even a small company trying to raise a few crores is scared to go to the stock market for raising funds. The stock market has collapsed from 4100 (Bombay Sensex) in June 17, 1996, soon after the present Government took over, to just over 3000, a drop of over 25% in 5 months. The foreign institutional investors (FIIs), despite their small share in the market, manipulate the market at will and the Government remains a mute spectator.

The Government is not only clueless but also directionless. The economic managers of the new Government perhaps believe that more of the same medicine, which has actually exacerbated the disease, will lead to cure. So mindless globalization, concession after concession to foreign investors, to the detriment of the domestic industry, has become the order of the day. International pressure, far from being resisted in national interest, is in fact being invited. Fiscal correction has been reduced to an empty rhetoric, revenue deficit does not bother the powers that be, and, the rising debt burden has ceased to matter. It is disheartening to note that the amount of interest and principal repayment of past debts equals the total revenue collection of the government of India at Rs. 1,30,000 crore.

The Congress Party is happy because the present Government is following in its footsteps. The Janata Dal has no economic ideology. The most shocking spectacle, however, is the fall of the so-called Left parties, who are not only supporting but are partners in the present economic policies of globalisation and for whom economic imperialism has become more acceptable today than the BJP's nationalism.

No developmental process can be sustained in the long term unless it focuses on the needs and interests of the poorest

of the poor who have been bypassed all these years and continue to be marginalised by the reforms followed since 1991. There is considerable evidence that poverty rose from 36% to 42% in the first year of the reforms and to 49% in the second year. Inequitable growth has only led to further aggravation. The quality of life of the people, in fact, is deteriorating, despite this so-called growth in the GDP.

A by-product of the new dispensation has been unbridled corruption. Public funds have been looted through the security scam, the PSU shares disinvestment scam, the urea scam, the telecom scam, the sugar scam, the housing scam, the medical equipment scam, the fodder scam and the like.

The BJP has consistently maintained that it is all in favour of unshackling the economy and putting an end to the licence-permit-quota raj in order to meet the challenges of the fast changing world market. But such an exercise must be guided by a firm set of principles and adequate regulatory mechanism in line with the basic human realities of our country.

The BJP believes in the following:

1. A frontal attack must be made on the problem of poverty and unemployment. These must be tackled by the Government directly instead of depending on the trickledown theory.
2. Massive investment must be made in agriculture which is the bedrock of the nation's economy and rural infrastructure. Irrigation, rural roads and electricity must receive top priority.
3. Small, village and cottage industries have been the worst sufferers of the policy of Globalisation. Lakhs of them are closed or sick for want of working capital and markets. They must be revived and nourished back to health. Rural and traditional skills must be preserved and promoted. Cottage industries and handicrafts alongwith agriculture should receive the bulk of public investment. A time-bound programme of land reforms should be initiated. .
4. The highest priority must be given to infrastructure power, irrigation, transport, telecommunications, ports and roads.
5. Crude production is set to decline by a sharp 4.8 million tons in the current financial year primarily due to drop in production in ONGC. This is also the direct result of the negligence of the oil sector during the last five years. India

cannot be even reasonably self-sufficient economically unless we acquire a degree of self-sufficiency in petroleum products. Out of a whopping Rs. 28,000 crore in the “oil development cess account”, only a meagre sum of Rs. 900 crore was released for oil development, retaining the rest for meeting the deficits.

6. The government has already raised the prices of petroleum products once. It is likely to do so again in the light of higher imports and the rising oil pool account deficit. The BJP warns the government against such a misadventure and expects it to desist from such a move.
7. The Government budget must be brought to balance and the increasing fiscal and revenue deficits must be rapidly reduced both by cutting wasteful expenditure and increasing revenues.
8. High priority must be given to universal primary education, vocational training, high quality technical education and research and development.
9. All decision making must be made absolutely transparent in order to eliminate corruption.
10. Determined steps must be taken to eliminate the time and cost overruns in project implementation and a time-bound programme should be prepared for the completion of the pending projects.
11. Assets created must also be maintained. Adequate financial allocation must therefore be made by the Central and state governments for the maintenance of assets already created.
12. It is essential to create a level playing field for the domestic industries vis-à-vis the multinational corporations (MNCs). In no case should the domestic industry be put to disadvantage compared to its foreign counterpart.
13. Adequate legislation should be undertaken to protect the interests of the small investors. An effective regulatory mechanism must be set up to streamline the functioning of non banking financial companies (NBFCs) and mutual funds.
14. Greater autonomy should be given to the public sector banks and public sector enterprises to function along efficient commercial lines in order to face the challenges of

competition from foreign companies.

15. Appropriate tax incentives for savings and investment in the domestic sector should be adopted so as to curb conspicuous consumption.
16. A long-term plan must be prepared to take advantage of the international protective trade laws in order to protect our economic interests and safeguard our economic sovereignty.

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National Executive

Jaipur

15-17 November, 1996

Singapore meeting of W.T.O.

The Bharatiya Janata Party is totally opposed to the integration of the Multilateral Agreement on Investment (MAI), and social issues such as labour standards and the environmental aspects with the World Trade Organisation at an inter-governmental meeting scheduled to be held in Singapore on December 9-10, 1996. If the MAI, as proposed by the European Union, is integrated with the already concluded Uruguay Round Multilateral Treaty about which, of course, BJP has always voiced its objections, especially with regard to Patent Law and farm related issues, it would lead to virtually surrendering of the country's economic and political sovereignty. Member countries would end up simply implementing policies dictated by the officials of the WTO at the cost of their sovereignty. Since the WTO is dominated by views favourable to advanced countries, developing countries like India would be the losers.

The BJP is committed to a selective approach to foreign investment. The area and quantum of foreign investment are matters to be decided by a sovereign government keeping in view the local socio-economic compulsions. In fact, this right has been upheld by the Uruguay Round. Allowing foreign investment as a legal right as proposed by the MAI would lead to the imposition of a new form of economic imperialism on the developing countries. The host country would not be in a position to regulate foreign investment with regard to the area (eg, high-tech or low tech), the size of equity participation, repatriation of funds, the employment of local manpower resources, and also the restrictions with regard to export-import. As per the proposed MAI foreign investors can enter into any area except defence related industries. As a result, the host country would remain technologically backward as advanced countries are not interested in transferring the state-of-the-art technology. Besides, developing countries are likely to become a dumping ground for environmentally hazardous industries (which advanced countries would like to shift away from their own territories). Moreover, employment opportunities

to local people are likely to fall as there would be a total licence to foreign investors in complete disregard to the laws of the host countries.

If the proposed MAI is accepted, domestic industries—big, small or cottage—may find it difficult to survive in the face of competition from MNCs. Similarly, national treatment to foreign investors on par with domestic investors for all practical purposes, such as subsidy assistance and benefits of local R&D is something repugnant to the national interest.

More than anything else, the proposed MAI is a challenge to the very democratic system as the proposal aims at eroding the sovereign rights of elected governments. The elected governments would be deprived of the opportunity to legislate and undertake policies designed to promote the welfare of their people.

Similarly, attempts by the advanced countries to link labour standards and environmental issues with trade are not acceptable to the BJP. The Party is certainly concerned over the problem of child labour. But the issue is one that should be tackled by the concerned country. There is no need at all to link it with foreign trade especially to serve the designs of the advanced countries to prevent exports from the developing countries.

Though the Party is committed to balance between development and environment, the issue should not be linked with international trade as proposed by the advanced countries, as this is also with an evil design to curb exports from the developing countries. In fact, environmental problems are created by the advanced countries.

In the opinion of the BJP, if the proposals of the European Union are approved at the Singapore meeting of the WTO, the international institutions like the ILO, the WPO, the UNCTAD would become defunct. This attempt to enlarge the domain of the WTO would amount to intrusion in the functioning of the UN bodies also.

The National Executive has the following recommendations to make:

1. The United Front Government should realise the gravity of the problem and make vigorous efforts to promote the national consensus and mobilise international opinion against the new proposals.
2. Each country must be free to pursue its national development strategies and to decide the role to be played by foreign investment in achieving various developmental goals. Consequently, these decisions must be left entirely to the competence and jurisdiction of the government of each country.
3. The UNCTAD, which is the most appropriate forum to study all the aspects of investment, including MAI, has already been mandated by UNCTAD IX to do so. Hence, the matter should be decided by the UNCTAD.
4. Similarly, the ILO (and not the WTO) is the appropriate forum to look into the question relating to labour standards in different countries.
5. The TRIPS agreement should be reviewed in the light of the experience of the developing countries like India.

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National Executive

Goa

03 April, 1995

Reforms fail to bail out economy

The Narasimha Rao Government completes four years of office in June. During this period, it claims to have turned the economy around through its economic reforms, and going by the Finance Minister's speech in the Parliament at the time of the presentation of the Government's fifth Budget, "saved the nation from a relentless slide into the abyss of falling production, soaring inflation, and deepening poverty."

There is, however, a big gap between the Government's claims about the reforms and the stark reality of the economic situation on the ground. In nearly every respect, there is palpable failure on the economic front, whether it is inflation or unemployment, both of which are worse than ever. And the Centre's finances are so precarious that it cannot generate adequate resources even for its shrinking five-year plans and is more dependent than ever on foreign investors.

The Rao government had set for itself two main objectives when it assumed office in 1991: (i) Stabilisation of central finances by bringing fiscal and other deficits under control, and, (ii) restructuring of the economy to make it more efficient and productive.

It is obvious that the Government has failed on both the fronts; the budget deficits have gone out of hand and seem to be totally beyond its control. The deficits have consistently exceeded budget estimates, often by margins as large as 60 per cent. In 1993-94, the fiscal deficit should have been 4.7 per cent of the GDP. It turned out to be 7.3 per cent, but that too has now been revised to 7.7 per cent. Even the International Monetary Fund, which is the principal author of the reforms, is sceptical of this figure and suspects that the real deficit may be as large as 10 per cent. The Government has totally failed in establishing even a semblance of financial stability, which was the main objective of the economic reforms.

As regards the second part, viz, making the economy more productive, the less said the better. The facts speak for themselves. Although it is true that there is some improvement in industrial

production, the overall performance is still very poor in comparison with that immediately prior to the reforms.

A comparison of four years after the reforms with four years before the reforms brings this out very clearly (see the table). The growth rate of the GDP is half and the industrial growth rate less than half of the previous four-year period. Agriculture has been stagnant at around 1.8 per cent a year, against a growth rate of as much as 6.3 per cent prior to the Reforms. Inflation has averaged nearly 11 per cent since 1991-92, against 8 per cent before that. Much is made about the boom in exports but they have increased by only 8.3 per cent a year since 1991, against 17.2 per cent a year before that, and that too despite four devaluations since 1991. The economy has failed to respond to the Reforms, mainly because of the faulty and half-hearted implementation of the Reforms programme and the Government's distorted priorities.

Rate Per Year	Average Growth	
	(per cent)	
-92	1987-88	1991
	to	to
	1990-91	1994-95
1. Gross Domestic Product (GDP)	6.8	3.7
2. Agricultural Production	6.3	1.8
3. Industrial Production	8.2	3.7
4. Inflation	8.3	10.8
5. Exports	17.2	8.3

The Budget for 1995-96 is but an extension of the four budgets that went before it except for a thinly disguised last-minute attempt

to placate the poor voter with some anti-poverty schemes. The Budget makes much of the fact that the fiscal deficit will be reduced to 5.5 per cent, but such claims have been made in every budget since 1991 and carry little weight. The revenue deficit (Rs. 35,541 crore) is more than what it was in 1991-92 though it should have been less, not more. The interest charges on the soaring debt have grown so large (Rs. 52,000 crore) that they eat up the entire borrowing (Rs. 52,634 crore).

Owing to heavy borrowings year after year, the internal debt and liabilities have shot up from Rs. 314,558 crore in 1990-91 to Rs. 533,053 crore in 1994-95, or by Rs. 218,495 crore, while, during the same period the assets have gone up from Rs. 237,041 crore to Rs. 355,837 crore, that is, by Rs. 118,796 crore. This means that during the last four years of the so-called reforms, Rs. 100,000 crore of borrowed funds have gone into wasteful consumption. This type of financial management is the surest way to bankruptcy.

No wonder, the Government has no funds for development, as the non-plan expenditure has risen by Rs. 25,000 crore in the last two years while the plan expenditure has risen only by Rs. 6,000 crore. Capital expenditure (Rs. 35,823 crore) next year will be less than what it was last year (Rs. 39,370 crore) and so will be the plan expenditure. And although defence expenditure is slightly higher than last year, it will actually be less in real terms due to the galloping prices. There are cuts in customs and excise duties but it is doubtful whether they will have any impact on prices.

The Government's priorities in the budgets as well as the Reforms programme are all wrong. There is very little in them for the *Kisan*, who is the backbone of the economy or for the agriculture sector, which sustains nearly two-thirds of our population. As a result, there is stagnation in agricultural production at a time when agriculture should have been the main engine of growth. This is the basic failure of the Reforms programme and also the reason it has failed to benefit the common man.

The Government's apathy on two other fronts inflation and employment-also betrays its distorted sense of priorities. Prices have shot up by over 50 per cent in the last four years, and in the case of items consumed by the common man by as much as 75 to 100 per cent. But it is shocking to find that the Government has no plan whatever to tackle this relentless rise

in prices month after month, year after year, except hollow assurances from time to time.

There is a plethora of anti-poverty schemes, as many as nine, a sign that at the fag end of its term, the Rao Government has finally discovered the poor. But where will the Government find money to pay for all the schemes, even if it is assumed that it is serious about them? The Central treasury is empty and there are no reserves. It is relying mostly on the banks, though the banking system is so feeble that the government had to pump in money last year to keep it going. Strictly speaking, the schemes as announced in the budget encroach upon the subjects/areas exclusively reserved for states under the Constitution. If the Rao Government is serious about such social sector schemes, then adequate additional finances should be made available to all the states by implementing the recommendations of the 10th Finance Commission from 1995 itself.

As regards the Reforms themselves, it is the BJP which has been asking for them long before the Congress realised that its Nehru model was a failure. The BJP has consistently asked for the abolition of the Licence-Permit-Quota Raj right since the Jana Sangh days. The Congress is merely trying to keep up with the times after messing up the economy for the last half century in the name of socialism. With the BJP, reforms are a matter of conviction; with the Congress, they are a political gimmick, which is one reason why their reforms carry little credibility with the voter.

It is the inherent right of every government that comes to power to examine and review certain decisions taken by previous governments, especially those like the Dabhol Power Project of Enron, which are controversial and which have figured prominently in the recent election manifestoes.

The BJP would like to emphasise that there must be transparency in the decision making process relating to investment in order to ensure that the decisions are in national interest and promote development of the country rather than hamper it. The BJP has repeatedly stated that it is not against foreign investments in infrastructure and high technology areas. Rather, it welcomes such investments in

general national interest.

No development model can succeed in India, certainly not a model imported from outside, unless it focuses on the needs and interests of the lowest of the low and the poorest of the poor who have been bypassed all these years and continue to be marginalised by the latest brand of Reforms of the Rao Government since 1991. Only a *Swadeshi* approach to development, rooted firmly in Indian reality, can bring about the upliftment of the weak and the poor, without which no real progress is possible.



Plenary Session

Mumbai

10-12 November, 1995

Review of economic situation

In the fifth and final year of the Congress (I) Rule at the Centre, the Narasimha Rao Government is on the defensive on all fronts. The last four and a half years have been the worst in the recent memory, marked by an economy in shambles, mounting social tensions, unprecedented disorder and ever increasing corruption at the highest level.

Fancy claims notwithstanding, the economy is in an unprecedented mess. For the common man, it means more poverty, more unemployment, higher prices, unbearable national debt and a sinking Rupee. The most vicious condemnation of the new economic policy of the Government has come from the Government itself, viz., the Planning Commission, in its mid term review of the eighth plan – a document which the Government has unsuccessfully tried to suppress and is now engaged in altering. 39.40% of Indians wallow below the poverty line in filth and squalor. 20% are without jobs. Half the nation thus lies immobilised, unable to make its contribution to the nation's growth and prosperity. The Nehruvian model of development was bad enough, the Rao model is the worst. This model has given the nation nothing but inflation and unemployment, increasing disparities between the rich and the poor and has severely compromised on national honour, prestige and sovereignty.

The gap between what the Finance Minister proposed in 1991 in the first flush of the economic reforms and what he has been able to deliver is so vast that it is difficult to believe today that it was the same Government and the same Finance Minister who had made those promises. The Government has been committing the same grave errors which were committed during the late eighties and which had pushed the country into the throes of an unprecedented crisis in 1991. The present policies may lead to a much worse crisis, if unchecked. It can be even worse than the disaster experienced by Mexico last year.

All economic indicators are lagging far behind the levels in the pre-reform years with the sole exception of inflation which has

gone beyond control. The growth rate of the GDP (Gross Domestic Product) since 1991-92 is half that during the previous four year period (3.7 per cent a year against 6.8 per cent). In the case of industry, the rate of growth, despite considerable domestic and foreign investment, is less than half (3.7 per cent a year against 8.2 per cent).

Agriculture continues to stagnate around 1.8 per cent a year, against 6.3 per cent prior to the reforms, mainly because of the gross neglect of this most crucial sector of the national economy. Much is made of the boom in exports, but they have increased by only 8 percent a year since 1991 against as much as 17 per cent before that, and that after four devaluations since the Government took office. It is the failure of exports to rise in step with the soaring imports – including imports of unnecessary consumer goods like liquor and perfumes – that is responsible for the latest shocking devaluation of the Rupee by as much as 12 per cent in as many days.

The Government has failed miserably on the price front. It came to power with a promise to bring down prices within a hundred days. It has pushed up prices by 100 per cent instead. The annual average rate of inflation during the first five years of the nineties has been 10.6 per cent, significantly higher than the average of 8 per cent per annum in the 1980s. The consumer price index has grown at a faster rate than the wholesale price index, throughout this period, which indicates that the poorest sections of society have been the worst sufferers. The prices of all essential commodities have beaten all previous records. The outlook for the coming months is even worse.

The Rupee today is worth half of what it was in 1991, both internally and externally. Since a country is as strong as its currency, India today stands diminished before the eyes of the world. The Government alone is guilty for the fall in the value of the rupee: the nation has been rendered low by a small men in high places, men with begging bowls forever asking for alms from foreigners.

The finances of the nation are in a total mess, almost in chaos. Fiscal deficit continues at dangerous levels. The Government has miserably failed to control its revenue deficit. The Government has freely taken recourse to a large scale sale of PSU shares to shore up its finances, and yet the mess continues. If in the eighties we borrowed heavily to meet our current consumption needs, during the last five years, we have not only been borrowing to meet this need, we have also been selling our assets to do so. During the current year, the Government will borrow Rs. 55,000 crore mainly to pay interest on the soaring national debt, which is almost 90 per cent of the GDP today. 52 per cent of our revenue receipts will be spent on the payment of interest alone.

The national debt has increased so rapidly that it has acquired scandalous proportions. It has soared from Rs. 4,47,000 crore in 1990-91 to Rs. 7, 91,000 crore last year, or by Rs. 240 crore every 24 hours. The debt burden on every Indian—man, woman and child—has increased from Rs. 5,300 to Rs. 8,700 or from Rs. 30,000 to Rs. 50,000 per family. A poor country like India can ill afford such a heavy burden, and a growing one.

The foreign debt has nearly doubled from Rs. 1,64,000 crore to Rs. 3,00,000 crore during the same four-year period, making India the third biggest debtor country in the world (debt of \$95 billion) after Brazil (\$140 billion) and Mexico (\$120 billion). In fact, India's foreign debt has been increasing at the rate of Rs. 100 crore every 24 hours since the Rao Government took over, forcing the Rupee to plunge 100 per cent in less than five years, increasing costs all around and driving the poor to the wall. No Government had debased the nation's currency in such a short time as the Rao Government in India, with the only exception perhaps of the Governments in the post-Soviet Russia.

The Bharatiya Janata Party firmly and categorically rejects the Rao model which is not a model of development, but a model of decline. The BJP vows to throw out these policies and put the country on its feet again with not only a new direction but a totally different set of priorities. The BJP's *Swadeshi* model is anchored in its philosophy of economic nationalism, in which the accent will be on building the economy from the bottom upwards, an economy of the people, by the people, for the people. In the BJP model, people matter more than the market. The BJP believes that the main impulse

for development has to come from within, with foreign investment playing a secondary or supplementary role. At this stage of our development, only a *Swadeshi* model driven by a strong sense of national self-reliance can strengthen and modernise the economy and the nation.

Total eradication of unemployment is the most important goal of the economic policy of the BJP. For this purpose, the BJP shall adopt a three pronged approach focussing on (1) Agriculture, (2) Rural and small industries, and (3) Increased savings instead of increased consumerism.

Agriculture is the backbone of our economy and the *Kisan* is the backbone of our culture. Yet he is the most neglected individual in India today. The Rao Government has not found time so far to even finalise a national agricultural policy, much less take firm measures for its improvement. This neglect of agriculture is criminal. Investment in agriculture has been steadily declining during the last decade, and is now about half in the real percentage terms compared to what it was ten years ago. It has declined from 19 per cent of the GDP to only 11 per cent of the GDP now. This trend has to be reversed.

The BJP will substantially step up the allocation for agriculture and related activities like dairy, fisheries, poultry, bee-keeping and horticulture and for the provision of basic amenities in the rural sector. The *Kisan* will have easy access to new technologies through rural technology banks and to funds through rural banks catering exclusively to his professional requirements as a farmer. Infrastructure facilities, like irrigation, rural roads, storage facilities, and drinking water, shall be provided on a priority basis. Land reforms shall be urgently attended to. A national irrigation network including the Ganga-Kaveri link shall be established.

Promotion of meat exports and unchecked smuggling of cattle to Bangladesh have played havoc with our cattle wealth and our agriculture. The BJP shall put a total ban on the slaughter of the cow, the calf, the bullock and the bull and put a complete halt to smuggling of cattle from India to Bangladesh. It will also close down mechanised slaughter houses like Alkabir.

The agricultural produce prices shall be fixed, taking into account not only the cost of inputs but also the labour cost of

the farmer and his family and the cost of his land. Insurance facilities for crops and cattle shall be provided to all farmers. Human resource development in rural areas, including technical education to young men and women, will receive priority attention. The aim will be to improve productivity at all levels and reduce income disparities between the rural and the urban areas through greater investment in job creating activities. The BJP's Farmers' Charter (Vijayawada January 1987) will continue to guide its policies.

Subsidies on fertilizers and other farm inputs will not be withdrawn. The farmer shall be a preferred and not a neglected and discriminated person.

Rural and small industries have received a step-motherly treatment in the post-liberalisation era and have suffered enormously in recent years. This has to stop. Small industry is the cradle of industrialisation for that is where the budding industrialists cut their teeth. It provides jobs for five times as many people as large industry, though there is no doubt that large industry is important too. Small industry is facing competition from multinationals which are increasingly invading their markets because of the much larger financial clout they command. This sector has to be modernised with injection of investment as well as technology to enable it to face and withstand competition in the new and highly competitive business environment.

The BJP will set up technology banks to provide access to appropriate modern technology, including imported technology. There will be a ministry of small industry to deal exclusively with the problems of small industry. Easier access to finance will be made available through special bank branches dealing exclusively with small industry. There will be more district level centres for technical education as well as facilities for dealing with the technical problems of small industry.

The aim will be to provide a solid framework of financial, technical and marketing infrastructure for the re-organisation and development of rural and small industries in the country, to put them on par with the best in the world.

The BJP shall promote, according to the philosophy of Pandit Deendayal Upadhyay, a large sector of self-employed people both in the production and services sectors. The Party believes that such

a sector shall serve the twin objectives of promoting employment as well as decentralising economic activity. For this purpose, special schemes shall be prepared by banks and other financial institutions. The spirit of entrepreneurship shall be encouraged among the youth of the county.

The Government has shamelessly encouraged consumerism during the last four to five years. This is not only alien to our history and culture, it is also bound to be counterproductive at this stage of development. What the country needs is more resources for development and therefore, a savings oriented approach. The perennial crunch in resources is the biggest hurdle in development and is created invariably by a low rate of saving.

In India, the savings rate has plunged in the last four years. It has come down from 24 per cent of the GDP to 21 per cent of the GDP. The globalisers would like us to believe that the exceptional growth achieved by the so-called Asian Tigers is mainly due to a large influx of foreign investment. This is not only misleading but also false. These countries have a much higher savings rate than India. China saves as much as 39 per cent of its GDP. Indonesia and South Korea 36 per cent and Malaysia 34 per cent.

There is no doubt that the decline in savings is the result of the consumerist approach promoted by multinational companies which have had a free run in this country under the present dispensation. The BJP's opposition to the unfettered entry of multinationals into the consumer goods sector is thus based on sound economics. At this stage of our development, we should do everything to increase savings rather than unnecessary consumption, for every rupee saved means a rupee added to national resources.

The BJP was the first party in India, in fact the first body, to ask for a ceiling on borrowings as far back as 1987. It remains an important plank in its economic platform. The BJP has also called for a zero-deficit revenue budget as a first step towards bringing national finances under tighter fiscal discipline. Both these demands were incorporated in the Party's manifestos in 1989 and 1991, way ahead of others. The low returns from the public sector is a major factor in the low rate of savings. The BJP will pay special attention to the restructuring of the public sector.

This is the BJP's *Swadeshi* model of development with a thrust on employment intensive sectors like agriculture and small industry,

backed by careful husbanding of the national resources through emphasis on savings. It is the exact opposite of the Congress (I) model which has destroyed resources and reduced national savings, starved agriculture and small industries, pampered foreign investors in the mistaken belief that they will bail us out of our difficulties, and ended up with the hemorrhaging of national currency, the very symbol of national vigour and pride.

The BJP's *Swadeshi* is against neither modernism nor foreign investment per se. The BJP will welcome foreign investment in high-tech and infrastructure sectors, but it will continue to oppose unflinchingly foreign investments in areas like junk food where it does not add value to our assets. *Swadeshi* does not mean isolation. It means dealing with the world on equal and honourable terms. The over-riding consideration must always be our own national interest.

Under the BJP, the youth of the country will have full employment, the *Kisan* will be stronger and richer, Indian industry will become more self-confident and the Rupee as solid as the Himalayas. The four together shall lay the foundation for India's great leap into the 21st century to enable her to take her place as a proud and equal member of the world community.

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National Executive

New Delhi

23-24 December, 1995

Prices – skyrocketing

The common man, today, is shattered because of the continued rise in prices, especially of essential items such as foodgrains, sugar, potato, onion, salt, cooking gas, kerosene, medicines, electricity etc. This has not only adversely affected the standard of living especially of the poorer and middle classes—often, it creates social tension within poor families as their essential requirements remain unfulfilled; besides, many essential items are in short supply. Women are a harassed lot today due to inflation. While issuing its manifesto for the Lok Sabha elections in 1991, the Congress Party gave utmost importance to arresting the rising prices. It said—“Congress reiterates its firm resolve to arrest the rise in prices, bring down the prices of essential commodities and to gear up its economic policy to this end. The Congress commits itself to control the rising prices. The Congress reiterates its promise to use full power of the state to arrest the price rise and bring it down”. At the end of its manifesto, the task which it set out to accomplish during the first 100 days, the most important one was “to arrest the prices of essential commodities and in particular to roll back the prices of following items to the July 1990 level: (1) Diesel, (2) Kerosene, (3) Salt, (4) Edible oil, (5) Cycles and two-wheelers, (6) Electric bulbs, (7) Cotton sarees, dhoties (40 count or below), (8) Stoves and smokeless chulhas, (9) Newsprint, (10) Post cards, inland letters and envelopes.”

In June, 1991, when the Congress came to power, the wholesale price index was rising at the rate of 12.2 per cent. Soon after it came to power the present Government devalued the Rupee, and increased the air fares and taxes in the Budget. Consequently, within 60 days of its assuming power, inflation rose from 12.2 to 16.8 per cent. Even the wholesale price index, with the base year 1980-81, was at 199.2 points on 22 June, 1991, i.e., a day after the present government assumed the office. According to the latest figure, as on 18 December, 1995, the index has risen to 299.7 points. In other words, from the time the present Government came to power to date the WPI has risen by 100.5 points. Moreover, the consumer price index (CPI) continues

to grow in double digits.

In July 1991, Dr. Manmohan Singh in his Budget speech stated that price rise hits everybody, in particular the poorer sections of society, whose income is too meagre. Inflation is an undeclared tax on the poor.

The common man is actually concerned with the prices of essential goods used in daily life. If we take these figures into account, we find that the prices of these commodities of common use have increased immensely. The promise made in the Congress manifesto for rolling back prices of a few essential articles to the levels obtaining in July 1990 stands exposed if we compare the prices that prevailed in July 1991 and December 1995 with regard to the following essential articles.

Comparative Statement of Prices of Selected Items*
In July 1991 and December 1995

Commodities	Price on 25th July 91 (Rs.)	Price on 15th December 95 (Rs.)
1. Groundnut Oil (15 Kg.)	565-600	585-690
2. Sugar (Quintal)	875-890	1250-1305
3. Wheat (Quintal)	300-500	495-950
4. Rice (Quintal)	450-800	600-1450
5. Arhar Dal (Quintal)	1460-1700	2500-2700
6. Urad Dal (Quintal)	1075-1200	2125-2450
7. Tea Powder (Kg.)	37-60	54-74

* in Nagpur Market.

It is all the more amazing to find this increase in prices when the rains have continuously been good during the last several years. During the four and a half years of the present Government, not once

have the monsoons been irregular or have failed. This Government had the kindest blessings of the weather God. Production of food and other agricultural products has been quite normal. It is due to these normal conditions that the Government has large stocks of foodgrains today. At the end of September, 1995, the wheat stocks was more than 17.7 million tonnes and the rice stock was more than 13.5 million tonnes—a total of 31.2 million tonnes. Thus, the government is in a comfortable position to make available essential commodities in large quantities to the people at fair prices through the Public distribution system and bring down the prices.

Under these circumstances, prices should have been kept under control. If prices are still sky-rocketing, it is only on account of the wrong policies of the present Government. The Government has conceded in its latest Economic Survey (1994-95) that increase in fiscal deficit in 1993-94 will have an impact on inflation which is bound to go up in future. Even today, the Central Government has no control over its fiscal as well as revenue deficits. Even after presenting five budgets, the Government has failed to tackle this problem. It is as a result of these deficits, that the Government is unable to control inflation. As the Reserve Bank has recently pointed out, in 1994-95, narrow money (M-1), which actually influences inflation, rose by 27 per cent. It is the highest increase in narrow money during the last two decades. Inflation is directly linked to money supply. If money supply continues to expand, it is impossible to check inflation. In fact, the pressure of money supply over inflation is not felt immediately. Its complete effect is felt only after 12 to 18 months. Thus, the impact of the immense increase in money supply over prices will be felt in a big way in the coming months.

It is but natural that the recent undeclared devaluation of the Rupee by 12 per cent will also give rise to inflation in times to come. Hence due to the wrong policies of the present Government, prices are not only rising today but will continue to rise in the future as well and the Government will remain only a silent spectator.

Contrary to all its pronouncements and promises, the public distribution system remains in shambles. The poorest sections of the society, such as daily wage earners who badly require subsidy support are deprived of the PDS benefit as they are not in a position to make fortnightly purchases (as per the PDS rules). Hence, there is a need for overhauling the PDS.

The Prime Minister's revamped Public Distribution System has not proved effective at all. It is due to the heavy increases in the prices of wheat and rice by the Government that the off take from the PDS has declined sharply. Today, the prices prevailing under the PDS are almost the same as those in the market.

Corrupt practices, especially at the higher political level, have been playing havoc in the escalation of prices. The enormous increase in sugar prices is the direct result of the sugar scam. Bungling in the distribution of sugar is also responsible for the increase in its prices.

It is regrettable that the Congress Government has so conveniently negated its sacrosanct election promises. Today, the poor man all over the country is suffering the most under the heavy burden of rising prices. Be it the salaried class or the workers in the unorganised sector or the farmers in the field, all are in the most pitiable condition. The rising prices have spared none. Such betrayal has never been witnessed in the history of this country. The BJP expresses its utter disgust over the failures, betrayal and neglect of the common man by the Government and resolves to campaign vehemently against the price rise in order to expose the Government before the people.

The BJP expresses its deep concern over the fact that presently the farmer is the worst sufferer in every way. Because of the anti-farmer policies of the Government, the economic condition of the farmer decayed to the worst. Natural calamities, rise in the prices of fertilizers, seeds, power, water, pesticides and agricultural implements as well as the heavy dose of increase in the prices of other commodities have further broken his back.

The fury of floods in Bihar, West Bengal, UP, North-Eastern parts of UP, Orissa and Haryana has submerged lakhs of acres of agricultural land and paddy crops have been completely washed away. Because of water-logging, sowing of crops has become impossible.

Sugarcane growers in UP, Bihar, Maharashtra, MP etc. are subject to open exploitation. The limited crushing capacity of sugar mills has been instrumental in putting the brakes on the crushing of sugarcane. Farmers have to sell the sugarcane at heavily discounted prices. Moreover, the amount of crores of rupees due as arrears to the farmers for the last crushing season is not being paid to them.

Prices of fertilizers are sky-rocketing. Still the supply of

fertilizers is not matching the demand. Urea fertilizers are heavily adulterated.

Power supply is not available for agricultural purposes. Water is scarce even for sowing rabi crops.

While the farmer has fallen a prey to the natural calamities, the Government is adopting harsh measures to recover its dues. Farmers are put behind the bars and their families are subjected to inhuman victimization.

Under these circumstances, the BJP makes the following demands:

1. All revenue dues should be remitted in the flood and other natural calamities affected areas. Financial grants should be given to farmers and seeds at cheaper rates should be provided in such areas.
2. Arrangements should be made for crushing the entire available sugarcane and the arrears of sugar cane due to the farmers should immediately be paid along with the interest thereon.
3. Adequate power supply to the agricultural sector should be ensured.
4. In order to mitigate the sufferings of the farmers on account of natural calamities every year, crop and cattle insurance schemes should be implemented on a large scale.

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National Executive

Hyderabad

20-22 March, 1994

1994-95 Budget

The 1994-95 Budget of the Narasimha Rao Government is a clear sign that after three years of the so-called reforms, the Government has lost control over the nation's finances. At a time when the economy is on the verge of collapse because of the economic and financial mismanagement, with all the leading production indications pointing the wrong way, the Government has produced a Budget that is focussed entirely on the haves, constituting no more than 15-20 per cent of the population, which not only brings no benefits to the vast majority of the have-nots but also cuts into their living standards, such as they are, through a sterile exercise that is guaranteed to raise prices, throw lakhs of workers out of jobs and grind the economy to a halt.

The Budget offers little to the common man — no relief from the raging inflation, no hope of more jobs, and no assurance of speedier growth. Instead, there will be more and more inflation as prices shoot up to help the Government cover its rising deficits, fewer and fewer jobs as agriculture and industry sink deeper and deeper into the mire of recession, and imported goods flood the country in waves after waves in total disregard of national interest. The Budget will hit the common man and domestic industry, particularly small industry hard, as foreigners grab large slices of the Indian market and throw millions of Indian workers out of jobs in the garb of "restructuring."

It is a Budget made under the shadow of GATT-II. With the billions of dollars that the foreigners have brought into India, and which the Finance Minister is parading as a triumph of his drive towards globalisation, they are now asking for their pound of flesh by forcing the Government to open up our markets for their goods. It is they who stand to benefit the most from the Budget, not the common man, neither the farmer nor the factory worker, who will now have to fight with their backs to the wall to protect their livelihood from the government-sponsored foreign invasion and the continuing stagnation in agriculture. The Budget exercise lacks credibility. It also lacks direction and vision, for the government,

faced with a deep crisis on its hands is simply groping in the dark.

The Government has failed to meet a single target of the last year. The fiscal deficit was to be brought down to 4.7 per cent of the gross domestic product (GDP); it has shot up to 7.3 per cent, which is almost what it was before the crisis of 1991. Similarly, the revenue and budget deficits have doubled. The economy is virtually stagnant and the industrial sector has collapsed. The net result is the mounting inflation which has raised prices by 50 per cent in the last three years, particularly of those items which affect the common man the most. The Government that had promised to bring down prices has been resorting to price hikes even before the Budget. Stagnation in agriculture is so severe that, despite reasonably good monsoons, there has been little increase in foodgrain production during the last several years.

Next year, almost the entire borrowings of Rs. 48,900 crore will be swallowed up by interest charges of Rs.45,000 crore, thus landing the country in a debt-trap. Yet, there is no provision in the Budget for reduction of debt which now stands at Rs. 662,000 crore (internal debt – Rs. 378,000 crore and external debt – 284,000 crore) against Rs. 452,000 crore three years ago when the Rao Government assumed office. The Government is contracting debt at the rate of Rs. 70,000 crore a year or almost 8 crore an hour and has to borrow money at the rate of Rs. 50,000 crore a year, just to pay the interest.

The 1994-95 Budget is a carbon copy of the Budget for 1993-94, but with a diabolical twist. Last year too, the Finance Minister reduced customs levies under the pressure of the IMF and the World Bank, but the reduction did not stimulate the economy. This year, he is not taking any chances. Custom levies have been slashed again, but an assault has been mounted on small-scale industries which have been brought into the excise net. The Government stands to collect as much as Rs. 5000 crore more through excise duties, mainly

on items produced by small scale and cottage industries, a heavy penalty that will wipe out thousands of small-scale units and throw crores of workers in these units out of jobs. The Finance Minister has carried his animus against the small industry section to a point where this sector, which accounts for the bulk of jobs outside agriculture, will be slaughtered at the altar of the so-called economic reforms.

The so-called tax reforms defy logic. Although our own capital goods industry is in doldrums and has been complaining bitterly about the lack of orders, customs duties on foreign capital goods and machinery have been reduced from 35% to 25%. Customs duty on imported steel has been cut down from 75-85% to 50%, while excise duty on indigenous steel has been hiked. What is even more perverse is the reduction of excise duty on cosmetics from 70% to 50%, an item in which multinationals have a virtual monopoly. The net result is that steel prices have been hiked since the Budget while prices of cosmetics have come down. Does the Government think that it will stimulate industrial growth by hiking steel prices, while all over the world steel prices are going down?

As far as small scale industry is concerned, the Finance Minister has come down heavily on what is possibly the most vulnerable sector of our economy next to agriculture. Most of the additional excise revenue will be due to the withdrawal of nearly 400 different excise exemptions hitherto available to products manufactured by small units. These units account for a substantial share in employment and exports. But, it is precisely this sector that is going to bear the brunt of this senseless and fraudulent Budget. Similarly, cottage industries have been totally ignored. Not long ago, weavers in Andhra Pradesh and other states committed suicide due to the lack of the availability of yarn as a result of the inhuman and irrational policy reforms. But the Government has still not woken up.

The inclusion of small-scale sector units including, cottage and tiny industries, in the excise net by withdrawing the existing notifications will sound the death-knell of this sector. The levy of excise duties on Ayurvedic and Unani medicines, footwear, hand-made soaps, woollen yarn for carpets, strips of copper, steel and other metals, packaging boxes, umbrellas, plastics, pumping sets, food products, cycle and auto parts, electrical parts, rubber products, garments, cotton yarn and the like will destroy these industries and affect the livelihood of crores of workers. Similarly, reduction of

customs duties on imported consumer goods will hit hard small-scale and cottage industries. Excise duty rationalisation favours the large industrial sector and multinationals as against the medium and small-scale domestic sector.

The Government is spending less and less on agriculture and rural areas, though it juggles figures to paint a totally different picture. Its expenditure on the social sector is also going down in real terms. The plan expenditure has barely kept pace with inflation and capital expenditure has come down in real terms since 1991-92. Yet, the Finance Minister cannot think of a better excuse than Ayodhya for stagnation, though the Ayodhya event is over a year old and can have no bearing on the current economic situation.

Though much is made of the “increased” allocation for defence, there has been no increase in real terms, allowing for inflation. The total defence expenditure (revenue and capital) is budgeted to rise from Rs. 21,500 crore last year to Rs. 23,000 crore in 1994-95, an increase of 7 per cent. Since inflation is likely to be around 12 per cent, if not more, there will be a fall in the defence outlay in real terms. Modernisation of defence equipment is the urgent need in view of the threats to national security from Pakistan and calls for a much higher outlay than indicated in the Budget.

Three years is a long enough time for judging whether the Government’s policies are having a positive impact on the economy. The impact, if any, is negative. Only prices and national debt have soared, both by 50 per cent. Everything else – industry, agriculture, employment – is static and shows no sign of moving forward. The 1994-95 Budget seeks to placate the foreign multinationals with the opening up of the Indian economy facilitated by reduction in customs duties without any matching cuts in excise duties. It is a total surrender to foreign interests at the cost of the poor Indian farmer and worker, and of course, the small factory owner whose lives will now be completely at their mercy.

The Bharatiya Janata Party would like to sound a warning that the Rao Government seems to be using Reforms as a ruse for opening up the lucrative Indian markets to foreigners and has lost the will to take the kind of firm steps necessary to turn the economy around. The coming year will be the worst year on record since the Rao Government came to power, with prices rising by 12 to 15 per cent,

industry plunging further down in the dumps, and the economy in worse shape than ever before, and in no position to meet the coming onslaught of Dunkel.

The National Executive puts forward the following demands:

1. There should be a ceiling on borrowings through legislation as provided for in Article 195 of the Constitution.
2. Drastic cuts in non-productive and wasteful government expenditure should be ensured through a strict austerity regime.
3. There should be status quo ante in respect of excise duties on the small-scale sector.
4. A review of meat export policies should be done as cattle wealth must be promoted in the interest of our agriculture.
5. Preferential treatment to multinationals vis-a-vis domestic industries in matters of taxation, investments etc. should be done away with.
6. Complete ban should be imposed on the entry of multinationals into the consumer goods sector.
7. Reservation policies of small-scale and cottage industries must be strictly enforced.
8. The proceeds of disinvestment in public sector undertakings should be utilised exclusively for returning national debt.

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National Executive

Hyderabad

20-22 March, 1994

Dunkel Draft Agreement

The day the Narasimha Rao Government signed the Dunkel Draft Agreement against the wishes of the People represented by all parties (but one) will go down as a Black Day in the nation's post-independence history.

The Bharatiya Janata Party had repeatedly cautioned the Government several times of the trap being laid by multinationals and their agents to lure countries like India into opening up their lucrative markets, with grandiose talk about free trade. We had demanded fair trade, not free trade, but what we have got, instead, are the unfairest of trading arrangements in which the rich countries have used their economic and political muscle to ride roughshod over the interests of poor countries and which will keep the Indian consumer as well as the Indian producer perpetually at the receiving end of the powerful multinational corporations. The third world is once again under the threat of a new type of colonial aggression.

India has lost or capitulated on almost every issue of crucial national interest. It has lost heavily in agriculture, textile exports, intellectual property rights (TRIPS) as well as trade-related investment measures (TRIMS). In his statement in Parliament on 16 December, the Commerce Minister admitted that while other countries had been able to stand up to some extent to the pressure from the United States and the European Union (formerly European Community), India had been helpless. It is shocking that the Commerce Minister, who is supposed to safeguard the commercial interests of the nation, did not suffer from a sense of shame in having let down the country despite repeated warnings, and failed miserably in his duties. Propriety demanded that we mobilised all developing countries to present a united front against the Western onslaught.

In South Korea, a much more powerful country with four times India's exports, the Prime Minister himself resigned saying that he was taking the blame for failing to stop the opening of his country's sensitive rice market, albeit only fractionally. In India, on the other hand, the Narasimha Rao government has been obliged to open up

virtually the entire economy to foreign economic interests but he has refused to resign.

The fact is that the Government has no case. All that the Commerce Minister is able to say is that Indian exports will go up by 1.5 to 2 billion dollars annually as a result of the conclusion of the Uruguay Round. Is India's sovereignty a purchasable commodity? He forgets that China is not even a member of GATT and has taken no part in the Dunkel Draft negotiations, but it has been able to increase its exports manifold over the last few years and not only runs a surplus on external trade but is the second largest exporter in the third world, next only to South Korea.

Whatever the Government might say, the fact remains that foreign corporations like Cargill and others will now be able to muscle in on India's vulnerable farm sector and play havoc with it, as some plant breeders are already doing with our Neem trees. Food prices will go up in line with international prices and the nation's food security, the very basis of our economic sovereignty, will be badly affected. This is precisely what happened in Africa where, despite a much favourable land-man ratio than India, foodgrain production is going down and famines are frequent. The patenting of genes in seed as well as animal kingdom will be detrimental to our national interests.

On textiles, the Government has accepted that the country has received a raw deal. The quota regime, which militates against India's exports has been extended further by ten years, and there is no guarantee, given the threat of importing nations and their industries, that it will not be extended further. Ten years from now, India will be a much weaker country than she is now and virtually at the mercy of the rich world and will be in no position to resist further inroads on her economic sovereignty.

The net effect of TRIPS will be to raise the prices of drugs and medicines all round. Foreign drug companies have been most unscrupulous in their exploitation of markets in the third world and their clout will increase. Notwithstanding the Government's claims, drug prices will go up five or six times, bringing our entire health system under severe strain. Ralph Nader, a noted American consumer activist, has said that "TRIPS will strengthen the monopoly power of multinational companies in hi-tech fields, such as pharmaceuticals, and drive up the prices of drugs for third world consumers and devastate third world consumers and the third world fledgling manufacturers." This is an American, not an Indian, consumer expert speaking.

As regards the agreement on TRIMS, the Commerce Minister says that the Government retains the sovereign right to decide what type of foreign investment should be allowed into the country. This is a ridiculous boast, coming as it does from a Government that is bending over backwards in spreading a red carpet for all types of foreign investment from soda water makers to potato wafer dealers. The Dunkel Draft, coupled with the Rao Government's confused economic reforms programme, is a deadly combination that will sound the death-knell to much of Indian enterprise in the country, with powerful foreign corporations invading everything from drugs and pharmaceuticals to soft drinks and junk foods, as they are already busy doing. They will henceforth enjoy the protection of not only the Rao Government but of a powerful UN body like GATT. Even if exports improve, they will increasingly be under the control of foreign companies many of whom are gearing themselves for the export of such traditional items as rice, vegetables and fruits, which call for no special marketing or other expertise, and increased export of which will only raise the prices of these articles in India.

The BJP has already rejected the Dunkel Draft proposals relating to agriculture. When doing so, it has asked the Government to renegotiate the other parts of the Draft keeping our specific national interests in view. This is what most developing countries tried to do and many of them succeeded before they decided to approve the Draft. The Narasimha Rao Government, on the other hand, succumbed completely to pressures from the US and EU and has accepted the Draft in toto and signed on the dotted line without any amendments or reservations.

Under these circumstances, and since the Draft leaves no room for partial approval or rejection, we wholly disapprove of the Dunkel Draft and reject it in toto. The BJP calls upon our patriotic people to support our rejection of the Draft through massive protests and demonstrations, so that the world knows that although the Government of India has formally approved the Draft, it has done so against the wishes of the people, and its approval has no national sanction behind it. The BJP will take the initiative to interact with all democratic nationalist forces opposed to Dunkel proposals to wage a relentless struggle for economic and national sovereignty, once again under severe threat from powerful external forces.

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National Executive

Calcutta

10 April, 1993

Economic Survey 1992-93 and Budget 1993-94

Two years after the Narasimha Rao Government came to power and launched its new economic programme with great fanfare, there are no signs that the economy is on the bend. The Government's own Economic Survey for 1992-93 and the subsequent budget for 1993-94 provide little evidence that the programme has succeeded in pulling the economy back from the brink. In fact, the Government seems to be getting more and more desperate as its calculations go awry, and is taking resort to stratagems that, instead of reforming the economy, might end up deforming it.

The BJP has always been in favour of deregulation and debureaucratisation of the economy as a first step towards taking it out of the mess in which the Nehru model has landed it. It wants the internal reforms to be speeded up and not slowed down. The party favours a strong and competitive economy in the global context.

First, the Survey. It claims a likely GDP growth rate of 4 per cent in 1992-93. Last year, the growth rate for 1991-92 was placed by the same Government experts at 2.5 per cent, but in actual practice it came down to just over one per cent (1.2 per cent). The same thing could and will almost certainly happen this time.

In its excessive obsession with balance of payments, trade deficit, external liberalisation, and convertibility of Rupee, the Narasimha Rao Government has forgotten the core sectors of our economy such as agriculture, rural development, and small scale, tiny and village industries in the various budgets presented by it. The Government has also neglected the welfare of *Daridra Narayan*, the weaker sections of our society, including scheduled castes, scheduled tribes and women. Only lip service has been paid to increasing employment opportunities, to human resource development including health, and to the important programme of population control – so vital for the future of our nation.

There is little in the Budget for agriculture, for small industry, for the tiny sector or for artisans. The share of agriculture in the Annual Plan outlay has been reduced from 4.2 to 3.8 per cent and

of the social services from 12 to 10 per cent. The agricultural credit availability is much below the target, which is also on the lower side, when judged in the context of the actual requirement. It is significant in this context that the Annual Plan outlay for National Bank for Agriculture and Rural Development has been going down every year since 1991-92. The agricultural credit as percentage of total bank deposits has also been on the low side (about 6 per cent) and has hardly risen above this level during the last 15 years.

In irrigation, the plan outlays are inadequate and the gap between the irrigation potential and its utilisation continues to be 10% of the potential since this Government took over. This gap, if filled, would have led to a substantial increase in foodgrain output and done away entirely with the need for imports, apart from providing a sizeable surplus for consumption as well as exports.

In the area of rural development, similar indifference has pervaded. Since this Government took over, the annual financial utilisation, credit disbursement and the number of families assisted under the IRDP have been going down. In the Jawahar Rozgar Yojana, the number of mandays generated is continuously declining. The hard fact remains that the central plan allocations for agriculture, rural development and irrigation have stagnated at 10 to 11 per cent of the plan outlay and the position is not different for the year 1993-94. As a result, unemployment goes on increasing each year. The utter neglect of the small scale industries has further contributed to the rapid growth of unemployment.

Despite tall claims by the Government regarding bringing down the inflation rate, the common man continues to grind under inflation. Wholesale prices have shot up by 24 per cent since this Government took over and at the rate they are going up, they will have risen by a minimum of 35 per cent by the end of the year. The Budget seems to be having no effect on prices, despite the

ballyhoo about cuts in Excise and Customs Duties. After reducing prices for a while, most manufacturers are raising prices again; and although the Government knows this, it is either unable or unwilling to act. In any case, having raised the prices of a number of household items before the Budget, as also railway fares and freight by as much as 20 per cent, the Budget has been rendered meaningless and irrelevant.

On the trade front, on which the entire package is hinged, the failure is even more marked. The trade in 1992-93 is expected to increase to \$4.5 billion against \$3.1 billion last year (1991-92). The current account deficit, including merchandise as well as other trade, will also increase to about \$7 billion, only slightly less than the current account deficit in 1990-91 when the crisis struck. During the last two years, the foreign debt has swollen by about \$10 billion to \$75 billion, which means that we have to borrow something like \$10 billion a year just to keep going.

Against all this, there are no signs of any great improvement in exports, which are unlikely to cross \$19 billion this year, more or less the same as in 1990-91, despite three – and since March this year, four successive devaluations. In the years to come, India's dependence on the – World Bank IMF combine is going to increase, instead of coming down, making nonsense of the claim of self-reliance, which the ruling party used to swear by, until the new Finance Minister came on the scene with his new economic package.

Given this background of steady deterioration in the economic environment, it is not surprising that the Government should be desperate for foreign money, in order to close the widening gap, through bigger borrowings from the IMF and more and more investment by multinationals. This explains the drastic cuts in import tariff in the budget to the tune of nearly 15 per cent across the board. The across the board cuts cover finished goods also and will help foreign manufacturers, caught up in a severe squeeze in their own countries due to recession, to dump their goods into India. The purpose behind the cuts seems to be to ease the way for foreign companies to come into the Indian market and to help them establish themselves here, before they decide to invest in India.

The BJP has always stressed the need for internal consolidation before proceeding with external liberalisation, and this principle

forms the basis of its Shadow or Alternative Budget, which was prepared and released before the Government's Budget. The cuts in custom duties in the BJP's Budget cover capital goods and raw materials only and do not extend to finished consumer goods. The Government, overtaken by panic, is doing exactly the opposite and will end up disrupting the Indian industry. Already there are signs that many Indian industries, including several in the public sector, are being rendered sick. A well known public sector company, Indian Petrochemical Corporation, rated among the best in the world, has been forced to cut down on production, and its inventories are mounting. It may go sick if help is not available quickly. A number of other petrochemical projects are being cut back and may have to be abandoned.

Any programme that ends up in the disruption of the *Swadeshi* Sector of the Indian industry is not acceptable to the BJP, as such disruption will ultimately harm not only our industry but also our national economy. External liberalisation makes no sense when the Government has not been able to bring down interest rates to 10 to 12 per cent from the present level of about 17 per cent, along with excise and other duties. Only when this happens can we throw industry open to competition from the outside. To do so before lowering taxes and other costs is both unfair and unwise.

The Government looks upon full convertibility as a masterstroke that will overnight improve the climate for exports. There is no full convertibility, for instance, in South Korea, or, for that matter, in China, all of whom have been doing very well in exports without it. Full convertibility under present conditions is nothing but devaluation under another name, and will ultimately cost us dearly. Already, it is about to upset the petroleum budget. International crude oil prices have shot up to over \$20 a barrel, or \$1.50 more than the base price of \$18.50 on which the oil budget is based. Over and above this increase of almost 10 per cent, the Government has to buy the crude at market prices following full convertibility. The petroleum import bill will consequently go up to nearly Rs. 30,000 crore, Rs. 9,000 crore more than last year. It is only a matter of time before the prices of petrol, kerosene and diesel are hiked by as much as 50 per cent. This is the immediate impact of full convertibility. It is precisely for this reason that in its Shadow Budget, the BJP had asked for convertibility to be first taken to 80:20, and not to 100 per

cent straightway.

In the opinion of the BJP, a multipronged strategy, which includes speedy internal reforms, massive investments in agriculture, irrigation and drainage, effective implementation of land reforms, control of land degradation, schemes like Antyodaya, strengthening of the credit system, improvement in agricultural extension and research, assurance of remunerative prices to the farmer, and strengthening the self-employed sector is the need of the hour. These are the areas that can create and sustain employment through growth. If the economy is strong and competitive, it will generate adequate exports in line with requirements, and in the process strengthen the currency. Undue emphasis on exports and foreign capital will only weaken and harm the economy.

The BJP would like to sound a warning that the Government has failed to regain control over the nation's finances and is floundering from one panicky gimmick to another. It is not even able to control its own expenditure; both the revenue and fiscal deficits are higher this year than in 1992-93. It has lost control even over its reform programme, which too is adrift. Unless it gets its act together, the country will be exposed to a much bigger crisis than the one in 1990-91. The BJP calls for a thorough re-examination of the state of the economy in the light of our national interests, and for a national debate before it is too late, and before the increasingly panicky Government plunges the nation into yet another massive crisis.

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National Executive

Calcutta

10-12 April, 1993

Agriculture Policy

The Congress Party has all along adopted anti-farmer policies and criminally neglected agriculture. The farmers and farm labourers are being subjected to greater exploitation since the Narasimha Rao Government took office. The kisans have been subjected to a three-pronged attack: there has been exorbitant rise in the prices of all agricultural inputs like fertilizers, seed, electricity, irrigation water, pesticides and agricultural implements; at the same time, however, the farmers are not being given remunerative prices for their produce in spite of these hikes; and to cap it all, hailstorm, drought and other natural calamities have resulted in crores of rupees worth of crops to be damaged and destroyed.

These events have totally crippled farmers on the one hand and resulted in a large part of the country being subjected to famine and starvation on the other.

As if these were not enough, the prices of other agricultural produce such as tobacco, has gone down steeply from Rs. 38 to Rs. 12 a kilogram, of cotton to Rs. 1600 a quintal and in the case of rice, the fall has been from Rs. 350 to Rs. 250 a quintal.

The Government has dealt a grievous blow to both farmers and consumers by restricting the movement of farm produce from one part of the country to the other. Despite the Prime Minister's promise to lift these restrictions, they continue till today.

The steep fall in plan expenditure on agriculture from 4.2 to 3.8 per cent of the total outlay speaks volumes about the total neglect of agriculture. While the allocation on agriculture and co-operative during 1992-93 was Rs. 3,221.90 crores, it has come down to Rs. 1,725.90 crores during the current year, 1993-94.

It is relevant to recall in this connection that the annual plan size of the National Bank of Agriculture and Rural Development (NABARD) has been going down steadily since 1991-92. Besides, the volume of agricultural credit from the Bank has been only 6 per cent of the total deposits and there has not been any substantial increase in it. This is total injustice meted out to agriculture and

farmers.

Also, it is a matter of deep concern that the water level has been steadily going down in many places in the country. There is always a yawning gap of ten per cent between the irrigation potential created and utilised. If only this gap had been filled by making full utilization of the irrigation potential created, India would not only have become totally self-sufficient in the matter of food grains, but would also have been in a position to export some. While on the one hand, sufficient attention has not been paid to medium and small irrigation schemes, the large ones have been kept languishing owing to lack of funds. The Narmada Project, the Upper Indravati Project, the Indirasagar Project, the Gandak Project, and the Sutlej-Yamuna Link (SYL) project are some of the burning examples of this sort of affairs.

Forestry too has been neglected grievously. While afforestation would have conserved the environment in a better manner, it would also have provided jobs to the poor and the landless and so would have made a dent in unemployment.

Worse still, while the Government has neglected agriculture and the interests of the farmers, it has at the same time been conspiring to hand over agriculture and industries to multinational companies and others which would put in jeopardy India's self-reliance in the field of economy. In such an event, the country might become economically dependent upon foreign countries and agencies, which in turn could threaten our political and social independence.

It is a matter of deep regret and concern that the Congress Government is taking the country along this perilous path. The mental preparedness of the Government to accept the Dunkel proposals point to that direction. The result will be slavery of the Indian farmers to multi-national companies, and severe restrictions

would be placed on research and development in agriculture. The country would not remain free to evolve new seeds as also in horticulture, in animal husbandry and in forestry.

Another frightening prospect of accepting the Dunkel draft proposals is that India will be subjected to compulsory import of many an essential commodity. The BJP strongly opposes the Dunkel proposals and calls upon the farmers to join forces with it to strongly oppose the Dunkel proposals and compel the Government to reject them. It is because of the neglect of agriculture by the Central Government that many parts of the country are today under a spell of widespread drought, starvation and famine. People of Orissa are victims of this and while many are perishing many more are migrating from the affected area. There have been starvation deaths in Kalahandi, Koraput, Bolangir and Malkangiri districts in Orissa, adults have become bonded labors and women enslaved while children have been sold in these areas. The Commission appointed by the Orissa High Court has confirmed these facts.

Similarly, 26 districts of Bihar too are under the spell of unprecedented drought and more than 100 people have died there of starvation. This is the worst drought that Bihar is facing since Independence. In village Bhookhana of Bishrampur Block of Palamu district of the State, the wife of one Vijay Palvi, unable to bear the agony of her three starving children, killed them and then set herself on fire. The post mortem reports confirm these starvation deaths. It is a matter of utter shame for a Government in the State where these incidents take place.

Twelve districts of Andhra Pradesh have been hit by drought, which has resulted in a loss of Rs. 800 crores to the farmers. There is scarcity of drinking water in the villages. Domestic animals starved of fodder are being sold to butchers while 39 weavers have perished in starvation. Labourers are leaving the State in search of work elsewhere.

The severe drought prevailing in Madhya Pradesh has resulted in starvation deaths in Bastar and Seoni districts.

On the other hand, crops have been seriously affected in ten districts in Karnataka. At the same time, however, seven districts are in the throes of drought.

Severe hailstorm in several districts of Madhya Pradesh, Rajasthan, Haryana, Uttar Pradesh and Maharashtra have damaged

standing crops and horticultural products like mango and oranges.

The National Executive of the BJP demands that:

1. All facilities available to industry must be extended to agriculture too;
2. Farmers should be paid remunerative prices for their produce and prices of fertilizers, seeds, electricity, irrigation water, pesticides and agricultural implements reduced, so that investment in agriculture is brought down;
3. Agricultural costs should be linked to the price index.
4. There should be a massive drive to implement small and medium irrigation projects on a priority basis and incomplete major projects should be completed expeditiously;
5. Crop insurance scheme should be implemented on a much wider scale than at present. The extent of loss as a result of natural calamities should be based on the loss suffered by individual farmers in every crop;
6. Restriction on movement of agricultural produce should be totally removed and the entire country treated as a single zone for this purpose;
7. Immediate arrangements for food grains, fodder and drinking water should be made in States hit by drought. The Centre should grant sufficient assistance so that relief work can be undertaken on a large scale. The existing rules and regulations regarding the procedure for allotment of central assistance should be altered immediately;
8. Afforestation should be encouraged;
9. Research on dry land farming should be encouraged so that crop varieties that can withstand droughts are evolved; and
10. The Dunkel proposals should be rejected.

The National Executive calls upon the various State Units to organise the peasants against the anti-farmer policies of the government and chalk out agitational programmes in this connection.

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National Council

Bangalore

18 June, 1993

Neglect of farm sector

Agriculture is the backbone of the Indian economy and conscience-keeper of Indian democracy. Its potentiality to contribute to the country's economic development in terms of adequate supply of foodgrains, export earnings, employment and, above all, support base to other sectors has not been fully utilised. The successive Congress Governments neglected this vital sector of the economy. The present Congress (I) Government is yet to announce its Agricultural Policy.

Negligence of the farm sector, which contributes one-third of the GDP and, on which still two-thirds of the population depends for their livelihood, is reflected in the continuously falling share of Agriculture in plan outlay. As against 14.7 per cent of the total plan outlay in the Fourth Plan, the agricultural sector has been allocated only 6.1 per cent in the Seventh Plan and just 5.2 per cent in the Eighth Plan. There has been deceleration in agricultural investment during the eighties. Gross investment in real terms (at 1980-81 prices) has declined from Rs. 4,636 crore in 1980-81 to Rs. 4,357 crore in 1990-91. Availability of credit has also not been satisfactory.

As against a desirable annual growth rate of four per cent in foodgrains output—to neutralise the growth in population and ensure adequate supply, the trend growth rate has been only 2.9 per cent during the last one decade. During the last three years, foodgrains production has been hovering around 176 million tonnes. In the case of oil seeds, sugar cane, cotton and jute also there has been more or less, stagnation. The green revolution which substantially improved foodgrains production in the sixties, has not been extended to crops other than wheat—and to some extent, rice—and, that too has been confined to western U.P., Punjab and Haryana. During the last four decades, the per capita availability of cereals rose by just 100 gms. However, in the case of pulses, the major source of protein to the common man, there has been fall in availability from 75 gms per head in 1959 to 33 gms per head in 1992.

Quality seeds are a vital agricultural input for raising and

sustaining agricultural production. However, progress in distribution and expansion of acreage under high-yielding seed varieties has been slack during the eighties. During the Seventh Plan, only 57 lakh quintals of certified seeds were distributed, as against a target of 70 lakh quintals. Though the demand for quality seeds is expected to rise to 110 lakh quintals by 1995, the target for the Eighth Plan has been kept at a meagre 70 lakh quintals. Little headway has been made in providing a comprehensive crop insurance scheme to seed production, which is risky and costly.

Every rural hand should be provided work and every farm should be provided water. Despite heavy emphasis on irrigation during the past four decades, water, a critical agricultural input, is one of the most inequitably distributed natural resource. There has been a lag in the utilisation of the created potential, particularly in major and medium irrigation projects. At the end of 1991-92, the utilisation was 73.1 million hectares against a created potential of 81.2 million hectares – leaving a gap of 8.1 million hectares – mainly due to delay in supportive on-farm works like construction of field channels and land levelling. Delay in the completion of projects often results in cost overruns and now, there is a proposal to raise irrigation charges-as suggested by the National Development Council.

The decontrol of the prices of phosphatic and potassic fertilizers in August 1992 resulted in fall in fertilizers use by eight lakh tonnes during the last Rabi season alone. The NPK dose of 100-50-50 kgs, which used to cost Rs 1,200, now costs around Rs. 1,630 with rebate (for the small farmer) and Rs. 1,850 without any rebate (for the rest). The fall in the consumption of fertilizers is likely to have an adverse effect on the farm output.

Land reforms, which have a significant impact on farm production – by instilling the sense of ownership in the farmers have not been implemented with sincerity in several states. Although

tenancy laws are in existence in almost all the states, the pace of implementation is very poor. Even in the distribution of surplus land, the record is poor.

To improve productivity in agriculture, it is quite essential to motivate agricultural workers and improve their standard of living. However, agricultural workers continue to get exploited. Statutory minimum wages have not been implemented mainly due to the lack of political will.

Equally important is the rehabilitation of the peasant women displaced by mechanisation of agriculture. Promotion of cottage industries not only helps in rehabilitation of peasant women, it is also useful in strengthening the resource position of farm families. In fact, higher manpower-acreage ratio has been one of the major actors adversely affecting agricultural productivity. Though the share of agriculture in Gross Domestic Product has come down substantially, there has not been proportionate fall in the number of people depending on the farm sector for their livelihood. It is essential to absorb this surplus labour by promoting cottage industries, agro-industries and by taking up programme for providing the basic amenities such as schools, health-care, and roads in the rural sector. But very little has been done in this direction.

There is tremendous scope for agricultural exports, which currently account for nearly one-fifth of our export earnings. The international market for agricultural exports especially for horticulture and floriculture remains largely untapped. Though the recent EXIM policy offers incentives for agricultural exports, it amounts to putting the cart before the horse, as nothing concrete has been done to improve agricultural production. Without the creation of scientific storage facilities and refrigerated transport system, to talk of agricultural exports reflects the lack of vision.

In the long run, it is essential to create a marketing situation so that farm products could effectively command remunerative prices in the same way as the industrial goods. For this, it is necessary to provide adequate credit facilities, scientific storage systems and an effective marketing support.

As if internal negligence of the farm sector was not bad enough, now there is a concerted international bid to stifle our agricultural growth. The proposals put up by Arthur Dunkel for trade negotiations at General Agreement on Trade Tariffs (GATT)

are against the interests of farmers in developing countries like India.

The proposal for patenting of seeds would deny our farmers the right to use a part of their produce as seeds. Instead, farmers would have to depend on multinational companies or imports for better quality seeds. This would also hinder agricultural research which heralded the Green Revolution in the sixties. This would deprive our country of the fruits of bio-technology and bio-genetic research. If international agencies insist on seed patenting, we should demand to get back the germ-plasma of our infinite variety of seeds taken away from the country and now deposited in Philippines.

Since the Dunkel Draft suggests withdrawal of the subsidy support (for agricultural inputs) from better off farmers, who also happen to produce the surplus and support the government's food procurement, prices of their products will have to be raised proportionately to compensate for their higher cost of production. This in turn would mean rise in issue prices, ultimately affecting the common man.

The compulsion to import 3.3 per cent of the total foodgrains requirements—once the country comes out of the balance of the payments (BOP) problems, would again harm farmers' interests. It is the sovereign right of a country to decide on what and how much to import, taking the domestic situation into consideration.

Every village should be made a unit of development. In the overall interest of Indian farmers and consumers, the BJP National Council makes the following demands:

1. The Dunkel Proposals with regard to agriculture must be rejected.
2. Sixty per cent of plan allocation should be allocated by both the Centre and States, for over-all rural development including agriculture, agro-industries, cottage industries and basic amenities for the rural sector.
3. Adequate supply of quality seeds be ensured to all crops;
4. The ongoing irrigation projects be speeded up and the gap between the irrigation potentialities and utilisation be bridged. Priority should be given to minor irrigation.
5. Drip irrigation should be encouraged in order to promote dry farming. In tribal areas, lift irrigation should be promoted.
6. Fertilizers, pesticides, seeds, water, power and agricultural

- implements should be supplied at reasonable rates. Sales Tax should be removed on agricultural inputs.
7. The Government should encourage the setting up of co-operative godowns in each Panchayat area; scientific storage facilities should be created so as to enable farmers to command fair prices, especially for perishable items such as vegetables and fruits. Government should give 80 per cent subsidy for setting up of godowns.
 8. Remunerative prices should be ensured to farmers for all crops, taking the cost of production into account. Adequate steps should be taken so as to ensure parity between prices of agricultural and industrial goods;
 9. Fixation of prices for agricultural products should be linked to price index.
 10. Land reforms should be speeded up and implemented honestly. Landless labourers, scheduled castes and scheduled tribes should get priority in the distribution of surplus land, with assistance to develop the land. Rules to that effect should be introduced immediately in those states where there are no such laws.
 11. Statutory minimum wages should be implemented effectively. Pension schemes covering agricultural labourers and village artisans, such as weavers, toddy tappers etc. should be introduced.
 12. Cottage industries and agro-based industries should be promoted. This would help in reducing the farmer-acreage ratio. Agriculture related industries should be delicensed.
 13. Comprehensive crop insurance scheme should be implemented extensively so as to cover every farmer within a reasonably lower premium. Similarly, it is essential to introduce a cattle insurance scheme.
 14. Quality supply of pesticides and insecticides should be ensured.
 15. Proposals made by the National Development Council to withdraw the subsidy support to agricultural inputs, such as irrigation, should be rejected. Fertilizer subsidy be restored as it was.
 16. Sugar industry should be delicensed so as to promote

- the use of sugarcane more economically, which in turn would ensure better returns to cane-growers. Similarly jute industry should be delicensed;
17. The production of fruits, vegetables and poultry should be encouraged. Also, steps should be taken to promote dairy, pisciculture and sericulture.
 18. Whatever concessions are available to industry should be made available to agriculture also.
 19. Procurement prices should be announced before the sowing season.
 20. Restrictions on the movement of foodgrains should be removed and the whole country should be declared a single food zone. The levy on rice should be withdrawn.
 21. Adequate steps should be taken to protect the cow and develop cattle wealth. Cow slaughter should be stopped.
 22. Separate funds should be set up to take care of natural calamities.
 23. The afforestation programme should be intensified to promote forest wealth, maintain ecological balance and generate employment.
 24. Rural banks should be set up extensively to meet the exclusive needs of the rural sector;
 25. Dry farming according to agroclimatic zones should be encourage and intensified.
 26. Pass-books should be issued to farmers.
 27. Effective linkage should be ensured between the land and the laboratory so as to make agricultural research relevant and accessible to farmers.

Let us, therefore, not be on the defensive. The Government's impassioned advocacy of globalisation often smacks of diffidence and helplessness. If the world has something to offer to us, we too have a great deal to offer to the world. Indians do very well outside India. Why can't they do as well, or better, in India. We cannot shut ourselves from the rest of the world, but we have to be careful to see that we are not swamped by the world either.

To us, India's interests come first. And so do the interests of Indian industry, large and small. We welcome foreign companies in

high-technology industries and industries requiring large amounts of capital. But, they will be treated on par with our own industries, and cannot be given preferential treatment.



National Executive

Sarnath

13 March, 1992

BJP's approach to Economic Problems

The Vision of the BJP for India has been spelt out in the Economic Policy Statement of 1986 and the Election Manifesto of 1991. The approach of the BJP to the economic problems of the country has to be understood and appreciated against this background. The approach combines continuity with change. A few of the suggestions made by the BJP have been adopted by the Government, though not always ungrudgingly and fully. Many remain unimplemented. Others require a fresh look in the changing national and international context. It is this continuity with recognition of change that lends freshness, realism and vitality to the vision that the BJP has of a prosperous, progressive, egalitarian, enlightened, confident and conscious democracy capable of holding its own in the flux of times.

BJP believes in a new social and economic order which is non-exploitative, cooperative and harmonious and which provides for individual initiative and dignity. The multifarious urges and aspirations — spiritual, intellectual economic and social — of the citizen have to be reconciled and harmonised. This approach flows from our national heritage and the teachings and philosophy of Gandhiji and Deendayalji. The holistic, total, integral, and comprehensive philosophy must suffuse all of us in the national effort for economic development. Communism has collapsed. But the resurrection of unbridled capitalism will not provide the key to the solution of our myriad problems. It will only lead to consumerism and increasing debt burden fettering the future generations. The spirit of *Swadeshi* and self-reliance cannot be lost sight of. It is an integral part of our national history and heritage. It is an instrument of national pride and confidence which builds the capability of the country to cope with emerging problems. *Swadeshi* should not be misinterpreted as a static or backward looking isolationist concept. It has to be comprehended in the wider perspective of the approach and thinking of Gandhiji and Deendayalji which form the bedrock of the policies and programmes of the BJP in the realm of national development.

In the last decade of the twentieth century, India finds herself at

the crossroads of history. Indeed, the whole world is at the crossroads and in the grip of an unprecedented crisis of material, moral and spiritual values. States as powerful as the USSR have collapsed and vanished into limbo. Nations which used to be at each other's throat for centuries have come together for the first time to form one of the biggest power blocs in history – Fortress Europe. In the East, a small island-country that had been flattened less than half a century ago has emerged from the nuclear debris as a new powerful nation, ready to challenge the authority of any mighty nation, because of its economic strength. The old order is changing but a new order is yet to be born. Meanwhile, winds of change are sweeping the continents, flushing out worn-out ideas and ancient shibboleths. It is a massive sweep, waves of which are now beginning to lap at the very shores of India and whose winds are storming our very drawing rooms.

But, after long decades of the so-called planned development, planning and development are in disarray. India finds herself at the bottom of the international pile, an abject basket case that has to beg regularly for alms from international agencies, which treat it with disdain. The Nehruvian model created more poverty (almost half the population), more unemployment (about 20 percent), more illiteracy (more than five out of ten), more disease, more death, more misery, more suffering, and more and more backwardness than most other developing countries. This is the tragic legacy of the Nehruvian model, a perverse development model, which has completely failed, though some people continue to pay obeisance to it.

All this has been in the name of the poor, though it is the poor who have been pauperised, and who suffer the most. India has barely doubled her income per head in 45 years, whereas there are developing countries, many of them in the same continent as ours, who have been doubling their incomes every ten or fifteen years. And the gap is widening, not narrowing.

The development model followed during the last forty years in operational terms separates development from employment, treating humans as raw fodder in the development process rather than as beneficiaries for whom development activities are designed. Consequently, employment has received a very low priority in the economic plans which have treated it as a by-product, not the main goal, of development plans. This is also the reason why the plans and planning have not succeeded. The Bharatiya Janata Party believes that it is only through full employment not just any employment, but gainful and productive employment that rapid development is possible. Development and employment are closely interlinked, and all kinds of problems, including social problems, arise when they are divorced from one another.

The Bharatiya Janata Party also believes that it is possible to equip economic development with social justice through the employment model, which can be called the BJP model, with a large element of self-reliance and *Swadeshi*. But self-reliance does not mean isolation. Our exports account for only 5 per cent of the GDP while even in the economy of China, exports account for 14 per cent of the GDP. Self-reliance also does not mean producing everything within the country regardless of cost, quality, efficiency or comparative advantage.

The main question is as much about self-reliance and *Swadeshi*, both of which stand very high in the priorities of the BJP, as one of self-confidence, of being able to face the challenges of a rapidly changing world which is arming itself all the time with new technologies and new opportunities for development and trade. India is an integral part of the world; a nation of 900 million people cannot be anything else. *Swadeshi* for the BJP is not isolationism but development of confidence and capability in consonance with our cultural moorings and ethos and keeping in view our requirements of today and tomorrow. It is the wide perspective that the BJP keeps in view, not as a platitude but a way of life.

For the Bharatiya Janata Party, *Swaraj* and *Swadeshi* are indivisible. There can be no real *Swaraj* without *Swadeshi*, not the *Swadeshi* of an inward-looking nation afraid to face an increasingly complex and aggressive world outside, but the *Swadeshi* of a self-confident, modern nation that can deal with the world on terms of

equality. The main impulse for growth in India has to come, as it does everywhere else in the world, from its own capital, its own very able entrepreneurs, its own hard-working peasants and workers. The role of foreign capital will naturally be limited though it can be crucial at certain stages and for specified national goals. This is why the BJP is opposed to the unfettered entry of foreign companies and multinationals except in high technology sectors.

These, then, are the main elements of the economic policy of the Bharatiya Janata Party: rapid development through full employment with the use of up-to-date technology, on par with international technology levels; self-reliance to the highest degree; optimum use of national resources, material, financial and human, but with due allowance made for foreign capital in high-tech sectors; policy environment in which every enterprise – private and Public – can thrive; efficiency and productivity to be rewarded and special attention, both financial and administrative, of the Government to be paid to the lagging sectors like agriculture, small-scale industry, weaker sections of society, and backward areas; and balanced regional development, to bring them on par with the rest of the country and play their due role in national development. This development must not only be people-oriented, it must keep the environment clean and not disturb the ecological cycle.

India cannot and should not be a carbon copy of any other country. India must liberalise, industrialise and modernise, but it must do so the Indian way. India has to become a light unto itself. We have to evolve our own model a model that will be integral, humanist, holistic, reconciling our own needs with the experience outside. Deriving inspiration from Yuga Purushas like Gandhiji and Deendayalji, we must proceed with rapid economic progress affecting the life of the last man on the ladder of development.

The details of the proposed Economic programme of the Bharatiya Janata Party will be released later.

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National Executive

Sarnath

15 March, 1992

Dunkel Proposals

The Bharatiya Janata Party urges the Government to take initiative in re-negotiating the Dunkel proposals as these are against the interests of the nation. The BJP feels that Dunkel proposals in their present form are detrimental to the country's economic growth, both agricultural and industrial.

While the objective of GATT was to develop economies, the aim of the Dunkel proposals is to open up markets. Also while GATT covered only goods (excluding agricultural produce), Dunkel proposals cover, besides goods, Trade-Related Investment Measures (TRIMs), Trade Related Intellectual Property Rights (TRIPs) and Services including Banking and Insurance and, now also agriculture. Another basic change in the new proposals is that while GATT recognised Developed, Developing and Least Developed Countries (LDCs) as belonging to three different categories calling for differential treatment, the Dunkel draft abolishes the second category and so throws a developing country like India into an unequal competition with highly developed economies.

The BJP feels that the extension of product patents to drugs and pharmaceuticals would result in rise in drug prices. By weakening the provision on "compulsory licensing" patents, the Dunkel Proposal, if accepted, would result in monopoly by multinationals. Having obtained product patent rights, if the patent holder does not commercialise his invention in the host country (due to dilution of compulsory licensing) it would make the host country dependent. Apart from its adverse impact on balance of payments, this would lead to loss of employment opportunities, as economic activities would be curtailed.

The Dunkel Proposal is vague on TRIMs; it leaves the matter to be decided through bilateral agreements. If at all the services sector is to be opened, it should be with a provision for the free movement of Indian labour.

Similarly, the proposal for a drastic cut in customs duties should not be accepted blindly. Customs duties are not just revenue raising avenues. On the other hand, it is an important fiscal tool to achieve certain socio-economic goals. Customs duties should be assessed on

case by case basis taking into account the prevailing socio-economic situation.

The BJP is strongly critical of the Dunkel Proposal with regard to its condition as a total package. Each and every item should be considered on its merits.

The BJP urges the Government to seek re-negotiation of the Dunkel Proposals, especially, keeping the following in mind:

1. The extension of produce patents in areas such as drugs and pharmaceuticals, chemicals and agriculture, should not be accepted.
2. There should be provision for compulsory licensing of patents as in the case of the Indian Patents Act, 1970.
3. The question of reducing customs duties should be considered on case by case basis, keeping the prevailing socio-economic situation in mind.
4. The question of allowing foreign banks and insurance companies could be taken up only after deciding the question of the entry of Indian private sector into insurance business, that too with a provision for the free movement of Indian labour.
5. Textiles quotas should be phased out within three years instead of ten years, as proposed.
6. The Dunkel Proposal as a total package should not be accepted.
7. There is no need to change the institutional structure of GATT and convert it into Multilateral Trade Organisation (MTO) by linking intellectual property rights and investment related services. The World Intellectual Property Organisation (WIPO) a UN subsidiary – can continue to look after the intellectual property rights.

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National Executive

Bhopal

24 August, 1992

Dismal performance of Rao's Government

The Narasimha Rao Government completes its first year in office with a dismal performance. It has been one of the worst years in recent memory marked by a crumbling economy, mounting social tensions, unprecedented civil disorder and ever-increasing corruption at the highest levels. It was also a year in which the gap between the Government's promises and performance, particularly on the economic front, reached a level that must strain the sensibility of the most credulous observer of the economic scene.

The Government was not able to reach a single target it had set for itself a year ago. The economy ground to a halt with a near zero growth rate, the lowest in a decade. A comparison between 1990-91, not the best of years, and 1991-92, will indicate how badly the economy has performed and now finds itself on a slippery slope from which it will be difficult to rescue it.

	1990-91	1991-92
National income	5.6	2
Growth rate(%)		
Industry (%)	8.0	minus 0.1
Wholesale Prices (%)	12.0	14.0
Consumer Prices (%)	14.0	16.0
Exports	18.1	17.9
(Billion US Dollars)		

One reason for the dismal performance was the Government's misdirected obsession with foreign investment and globalisation as a panacea for all our ills. This led the Government to devalue the Rupee three times in less than a year, twice in July 1991 and once again in February this year under the garb of partial convertibility as also to woo foreign moneybags, including the IMF, with single-minded devotion to the point of neglecting the national economy. This gimmick also did not pay. The amount of foreign capital that condescended to come to India was no more than about \$300 million,

as against the official expectation of ten times the figure. And the IMF is still baulking at dispensing more loans without further binding commitments from New Delhi.

The so-called improvement in foreign reserves is a myth that is as fraudulent as the Government's claims of modernisation. Funds which have been taken as loans are being shown in the books as reserves. The fact remains that the economic policy of the Congress (I) Government at the Centre has led to no breakthrough in economic expansion or growth. The Government has not changed its ways. It still gobbles up the nation's resources and finances, and has not been able to curb its wasteful habits, with the result that debts are increasing by leaps and bounds. The common man is groaning under the burden of the increasing prices of the daily needs of life and of creeping corruption and harassment.

In 1991, India's foreign debt stood at \$70 billion or Rs. 25,000 crores, ten times the figure ten years earlier. During 1991-92, the debt rose to \$75 billion or Rs. 1,35,000 crore. At the rate the Rao Government is going, it has just asked for another loan of \$6 billion to \$7 billion from the IMF. The debt will swell to \$80-85 billion or Rs. 2,50,000 crore, twice the debt a year ago.

Foreign debts have to be paid through exports which are getting more difficult despite devaluation. Trade deficit is growing. Due to recession in other countries and lack of proper export strategy and support by the Government, the export front presents a depressing picture. The more the Rupee is devalued, the poorer the country becomes, for a nation's strength is reflected in its currency. The debt burden saps the nation's energy and impoverishes its people. The average Indian today carries a debt of Rs. 6,000 on his head, seven times the burden ten years ago.

The mounting foreign debt will worsen the balance of payments position and absorb whatever foreign exchange we are earning from

our exports. It will also lead to further devaluation of the Rupee which would result in sky-rocketing of the domestic inflation. Obviously, this will lead to manifold additions to the problems of the already hard pressed common masses.

The effect of foreign debt on the cost of various projects would make many of them unviable. Even the Government is forced to admit that 90% of the foreign assistance is swallowed in servicing the foreign debt through payment of principal and interest as becomes due. With the rise of foreign debt the costs are pushed up; for example, as against an earlier investment of Rs. 1 crore per megawatt, now Rs. 3 crore per megawatt will be needed, and as against an investment of Rs. 400 crore for 1,250 tonne urea plant, the investment required now will be Rs. 700 crore. Apart from the financial repercussions of foreign debt, the social and political effect would lead to the erosion of national self-respect and morale.

During the past year, the 'new' model brought nothing but misery to the common man. The economy has not grown, industry has stagnated, agricultural production is at a standstill, thousands of small industries have closed down, and lakhs of workers have been thrown out of jobs. The Rao Government has little to show for itself except the boom and bust on the stock exchange and the banking scam, which has enabled a few people close to the political and bureaucratic establishment to loot thousands of poor and middle class households of their hard-earned savings.

The rural economy is under great strain. Investment in the agricultural and rural sector is dwindling. Agriculturists are suffering. The Government seems to choose the easy way of taking recourse to the import of foodgrains at higher prices, while denying remunerative prices to the Indian farmers, leading to pressure on the not too happy foreign exchange situation. Potential in agriculture for the creation of more job opportunities through agro-industrial complexes remains unexplored. Generally, the employment generation programmes undertaken by the Government, including the Jawahar Rozgar Yojna, have not succeeded in achieving their objectives. The youth of the country is being betrayed by the Government. No attention has been paid to the employment possibilities of the small scale industry. The operation of the economic policy of the Government is only resulting in increased unemployment due to the closure of industrial units, including many public sector undertakings. The weaker sections,

including handloom workers and women, have been exposed to immense economic suffering and deprivation adding to the unrest and tension in both the rural and urban areas.

The Government has not bothered to utilise the full capacity and potential of many sophisticated public sector units due to its misconceived approach to the so-called liberalisation, and the presence of foreign agencies. The implications of the 'exit policy' have yet to be fully spelt out, creating uncertainty in the working class. There is great dissatisfaction and frustration among scientists, technologists, research workers and the national talent in various fields, as they are feeling neglected due to governmental apathy and lack of sympathetic understanding of their needs and their place in the economy. No steps have been taken to promote vocational educational programmes at different levels. Research and scientific institutions which provide stimulus to economic development are languishing due to want of funds and a sense of direction.

The construction and building activity, which has the promise of the creation of job opportunities, is slackening. The infrastructural facilities are not keeping pace with our needs. The shortages in power generation and the inadequacy of port facilities, surface transport facilities, and telecommunication facilities are only adding to inefficiency and higher costs. While there has been a decline in the production of crude oil (from 34.08 million tonnes in 1980-90 to 30 million tonnes in 1991-92 estimates), there is increase in the gross import of crude oil and petroleum products (26.05 million tonnes in 1989-90 to 32.80 estimated in 1991-92). This cannot be looked upon as a healthy trend.

The Planning Commission is just drifting, having lost its credibility. It has ceased to provide either any worthwhile guidance or support to states which have been starved of their legitimate resources due to the financial and fiscal profligacy of the Central Government and its centralising tendencies. The role and working of the Planning Commission needs immediate change as it has been reduced to an ornamental superfluity.

The Bharatiya Janata Party stands for liberalisation with self-reliance, or to stress the *Swadeshi* angle, self-reliance with liberalisation. The BJP has never believed that the future of a country like India, a country of vast continental dimensions, can depend on the goodwill of foreigners, whether they are multinationals or foreign

countries. It maintains, and has always maintained, that India must have a strong and self-reliant domestic economy, for without that you cannot have a competitive international economy. The countries which have acquired international clout today have been able to do so by carefully husbanding their home economies by keeping to lean budgets and maintaining a competitive edge in exports. The role of foreign capital in their economy has been very small and they have seen to it that it remains small. It is also the BJP's policy to see that the multinationals do not swamp our economy and are kept under control.

The much heralded financial wizardry of the Manmohan Singh and Rao Government, with the blessings of the IMF and the World Bank, seems to be vanishing in thin air, leading the country to greater and greater economic mire. Euphoria has evaporated and disenchantment has set in with the economic policies of the Narasimha Rao Government causing deep and wide economic distress to the people.

The BJP suggests the following remedial measures to take the country out of the economic morass and to save it from falling into a debt trap:

1. The Government should draw up a programme for reducing the debt in a phased manner.
2. The Government must reduce the budget deficit and learn to live within its means.
3. A statutory ceiling on borrowings, and totally doing away with revenue deficit is urgently called for.
4. All efforts must be made to cut down wasteful government expenditure and curtail conspicuous consumption in public and private life.
5. Allocation for agricultural development and rural sector in its widest sense should be enhanced as a national priority.
6. The role of foreign capital and multinationals should be limited to the specified areas of national growth. The unfettered entry of foreign capital and multinationals, except in high technology areas, should not be permitted.
7. The position relating to the basic economic infrastructure such as power generation, ports, surface transport, communications etc. require immediate and comprehensive review in order to increase their capability to meet the

- growing needs of the economy.
8. The creation of employment opportunities to meet the growing unemployment situation needs immediate and sustained attention.
 9. The spirit of *Swadeshi* must be revived as *Swadeshi* and *Swaraj* are indivisible. The operationalisation of the concepts of self-reliance and *Swadeshi* must be worked out in detail in accordance with the compulsions and requirements of the national economy.

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National Executive

Bhopal

22-24 August, 1992

The Unprecedented Shares, Securities and Banking Scam

The Bharatiya Janata Party is appalled by the sheer dimensions of the Shares, Securities and Banking Scam. It is unparalleled in the financial annals of the world. The banks have suffered losses of more than Rs. 3,500 crores. And the trusting investing public has lost ten times that amount in the broker-managed boom-and-bust of the share market. It is clear that a financial swindle of such proportions could not have materialised without the active cooperation of corrupt businessmen, corrupt bankers and corrupt bureaucrats, duly blessed by corrupt political bosses.

Scam will Hurt the Entire Economy

It must be clearly understood that all these losses are not the loss only of banks or shareholders; they are the loss of the whole country; and this loss is going to hurt the Common Man severely. The confidence in the financial system has been so rudely shaken that people are refraining from investing in new projects. Many capital issues have already flopped. Even the Government is going to find it difficult to raise loans for itself. The money market is in a shambles, with the Stock Exchanges are more closed than open. In this situation of economic paralysis, neither foreign capital nor NRI money will come in. A credit squeeze is already on; and the squeeze can only get tighter. And that will hurt small industry even more than big industry. All that, in turn, will further raise our already high interest rates, and further push up production costs. This will not only raise prices all round, it will also retard exports. The end-result of this chain reaction will be reduced investment, retarded production, decreased employment and, on top of all that, soaring prices. Already in 1991-92, our Growth Rate dipped below and our price Index registered a two-digit rise. All this is going to affect even the DAL-BHAT of the Common Man.

Doubts About the Government's Seriousness

The Government has done well to concede the Opposition demand and set up a Joint Parliamentary Committee to probe

the matter. But the resignation in mysterious circumstances of Mr. Madhavan of the C.B.I., midway through his inquiry into the Scam, raises doubts about the Government's seriousness about having the whole truth unearthed. And its laboured effort to bring some pro-Congress 'Opposition' M.Ps. into the JPC, and its insistence on having a Congressman as Chairman of JPC., strengthen those doubts. If the Government is really interested in finding out the truth, the whole truth and nothing but the truth, about the Scam it should not hesitate to concede our following demands.

Following Demands must be conceded

1. The Union Finance Minister, the Union Minister of State for Finance, the Union Minister of State for banking, the Secretary for banking in the Finance Ministry and the Governor of the Reserve Bank, should own up their moral and constructive responsibility and resign their respective offices. That will also facilitate a full and fearless inquiry.

2. It is important that JPC members make it clear that they are not in any way interested in, or involved with, the tainted shares and securities – or related to, or friendly with the Scam characters. The BJP members of JPC have already done so. Other JPC members should also make their position clear in the matter.

3. Government should take all steps necessary to ensure that the Scam characters, whether in custody or outside, do not tamper with the records.

4. The JPC proceedings should be opened to the Press and the Public.

Normally, Parliamentary Committees are not open to the Press or the Public. But the JPC inquiry into the Scam is not a routine affair. It involves the lives and welfare of millions. It will, therefore, be appropriate, to make the JPC inquiry public.

National Executive

Bhubaneswar

07 November, 1992

Failure on all fronts

For a Government that is yet to complete two years, the Narasimha Rao Government has achieved a remarkable feat of failing on all fronts, political, social and economic. On the economic front, it has undermined the nation's capacity to fend for itself and antagonised every section of the society – be it housewives, farmers, factory workers or office employees – while presiding over the cover up of the biggest scandal in history, in the perpetration of which its own ministers and hangers-on had a big hand.

The economy has been damaged to such a devastating extent that the more the Government tries to repair the damage, the worse it becomes. The Government's credibility has fallen so low that not even its own supporters now believe that it can be trusted to steer the economy without further assaults on the people's living standards. This is why the Government is shying away from publishing the mid-year Economic Survey, and not sharing with the people.

The information about its economic performance Government says that it is doing its best to reform the economy, but there are no signs that it is on the bend. All promises and predictions have proved to be worse than useless. Inflation is still close to two digits, and nowhere near the level of five to six per cent which the Finance Minister had promised. There has been practically no performance in other sectors of the economy such as industry and agriculture. Imports have grown faster than exports, despite devaluation. The only growth achieved so far is the cancerous growth in foreign debt which has soared from Rs. 1,25,000 crore in June 1991 to over Rs. 2,20,000 crore a year later. This is the only achievement of the much vaunted liberalisation programme – soaring debt and soaring prices – against the background of continuing stagnation in industry, agriculture and unemployment. Due to the faulty so-called "readjustment" economic policy by the Central Government, around 12 million are expected to lose their jobs by 1993-1994.

The Congress (I) Government had come into power with a promise of rolling back prices to the May 1990 level. It had also

promised to create a million jobs a year. Let alone rolling back the prices to May 1990 level, the Government's economic measures, such as the heavy dose of taxation, devaluation, hike in prices of petroleum products and fertilizers, have fuelled inflationary fires. The BJP would like to remind the Government that the consumer price index stood at 204 (1982=100) in May 1991. Instead of rolling it back to the May 1990 level, that is, the promised index of 183, the consumer price index jumped to a level of 242 in July 1992—that is, an addition of 38 points, which is nearly double the increase during corresponding period prior to the Narasimha Rao Government; so much for its loud-mouthed claim about reducing the rate of inflation. Erosion in the purchasing capacity of the common man can be judged by the fact that the value of the Rupee (as compared to the 1982 base) came down from 49 paise in May 1991 to 42 paise in July 1992.

The recent sharp increase in the price of petroleum products, apart from hitting the common man directly, is bound to further push up inflation, through a rise in transportation costs and the cost of production. Already the wholesale price index jumped by more than 2.0 percentage points within a month of the hike in prices of petroleum.

The cumulative deficit at the end of 1991-92 was Rs. 5,400 crore, which is expected to go up by another Rs. 3,000 crore in 1992-93. The BJP would like to know how this deficit occurred when the Comptroller and Auditor General Report points out surplus in the account upto 1988-89. It may also be recalled that the international prices of crude oil which went up from \$18 to \$25 a barrel during the Gulf War in 1990, started declining and are currently ruling around \$19 a barrel. If anything, the Gulf War surcharge of 25% should have been withdrawn by now as promised by the then Finance Minister.

The country would like to know how the import burden

on account of crude oil has gone up, when the international prices have declined. If the devaluation of Indian Rupee was responsible for this, then the Government at the Centre alone is to be blamed for its major policy failure. The BJP would also like to know how the surplus in the Oil Pool Account disappeared.

The Government which was a party to bringing out policy reforms in the industrial and fiscal sectors, has not been able to finalise the agricultural policy so far, though the draft has been pending for a long time. Now, with the steep hike in fertilizer prices, the farmer has received a severe jolt. It has already brought down the sales of fertilizers. As a result of the decontrol of fertilizer prices, these have gone up by 100 per cent and more. Besides, the Government introduced certain backdoor measures which have resulted in the pushing up of fertilizer prices. For instance, the prices of furnace oil and low sulphur heavy surplus (LSHS), the raw materials for fertilizers, were raised by 54 per cent; the upper ceiling fixed on certain varieties of fertilizers such as Diammonium Phosphate has been withdrawn and now, there is a proposal to raise the returns of the fertilizer Industry from 12 per cent to 16 per cent. All these are bound to push up fertilizer prices still further. The Prime Minister's offer to give Rs. 500 crore relief to small and marginal farmers is too meagre and impractical in view of the failure of the dual pricing system introduced on fertilizers last year.

It is paradoxical that the Congress (I) Government has imported three million tones of wheat at Rs. 550 a quintal which is almost double the price offered to the Indian farmer. Here is a Government which robs the Indian farmer to pay the foreign wheat producer. Had the Government cared to pay remunerative prices to the Indian farmers, the buffer stocks would not have been depleted and the PDS would not have been put into jeopardy.

The Government's priorities are lop-sided. Instead of fostering more competition within the domestic market, the Government is opening up the country to competition from foreign multinationals, which is like putting the cart before the horse. The policies of the Government are ruining the small scale sector with its large untapped employment and export potential. It has been running after foreign capital instead of taking steps to improve the efficiency of Indian industry, including public sector units.

It has been in an indecent haste to sell shares of public sector undertakings, not in order to retire foreign debt, as asked for by the BJP, but to manipulate budget deficits in line with the dictates of the IMF and other lending agencies. And in the process of disinvestment, some of the PSU shares have reportedly been acquired by the foreign banks. The BJP would like to know the quantum of the shares and the names of the foreign banks which have acquired them. And it is allowing indiscriminate imports, instead of reducing excise duties on home-made goods. This is not liberalisation, but the bankruptcy of economic policies, as its disastrous results are there for all to see.

The lop-sided liberalisation exercise and its consequent failure has finally prompted a re-thinking of the programme in a number of official quarters. The Reserve Bank has suggested in its annual report that there should be a ceiling on borrowings. The Chairman of the New Finance Commission has also supported the idea. It is not a new idea as far as the BJP is concerned. As long back as six years ago (January, 1987) when the Rajiv Gandhi Government was busy merrily borrowing money all over the world and splurging it on luxury imports, the BJP had called for a ceiling on borrowings, both internal and external. It had also called for zero-deficit revenue budgets as the first step towards bringing the nation's finances under tight fiscal discipline. Both these demands were incorporated in the Party's manifestoes for the 1989 and 1991 elections, way ahead of any other party, or, for that matter, any one else in the country. We maintain that it is not possible to have high growth and low inflation without these steps.

In fact, the Government may be about to mount yet another assault on the long-suffering citizens of this country. There are reports that, under pressure from the foreign money bags, whose mouths are watering at the sight of the large and lucrative Indian market, the Government is busy preparing the ground for full convertibility of the Rupee, first on trading account and then on capital account. It must not be allowed to get away with it. The BJP would like to warn the country, just as it did before last year's devaluation, against such a move which is fraught with disaster for an economy still reeling under the previous blows. Full convertibility would mean yet another devaluation just as

partial convertibility resulted in currency depreciation.

The BJP would like to warn the Government against the looming economic disaster engendered by its anti-people economic policies. The writing on the wall is clear with the overwhelming response of the people to the BJP called Bharat Bandh. The BJP is determined to carry on the fight for the reversal of the wrong government policies and their faulty implementation.

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Plenary Session

Jaipur

01-03 February, 1991

Country needs 'new development strategy'

The National Council of the Bharatiya Janata Party expresses its deep concern over the fast deteriorating economic situation in the country. During the last one decade, despite unprecedented political victories both by Smt. Indira Gandhi in 1980, Shri Rajiv Gandhi in 1984, and Shri V.P. Singh in 1989, the achievements and performance of all the three Governments have been singularly dismal. The neglect of the Agriculture vis-à-vis Industrial Sector, the widening gap between the plan and the non-plan expenditure, a sharp rise in revenue expenditure vis-à-vis capital expenditure, phenomenal market borrowings (both internal and external) as against internal resource mobilisation, the ever increasing budget deficits, unfavourable trade, the Balance of payments problems and skyrocketing prices are some of the areas which are leading the country towards the brink of disaster. The last decade can be truly termed as a 'Decade of decadence'.

The agriculture sector had been the major contributor to our GDP. Its share in the GDP, which was 58% in 1950-51, has now come down to 32%. Despite heavy investment in the irrigation sector, our agriculture production still depends upon the vagaries of the monsoon. Several major irrigation projects are lagging behind in completion for more than two decades. Their costs have gone up more than fifteen times and the delayed completion has deprived the community of the fruits of development. In a country like India where more than 70% of our population lives in rural areas and where agriculture plays a pivotal role in the economic growth of our country, the development of agriculture should have been the first charge on the national exchequer. The condition of small and marginal farmers is highly pitiable. There is a growing disparity in income and wealth as also in the consumption patterns within the rural sector. 50% farmers, who own land up to one hectare hold only 10% of the land available in the country while 4% of the farmers owning 10 hectares and more hold 30% of the land. A situation is fast developing in which the rural peasantry is being forced to go

for the distress sale of their small holdings and for migrating to the towns and cities for their livelihood. If India has to prosper then rural India has to prosper.

A major cause of concern resulting from the wrong policies of the Government has been a sharp rise in prices. During the Seventh Plan, the wholesale price index rose by 36.1%, giving the average growth rate of 7.2% per annum. The situation has worsened much more during the year 1990-91.

By December 1990, the wholesale price index has risen by 11.6%. As against this, the consumer price index has risen by 14 per cent. The rise of prices results in a redistribution of income in favour of the better-off sections at the cost of the middle class or poorer sections. This has, therefore, increased the number of people below the poverty line and untold misery for the middle classes. The prices of most household commodities have doubled in the last two years. What is worse, many are in short supply. There are long lines of harried consumers at public distribution shops in villages and cities. The BJP suggests the following steps to remedy the situation:

1. The public distribution system should be streamlined and extended to villages.
2. The administered prices in the public sector should not be directed for enhancing revenue.
3. The Government should appoint an Industrial Price Commission to monitor the cost of industrial products and their market prices.
4. The Government should curb smuggling, black marketing, hoarding and profiteering with a heavy hand.
5. Another major failure of the Government has been in tackling the problem of unemployment. It is now officially admitted that the growth rate of employment has sharply dwindled in the last ten years to about half. For the country as a whole,

the growth rate is down from 3 to 1.5 per cent a year and for rural areas from 2.5 per cent to barely one percent. Hardly, 5 per cent of those who register their names in Employment Exchanges in a year get employment. With over 34 million unemployed on the live registers of employment exchanges and more than that unregistered, the situation has become explosive.

The National Council of the Bharatiya Janata Party offers the following suggestions:

1. A new development strategy be formulated in the 8th Plan giving top priority to solving the problem of unemployment, and under employment and to the eradication of poverty.
2. The small scale and cottage industries should be encouraged by statutory reservations and by giving them various incentives so that more employment could be generated.
3. The Government should introduce employment guarantee schemes all over the country through the development of rural roads, rural electrification, rural health care and drinking water, uninversalisation of primary education, establishment of non-farm rural industries, agro-based industries and formulation of schemes for agroforestry and social forestry.

Over the five-year period during the 7th Plan, it was stipulated that a total budget deficit of the order of only Rs. 14,000 crore will be resorted to, but the actual deficit during the period 1985-90 has been of the order of Rs. 36,220 crore. Judging by any standard, one can say that the prudent limits of deficit financing in the 7th Plan have been exceeded. It is a living testimony of fiscal indiscipline that is prevalent in the country. To meet the growing expenditure, the Government resorts to internal debt in the form of market loans. The total internal debt in 1990-91 stood at Rs. 1,15,000 crore. Besides, the Government of India incurs certain other liabilities such as small saving schemes, provident funds, deposits under the compulsory deposit schemes and the Reserve Funds of Railways and Posts and Telegraphs. All these liabilities total up to Rs. 1,24,000 crore. If these are added to the total internal liabilities of the Government, it has to cough out a heavy interest payment of the order of Rs. 20,850 crore in a single year.

Since the Government is not able to meet its obligations through internal market borrowings and deficit financing, it has to further incur foreign debt. According to the World Bank Debt Tables (1990-91), the total foreign debt of India in the year 1989-90 amounted to \$62.5 billion or Rs. 1,13,160 crore. Consequently, the debt service ratio in 1989 has risen to about 26% of the total exports of goods and services, whereas the Seventh Plan document opined that crossing the limit of 20 per cent will bring us to the danger level of the debt trap. The government economists now speak of 30 per cent debt service ratio as the danger mark. But, if this trend of opting for more and more foreign debt is continued, very soon the country would be in the throes of an external debt trap. Despite steady devaluation of the Rupee, the trade gap has been growing rapidly, with the result that there has been a heavy drain on foreign exchange reserves. The reserves have never been as low as they are now and have amounted to Rs. 1800 crore on January 4, barely enough for three weeks' imports.

The Government hopes to get over the immediate difficulties by obtaining a further loan of \$1.8 billion (Rs. 3300 crore). Before availing of this loan the Government must take the country into confidence and explain how it proposes to deal with the situation. Such loans earlier had been counter productive and had created more problems than solutions.

Apart from the foreign exchange crises brought on by the Gulf War, the Government will soon be faced with the preparation of the Budget for 1991-92 amidst acute paucity of funds for the next Plan. With a deficit running into Rs. 13,000 crore by the Finance Minister's own admission, and public debt beyond the safe limits, generating finances for future development plans has become a major task. Taxation has already reached the maximum possible limits, particularly indirect taxes, such as excise and customs duties, which are ultimately paid for by the common man through higher prices. The Government should reduce taxes rather than hike them, for taxes beyond a certain point are counterproductive in the long run and lead to leakages of all kinds.

One of the reasons for the recurring budget deficits is the non performance of the public sector which absorbs the bulk of national resources but yields very little. Since the inception of the centralised

planning in 1951, the public sector was assigned a major role in the development process but its performance over the last 40 years has grossly disappointed and largely alienated even those who were its blind supporters.

Despite the huge investment of Rs. 2,80,000 crore, the overall performance in the Central sector is wholly unsatisfactory while in the state sector it is hopelessly dismal.

It yields a return of no more than 1.5 per cent, which is far too small by any standard. An improvement in the return from 1.5 per cent to 5 per cent, not a high rate, should make available additional resources to the tune of Rs. 9,800 crore, enough to wipe out the deficit at one go.

If this is not possible, there should be other ways of tackling the maladies of the public sector. This issue has been pushed under the carpet because of the lack of political will but it brooks no delay. The BJP calls for an all party committee on the public sector to suggest ways and means of improving its working. All possible ways from doing away with the monopoly status of the undertakings by throwing them open to all, to inviting participation of the public in their equity should be considered.

We have to take a lesson from the bitter experience of the centrally controlled economies of the Socialist/Communist Block of Eastern Europe who have unceremoniously cremated the Communist Philosophy of the economic emancipation of mankind.

The National Council of the Bharatiya Janata Party sincerely and seriously calls upon the countrymen to have a serious debate about the continuance of this concept of Public Sector occupying a commanding height in our national economy i.e., redefining the Government's role in economic growth. Till a final decision is taken in this behalf, the National Council offers the following suggestions:

1. State monopoly over development and managed infrastructure should be drastically curtailed.
2. Public participation in equity holdings of all Public Sector Undertakings be permitted subject to a maximum of 49% with a ceiling of 5% in the case of individual investors.
3. Workers' participation in the management of the Public Sector Undertakings at all levels be made obligatory.
4. All loss making Public Sector Undertakings should be handed over to the Cooperative Sector or to the

workers if they are prepared to take them over.

5. A drastic cut should be made in wasteful expenditure incurred by these Public Sector Undertakings, such as fleets of cars, travelling abroad, stay in five star hotels, air conditioners, luxurious fixtures, and fittings and furnitures.
6. The management of these Public Sector Undertakings should be professionalised and only professionally qualified managers be appointed to lead these units, and for this purpose a separate and independent cadre should be created.

There is a considerable scope for reducing Government expenditure. Ten per cent reduction in non-plan expenditure of Rs. 64343 crore (in 1990-91) should help reduce the deficit by Rs 6,000 crore. The BJP suggests that there should be a constitutional ceiling on the Government's non-plan expenditure as a percentage of the gross domestic product. At the moment, it is about 15 per cent of the GDP, and should be reduced over the next five years to 10 per cent. There should also be a constitutional ceiling on national debt, as demanded by the BJP since 1987.

The Government is dragging its feet on the 8th Plan, the Gulf War being cited as an excuse for its prevarication. But the new Plan will do little to improve the situation if it is cast in the same mould as the previous Plans and follows the same Nehruvian model of "development".

The BJP feels that the time has now come for a thorough review of the planning model and for a restructuring of the economic and financial system, without which there can be no permanent solution to our problem. After 40 years of planning, India remains among the poorest countries of the world and the average Indian also among the world's poorest individuals with a per capita income and a quality of life that is anything but enviable.

There are many reasons for this, but the main reason is that we are far too dependent on the Government for our requirements. The people should be the main engine of growth, not the Government, certainly not the kind of Governments we have had in the past. This is the main lesson of the disastrous

experiment in state capitalism, which is what the communist model ultimately became. Let us try another model, in which every Indian is both a producer and a consumer, with a direct personal stake in the nation's economy.



National Council

Jaipur

1-3 February, 1991

Agriculture and Rural Development

Bharatiya Janata Party holds the successive Governments of India during the last 43 years responsible for the neglect of agriculture and the rural sectors in the matter of development. The resultant position is that agriculture and the village economy have suffered serious injustice.

The peasants and villagers were, in the forefront of the Freedom Movement; but we have forgotten their services and sacrifices. The peasantry always thought that it would get a fair share in the prosperity of the Nation and that it would be a partner in planning the economic development of the country. Unfortunately just the opposite has happened. The condition of kisans continued to go from bad to worse. Their debts continued to rise every year, and became intolerable. At the time of attainment of Independence, sixty per cent of the National Income came from agriculture but today it has come down to just 32%. By now Rs. 75,000 crores worth of wealth has been transferred from the rural to the urban sector. The rural per capita income is only a quarter of that of the urban per capita income. And things are only getting worse all the time. Some three crore people are unemployed in the rural sector of the economy. There is a serious lack of civic amenities in the villages. Most of the people live below the poverty line.

Three-fourths of Indians live in the villages but the financial allocation to villages is only a fraction of its just due. The peasant is not only producer, he is also consumer. In the absence of a significant increase in the purchasing power of the villagers, our industrial and commercial development would always remain lop-sided and inadequate.

It is the right of every cultivator to get electricity and water for irrigation of all agricultural land. In 1987, the Bharatiya Janata Party did some serious basic thinking about the cultivator's plight and development of the rural economy and at the Vijayawada Session, we prepared a Charter of Farmers' Demands.

BJP pleaded for writing off cultivator's loans. However, it is not

enough that the cultivator is freed from debt burden; what is even more important is that the cultivator should develop self-reliance and never again get into debt. It is a matter of great satisfaction that the BJP Governments of Rajasthan, Madhya Pradesh and Himachal Pradesh have made great strides in this direction.

BJP is of the firm conviction that without the eradication of poverty of agriculturists, and removing the economic disparity between Urban and Rural populations, balanced and rapid economic and financial development of India would not be possible. The BJP, therefore, demands the following:

1. The village should be treated as the basic unit for development and, therefore, all amenities like roads, irrigation, education, electricity, health and medical care, sanitation, drinking water, and Sulabh Shauchalayas in villages be popularised and employment and social security should be provided.
2. Sixty per cent of the National Savings should be utilised for village development; and minimum prices be fixed by Government to link with the cost of living index.
3. Cultivator should get remunerative price for agricultural produce and all restrictions on movements of foodgrains within the country to go and the whole country to become a single food zone.
4. The cost of agricultural production should be reduced by controlling the price of fertilizer, energy, irrigation rates, pesticides, other inputs and agricultural tools and implements; and cooperative movement to be strengthened in rural areas, and farmers must be allowed 80% loan/advance against crops placed with commercial banks.
5. Land reforms must be scrupulously enforced. Excess land so obtained should be distributed among the landless

under a time-bound programme. A comprehensive plan should be drawn up to reclaim waste land.

6. There should be parity of prices between agricultural and industrial produce; and minimum prices fixed by Government to be linked with the cost of living index.
7. There should be insurance of crops and cattle;
8. Agricultural sector should get all those benefits and facilities that are available to the industrial sector;
9. The cow must be fully protected and there should be total ban on cow slaughter, and its progeny should be developed;
10. Unemployment of rural population in general and village youth in particular, leading to distress rural migration to urban slums must be cured. To this end, village and agriculture-oriented cottage industries should be developed in the villages;
11. Agricultural labour and village artisans should be assured of minimum wages and provided social security.

BJP is committed to organising the peasantry and rural people, so that they can fight for their rights and securing justice for them. BJP exhorts its workers to stand by the cultivators in this struggle for their Fundamental Rights.

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National Executive

Thiruvananthapuram

29 September, 1991

White Paper demand on Economic Situation

The National Executive of the BJP is distressed and deeply concerned to note the dismal economic performance of the Congress Government at the Centre. It is a clear case of failure of political leadership in Government to instil confidence among economic performers.

The tall claims of the Cong (I) Government to revert the prices of essential commodities within 100 days back to the level of July 1990 stand thoroughly exposed. The BJP is of the opinion that the Central Government has betrayed the countrymen. Among the food articles, prices of permal rice went up from Rs. 5.90 per kg. before the budget to Rs. 7.65 per kg. now. The flour sold at Super Bazar for Rs. 23.00 against Rs. 11.00 per kg. Life saving drugs cost 50-100% more. Edible oil costs Rs. 5 to Rs. 20 more depending upon the variety. Despite scarcity, edible oil was not imported and at the cost of the suffering of the people of the India, the Government exported essential commodities abroad. The death by starvation recently of 12 handloom weavers in Andhra Pradesh stands testimony to the skewed import policy and wrong priorities.

The fixed wage earners, daily bread earning labourers and farmers are the worst hit due to the insensitive economic policies. It is heartening to note that the BJP ruled states have implemented farm oriented policies and have decided to help in full restoration of subsidies.

BJP National Executive is of the opinion that the heavy dose of taxation, the upward revision of prices of petroleum products, the rise in railway freight rates and the inability to supplement domestic production of essential items through imports were responsible for the current price rise. The devaluation added to the misery.

The BJP warns that the country is heading towards one of the worst inflationary situations. The annual inflationary rate in terms of the wholesale price index has already reached 15.2% on August 24, 1991 as against 10.8% just before the Central Budget. If the present

trend is continued, the annual inflation rate is likely to cross 20% by the end of 1991-92. This would mean the double the rate of what the Finance Minister promised to maintain (9-10%).

The Government tried to attack the BoP problem in a piecemeal manner, such as devaluation and liberalisation of trade policies at the instance of the IMF. The Government ought to have attempted an integrated policy approach such as trade, exchange rate, industry, energy, transport, science and technology and agriculture because of the procurement of foreign loans as the life thread for economy, and the hype about hollow liberalisation has remained only a slogan like the bank nationalisation of 1969. The Government could not loosen the stranglehold of bureaucratisation upon the Industrial Sector. The much lauded and defended devaluation has already led to escalation in prices of items with higher import intensity instead of export promotion. In order to tide over the falling foreign exchange reserves to Rs. 2,995 crore as on August 16, 1991, the Government sold 20 tonnes of gold to raise 200 million dollars apart from pledging around the same amount of gold. The IMF mercifully sanctioned instalments of 220 million dollars and 635 million dollars and by October another 2.2 billion dollars.

According to the IMF rules, any release of loan under compensatory and contingency financing beyond 40% of a country's quota can be sanctioned only when the recipient country agrees to the conditionalities. India has crossed that 40% mark. The message is clear.

The BJP is disturbed to note the mounting foreign debt which reached Rs. 1,75,000 crore at the end of 1990-91.

The Government had assured that there would be no further devaluation, but the promise was not kept. The BJP demands a categorical assurance from the Government in this regard.

The BJP sincerely feels that instead of bending before the IMF,

instead of inviting MNCs to India indiscriminately, efforts should have been made to attract the NRI sources and talents through appropriate schemes and incentives, such as science based industrial parks and portfolio investment. In the name of the stabilisation of economy, self-reliance and self-sufficiency should not be abandoned.

The Government resorted to the parading of liberalisation with an ulterior motive to attract foreign loans. It played cruelly with the economy of the Agriculture Sector by slashing the subsidy and further trying to differentiate between the functionally non-differentiable farmer community by restoring the subsidy partially. The Executive Committee not only demands full restoration of subsidy to the farmers and early finalisation of agricultural policy which should include among other things the availability of good seeds in sufficient quantity at reasonable rates, loans at concessional rates of interest and facilities akin to industries. The Minimum Wages Act be suitably amended and applied all over the country.

BJP accuses the Government of giving step-motherly treatment to the SSI sector by denying adequate financial assistance and protection and appeals to involve the apex bodies of the SSI Sector in chalking out the policy for them. The BJP takes note of the immense potential of the SSI Sector in fighting the unemployment problem and the Party also recognises its role in the sustenance of Indian economy. The prevailing uncertainty with regard to the restructuring of public units should be removed as announced by the Finance Minister in his Budget speech.

The National Executive further emphasises the need for the publication of a White Paper on Indian economic situation, particularly on the foreign debt situation and the conditionalities of the IMF and other foreign funding agencies. The BJP is of the opinion that the people of India have got the right to know more in detail about these aspects. Keeping the people in dark amounts to the betrayal of the people's interest. The National Executive Committee demands the following:

1. The Government should publish a White Paper on the economic situation, including foreign debt position and the IMF conditionalities. A law providing for a constitutional ceiling of external debt should be enacted.
2. Imaginative schemes like dual citizenship provision, Science based Industrial Parks and portfolio investments should be formulated to tap the NRI resources along with their talents.
3. Innovative and attractive schemes be formulated for making

- the Indian people part with their dumped gold.
4. Formulation of an Agriculture Policy be taken on top priority. Fertilizer subsidy should be fully restored along with other necessary inputs.
 5. Specific guidelines for speedy de-governmentalisation of the Public Sector be laid down and implemented.
 6. Adequate protection and promotion of the SSI be ensured. The budget for this sector be enhanced.
 7. Public distribution system, particularly in rural areas, be strengthened and expanded.
 8. Substitution of Petroleum products and the needed R&D for it be encouraged.
 9. A separate Ministry for the handloom and handicraft sector be created.
 10. An Artisan Bank be established.
 11. The import-export policy be suitably modified.
 12. The textile policy be re-oriented.
 13. Income-tax exemption be raised to Rs. 48,000 limit; tax structure be simplified and duly implemented.
 14. Unproductive expenditure be drastically cut and strict austerity measures implemented.
 15. Stringent action be taken against economic offenders and drug traffickers.
 16. Conducive atmosphere be created for harnessing the energy and resources of Indian masses in the economic and productive activity by resorting to nationalist appeal and developing an indigenous model for economic development based on the planks of *Swadeshi*, self-reliance and decentralisation and accountability.

The BJP resolves to launch a countrywide agitation against the unabated price rise and other anti-people economic policies and measures of the Congress Government, and the law and order situation. The Executive views this as a conscious and deliberate effort by some elements within the country, aided and abetted by foreign forces, to subvert the unity, integrity and stability of the country.

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National Executive

Calcutta

06-08 April, 1990

Budget proposals

The National Executive expresses its unhappiness with the Budget proposals of the Government of India, the Railway Budget and the increase in postal and telecommunication charges. Fixed income groups, already in great agony because of inflation, were keenly looking forward to the income-tax exemption floor being raised from Rs. 18,000 to Rs. 30,000 as promised by most political parties. This section has been sorely disappointed.

In his Budget, the Finance Minister has levied the highest amount of taxes in the history of India. Despite this, the deficit on Revenue account is Rs. 13,000 crore reduced by drawing Rs. 6,000 crore from the Capital Account. The cumulative effect of these levies will lead to cost-push, accelerate the inflationary pressures resulting in price rise. Hence the increase in the prices of petrol and diesel, and the postal and telecommunication charges should be withdrawn.

The Finance Minister has not demonstrated any directional or structural change from the past practices. No efforts have been made to curb wasteful expenditure. Despite the marginal increase in allocation in the rural sector, one fails to find in real terms a great thrust in the Budget for balanced rural growth. The increase in the cost of transport, whether by road or rail, will have a chain reaction on the prices of agricultural and industrial produce. No steps have been indicated in the Budget to solve the serious and major problem of unemployment.

The agriculturists have been badly let down by the Finance Minister's not fulfilling the commitment to write off the loans upto Rs. 10,000. The measures proposed by the Finance Minister are at best half-hearted. A detailed scheme should be drawn to fulfil the commitment.

Our horticulture sector, which requires a great support, is not only neglected but in this Budget the Finance Minister has doubled the excise duty on products from fruits. Even today, the national wastage of fruits and vegetables is about Rs. 3500 crore annually. Very urgent effective steps are called for to encourage this sector.

If the Finance Minister had made any serious attempt to bring about drastic changes in the functioning of the Government, considerable savings could have been generated. Even the disinvestment of 25 or 26 per cent of shares of selected public sector undertakings would have brought 8,000 to 10,000 crores to the Government exchequer. These funds would have enabled the Government to create employment generating schemes in rural areas and greater facilities for the agriculture sector, and to promote the agro-based industries without additional tax burdens. Moreover, the cost-push impact of the current Budget proposals would have been neutralised and prices could have been kept under check. Such disinvestment also leads to economic democratisation.

The BJP would like to increase our striking power to meet any challenge to the territorial integrity of India. At the same time, we believe that there is ample scope to prune considerably all wasteful and undesirable expenditure and to make defence spendings cost effective.

Two other areas causing grave concern are: (a) the mounting debt burden both external and internal, causing very high debt-service ratio; and (b) continuous fall of Rupee in relation to global currency. Our Balance of Payments position cannot change radically. Time has come to examine this problem from a larger national perspective in a balanced manner.

The BJP National Executive reaffirms its commitment to building a dynamic economy aimed at reducing disparities and improving the quality of life of the poorest strata of society. We believe that the fruits of economic progress must percolate to the lowest level of society expeditiously.

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National Executive

Madras

21-23 July, 1990

Need for holistic New Industrial Policy

The National Executive of the BJP expresses its deep concern over the unabated price rise in all essential items, more particularly of mass consumption. Despite assurances given inside and outside Parliament by the Prime Minister and other Ministers to contain inflationary trends, nothing tangible has emerged and the trend continues. Indeed, the Prime Minister told a delegation of the BJP Mahila Morcha that by June, the Government would be able to bring down the prices of sugar, tea and cement. Though the inflationary trends in the economy were set in during the previous regime, more particularly on account of the budgetary deficit of Rs. 13,700 crore in 1989-90 alone, and more than 30,000 crore in the VII Plan period, yet the people expected from the new regime drastic measures to check, if not reverse, this trend. Unfortunately, the performance of the Government has been dismal on this count, in sharp contrast to the remarkable success achieved on the prices front by the Janata Government in 1977-79.

The Union Government itself is mainly responsible in this respect which despite the BJP's opposition increased the prices of petrol, diesel, railway freight, postal charges and the prices of steel, coal and other core items.

The wholesale price index was 165 (base 1981) at the beginning of 1990 and it has risen by 12 points in the first seven months. If this trend continues, the wholesale prices might rise at a staggering 12 per cent rate in 1990-91. The consumer price index has gone up even more speedily. The abnormal increase in the prices of most essential commodities is alarming and hitting the weaker sections and middle classes severely. If drastic steps are not taken immediately, the people will lose faith in the capacity of the Government to tackle the problem of inflation. The National Executive suggests the following steps:

1. Keeping in view the assured remunerative price to Indian farmers, the Government should immediately import edible oil and other essential items which are in short supply to contain prices of those items.

2. Appoint an Industrial Price Commission on the pattern of the Agriculture Price Commission to regulate the prices of manufactured goods both in private and public sectors.
3. Immediately open more fair price shops in towns and villages and include items like pulses, salt, edible oil, soap etc. also in the items to be distributed by these fair price shops.
4. Contain the deficit within the budgetary parameters and completely stop the diversion of funds from capital to revenue account.
5. Implement the provisions of the Consumer's Protection Act speedily.

The BJP notes with concern India's rapidly deteriorating external debt position and the severe resource crunch resulting from a high budget deficit which, in turn, has rendered it almost impossible to bridge the yawning gap in the Balance of Payments, to keep the price line under check, to generate more employment opportunities and to curb the galloping inflation. Most of these maladies are the legacies of the past regime which had thoroughly bungled the economy and had literally pushed the country towards a debt trap. In the opinion of the BJP, speedy and effective measures are urgently called for to reverse the trend and to save the nation from the catastrophe.

With the change of Government at the Centre, the people expected a new fiscal culture and a different development strategy. When the National Front Govt. presented its first budget, it had hardly any time to give any serious thought about giving a new direction to the economy. The Government had then asked the country to wait for the new economic and industrial policies. But suddenly on the last day of the budget session, the first formal statement of the truncated industrial policy was tabled in the Parliament. The Industry Minister said that the other aspects of the

policy were being worked out. One wonders as to what was the compulsion to present a fragmentary policy to Parliament, and that too, towards the fag end of the session.

In the opinion of the BJP, the industrial policy in the present context should flow from the principles of modernisation, decentralisation, employment generation and self-reliance. The Party believes in harnessing new technologies appropriate to the changing requirements of the country and build India as a modern and progressive nation. But technology should not be allowed to degrade man and reduce him to being just another input in the Gross National Product. Man must be the focus of our developmental policies. Industrial activity must also generate massive opportunities for employment to attain the goal of full employment.

In view of the total reversal of the axioms underlying the economic model of the socialist block including Soviet Russia and even China and the rising awareness about the eco-system along with its impact on economic development, it is imperative to search for a new paradigm. In a world which is becoming smaller and smaller by the day, no country, much less India, can remain in isolation. The NIP has to be holistic and based on global perspective. India can also not afford to blindly copy the model of a country like the USA which has 40% of the world's resources and barely 4% of the world's population. In fact, our fiscal and industrial policies must harmonise our economic compulsions and the state of international economies. In the opinion of the BJP, an exercise in this direction is long overdue and a much deeper thinking regarding the socio-economic goals of India is required before a comprehensive industrial policy is formulated.

Viewed in this context, the NIP appears to be an interim thought without a long term view and without being set in harmony with the basic differentials mark of India in comparison with those countries whose experience has been referred to in the NIP. So, in the BJP's view, a much profound and clear thinking is required before the Government gives a final shape to the NIP. It is gratifying that the Industry Minister has stated that the other aspects of the policy will follow soon. The BJP is of the firm view that from the long term point of view, the policy must be subjected to a greater debate and consultative process so that what emerges can hold the field for a reasonably longer period and ad hocism may be eliminated.

The BJP has always been advocating debureaucratisation of the industrial sector for reasons of efficiency and healthy entrepreneurship. The Party over the years has been demanding the elimination of over-regulation leading to red tapism and corruption with a view to promoting rapid industrialisation. The BJP has also been strongly opposed to the policies of direct, indiscriminate and multiple controls and, therefore, welcomes the measures for delicensing and removal of red-tapism through clearance of technology proposals within thirty days for the small scale sector, creation of special marketing organisations for this sector both at the Central and state levels, and the proposal to expand the existing list of 836 items reserved for it. In the opinion of the BJP, encouragement to growers for setting up agro-processing units will be a positive step for rural development. The Party strongly urges the pursuit of a vigorous policy to promote and strengthen the small units with a view to enlarging the social base of the industrial enterprise.

The policy regarding the liberalisation of foreign collaborations and investments, the import of technology and cuts in import duties on several items needs a thorough debate. Certainly, there are areas such as defence, communication, energy conservation, pollution control, coal washery etc, where we need modern technology urgently but not in the production of Pepsi Cola, Potato chips, soaps and Talcum powders. Inviting foreign investment in consumer goods industries such as food processing, biscuits, coffee or tea plantation would have adverse effect on Indian entrepreneurship.

In the long run, the country's growth depends on domestic R&D. Unfortunately, the new Industrial Policy has failed to link up the promotion of domestic technology with industrial policy. The desire is to purchase foreign technology which often happens to be outdated.

The policy does not speak of attracting NRI resources and talents. Vigorous efforts should be made to create a proper environment for NRI investments by removing hurdles.

The BJP suggests that the National Front Government should come out with a comprehensive document clearly spelling out its investment policy, price, wage and employment policy, industrial policy, technology policy and foreign collaboration policy. Merely presenting a piecemeal document would take us nowhere. The NIP

does not refer to the problems of the ailing public sector and the measures necessary to make it efficient and profitable. It has also failed to take note of a very large number of industrially sick units in the private sector. A fuller debate on all these aspects is also called for.

In any event, the Government must make it undoubtedly clear that the NIP will not discriminate against the indigenous capital in its anxiety to attract foreign capital. Whatever liberties foreign capital is allowed to enjoy should be allowed to the indigenous capital also. Again, foreign capital without Indian partnership should not be allowed. The most important aspect is that the areas where foreign capital or technology is allowed should be clearly defined. In other words, the policy should mark out with clear justification the list of areas where foreign investment would be permitted.

The BJP urges upon the Government to place before the nation a comprehensive document covering all the aspects of its industrial policy so that it can be fully discussed and debated. It also authorises its Party President Shri L. K. Advani, to appoint a sub-committee for preparing the BJP's industrial policy statement.

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National Executive

Udaipur

03-05 March, 1989

Economy in shambles

Despite tall claims made in the Economic Survey and the Finance Minister's budget speech, the economy of the country today is in shambles. Tax revenues are stagnating, tax evasion and black money are growing, imports are spiralling, unproductive spending is increasing by leaps and bounds, and the national debt, both internal and external, is soaring. Inflation has reached unprecedented heights in a year marked by good food production, the mainstay of the economy. There has been no let-up in prices either.

The Finance Minister had a golden opportunity, despite the above referred situation, to bring innovative ideas for the larger benefit. Instead, he has chosen to defraud the people, keeping elections in mind. He has suppressed the true figure of deficit, manipulated revenue receipts by transferring Rs. 2300 crore from the Pool Account of the Oil Coordination Committee to the Revenue Account.

The Budget is kind to the affluent, unabashedly cruel to the wage earners and the middle class and a fraud on the poor.

The effect of the 5% increase in excise duty, 11% increase in Railway freight, increase in the administered prices of steel and coal and increase in the issue price of edible oil through the public distribution system will lead to high cost economy becoming higher cost economy. The effect of this on the poorer and the middle class people of India would be disastrous.

The fraudulent aspect of the Jawaharlal Nehru Employment Scheme for which Rs. 500 crore is raised by way of 8% surcharge on middle income earners is a facade, since the estimated manday increase in employment over the existing employment schemes is less than what has been achieved during the last year. The new employment scheme does not make up for this loss. Moreover, it is clear that the real purpose of this scheme is to manage these funds for getting votes for the Congress during elections by dubious means.

The Budget is also anti-farmer. The allocation of funds for agriculture, rural development, irrigation and flood control has

gone down from the previous years. Though in money terms, the allocation of funds for social services including rural water supply has been increased by just half per cent, in real money terms with inflation adjustment, the real funding has come down.

The Budget has not done anything in the direction of removing the greatest social injustice to farmers or the rural community. The agriculture sector had a share of 70% in population and 50% in the national income in 1950-51, while today the share in population remains the same at 70% while the share in national income has come down to 33-34%. It is this gross injustice which is the compelling reason to abolish farmers' debt, lock stock and barrel, in one stroke. The responsibility of bearing the burden should be on both the Centre and the States and primarily on the Central Government. The budget should have created a special fund to this end, here and now. No provision has been made in the budget papers for the crop insurance scheme. Even the reduction of interest for crop loans from 14% to 12% is an eyewash since NABARD advances money to the banks at 8%. It was possible to reduce the interest rate to 10% as done by the Karnataka Government. The Andhra Pradesh Government has reduced it to four and a half per cent.

The Budget is not even growth oriented as there is nothing proposed to help the capital market which is the only available avenue for mobilising savings for productive investment. The earlier Finance Minister N.D. Tewari proposed a large number of schemes in his budget, though not even 10% of them are really implemented. This is evident from the fact that in presenting this budget or in the Economic Survey there is no reference to the achievements of these schemes.

Credit is being taken to show that the deficit is being contained. This is a complete camouflage to mislead the people of India. An amount of Rs. 2300 crore from the Oil Pool is shown as revenue which

is nothing but an attempt to manipulate figures. The expenditure during the year is also likely to be more than estimated, increasing the deficit at the end of the year. But Shri Chavan believes that he will not have to bother about it since he will not be called to present the next year's budget. The budget has not cared to contain wasteful expenditure in the form of international jambories, Apna Utsavs, trips to Andaman and Lakshadweep islands, and excessive expenses on personal security.

The talk of curbing non-plan expenditure has proved to be a farce. The total non-plan expenditure has gone up from Rs. 47847 crore, i.e., an increase of 14%. This is in spite of the fact that there has been no increase in the defence expenditure of Rs. 13000 crore. On the other hand, the total plan expenditure has gone up from Rs. 26906 crore to only Rs. 27814 crore i.e., less than 4%. We are facing an alarming situation. During the last one decade the total liabilities of the Central Government have risen to Rs. 223,880 crore from Rs. 40,900 crore at the end of 1977-78 while the assets created over this period are worth only Rs. 1,83,800 crore. Thus, our liabilities have increased over the assets in 10 years by Rs. 40,000 crore. This belies the statement of the Finance Minister that India is not in a debt trap. If this is not a debt trap, what else could a debt trap be?

To sum up, Mr. Rajiv Gandhi's election year Budget has spared the capitalist class, may be, with an intention to raise funds from them, hit the middle-class the hardest by increasing income tax and increasing all indirect taxes on consumer durables like two wheelers etc. and perpetrated a big fraud on the poor by offering sugar-coated pills which have no real content, only to get their votes. The Budget is tailor-made for the ruling party politician on the prowl and not for the common man.

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National Executive

Palampur (HP)

9-11 June, 1989

Chunav Rozgar Yojana

It is indicative of the contempt in which the ruling party holds the people of this country that at the fag end of the five-year administration of Rajiv Gandhi, who began his innings with a strident call for entering the 21st century at breakneck speed, the government should come forward with a Rozgar Scheme that offers the millions of people below the poverty line the mouth-watering prospect of an income of a rupee a day, per head, per family only for fifty days in a year with which to kill the pains of hunger.

For that is precisely the grand offer of Rs. 2500 crores for 44 million families or Rs. 600/- per family (of five members) for 100 days amounts to. Whatever else this Rozgar Yojana might do, it will create no employment, for what the government is offering is a dole, not a living wage, for it is ridiculous to think that even the poorest of the poor can live on one rupee a day. Doles are given to destitutes not to workingmen and women. What the government is proposing in the name of Jawahar Rozgar Yojana is a Chunav Rozgar Yojana, not any purposeful employment scheme, for it creates no jobs and gives no wages, in fact it is a mirage. A rupee a day is incidentally less than the statutory wage in the country and offering such a 'wage' amounts to a gross violation of the existing law.

The Bharatiya Janata Party believes in establishing a just society in which every worker is in receipt of a living wage and those who, for one reason or another, cannot be provided with jobs, should be entitled to receive out of a Special Social Security Fund created for the purpose, a Rozgar until such time as he or she is able to procure or is provided with regular employment. The need for such a Rozgar Scheme is particularly pressing for the rural population whose incomes have fallen as a result of the sharp decline in the share of agriculture in the economy. This share has dropped from nearly 60 per cent at the time of independence to around 35 per cent. On the other hand, the top-heavy planning with its stress on hi-tech modernisation has failed to create adequate jobs except for

a tiny minority of 10 to 11 percent of the annual increase in labour force. The net addition to the labour force during the Seventh Plan (1985-90) was estimated to be nearly 40 million. Out of this number only 4 million were able to find jobs, while the rest 36 million would remain jobless for years.

The employment situation has worsened during the five years of Rajiv Gandhi's administration. The number of applicants at employment exchanges has soared by 25 per cent from 24 million to 30 million during the period. This is the situation in urban areas. In villages, it is much worse.

In fact a rural employment scheme which would provide employment throughout the year and would also create social assets was the need of the hour. The existing poverty and unemployment alleviation schemes like NREP and RLEGP, though needed stricter monitoring, did aim at creating some social assets also. But the Centre has abolished all these existing schemes and merged them with the new adhoc scheme which will now be operated directly by the Centre with the local lumpen elements in charge of distribution of funds. As a result all the ongoing employment providing works have come to a grinding halt. The scheme which will be only nominally under the charge of the Panchayats amounts to a vast funding operation through the District Magistrates who are to function as the king-pins of this scheme, in favour of the ruling party machine and is obviously being introduced with an eye on the coming Lok Sabha elections. Further, the scheduling of the instalments of funds to be released under this scheme is well timed to fit in with the election programme, The funds, out of which, incidentally, only Rs. 500/- crores were included in this year's budget, will be utilised by the ruling party for its own political purposes and will be disbursed discretionarily. The people are also now realising that it was with this aim that the Prime Minister

was too eager to directly meet the District Magistrates even by bypassing the elected State Governments.

The BJP believes that these programmes should be the responsibility of the State governments, and not the Centre, since the direct handling of such schemes by the Centre is in contravention of the Constitutional scheme of devolution of powers.

BJP believes that there is genuine need for a programme for alleviation of poverty, but, to be really effective, the programme should aim at providing gainful employment to all able bodied persons on a permanent basis and, consequently, has to be integrated with the overall design of economic development and should form a part of the five-year plans. The party believes that the right to work must be incorporated in the Indian Constitution as a fundamental right. The new scheme falls short of both these criteria. It is yet another populist gimmick designed to syphon off public funds for political use.

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National Executive

Bombay

23-24 September, 1989

'Save the Rupee, Save the Country'

At its National Executive meeting in Agra eighteen months ago (April, 1988), the Bharatiya Janata Party had warned the country of the very serious problem of inflation in its economic resolution 'Save the Rupee, Save the Country', in the following words:

"A Nation's economy is as strong as its currency and when the currency deteriorates, not only it brings down the economy but also "subverts" the country's democratic polity and security. Under Rajiv Gandhi, the pace of inflation has increased as a result of the disastrous extravagance of his government and its profligate policies. The rupee has lost 50 per cent in value since 1980 and more than a third since January, 1985 when the government took office".

This was the case until the middle of this year. Since then prices have sky-rocketed, particularly since the first week of August this year when the ruling party seems to have gone on a reckless spree of collecting funds. In the course of the last six weeks alone, the price of sugar has gone up from Rs. 7.85 to Rs. 13 a kilo, tea from Rs. 38 to Rs. 60 a kilo, Vanaspati and cooking oils from Rs. 380 to Rs. 443 (15 kilos), Chana Dal from Rs. 10.25 to Rs. 13.25 a kilo. The price of Bidis has gone up manifold, and salt from one rupee to three rupees a kilo.

The ruling party is said to have collected over Rs. 500 crore from sugar mills and an equal amount from oil mills. Prices of cotton and other types of cloth have also risen by as much as 25 to 30 per cent in the wholesale market and much more in the retail markets. This hike comes on top of heavy price increases in newspapers, bus fares, electricity rates, not to speak of exercise books and text books, soaps and detergents and medicines. In almost every case, the needle points to the increasingly intimate nexus between Congressmen and high business, who have combined to exploit the hapless consumer.

The rise comes at a time when there is stagnation in incomes at almost all levels, as reflected in the increase of unemployment by as much as 25 per cent since 1984.

The combination of the growing unemployment and soaring prices has made life intolerable for a vast majority of people who

have been at the receiving end of the Rajiv Government's gross mismanagement of the economy. The farmers have not benefited either, since the prices of most farm-based commodities have risen, after they had already sold their crops. The loot has been shared by the middlemen of the ruling party who have made a killing in the process.

Apart from the rampant corruption, the galloping inflation is a direct and inevitable consequence of the Government's inability to live within its means. Since 1980-81, there has not been a single year when the government has not spent its revenue. It has resorted to massive deficits as well as heavy borrowings, year after year. The current Five-Year Plan had envisaged deficit financing of Rs. 14,000 crore. As against this, the actuals are expected to add up to Rs. 34,000 crore, or two and a half times the plan estimate.

The deficits have also led to foreign borrowings and heavy drafts on foreign exchange reserves. The reserves have reached an all-time low of Rs. 4,600 crore, just enough for only six weeks' imports. Consequently, the Government cannot make up for the shortages through imports without resorting to further borrowings. The Rajiv Government is, for all practical purposes, bankrupt and has been living from hand to mouth for the last few months. At home, it prints money, which leads to inflation. Abroad, it borrows heavily, which leads to the depreciation of the rupee. Either way, the poor consumer suffers and has to pay more and more for less and less.

This was precisely the warning sounded by the BJP in its Agra resolution. The warning holds good as long as the conditions responsible for the present state of affairs continue. Inflation will worsen in the years to come unless the Government (1) stops treating the economy as a milch cow for its funds; and (2) learns to live within its means. The Rajiv Government is so incompetent and also so corrupt that things cannot improve unless it is removed.

The BJP believes that inflation can be curbed and must be curbed by

1. setting up a Price Commission, an autonomous body to which all price increases shall be referred and without whose permission no price increases in essential commodities shall be allowed; and
2. learning or being forced to live within its means and stop all wasteful expenditure. There should be a constitutional bar against deficit in the revenue budget, and as long as this deficit persists, the Government must be barred against borrowing money from the Reserve Bank.

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National Executive

Ernakulam

1-3 January, 1988

Steady decline in growth rate and performance

The Bharatiya Janata Party views with alarm the rapid deterioration in the national economy in the last three years, particularly in the last twelve months. Contrary to the repeated claims made by the Parliament that the economy had never done so well in the last two thousand years, there has been a steady decline in the growth rates of national income and agriculture and no increase at all in the industrial growth rate, while the rate of inflation has gone up by more than fifteen per cent. On all other fronts there is stagnation, with the sole and significant exception of the country's internal as well as external debt, particularly the latter, which has now taken on an alarming dimension, with serious implications to the stability for our economic and political order.

During the three years of the administration headed by Rajiv Gandhi and its much touted new economic order, the rate of growth of national income has come down successively from 5 to 4 to 1 per cent, that of agriculture from 2 to 1 to minus 5 per cent, and that of industry 9 to 8 to possibly as low as 6 per cent in the current year. The country had never had such low growth rates in the past. Inflation has, however, tightened its grip on this poor nation, has already crossed the dreaded two-digit figure and may escalate even further in the future.

Rajiv Gandhi began the year with an assurance that inflation would be kept at bay. Like all his other assurances, this too has gone by default. Prices of most commodities used by poor households have gone up by 20 to 30 per cent, making a big hole in family budgets. Rajiv Gandhi is taking shelter behind drought but India is not the only country affected by drought, though it is one of the few countries where prices have gone up to such scandalous heights. And fishing in troubled waters, the Government seems to have decided to mop up as much money as possible to keep up the Prime Minister's assurance on budgetary deficit. Most edible oils are available in foreign markets for about Rs. 5 to Rs. 6 a kilogram; in India they are now being sold at Rs. 25 to Rs. 30 a kilogram. Since the imports of these oils are being

handled by government agencies like the STC which featured in the recent Bofors scandal the rake off of those responsible for the import and distribution can well be imagined.

At the root of the crisis, which is likely to worsen in the future unless appropriate steps are taken in time, lies the Government's increasing reliance on foreign money, foreign technology and foreign advice for its plans. The new leadership seems to have convinced itself that nothing Indian is good, and that nothing is possible without foreign money, and of course, without foreign advice that inevitably comes in with foreign connections. This has led the Rajiv Government to borrow money from foreign countries and foreign institutions with reckless abandon unequalled since the country became independent. The Government has been giving misleading figures of foreign debt, though it often tries not to give these figures at all. The Economic Survey for 1986-87, which covers all aspects of the economy for that year, does not mention the volume of foreign debt at all. The explanatory memorandum to the budget does mention the figure but only in rupees which is misleading, because since we borrow money in foreign currency, we have to pay it back in foreign currency.

The government would have us believe that our foreign debt is only Rs. 23,000 crore, or less than 20,000 million US dollars, which is simply not true. According to the World Bank, our foreign debt was 40,000 million dollars or Rs. 52,000 crore in 1986, and would have probably reached at least Rs. 60,000 crore this year. This is more than twice the official estimate, which itself is an increase of more than 50 per cent in ten years, in a country that was claiming to move towards a self-reliant economy and take-off stage in growth. Actually, also according to the World Bank, the debt has more than doubled in six years and is such a burden on the economy that it now accounts for a debt-service ratio of 28.4 per cent in 1986. This ratio

has gone up steadily from 8 per cent in 1980 to 11 in 1984, but has since risen by leaps and bounds to 22 per cent in 1985 (Rajiv Gandhi Administration's first year), 28 per cent in 1986 and is now over 30 per cent, one of the highest in the world. It may be explained that a prudent debt limit for debt-service ratio is 20 per cent, which this Government crossed in its very first disastrous year. The net result of all this is the steady devaluation of the value of the rupee which has been eroded by more than 50 per cent in the last three years.

Things would not have been so bad, had the Government been able to check the flight of capital which it is apparently most unwilling to do. Even according to Shri Vishwanath Pratap Singh, who headed the finance ministry for two years until January last, the volume of Indian money siphoned off to foreign countries now exceeds Rs. 30,000 crore, or roughly half the total foreign debt. A good portion of this money can almost certainly be traced to politicians in power including some top people in the Rajiv Government. The fact that the Indian electoral system has become intimately linked with foreign money through such deals as Bofors and HDW submarine defence contracts spells the gravest danger for the nation's political order, which, as a result of the ruling party leaders' reckless pursuit of illicit money, is being steadily undermined.

The growing foreign debt is also associated with equally fast growing internal debt which now amounts to Rs. 98,150 crore and will soon exceed Rs. 1,00,000 crore, or roughly half our national income. The Government is not able to control the debt because it has no grip over its expenditure. The Rajiv Government is plainly living beyond the nation's means, wasting money right and left, on such extravaganzas like festivals, utsavas, unnecessary foreign trips costing crores of rupees, and holiday binges at the expense of the poor taxpayer. The Government borrows money recklessly, both at home and abroad, and when it cannot borrow, it prints money. The Central deficit financing in three years now totals Rs. 18,000 crore, against the recommendations of the Plan for Rs. 14,000 crore for the entire five years period.

The Rajiv Government shows all the symptoms of bankruptcy.

It cannot even find a few hundred crores for drought without levying additional taxes on its poor citizens.

Yet, despite all this heavy debt, and the heavy price the country will have to pay for it, there are no visible benefits for the common

man, either in the shape of jobs or low prices.

The BJP is convinced that the Rajiv Gandhi government is deliberately leading the country towards centralisation of economic and political power as manifest by the terms of reference of the Finance Commission. The socio-economic base of the country is weakened by overdependence on the import of goods, services and unnecessary technology. The BJP warns the nation that if the present trends are allowed to continue and correctives are not initiated right now, a big axe is going to fall on the 7th Plan resulting in economic stagnation, slowing down of development activities and serious unemployment.

The BJP calls for:

1. returning to the path of *Swadeshi* and Self-reliance in developmental and production areas by encouraging import substitution in every possible sphere;
2. putting a curb on the indiscriminate import of technology;
3. adhering to a regime of strict austerity, beginning with the lifestyle of the Government leaders at the top; and
4. putting into effect genuine decentralisation of economic and political power.

The BJP is further convinced that the Rajiv Government is incapable of restoring the health of Indian economy. Here is a Government which has brought the nation to the brink of bankruptcy. And it must go.

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Plenary Session

Agra

08-10 April, 1988

Government betrayal of farmers

The *kisan* all over the country is on a warpath. Completely disillusioned and dissatisfied with the Congress policies he is determined for any struggle and sacrifice to protect his rights. The Congress Government continues to be unfair and dishonest to him. Deeply hurt by this betrayal the *Kisan* is today agitating for justice and fairplay.

It is tragic that after Independence, the *Kisan's* share in the national income has rapidly declined from 59% in 1950-51 to 32% in 1985-86, while the population depending upon agriculture, which was seventy per cent in 1950-51, continues to remain at the same level even in 1985-86. The *kisan* has thus been doubly hit. It is most ironical that the unjust and anti farmer policies pursued by the British are being perpetrated even after Independence. The *Kisan* has been and continues to be a victim of conspiracy by the Congress Government. He has been cheated mainly on two counts. First, he has been denied remunerative prices for his production and second, there is no parity between the prices of the farm produce and the goods produced by the industry. This, in essence, is the real cause of the *Kisan's* penury.

Nature has also been cruel to the farmer during the past three-four years. The unprecedented droughts, devastating floods, hailstorms and severe scarcity conditions have all added to his miseries. With his economy collapsing, the *Kisan* today is completely shattered and is under the burden of a heavy debt.

The farmer is heavily indebted to the various financial institutions like commercial banks, rural banks, cooperative banks and land development banks. By 1986-87, this debt had reached the staggering amount of Rs. 11,000 crore. An equal amount of loans from various governmental agencies and private sources is also estimated. Reeling under the nightmare of this astronomical figure of Rs. 22,000 crore of principal and its interest, the Indian farmer

remains under a constant fear of losing his home and hearth, his cattle and agricultural implements, should he fail to repay the loans. *Kisans*, due to extreme poverty are being driven to commit suicide, and the tragic episode of 24 *Kisans* ending their lives, because they were unable to repay the loans, in Guntur and Prakasam districts of Andhra Pradesh is indeed a blot on any civilised Government. This shocking incident should serve as an eye-opener and a warning. The Congress Government is completely insensitive to the miseries of the farmers. Instead of providing relief and succour, it is adding insult to injury. The recent pronouncements by the Prime Minister at the inaugural functions of the Bharat Krishi Samaj regarding relief to the farmers is yet another example of his apathy towards the *Kisans* and his utter ignorance about the magnitude of the rural indebtedness.

The Union Finance Minister, while presenting the 1988-89 Budget attempted to project that the Government was sympathetic towards the farmers when he announced that the current outlay on agriculture and irrigation was larger by 40% as compared to that of the last year. This in fact is a big hoax. The fact of the matter is that while in the revised budget for the year 1987-88, the total outlay under the head of agriculture and irrigation projects was Rs. 1331 crore, the same has been reduced this year to Rs. 1,295 crore which is 3% less than what was provided in the last budget. If the estimated rise of 12-13 per cent in the wholesale price index is also taken into account, then the actual shortfall would be of the order of 10%. What more is needed to demonstrate the perfunctory attitude of the Finance Minister in dealing with the problem of the farmers? The *Kisans* are therefore bound to conclude that their exploitation continues and the Government is not sincere about their problems.

The BJP believes that the development of the *Kisan* is the development of the nation. All talks of eradicating poverty and providing employment are hollow if the *Kisan* continues to live in

deprivation. The wrong plan priorities and policies pursued over these years by the Congress Government have resulted in the present economic chaos and thorough exploitation of the poor and the *Kisans*.

The BJP, through its Charter of Rights of *Kisans* adopted by its National Council in January 1987 at Vijayawada, has provided a real solution to the problems of the Indian peasantry. In January 1988, lakhs of *Kisans* had participated in the 'Jail Bharo' agitation organised by the BJP in support of this Charter. The BJP makes the following demands:

1. All debts of the *kisans* from the cooperative government and financial institutions be written off.
2. Remunerative price of the farm produce be paid after taking into account the full cost of production.
3. The cattle and crop insurance should be done on individual basis. *Kisans* should be compensated for the damage to their crops.
4. Prices of the agricultural produce and industrial products be fixed on the principle of parity.
5. Productive employment be guaranteed to all able bodied persons.
7. Minimum wages be ensured to agricultural labourers.

The BJP warns the powers that be that the *Kisan* would no longer tolerate this injustice. He will strive to achieve his due. The *Kisan* would not only free himself from the heavy burden of debts but would also remove the Congress misrule. The BJP directs all its units to wage a relentless struggle at all levels to liberate the *Kisan* from the yoke of indebtedness.

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National Executive

Jamshedpur

01-03 July, 1988

Mounting unemployment

The Bharatiya Janata Party holds the Rajiv Government fully responsible for the mounting unemployment in the country. The new slogan of “Garibi Hatao, Berozgari Hatao” (Remove poverty, remove unemployment) raised by Shri Rajiv Gandhi at the Tamil Nadu Session of the ruling Congress is as big a hoax as the earlier slogan of “Garibi hatao”. According to the Prime Minister, poverty and unemployment are two separate issues while the fact of the matter is that the removal of unemployment is integrally linked with the eradication of poverty. In a way, the policies pursued by the Congress Governments from the very beginning have resulted in massive unemployment, but the situation has assumed explosive dimensions after Rajiv Gandhi came to power. Today there is hardly any rural or urban family whose more than one member is not in search for employment. This crisis is the outcome of the wrong policies adopted by the Rajiv Government during the last three and a half years.

In the rural areas a situation had reached long ago where land could not provide employment to any more people. The fact is that farmers and agricultural labourers remain unemployed for more than six months in a year. There was hardly any rural industrialisation worth the name in our country and whatever little that existed is now disappearing due to the policies of the Rajiv Government. Villagers in search of employment are migrating to cities where population is continuously swelling without any increase in the avenues of employment.

Thousands of people in the country are forced to commit suicide because of unemployment.

According to official statistics which do not include the number of rural unemployed who are in crores, the total number of employed persons upto March 1987 in the organised sector (both public as well as private) was 2, 53, 81,000 while the number of unemployed persons registered in the Employment Exchanges was 3,08,00,000. In 1971 when Smt. Indira Gandhi had raised the slogan of “Garibi

Hatao" the total number of those unemployed registered in the Employment Exchanges was only 51,00,000. Thus during the last 15 years the numbers of job seekers registered with the Employment Exchanges has risen by 500 per cent while the number of placements increased by a meagre 45 per cent.

The figures for the last three years are even more revealing. In 1986 as many as 55,35,000 fresh registrations were made but the placements made out of all the registered unemployed (both old and fresh) in 1986 were only 3,51,000. In 1987, 60,11,000 fresh persons got themselves registered and only 3,34,000 got employment. Placements in 1984 and 1985 were 4,07,000 and 3,88,000 respectively. These figures prove that there has been a steep rise in the number of unemployed every year since 1984, but the availability of jobs has been on the decline.

The position of unemployed women is far worse 10,80,000 unemployed women were registered in the Employment Exchanges in 1987 and only 40,000 were absorbed.

Rajiv Gandhi, after becoming the Prime Minister, without understanding the Indian conditions, started blindly to imitate the developed countries. The main reasons for the phenomenal rise in unemployment are as under:

1. Unrestricted entry into India of multinational corporations, encouragement to big business houses to set up capital intensive industries, and the entry and extension of multinationals and big business houses in sectors reserved for small and cottage industries. The new textile policy of the Government has rendered lakhs of labourers and artisans without employment. Similarly, lakhs of labourers working in leather, match, soap, cosmetics and ancillary industries have become unemployed.
2. The import of computerised machines and automation of

industries had rendered the labour surplus. Where earlier 1,000 labourers were employed, with new technology only 100 labourers are sufficient to run that industry; in course of time, just 50 workers would be sufficient.

3. There is no scope for further recruitment in the Railways, the Banks, the Airlines, the P & T and other commercial public undertakings due to indiscriminate computerisation.
4. Most of the youth remain unemployed because the present education is not job-oriented.
5. Fresh recruitment has been totally banned in all the government as well as semi-government offices since 1983.

There is zero growth or even reduction in population in the developed countries such as Germany, United Kingdom, France, U.S.A., Japan and Russia. Therefore, it is imperative for them to use machines in place of hands. But in India, where there are 100 million people without employment, how suicidal the indiscriminate modernisation and robotisation would prove to be is beyond the comprehension of Rajiv Gandhi. Either he does not know how to transform this massive manpower lying idle into a strong productive force, or, in order to seek personal gains, he is compelled to promote the vested interests of the multinationals and business houses.

As a result, the Self-Employment Scheme for Educated Unemployed, Integrated Rural Development Plan, the Training Scheme for Self-Employment of Rural Youth, the Rural Landless Employment Plan and the Self-Employment Plan for Urban Poor with the provision of Rs. 3,48,000 crore in the Seventh Plan have completely failed to reduce unemployment in the country. All these schemes for abolition of unemployment have proved to be a big hoax due to corruption and mismanagement because their implementation was solely handed to the Congress (I). The achievements and failures of these programmes need to be assessed by an independent committee.

In the private sector, the number of workers employed during the years 1982 to 1987 were 75,50,000; 75,20,000; 73,40,000; 73,22,000, 73,76,000 and 73,79,000 respectively. During these years while the capital investment, production and profits have increased several fold, the employment potential has shown a continuous decline.

In the public sector, 177,00,000 workers were employed in 1986 and after spending Rs. 24, 000 crore on the annual plan, this figure

rose to 1,80,00,000 in 1987, i.e., only 3,00,000 people could be provided with employment after spending Rs. 24,000 crore under the Plan.

If unemployment would go on increasing in the country at this rate then by 2000 A. D., 25 crore people out of a total population of 100 crores would be unemployed and the country would be sitting on a volcano seething with discontent.

The BJP demands that basic changes are called for in the Government policies with a view to providing employment, and the following steps need to be initiated:

1. Right to work must be incorporated as a fundamental right in the Constitution. Employment Guarantee Schemes must be launched in all the states.
2. Production of consumer goods by multinationals and big industries be statutorily banned. Consumer goods which can be manufactured in cottage industries sector should not be produced by other sectors. Whatever can be produced by small scale industries should not be produced elsewhere.
3. Policy to encourage labour intensive industries should be pursued rather than that of promoting capital intensive units.
4. The liberal import of automation in the name of modernisation has given rise to the fear of large scale retrenchment. This import has to be restricted.
5. Indiscriminate computerisation in all sectors should be prevented. They should be installed only where they are extremely necessary.
6. Ban on the recruitment in government offices and public undertakings should be lifted and all vacancies should be speedily filled.
7. Not more than 50% of the institutional finance should be allocated to big industries. The balance should be reserved for small scale and cottage industries and the unemployed applying under self-employment schemes. State should arrange for the marketing of the cottage industry production.
8. The recovery of loans under self-employment schemes should be made in easy instalments only after two years instead of six months.
9. Loans should be advanced to unemployed doctors, engineers and other technocrats who want to work in the rural areas.
10. The food for work scheme should be extended to more and

more villages and sufficient money provided for it.

11. All villages should be brought under the 'Antyodaya' Scheme. Efforts should be made to make it effective and free from corruption.



National Executive

Ahmedabad

07-09 October, 1988

Government Succumbs to Multinational Lobby

As expected, the Rajiv Government has succumbed to pressures from the multinational lobby and cleared, for political and other considerations, the Pepsi Cola project. This has been done in the teeth of opposition from almost every quarter, and against the Government's own guidelines about the induction of foreign companies in low-priority industries. Pepsico, a company with a dubious reputation has been inducted in the most sensitive state in the country in the name of development against the better judgement of a host of official committees which had refused to put their seal on such a project. The objections of these committees have been set aside by the Cabinet Committee on economic affairs under pressure from some interested Congress and Akali Dal politicians and large land-owners to the detriment of small Punjab farmers.

The Bharatiya Janata Party is opposed to the very idea of allowing a multi-national into the heart of India's agricultural economy under any guise. The BJP has always maintained that the *Kisan* has to be provided with opportunities and facilities for diversifying his source of income which has remained stagnant over a number of years. It is also not opposed to processing of fruits and vegetables, provided the benefits of such operations accrue to our own masses and not to the well fed foreigners in an affluent West, in the name of exports. We must use every resource at our command including the best available technology and manpower for this purpose. It is shocking that none of our food technology institutes is associated with the project, including the highly acclaimed Central Food Technology Research Institute of Mysore which developed high quality baby foods from buffalo milk when multinationals like Nestle said that this could not be done.

Our objection is also to the totally uncalled for foreign investment in fields which by no stretch of imagination can be described as either high-technology or high priority. A fundamental change in the economic policy calls for a national debate and should not be introduced at the fancy of an individual or for extraneous

considerations.

The claims about employment and other benefits are equally spurious. Pepsi itself will employ no more than 500 people. Other jobs, if any, will eat into the existing jobs just as Pepsi itself will make inroads into the existing market. The entry of Pepsi Co will immediately make the growing processed food industry in the co-operative sector sick. As a result of this decision, the existing co-operatives will be crippled and destroyed causing incalculable harm to the small farmers.

The Bharatiya Janata Party suspects that Pepsi project is the thin end of the wedge and more such agreements with multinationals are in the offing. We warn the country against the steady erosion of the nation's self-reliance and the ultimate impact of this erosion on India's integrity as a nation.

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National Executive

Vijayawada

02-04 January, 1987

Government adopting casual attitude to financial management

Two years ago, when Rajiv Gandhi took over the reins of govt, he promised to curb inflation and narrow the trade gap. But those appear to be areas where the economy continues to be highly vulnerable. This fact has now been admitted by no less a person than the Prime Minister himself, who in a series of speeches has called for yet another 'new' economic policy. It appears that the economic policy ushered in with the usual razzle-dazzle associated with the Rajiv administration stands thoroughly exposed. It is also significant that the Finance Minister, in his speech in the last session of the Parliament, was less than enthusiastic about the performance of the economy and less still about the next annual plan.

It is evident that Rajiv Gandhi's second year will be worse than his first year. All the indicators are pointing downwards, all except one, namely, prices. The growth rate of national income will be 4 per cent against 5 per cent last year, industrial growth rate 6 per cent against 6.5 per cent, and agricultural growth rate 1 per cent against 1.5 per cent last year. For three years in succession, there has been no increase in foodgrain production. The wholesale prices are rising at more than double the rate as compared to last year—8 per cent as against 3.8 per cent, while consumer prices have increased by more than 50 per cent, i. e., from 6.2 to 10 per cent. Commodities like edible oils have gone beyond the reach of the common man. On the trade gap front, the gap has gone up by more than 62 per cent—from Rs 5318 crore in 1984-85 to Rs. 8625 crore in 1985-86.

That the Government's financial calculations have gone awry is clear from the recent massive hikes in the prices of public services including rail freight rates (Rs. 313 crore), telephones (Rs. 375 crore) and postal charges (Rs. 79 crore) which curiously enough were increased twice within a week. There are also reductions in subsidies on foodgrains and fertilisers—an obvious surrender to the World Bank pressure. It is shocking that the Government should raise the prices of the subsidised foodgrains when a very large percentage of

the population has to go hungry every night because of the lack of purchasing power. At the same time, there is talk of raising the price of steel, the bulk of which is in the public sector, and coal, which is bound to have a snowball effect on prices. There have been increases in the administered prices of sugar and cement also. More recently, the Government has announced a new drug policy which will result in a substantial increase in the prices of most drugs including life saving medicines, which, it is feared will be costlier by 25 per cent to 50 per cent. Despite all these measures, adding to the misery of the poor people the Government, parrot-like, keeps repeating its claims of raising them above the poverty line.

The Government's casual attitude in financial matters is reflected in the cavalier manner in which the Prime Minister has been distributing 'doles' to state governments—Rs. 1000 crore to West Bengal and Rs. 100 crores to Bombay City without reference to the Planning Commission or any body concerned with the allocation of resources.

As a consequence of the above factors, the house keeping expenditure of the Government is going out of hand and cannot be met without recourse to large scale loans. The internal debt is nearing Rs. 1,00,000 crore, the interest charge on which amounts to about a quarter of the centre's entire tax revenue. The BJP would like to warn the country against this inexorable slide towards bankruptcy, which has placed a big question mark on the fate of the Seventh Plan also.

The net result of Rajiv Gandhi's new economic policy has been that whatever resources are generated are being speedily syphoned to the parallel economy which operates under the patronage of the Congress Party's corrupt politicians. According to no less a person than a senior cabinet minister, black money generation now amounts to between Rs. 50,000 crores and Rs. 70,000 crore a year. As against this, the additional tax revenues claimed to have been collected by

the Finance Ministry add up to a paltry figure of Rs. 8000 crore, that is less than 2 per cent of the estimate of the black money floating around.

On the foreign exchange front, the rapid deterioration in the position is reflected in the escalating debt servicing ratio, which this year will touch 30 per cent, as against 15.4 per cent when Rajiv Gandhi took over. The mounting foreign debt is now estimated at the record level of Rs. 30,000 crore. Henceforth, out of every rupee earned through exports, 30 paise will go towards servicing of the foreign debt. At the same time, precious resources including foreign exchange are being wasted on extravaganzas nearly Rs. 50 crore were spent on the SAARC meeting in Bangalore and half as much on the so-called Apna Utsav.

The basic flaw in all our planning—the neglect of the farmer and agriculture which is our prime national sector still continues despite loud claims to the contrary. It is high time the bread-giver of the nation his due. The BJP has already adopted a charter of farmers' rights which it considers essential for enabling three-fourths of the population to participate in whatever progress the country makes.

It has now been estimated by an expert of the International Monetary Fund that every year about Rs. 4000 crore are poured into the secret bank accounts in Switzerland, and this sum is only the tip of the iceberg. The Indian capital hidden in Singapore and Hongkong may be twenty times more than that in Swiss banks. Reliable estimates, including some by knowledgeable persons in the IMF, place the total foreign exchange holdings by Indians outside the country at the colossal figure of Rs. 30,000 crore. It appears as if we have decided that if we cannot export goods, let us export capital. Significantly, the Government has made no attempt to probe the matter effectively, possibly because it is more than likely that a big slice of the holdings would be traceable to politicians and "political families" in power.

This month marks the fifth anniversary of the signing of the loan agreement with the International Monetary Fund in 1981. At that time, the BJP had warned the Government and the people against the loan and predicted that the loan would mean more tax, higher prices, aggravation of the foreign exchange crisis and a further devaluation of the rupee. To our regret, our worst fears have proved true. Taxes have increased, prices have shot up, foreign exchange position is

worse than ever, so bad in fact that there is talk of another loan from the same organisation and the external value of the rupee has fallen by as much as 50 per cent in the last five years. Despite Government denials, the rupee continues to fall in the foreign exchange markets. We hold the Government responsible for the degradation of the Indian rupee and the consequent damage that such devaluation inflicts on the Indian people.

We would like to emphasize that there are enough resources in this country of hardworking but poor people, for, in the ultimate analysis, it is the people who are the country's biggest and most priceless assets. By discarding the ethos of austerity and self-reliance, and by leaning too much on external resources instead of our own, the Government is taking the road which has in the recent past been taken by countries like Brazil, Mexico and the Philippines with disastrous and predictable results. The end-product of such an approach is the inevitable banana republic of which there are far too many in the Third World which do not need another addition by this Government dragging this great republic into that company.

The BJP views with alarm the growing scale of the invasion of our national economy by multinationals. Nearly all the big contracts have been assigned away to multinational companies, particularly some selected ones from Italy which has suddenly become a big favourite with New Delhi. In the process, some of our own national units like Sindri Fertilisers are being jettisoned. The Government has also virtually handed over our automobile industry on a platter to multinational companies in Japan and elsewhere and placed our indigenous units in jeopardy. Plans are being hatched to similarly hand over our tele-communication units to foreign interests. This continuing and deliberate sell-out of Indian industry to foreign interests bodes ill for the nation, for a big country like India can never progress if it is tied to the apron strings of others. The BJP demands immediate reversal of such suicidal policies which are being resorted to in the name of modernisation. Real development comes from within, and cannot be borrowed or transplanted from outside.

The proportion of the jobless has been speedily rising and even the statistics released by the Employment Exchanges which mainly reflect urban employment in the main, reveal that the number of job seekers has registered a sharp increase of 13.6 per cent between

June 1985 and 1986 and now stands at the record level of 2.4 crore. When the Union Staff Selection Committee advertised for clerical posts recently, it received 7,00,000 applications for 6,000 jobs. When the Calcutta Municipal Corporation decided to employ 90 unskilled workers for its water supply schemes, 1,10,000 candidates applied for these vacancies. The situation in the rural areas is much worse. This unabated rise in the number of the jobless is a sure reflection that the country is pursuing wrong economic policies.

The BJP reaffirms that the best policy for India is one which employs the maximum number of people working with different technologies and machines at different levels of modernisation consistent with national resources.

The solution to our economic problems does not lie in credits or technology from abroad. Computers can be fruitfully utilised in certain specific areas like defence, meteorology, medical research etc. but a blind craze for them can only create new problems without solving old ones. The real boost to the economy will come only through a total mobilisation of national resources, including our able-bodied workers and farmers, men and women, for an all-out national effort.

In order to restore the economic health of the country the BJP calls for the following urgent steps:

1. The BJP's Charter of Farmers' Rights be implemented.
2. The policy of indiscriminate liberalisation of imports in the name of modernisation and introduction of hitech should be replaced by the policy of selective import liberalisation. The present policy has resulted in strengthening the hold of multinationals on the Indian economy and needs to be reversed.
3. There is need for the revival of the spirit of *Swadeshi* and *Swablamban* without which economic growth, if any, will be lop sided.
4. Foreign collaborations should be permitted only in strategic and sophisticated lines of production.
5. Industrial policy should lay greater emphasis on the production of wage goods and generation of employment, and the basic principle of subsidies and concessions should be enlargement of employment and not merely output expansion.

6. Economic offenders including those involved in smuggling and foreign exchange manipulation should be expeditiously prosecuted.
7. Immediate steps be taken to unearth the secret accounts of Indians in Swiss and other foreign banks and the guilty should be punished.
8. An Expenditure Commission should be appointed to examine the reasons for cost escalation of various projects in both plan and non-plan sectors and to curb wasteful government expenditure.



National Council

Vijayawada

2-4 January, 1987

Charter of Rights of Farmers

Introduction

Nature has made India an affluent nation endowed with fertile land, changing favourable seasons, unlimited water resources, ever-flowing rivers and large mineral and forest resources. But the wrong policies and mal-management by the powers that be has made every Indian a pauper.

India lives in villages. The number of cities is merely 3449 while the number of villages is as large as 5,57,138. Only 23.30 per cent people live in cities where as 76.69 per cent people live in villages. Almost 71.4 per cent population relies on agriculture for livelihood and agriculture is the principal and largest industry of the country. So the improvement of Indian economy directly depends on agriculture and agricultural growth. The largest manpower engaged in agriculture and allied jobs is not only the largest producer but also the largest consumer segment offering a big consumer market. Our country's industries, trade, employment and arts-crafts will get boosted with the increase of purchasing power of about three-fourth segment of the country's population. So long as the top priority is not accorded to the development of agriculture and agriculture based rural small and cottage industries, the unemployment, poverty, penury and backwardness cannot be removed from the country.

As a matter of fact the development of villages and agriculture is synonym to development of India.

The pathetic story of farmer's exploitation during British rule is well known. Before the advent of the imperialist rule, Indian farmers had been totally prosperous. At that time their income was comparable with income of any other country's kisans. But Land Laws and Agrarian policies of Britishers had reduced the land owners to the level of lease holders and eventually they were reduced to the position of agricultural labourers due to segmentation of land holdings. Such economic policies were deliberately followed

which had helped flow rural wealth towards cities. This process engulfed farmers' community in distress and they became indebted for generation after generation. In 1947 the year of Independence while India's backwardness had ranked at number 86 now India has slipped to the rank number 123 in backwardness.

During the entire war of independence – be it Champaran or be it Bardoli – the farmers had kept themselves in front row. They had pinned their hopes to the fact that the sun of independence would remove the darkness from their lives and their exploitation would end. But when the farmers found that the programmes under Congress rule are the repetition of the same exploitation, their dreams were shattered. The farmers suffered a greater shock when they were slapped with the resolution on co-operative farming passed by the Congress Party in its Nagpur Session. Through the resolution on co-operative farming the Congress Party had made attempts to reduce the land owner kisan to agricultural labourer. The Congress Party had betrayed the farmers by fixing low prices of agricultural products, by earmarking major portion of plan outlay for industries and urban development and by giving protection to higher prices of industrially finished goods. In plan after plan the agricultural sector was given the same shady deals and the budget allotment of 37 per cent for agriculture in First Five Year Plan was reduced to 21 per cent in second Five Year Plan. Total plan outlay for agriculture was never allowed to exceed 25 per cent which today is merely 24 per cent.

It is a matter of regret that the planners of the country having no rural background and possessing no pro-kisan concerns, had adopted anti-farmer policies, anti-village planning and anti-people priorities during the last six five-year plans and despite the expenditure of Rs. 1,90,000 crores, foreign debt of Rs. 30,000 crores and domestic debt of Rs. 80650 crores during the 39 years,

the villagers, the poor, the kisans, the jhonpri-dwellers and the unemployed youths have been reduced to paupers today.

The agriculture produce price policy of the government has always been against the farmers. Till today, while fixing the price of agricultural produce, cost of agriculture, the labour of kisan family, interest on the price of agricultural land have never been taken into consideration which are essential components of agriculture. Further, no parity has been attempted to be maintained between agricultural products and industrial products.

Illustrations of step-motherly treatment meted out to villages and agriculture

Period	contribution of the Agriculture sector Gross National Income	Government's capital investment on Agricultural growth
10 years period (1973 to 1982)	Rs. 335 lac crore	Rs. 31316 crore

Details of loss suffered by the farmers due to anti-farmer and wrong policy of the government

<i>Period</i>	<i>Farmers loss</i>
During decade of so-called Green Revolution (year 1970 to 1980)	Rs. 45,000 crores
From year 1981 to 1986	Rs. 70,000 crores

This is government's glaring exploitation and cheating of the agriculturalists

The pressure of population on agriculture per acre has been on increase with the passage of time due to paucity of small industries and petty jobs in rural areas, which is highest in the world. This is also one of the main reasons of the backwardness of the villages and kisans. The countries, which have diluted this population pressure have continued to become richer as is clear from the table below:

Comparative analysis of population pressure on agriculture per

acre in different countries

Year	America	England	India
1820	87 per cent	18 per cent	55 per cent
1881	45 per cent	12.5 per cent	74.4 per cent
1901	35 per cent	8.5 per cent	76.1 per cent
1911	32 per cent	7.8 per cent	76.2 per cent
1951	11.6 per cent	4.5 per cent	77.00 per cent
1965	5.1 per cent	2.7 per cent	73.00 per cent
1985-86	3.00 per cent	2.5 per cent	71.4 per cent

The tables below show how badly and unequally villages and agriculture have been treated. The population in villages is dense but amenities are meagre.

Details of population and amenities in villages and cities and comparative study of their partnership in administration and services

	<i>Villages</i>	<i>Cities</i>
1. Total number	5,57,138	3449
2. Population	69.69 per cent	23.31 per cent
3. Drinking water facilities	5 per cent	95 per cent
4. Medical facilities	7 per cent	93 per cent
5. Electricity supply	15 per cent	85 per cent
6. In all administrative services	9 per cent	91 per cent
7. In IAS services	7.3 per cent	92.7 per cent
8. Literacy	29.65 per cent	57.40 per cent

Details of National Income and Bank facilities

% of contri- bution to National Income assistance	% of Carrier support cases livelihood	% of Bank deposits	% of economic received from the banks
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Village and agriculture	50	71.4	21	11
City and industry	19.1	2.5	79	89

Disparity in per capita income

	1950-57	1977-78
Rural	198	196
Urban	394	813

Whereas the ratio of rural and urban per capita income was merely 1&2 in year 1950-51, it had increased to 1&4 in the year 1983-84.

Similarly, whereas per family income in urban areas has increased 52 per cent since 1950-51, in rural areas this increase has been restricted to merely 7.8 per cent.

During 1984-85, the gulf between per capita and per family income in rural and urban areas had further widened.

The peasantry and rural areas being the largest market of the country, about Rs. 48,000 crores capital as per rough estimates is pumped into the cities every year from rural areas. As a matter of fact the development of villages is not against cities but it is complementary and feeder to each other. So more and more capital investment on the development of agriculture helps develop not only the villages but also cities. Therefore more and more capital investment in agriculture is not an obligation on kisans but is a necessary national responsibility of the government.

In order to make the country economically prosperous, agriculture will have to be developed as an economically strong and self-reliant sector, which could not solely rely on government's grant in aid. The best measure for this is to ensure an incentive and profitable prices based on cost value for kisans for their agricultural produce.

It is the adverse impact of the government policy that compels the kisans to sell their produce on low price and to purchase all life supporting things on higher price and also to bear higher agriculture cost. So the condition of kisans is getting bad to worse.

Right from the advent of independence, the government's policies to give protection to heavy industries and also the export-

import policy devised to help consumers and also the government's Textile Policy all these had proved harmful to kisans' interests.

If these anti-farmer policies are allowed to continue further the farmers and with them the country will plunge into economic catastrophe within the next few years.

The BJP is seriously concerned over the sad plight of farmers. It is the well-considered and definite view of the BJP that farmers instead of asking for pity should rise in unison to fight for their rights with a resolve to nullify deep conspiracies being hatched against them to perpetrate injustice, exploitation etc.

Out of every four Indians, three live in villages, streets, and fields, jhuggi-jhonparis and have been the victims of exploitation, intrigues, inequality and distress for long times. So the fight to be waged to help villages, poor and kisans is in fact the fight for India's upliftment, fight for liberation from exploitation, slavery, fight for India's real independence, fight for the country's genuine democracy, fight for the country's healthy economic growth, fight for decentralization of political and economic power, fight for social equality and harmony, fight for the country's self-reliance and above all the fight for the unity and integrity of the nation.

The BJP is on move to join the villages, the poor and kisans in their historical and significant fight and makes itself totally committed to their cause and further resolves to join their struggle with full might so that they could be strengthened to fight for their rights, interests and concerns.

Part-1
Steps for Agricultural growth
and
Measures to increase production

1. Given below are five basic formulas for agricultural growth, increase in production and rural development. Their co-ordinated and integrated implementation is absolutely necessary. Missing of even one formula will jeopardize self-reliance and development process.

- 1) To provide an incentive and profitable price of agricultural produce for kisans keeping in view the cost involved.
- 2) To reduce per acre cost of agricultural production.
- 3) To enhance per acre production by providing necessary

inputs.

- 4) To reduce per acre pressure of population on agriculture.
- 5) To provide sufficient and additional alternative employment for hands retrenched from agricultural work.

The Agricultural Cost and Price Commission should be re-constituted to make it more comprehensive and competent body comprising two-third majority of kisans. Agriculture specialists, agriculture graduates directly engaged in agricultural jobs and representatives of consumers who may take independent decisions free from government pressure and undue interference and the decision so taken could be binding on the government.

3. The government should declare every year the cost price of the agricultural produce and fix an incentive and profitable price of kisan's produce keeping in view the entire cost expenses involved. So that the capacity of capital saving and purchasing power of kisans could increase.

4. The price of agricultural produce should be declared much earlier than sowing season. Once the price of agricultural produce is declared, the cost of agricultural inputs should not be raised during the whole year. If it becomes necessary to raise the price of agricultural inputs, then the price of agricultural produce is increased in the same ratio.

5. The prices of agricultural produce should be linked with price index.

6. Mutual co-ordination and parity should be maintained between the prices of agricultural produce and of the goods made in factories.

7. During the last five years the cost of agricultural operation has been increased exorbitantly about 81 per cent. There has not been a corresponding increase in prices of agricultural produce. So in order to set off arbitrary rise in the cost of agricultural operations the prices of fertilisers, seeds, electricity, water, insecticides and agricultural implements should be slashed to half level.

8. Even today no irrigation facilities have been provided to about 70 per cent agricultural land in the country. So intensive research operations should be launched to enhance per acre production by dry land farming and special assistance be provided to kisans to draw benefits out of it.

9. Research work in Agricultural Sector be further intensified

and accelerated. Arrangements be made to take the benefits of research in the fields of grains, pulses, oil seeds, paddy and sugarcane of kisans in shortest time. Benefits of research for updating of agricultural implements and bullock-carts are taken to general peasantry.

10. Use of composite and green manure be promoted.
11. Effective steps be taken to curb spread of diseases in crops.
12.
 - a) Top priority be given to kisan's interests while formulating 'export-Import Policy' of commodities based on agricultural produce (cereals, sugar, edible oils, cotton and fibre etc.)
 - b) New Textile Policy of the government has badly affected market and has harmed the interests of cotton producing kisans of India.
 - c) The agency which purchases produce of the kisans should be asked to make full payment for it immediately. If the payment is delayed for certain unavoidable reasons, the kisans should be paid interest for beyond two weeks on the rates the government recovers interest from loaners.
 - d) The kisans should be saved from their loot and exploitation on the pretext of gradation of wheat, paddy etc. and by manipulating weights and measures.

14. All agricultural implements and inputs in sufficient quantity be made available at cheap rates to small and marginal farmers as and when required.

15. The small and marginal kisans should be given interest free long term loan and other grants in aid on simple instalments for the development of agriculture.

16. The small farmer with uneconomic land holdings always remains under debt and has no capacity to repay. So long term government and cooperative on farmers with land holdings upto two hectare or five acres should be given remission.

17. Crop and Animal Insurance Scheme should immediately cover all agricultural produce at national level on person to person basis.

18. In order to increase storage capacity godowns should be constructed in command of each primary cooperative committee. The kisans should be paid 80 per cent of the value of their produce at the time they choose to store their produce. Arrangement should

also be made to ensure that the kisan sells his produce at the time when proper market rates are payable to him.

19. In order to protect perishable agricultural produce such as potatoes and fruits, cold storages and godowns should be established in rural areas.

20. The central government should determine a definite percentage of fruit juice in all soft drinks. On one side, this will ensure proper price to fruit producers of their produce, on the other side drinks will be more healthful and nutritious. It is worth mentioning that in India today more than hundred crore rupees worth soft drinks prepared by big companies are consumed.

21. Surplus land beyond ceiling should be distributed among landless and marginal farmers and sufficient means and economic aid be provided for the reclamation of such land.

22. The country should be treated as one zone for transportation of grains.

23.

- a) The obligation of carving out zones in sugar-mill areas and of sugarcane supply to the same sugar mill be removed. The kisans should be allowed to see their sugarcane at a point where they get good price and also to prepare Gur (jaggery) if they so like.
- b) No restrictions should be imposed on installing KOLHU by Kisans.

24. Irrigation

Despite a lot of fertile lands and unlimited water resources the major portion of cultivable land is still left un-irrigated. Even after completion of six five-year plans the irrigation facilities have been provided to less than one-third cultivable land from all sources so far. It is a matter of regret and serious concern that the government have cut short 50 per cent irrigation projects. It would affect the production adversely. So following measures are required to be taken:

- 1) Irrigation projects should not be cut short.
- 2) Priority should be given to small and smallest irrigation projects.
- 3) All proposed irrigation projects should be implemented soon and given time-bound completion.

- 4) Incomplete irrigation projects should be completed soon.
- 5) All interstate water disputes should be resolved soon.
- 6) Special attempt be made to remove regional imbalances in the field of irrigation.
- 7) Full utilisation of water capacity of irrigation projects should be ensured.
- 8) Special measures be initiated at priority level in areas where irrigation facilities from ponds, tube wells, pump-sets and wells can be enhanced and more grant-in-aid be provided for these jobs.
- 9) The kisans should be asked to pay only for water received from government sources and irrigation rates for them be slashed to half.
- 10) Compensation should be provided against destruction to crops caused by the fury of floods and erosion of rivers that leave the property of millions totally devastated and Master Plan be prepared to ensure permanent safety from floods. Huge water accumulation as floods be saved from wastage and stored to use it for irrigation purposes.
- 11) a) The Famine Relief Code compiled several years ago and other Revenue Laws regarding drought-flood relief should be updated as per today's requirements.
b) System of Crop assessment and measurement be made upto date.

25. Electricity

The role of electricity in enhancing the agricultural production is all the more important. The demand of electricity for irrigation and agricultural operations in rural areas has been increasing day by day but supply is lacking. As per government data, 64 per cent of villages have been shown as electrified by the end of sixth five-year plan but inefficiency of Electricity Boards of several states and their mismanagement have reduced these data into a paper work only. This is also borne out of the fact that only 40% of total installed capacity of electricity is being generated which is quite meagre in itself.

On the other hand in the name of making up of deadly deficit of millions of rupees, the government is skyrocketing the tariff rates of electricity several times each year on kisans and other consumers.

Thus this arbitrary increase in electricity tariff has broken the backbone of kisans and small consumers. Agriculture production cannot escape its bad effect. So this aspect needs special attention.

Electricity problems and their solutions

- 1) All Electricity Boards be reconstituted
- 2) Efficiency of Electricity Boards be increased. At least the target of 75 per cent of total installed capacity of electricity generation be achieved.
- 3) The corruption, indiscipline, electricity theft and on line loss be strictly curbed in Electricity Board.
- 4) Rural electrification be accelerated so that 100 per cent villages could be electrified within minimum time.
- 5) While giving top priority to agricultural operations, the efforts should be made for uninterrupted supply of electricity. If there is scarcity of electricity or cut in its supply becomes unavoidable then agricultural operation should be subjected to the cuts in the last and to the minimum and that too during night time.
- 6) Uninterrupted supply of electricity should be ensured during irrigation and harvesting season of the crops.
- 7) As soon as there is demand of electricity connections for tube wells and for lift irrigation, the supply of electricity should start within six months at the most and the Electricity Boards should be made responsible for this.
- 8) More and more electricity centres and sub-centres be installed in rural areas so that the kisans are not made to travel long and the feeder for electricity supply may not be long.
- 9) The terms and conditions of Agreement form being got one sidedly filled from kisans by the Electricity Boards should be amended and both the consumer and the Electricity Board should fill in the agreement form. In the event of not supplying electricity in time and sufficiently, the Electricity Board should compensate the farmers.
- 10) The arrears of electricity should be recovered in simple instalments from kisans and electricity supply for irrigation should not be disconnected under any circumstances.
- 11) Arrears of electricity from big industrial houses and big

capitalists be recovered strictly.

26. Cooperatives

The cooperatives make solid contribution to agricultural growth and rural economy of the country. So more and more kisans should be encouraged to make cooperative movement an effective, result-oriented and spontaneous movement of kisans. Unfortunately this movement is not emanating from grass root level but being thrust upon from the top. Therefore following measures be initiated in this regard:

- 1) The cooperative movement should be strong transparent growth generating and should be free from political interference. The kisan should be an active partner in this movement.
- 2) Strict legal provisions be made to curb the entry of vested interests in cooperative institutions.
- 3) The working of the cooperative bodies should be thoroughly examined with a view to removing complexities from it and to make it easily accessible to kisans and there should be no scope for any type of fraud and cheating in cooperative bodies.
- 4) By completing impartial probe of all false loan cases within fixed time, the kisans should be freed from all such fake loans and strict action should be taken against all delinquent employees/officers who had manipulated these fake loans.
- 5) The loan procedure should be so reformed that no fraud could be committed in future.
- 6) The practice of making account entries of the translations in the pass-books of the members of the cooperative bodies should be strictly followed.
- 7) Only those persons should be qualified and eligible to become the director of all types of agricultural cooperative societies who are factually farmers or who rely on agriculture for their living.
- 8) Statutory provisions be made to hold elections to all the cooperative societies at all levels in time and impartially.

Part-II

Villagers towards Villages

Direction and phases of Rural Development

1. While giving top priority to rural development, at least 70 per cent amount of total plan outlay should be spent on Agriculture and Rural Development in the first instance. All rural areas (including industrialised areas) should be declared as backward areas.

2. Treating each village a central axis and basic unit of entire and integrated development, following measures be initiated:

1. Sufficient clean drinking water
2. Uninterrupted supply of requisite electricity
3. Wide network of roads to link each village with highways, markets and other villages
4. Self-employment (HAR HAATH KO KAM)
5. Irrigation for each field
6. Free education to each child
7. Health and sanitation
8. Medicine to each patient
9. Means of transport
10. Full guarantee of safety

Active partnership of local public should be enlisted for all jobs of rural development.

3. In order to remove regional imbalance and inequality, social schemes be formulated for the development of backward and neglected sections of the society.

4. All homeless people of rural areas should be provided with residential plots and economic aid within minimal time.

If land has to be acquired for this purpose, the government should compensate for this and the land should be made available to them free of cost. Care should be taken to see that plots are given to eligible persons only and this may not cause any blockade to mobility of village folks.

5. Labour-oriented schemes instead of capital-oriented schemes should be formulated for kisans.

6. With a view to making the planning more people-oriented and development-oriented, all priorities and procedures should be channelised to following directions:

A. 1. Ruralisation of plans

2. **Industrialisation of villages**
 3. **Labourisation of industries**
 4. **Capitalisation of labour**
 5. **Decentralisation of capital**
- B.**
1. **Employment-oriented planning**
 2. **Production oriented employment**
 3. **Production for social needs**
 4. **Equal distribution of produce**
 5. **Expansion of social purchasing power**

7. Heavy industry consumes big capital and generates lesser employment. Small scale industry consumes small capital and generates more employment. So the industries should be classified as per following priorities:

- A.**
1. Cottage industries
 2. Small Scale industries
 3. Medium industries
 4. Heavy industries

B. In order to give full protection to village based industries and small scale industries from deadly rivalry of heavy industries, statutory restrictions should be imposed.

8. In order to obliterate unemployment, poverty and hunger a wide network of agrarian small scale and cottage industries be installed in rural sector.

9. Employment Guarantee Scheme be introduced.

10. Free technical training and long term interest free loans and grants recoverable in easy instalments be provided to educated unemployed hands who install industries in rural sector and proper arrangements be made there to market finished goods.

11. Schemes for rural development such as 'ANTYODAYA and FOOD FOR WORK etc. should be revived in a big way.

12. All capital works of public good in rural areas such as roads, schools, drinking water and electricity etc. should be provided on cost to be borne totally by the government.

13. Corruption rampant in I.R.D.P. and N.R.E.P. etc. should be eradicated.

14. In order to save kisans from making rounds of Tehsil headquarters and to give shape to the concept of GRAM SWARAJYA

the practice of GRAM SACHIVALAYA or 'government moves towards villages' should be introduced. Each officer/employee should be assigned result-oriented targets of various jobs pertaining to rural development and normal revenue work such as mutation etc. The assignments should be got accomplished within specific time and each officer/employee should be made responsible to achieve the targets so fixed.

15. Rural autonomous government (Panchayati Raj) should be strengthened. The Panchayats should be equipped with sufficient economic resources, economic aid and statutory powers so that democratic system of self-governance can evolve properly and villages can control and discipline employees engaged in rural based services.

16. The headquarters of officers/employees engaged in rural based services be set up in villages and they may be provided necessary facilities such as accommodation etc. and special rural allowance.

17. Keeping in view the rising cost of living present wage rates of all labourers including agricultural labourers be suitably raised and implemented lawfully and strictly.

18. A legal burial be given to 'bonded Labour Practice' forever and such labourers be rehabilitated in dignified way.

19. Public toilets may be provided in villages specially for women folk.

20. In order to enhance the capabilities of constructiveness, attributes and family attitudes in women-folk, training centres for cottage industries be set up and girls schools be increased in number.

21. Public Distribution System should be streamlined and be made active, clean comprehensive and strong and all commodities of minimum necessity for life should be made available regularly at cheap rates and in sufficient quantity in rural areas.

22. At least an 'Agriculture Service Centre' and a 'Fire Brigade Station' be provided in each 'NYAYA PANCHAYAT AREA'.

23. In order to provide additional means of employment in rural areas fish-culture, poultry, silk-production, fruit production and selviculture be started on a large scale.

24. Rural artistry be encouraged, artisans should be given special training and long term interest free loan to develop their skill.

25. In India the cow is not a subject of sentiments alone; it is

an important component for agrarian and economic development. So cow slaughter should be legally banned.

26. The policy of cow-protection, cattle-breeding and cattle-keeping should be implemented as a part of national programme to increase milk-production , dairy development and improvement in cattle breeds.

27. Animal Hospitals should be set up in each Panchayat area.

28. The difficulties of kisans caused due to national sanctuary should be removed.

29. The kisans should be given arm-licenses on liberal terms to save their crops and their lives as well as properties and the procedure for this be simplified.

Part-III **Land Reforms**

1. Several years have passed after the enactment of Land Ceiling Act but many states have not implemented this Act so far. Either confusion has been created in the name of 'BENAMI' sale to escape the law or illegal encroachments have been allowed to be made on lands as that land was not immediately distributed. Thousands of such cases are pending in Revenue Courts for several years. So all such pending cases be disposed of within three years by appointing special gazetted officers or by setting up tribunals or by constituting committees duly represented by the kisans and landless labourers. The decisions announced by the courts in favour of kisans should be immediately implemented.

2. Several states have even not implemented consolidation laws so far despite the fact that these laws were made many years ago. The kisans are still harassed in the name of these laws due to government's negligence or administrative red-tapism. So the Consolidation Act should be reviewed and lacunae be removed.

3. Several states have introduced hedging laws for land-levelling and land-conservation. So that land use could be increased. However, the provisions of such laws are not unambiguous. At first, the government without informing and without taking the consent of kisans moves arbitrarily to act upon and later moves to recover money from them. So necessary changes be effected in laws and the government with prior permission of kisans should

bear the expenses incurred on aforesaid jobs.

4. A lot of cultivable land, which is lying unused so far, is available in several parts of the country. Several hill tracks and river basins still have such waste and rough lands which if reclaimed and turned into cultivable land can be distributed among landless people. So all such lands be traced and considered for being cultivated.

5. Special efforts should be made to save the land from turning into desert and also from being infertile due to new increasing desertization and due to expansion of sea-shore water. Effective measures should be taken to save irrigated land from being immersed under water.

6. Only barren or infertile land and not fertile land be utilised for official capital works and industrialisation.

7. If the land of a farmer who holds less than one hectare land has to be acquired, then he should be given land against land so acquired.

8. Land Acquisition Laws enacted in various states several years before should be updated as per the circumstances and need of time. The kisans should be paid land compensation on market rate and not on the average sale-price. The compensation should be paid in lump sum and possession of the land should be transferred after making full payment only. The recovery of land revenue should be stopped from the date of acquisition. The family members of kisans whose land has been acquired for industrialisation, project formation and mining work should be compulsorily absorbed in employment under these projects and their rehabilitation should be fully arranged well in advance. Priority should be given to allot them land against their agricultural land so acquired.

9. The Central Government had passed in 1976 Urban Land Ceiling and Regulation Act which was applied by the state governments in their respective state. The main purpose of this Act was to bring excessive residential land under the ceiling. It had a provision that if somebody had land beyond the ceiling, the government would acquire it at the rate of Rs. two to five per metre. This act was not applicable to agricultural land. But state governments had also grabbed agriculture and under this Act on dirt cheap rates and utilised it for master plans etc. and thus had done injustice to kisans in many cases. Therefore agriculture land should be kept out of the purview of this Act totally and if it is

absolutely necessary to acquire urban agriculture land in broad public interest, it should be acquired under Land Acquisition Act and its price should be paid in lump sum at market rate.

10. Crop sharers should be statutorily given all rights of land ownership and they should be provided necessary means, implements and grant-in-aid for the development of agriculture.

11. In order to remove uncertainty from the minds of kisan about their agricultural land and to inspire and promote him to get all necessary means procured for agricultural development, all land laws, land ownership laws, land revenue laws and land ceiling laws should be made definite and stable as far as possible. There should be no unnecessary and unuseful tampering in these laws.

Land Records

1. There is a lot of difference in land revenue rates in different states and in different districts of the same state. So, in order to bring uniformity in land revenue rates as per the land varieties, equal but cheap rate of revenue be determined.

2. The practice of land settlement within fixed time schedule has been prevalent in all parts of the country from old times. But in several states settlement proceedings are either not in progress or are moving at slow pace even years after the lapse of this time schedule.

So in states, where this period has lapsed land settlement should be completed in minimum time by adopting modern techniques and it should be ensured that in future this work is completed within fixed time schedule.

3. As survey work was not conducted earlier many places and many villages were left unsurveyed and unorganised. So priority be given to villages where survey was not conducted.

4. At many places 'Records of Rights' were either not prepared or were incompletely prepared or were not updated. Such state of affairs should now be corrected.

5. Settlement maps were not available at many places or were left torn or worn at many places. The maps were not made available many years after the demand was placed to trace them. So the maps should be arranged to be traced as per requirements.

6. Earlier the kisans were given passbooks of their 'Record of Rights' in which many additional entries were added in several

states. But these also proved insufficient. So the practice of providing 'Land Owner Rights Book' to kisans should be followed in entire country uniformly with which a copy of five year KHASRA and KHATONI be attached in addition to the entries of land revenues. Moreover this should also contain entries of loans taken from banks, cooperative societies or government as well as the entries of irrigation tax and electricity tariff. After the issue of this passbook all concerned should be directed to record entries in this pass book which they had made in their records.

7. Sometimes cases of transferring names in records are unnecessarily delayed even if it was fit to be done in short time. So system of transferring names should be so devised under which PATWARI and Revenue Inspector can do it soon sitting in Gram Sachivalaya or Gram Panchayat itself.

8. Due to government's apathy, GOCHAR and NISTAR lands of villages are shrinking on account of encroachments. Border marking may be done to keep GOCHAR land of the villages safe and intact.

9. As the distribution of additional waste lands available in several parts of the country has not been done so far, on one hand the landless poor are not getting the land, on the other hand temptation to make encroachment is increasing. Therefore after tracing all cultivable lands from entire country all such lands be distributed among landless people by fixing time limits of three years and all such kisans be given financial assistance to purchase pair of bullocks and agricultural implements.

Lacs of kisans of the country are cultivating forest land to earn their family's livelihood, majority of which are tribal and Harijan kisans. Earlier the government had failed for years to settle them and now in the name of FOREST Conservation Act of 1980 they are being subjected to injustice by stopping their settlements. In several states such kisans are being displaced and compelled to run away from there by burning their crops and 'JHONPRIS'. So all farmers who have been doing cultivation on forest land since earlier than 1980 should be settled on that land by granting them lease. All such kisans be given land ownership rights by granting them permanent lease as they were earlier granted temporary lease only.

Part-V

Kisan and Forest

Agriculture and Forestry being complementary to each other the kisan has closest relationship with forest. He has to rely on forest for many of his agricultural needs. He draws animal fodder, timber for agricultural implements and buildings and fuel wood from the forest.

Earlier the kisan used to have broad based rights regarding VAN NISTAR under which he used to get several facilities from the forest such as grass, fuel wood, bamboo, timber and animal grazing. But his rights were slowly eroded due to impracticable forest policy of the government and nationalisation of forests. The rash felling of forest trees has deprived him of drawing necessary facilities from forests. Therefore minimum necessary forest rights of the kisan should be preserved, fast increasing tendency to destroy forests should be curbed and active co-operation of kisan be enlisted to act upon the policy of new afforestation.

1. Due to excessive felling of forests, the problem of fuel in rural areas is becoming more and more acute now. So providing sufficient fuel wood in rural areas on priority basis is the need of the day and alternative arrangements of fuel will also have to be made. Unfortunately the attempts made in this direction have been quite insufficient and in certain cases have proved to be a paper work only. So rural areas should be provided with Bio-Gas, GOBAR GAS and other unconventional sources of energy within minimal time.

2. The kisans must have rights to fell trees on his land for his agricultural and other personal needs.

3. The scheme of giving forest land trees on lease to kisans particularly to small and marginal kisans should be started in all forest areas. Tribals and Harijans living in adjacent areas should be given priority in this scheme.

4. Adequate wages be paid for collection of forest produce and the wages for collection be fixed on the basis of sale price of each forest produce.

Main Basic Rights of Kisans

1. At least 70 per cent capital investment of total plan outlay for proper development of village and agriculture.
2. Remunerative and profitable price of agriculture produce keeping in view the total cost expenses incurred.
3. 2/3rd majority of kisans representation in Agriculture Cost and Price Commission.
4. To maintain parity between the prices of agriculture products and factory products.
5. Declaration of remunerative and profitable prices of agriculture produce well before the sowing of the crops.
6. Statutory provisions for protection of village industries and small scale industries from deadly rivalry of heavy industries.
7. Guaranteed employment in rural areas.
8. Adequate wages to agriculture labourers for their livelihood.
9. sufficient and uninterrupted supply of water and electricity.
10. Provision of crop insurance and live-stock insurance for the protection and compensation against diseases and natural calamities.
11. Arrangement of minimum necessary civic amenities such as drinking water, road, education, means of transport, public health and hygiene and medical aid etc.
12. In case of land acquisition, same day lump sum cash payment for acquired land at market rate.
13. Rehabilitation of kisans displaced due to land acquisition for different projects etc.
14. Conventional facilities for GRAMIN and VAN NISTAR.
15. Security arrangements for crops from wild animals and thieves.
16. Just and accountable administration at the doors of kisans.



National Executive

New Delhi

24-26 July, 1987

Mounting inflation

The National Executive of the BJP expresses its grave concern over the mounting inflation which has engulfed the country. The sky-rocketing of prices of essential commodities during the last few months has exposed the hollowness of the Government's claim that it has controlled inflation which is seriously affecting the weaker sections. This has been overshadowed by the startling disclosures regarding corruption at high levels. The nation's attention over the months has remained mainly focussed on the issues of corruption at the apex and the agony of spiralling prices has remained suppressed under the shock which the country received when it discovered the involvement of the Prime Minister and his coterie in the murky defence deals and the deposit of kick-backs in Swiss bank accounts. In fact, it is the unholy nexus between the ruling mafia, the unscrupulous big business, the multinationals and the corrupt administration which is mainly responsible for throwing the country into a deep economic crisis where the vast multitude of the poverty ridden masses is being forced to pay through its blood, for the affluence of a few at the top.

It may be recalled that Prime Minister Rajiv Gandhi, while presenting this year's Budget had assured the nation that inflation would be kept in check, and that in no case would it be allowed to cross the levels of the previous year. But the following facts reveal that this assurance has proved to be a hoax.

The wholesale price index rose by 5.1 per cent during the financial year 1986-87 while it has already risen by 4.5 per cent in the first three months of the current financial year. The consumer price index for industrial workers has risen by 2.5% in the month of June, 1987 alone. With this speed, the budgetary deficit in this financial year would cause a serious stagnation resulting in total blockade of all developmental programme.

The prices of daily need consumer goods and agricultural inputs have shot up by 50 per cent in the last one year. The poor peasant is worst hit first due to a steep rise in the prices of seeds, electricity,

diesel, tractors and other implements and, secondly, due the runaway prices of the daily need consumer items produced by the industry. To cap it all, the gains in the market are all garnered away by the middlemen and administrative machinery and nothing goes in to the pockets of the toiling farmers.

The situation is equally bad in the urban areas where the prices of vegetables are soaring high. Even garlic is selling at Rs. 40 a kilo, and tea dust at Rs. 38 a kilo, edible oils have shot up by Rs. 25-32 a kilo which is almost one and a half times of the last year. The increase in the prices of exercise books, stationery, milk, cold drinks, toiletries and pulses have crushed the lower and middle classes.

The prices of most of the essential medicines have risen by 20% to 150% in the last seven months. Antibiotics Sopexin (50M) caps were available at Rs. 10.96 in December, 1986 and now they cost Rs. 24.80. Biometric eye drops have shot up from Rs. 8 to Rs. 20.30, Lefalax Syrup from Rs. 13.50 to Rs. 32.10. Pursunid Tablets from Rs. 2.25 to Rs. 4.15 in the same period.

The multinationals and the FERA companies are enjoying a heyday. Most of the concessions announced in the past two budgets have benefited these companies rather than the Indian industry. A glance on the stock market would immediately reveal that while the profits and share prices of FERA companies have continuously registered a rise, those of Indian companies are moving downhill. National industrial health is fast becoming anaemic.

Despite loud professions of growth at the rate of 5 per cent during the Seventh Plan, the truth is that the average real increase in national income in the first two years of the Seventh Plan has dropped to 3.5 per cent. The per capita income increase works out just to 1.3 to 1.8 per cent. If the distribution of this increase in favour of the higher income groups and the parasitic classes of our society is taken into account, one cannot help concluding that so far as the masses are concerned, there is decline in their level of living, while the real beneficiaries have been the upper echelons. Enlargement of heart and liver in no case can be equated with good health.

Despite this, the Congress (I) Government led by Prime Minister Raiiv Gandhi continues to make false and untenable claims that the number of the people below poverty line has been reduced to 37 per cent in 1985 which came down to 25 per cent in 1990. No economist in the country believes this to be true.

The policies of economic liberalisation coupled with dereservation of several items in the small sector have resulted in greater unemployment. The pernicious desire to place import order in sectors where the country is on the verge of self-sufficiency or where the stocks are mounting is unpatriotic and motivated to obtain kick backs and commissions by the ruling mafia. The attempts to close down Sindri and the massive unplanned expenditure in the field of defence also point in the same direction.

The New Textile Policy of 1985 has meant the death-knell of the powerloom sector and more than 1 lakh workers in the powerloom sector have been rendered unemployed.

The Seventh Plan contemplated that the rate of investment will go up to 26 per cent by 1989-90 and savings would rise to 24.5 per cent. However, gross investment and saving rates have stagnated during the last three years to 24 per cent and 22 per cent respectively. This is lower than the rate of investment and savings realised at the end of the Sixth Plan. The Rajiv Government had projected that during the Seventh Plan, deficit financing would be contained within the safe limits of Rs. 14,000 crore. But the budgets of the Union Government alone during the last three years indicate a deficit financing of Rs. 19,000 crore. If to this is added, the deficit of the states, the total deficit during the first three years of the Seventh Plan is likely to end up with a deficit financing of the order of Rs. 35,000 crore as against the target of Rs. 14,000 crore. The limits of safe deficit financing have already been reached and this is bound to stoke the fires of inflation. The high rate of inflation pushes up the non-developmental expenditure of the government and thus adds to the cost of the development projects. At the moment, most State Electricity Boards have gone bankrupt. Coiffers of state governments are empty resulting in blockade of irrigation programmes, rural development and even the implementing and undertaking of

drought relief work.

The outstanding bank credit to the government has gone up from Rs. 19,000 crore in 1979-80 to Rs. 71,000 crore in 1986-87.

In the foreign trade sector, the reckless policies of import liberalisation and the dismal failure in export promotion have resulted in the trade deficit jumping to Rs. 9,600 crore during 1985-86 as against the average trade deficit of Rs. 5,500 crore during the Sixth Plan. The blatant manner in which multinationals will have been permitted to dump goods in the name of liberal import policies are leading the country into a debt trap. In 1985 alone, among 1024 foreign collaboration agreements, 239 cases involving foreign financial participation were approved by the Central Government. The rate of investment from foreign countries is rising very fast and so is the flight of Indian capital in the form of dividends, royalties, consultancies and capitalisation.

Foodgrains production has stagnated after reaching 153 million tonnes in 1983-84. It was around 150 millions during the last two years.

In this scenario of falling savings and investment rates, higher capital intensity of production under New Economic Policies, rising deficit financing, sharp rise in the cost of living index and yawning deficit in the balance of trade, to claim that the economy is on a high growth path and that prices are under control is to live in a fool's paradise.

The BJP reiterates that the following urgent steps are required for stemming the rot:

1. Immediate curb on unproductive expenditure.
2. Stopping of imposition of a limit on deficit financing.
3. Indiscreet liberalisation of foreign collaborations and imports in the name of modernisation and computerisation.
4. Parity of prices between agricultural and non-agricultural produce.
5. Stringent measures to eliminate corruption at all levels.

In fact, curbing inflation and unemployment and eradicating poverty are beyond the capability of the Rajiv Government. This Government must go.

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National Executive

Jodhpur

10-11 October, 1987

The apathy of Central and State governments towards floods and drought is a matter of concern

The crisis of drought is deepening day by day in large parts of the country. Kharif crops have almost been destroyed, due to which the economic condition of the farmers of the affected states has reached the verge of destruction. The present situation negates the possibility of Rabi crops as well. In the villages, due to non-availability of work agricultural workers are either migrating from there or getting starved. Relief work is going on for name's sake only and the hungry persons are not being provided with work as a result of which the news of hunger death, are coming from many states. The government, despite its claim of having sufficient stock of food grains hasn't succeeded in providing food grains and other essential items at cheap prices in all the affected areas especially remote areas. The news regarding not reaching of food grains, edible oil, sugar and kerosene oil to the needy and selling these items in black market is coming out regularly. The level of water is rapidly going down as a result of which sources of drinking water have started drying up from now itself in several states. People at many places are compelled to consume polluted water and thus many terrible diseases like malaria, cholera, dysentery are spreading on a large scale and a large number of deaths are taking place; government sources have also accepted this fact. Fodder has become scarce in almost every affected state. In absence of fodder large number of livestock are dying.

The drought is creating serious crisis in many states and the eastern parts of the country have come in the grip of serious flood causing damage to crops and loss of lives and properties in a big way. Many useful suggestions had been given by the Bharatiya Janata Party to tackle this calamity while presenting a memorandum on 10 September to the Hon'ble President on behalf of the Party on these two immediate burning issues. We had simply expected that Central and State governments would take prompt steps to execute them but it is very sad to note that neither the Central government

took any pragmatic steps nor the State governments changed their ways. The decisions taken in the meeting of the Chief Ministers held on 3 September in Delhi haven't been implemented yet. In the meanwhile the central study groups after visiting the states and evaluating situation therein have submitted their reports to the Central government and the Prime Minister himself has visited some of the states. Despite all this, relief work couldn't be started on war footing and the aggrieved people are not getting anything except lip assurances from both the Central and State governments. The condition is deteriorating day by day and anarchy will prevail very soon if action is not taken in the right direction.

The National Executive of Bhartiya Janata Party after taking into account all aspects of this dreadful situation arisen from drought and flood expresses its deep concern over the apathy of Central and State governments and demands the taking of the following steps immediately in this direction:

- (1) A National Drought Relief Committee headed by the Hon'ble President giving representation to all political parties, social and voluntary organisations, renowned engineers and economists, may be constituted. This committee will decide the priorities related to drought and the action to be taken thereon.
- (2) The famine relief code was prepared ages ago during the English rule, which has lost its utility in the present context. So, at the central level it must be amended and updated as per the requirements of the present.
- (3) The system of providing assistance by the Central government to the states during drought, flood and other calamities may be reviewed and the affected states may be given hundred percent grants instead of partial assistance on the amount given in advance for the planning.
- (4) Right to work for every person must be accepted in principle and every famine affected person must be provided with job. All-party relief monitoring committees may be constituted to look into relief work.
- (5) Proper arrangement must be made to make regular supply of grains, edible oil and kerosene oil at fixed prices in all the affected areas. Food grain stores must be set up at nearby places in the rural areas and arrangements for

distribution of food grains through mobile shops must be made in remote areas. All party vigilance committees must be constituted to look into government's fair price shops for food grains.

- (6) Alternative arrangements for drinking water may be made in view of the rapidly falling level of ground water and long term measures and schemes must be evolved with advice from experts and action may be taken accordingly. There are reports of breaking out of serious diseases due to consumption of polluted drinking water and a large number of people are dying thereby. Medical centres must be established in all such areas. Fodder must be arranged in larger quantity on war-footing to save cattle. Since the situation in every state is equally bad, so other cattle feeds must be made available as an alternative arrangement. Cattle feed must be imported from other countries also, if found necessary. Animal camps must be made on the banks of rivers, embankments and near the canals and proper arrangement of fodder and treatment must be made in those camps. Some of specific and rare species of animals are on the verge of extinction due to drought. Hence, special arrangements must be made to save those animals.
- (7) Waiving off land revenue will not be sufficient for bailing out the farmers who are continuously facing drought. So all kinds of government and cooperative loans outstanding against the farmers must be waived off for the places, which are in the grip of drought for the last five consecutive years. Crop Insurance Scheme must be implemented at once throughout the country. Likewise immediate steps must be taken to implement Cattle Insurance Scheme.

- (8) Proper arrangements to rehabilitate and compensate must be made in the states wherein crops, houses etc. have been greatly damaged and loss of cattle and human lives has taken place due to dreadful floods. All party committees must be constituted to conduct relief and rehabilitation work.
- (9) Frugality must be maintained at every level in administrative expenditure and stringent measures must be taken to check unnecessary and over expenditure.

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National Executive

Chandigarh

03-05 January, 1986

New Economic Policy a non-starter

Despite the fanfare and razzle-dazzle of publicity, the Government's so-called New Economic Policy has brought no benefit to the country's common man and, in fact, it has created more uncertainty, contradictions and disillusion in the public mind. Rajiv Gandhi's first year in office has been a year of stagnation, marked by fall in foodgrain production, and no marked increase in the rate of industrial output. The first year of the Seventh Plan has thus been as disastrous as the last year of the Sixth Plan which was Mrs. Gandhi's final year, and there are no indications that any improvement is in sight.

In his address to his Party at Bombay, the Prime Minister scoffed at the performance of the Janata Government on the economic front. But the fact is that Rajiv Gandhi's first year compares poorly in nearly every respect with the first year of the Janata Government. There was an increase of 9 per cent in the national income in 1977-78, as against only 3 per cent this year. There was a 14 per cent increase in foodgrains production as against 2 per cent fall this year. Wholesale price went up by a fraction of one per cent in 1977-78 as against 5 per cent this year. And the foreign exchange reserves rose by Rs. 1600 crore, or more than 50 per cent over the previous year, as against a fall of Rs. 100 crore so far this year. In addition, the nation's foreign as well as the internal debt have gone up by leaps and bounds since 1980 and will probably double by the end of the Seventh Plan, as the Government goes on a vast borrowing spree both externally and internally in the name of liberalisation.

This year, the trade gap is expected to cross Rs. 6000 crore, or nearly 60 per cent of exports which have stagnated for the last two years.

There is a consistently anti-poor and pro-rich bias in Government's policy. In this year's budget, direct taxes were reduced, on both personal and corporate incomes, thus triggering off the biggest boom on the stock market. However, indirect taxes were raised substantially as a result

of which prices of most commodities have risen. The same trend has been continued in the Long Term Fiscal Policy under which direct taxes have been frozen for the next five years, though the present Government's life does not extend beyond the next four years, but no action has been taken on indirect taxes, apart from a statement that they will be rationalised. The Government should have begun with indirect taxes, which impinge directly on the expenditure levels of the common man and then tackled direct taxes which in any case account for a fraction of revenue. But it has done exactly the opposite, thus betraying the built in bias against the poor. It is not enough that the financial policy should bring in more revenues to the government. It should not collect more revenues from the poor and let the rich go off the hook.

The same bias is evident in the Congress Party's love affair with multinationals, as is clear from the recent change in industrial policy under which the distinction between Indian companies and FERA companies has been virtually abolished. It is now possible for foreign companies to set up almost any industry anywhere in India, in competition with our own companies, and make any thing from beer to hamburgers, although these have no connection whatsoever with the basic requirements of a vast mass of our people. Such a policy not only runs counter to the principle of self-reliance but will also ultimately result in a big drain on our resources. The excuse of modernisation and technical upgradation that is cited by the Prime Minister and others is not only misleading but also mischievous. At this crucial stage in its development, India does not need technology to make better hamburgers or froth beer, but to build cheaper houses for millions, and cheap but durable textiles for them.

The elitist anti-poor bias is also evident in the New Textile Policy which was announced during the year. The policy places on par large and powerful companies with sales of crores of rupees with tiny handlooms and powerlooms which operate on the hand to mouth basis. It places on par a poor cotton grower with the powerful multinationals whose synthetic fibres supplant cotton.

The textile industry is still the largest industry in the country and employs nearly a fifth of the total labour force. The industry should certainly be modernised and placed on a more viable footing,

but not at the cost of lakhs of textile workers who labour at the bottom of the rung in the handloom and powerloom sectors.

It has handed over the more profitable sectors of the ailing industry on a platter to mill owners, thrown out over a million workers in powerloom and handloom sectors out of jobs, thereby transferring the sickness of the organised sector to the unorganised sectors, promoted imports of synthetics at the cost of cotton growers who desired remunerative prices at home, and all this without the slightest benefit to the harried consumer who is now totally at the mercy of the monopolist mill owners.

The policy makes neither economic nor social sense and could have been introduced only by a party with a perverse social sense. It seems to be a deliberate attempt to undermine the country's self-reliance and self-confidence at the behest of foreign agencies who have never concealed their hostility to this country on this issue.

The stagnation in the economy, which is a direct result of the policies being followed under the tutelage of foreign agencies like the World Bank is however nothing in comparison to what is in store for us if the Government presses on with them even during the Seventh Plan. The Plan was rushed through the National Development Council and the Parliament as if the Government to as either ashamed of it or not too keen to throw it open to close public scrutiny before it was officially approved. The plan is big in size and bigger still in verbiage but seems to lack credibility. It makes tall promises on the basis of unsubstantiated figures that bear little resemblance to reality. The experts in the Planning Commission have apparently yielded to the image makers in the Prime Minister's office and have come forth with a document of dubious value that would apparently put even a Goebbels to shame.

The plan makes tall claims about poverty or rather its removal, and employment — two items that impinge directly on what is said to

be the central aim of the plan, namely, social justice. The document claims that the percentage of people below the poverty line has been brought down from 48 per cent in 1977-78 to 37 per cent in 1984-85 and this will be further reduced to 26 per cent at the end of the period, viz, 1989-90 and below 5 per cent by 2000. Even the USA or Europe cannot claim such great reductions in their poverty. This means that the proportion of the poor will have been dramatically halved in 12 years, lifting no less than 360 million people above the poverty line during that period. No explanation has however been given as to how such a near revolution has been or will be brought about during a period that has been totally bereft of any dramatic developments on the economic front. On the other hand, it is well known that the economy has been decelerating since 1970, and the rate of the growth of national income in overall as well as per capita terms has been steadily going down, notwithstanding whatever the Congress politicians may claim. Between 1970 and 1977, the per capita income grew at the rate of 1.4 per cent a year; during the next seven year period, 1978 to 1985, the rate of growth dropped to one per cent. Under these circumstances one would expect the number of the poor to go up, not down, unless the planners have indulged in some fancy jugglery of figures. If so, the Government is playing with the lives of millions of countrymen who continue to wallow in poverty at a time when the Government and its experts claim that their number is going down. A question also remains: If the number of the poor goes down when economic growth is also on decline, why is the Government so keen on growth?

The claims about employment are equally tall and therefore equally suspect. The plan says that it will increase employment by 1 per cent, that is, by 4.2 per cent a year, which is 1.6 times the rate of growth achieved over the past decade. In manufacturing, an important sector, the growth rate so far has been around 2 per cent; it is now going to be, if the planners are to be believed, 5 per cent. In construction, it has been no more than 0.7 per cent a year. This will suddenly jump six-fold to 4.2 per cent. In railways and other modes of transportation, the rate during the past decade has been no more than 2.2 per cent; it will now be 4-5 per cent. The planners have given no reason why all these sectors will suddenly begin employing twice or thrice or six times the number of people they have been doing in the past, and that too at a time when the Government is actually

discouraging employment and is going in for computers and high technology which, by definition, are designed to save labour. The unrestricted use of computers in banking and railways will slow down employment all around, rather than improve it, unless one goes by the spurious calculations of the planners.

The Bharatiya Janata Party calls upon the Government to appoint a committee of non-official experts to scrutinise the estimates of employment and poverty, as the entire exercise seems to be based on assumptions that bear no relation to the stark reality outside the government offices.

We are convinced that the Seventh Plan will do precisely what the other similar plans have done, if not worse, for it is no different from other Congress-inspired plans. It will increase unemployment and push more people below the poverty line than ever before. It will, in fact, do what the textile policy, introduced with much fanfare as the harbinger of a new industrial revolution, has done. The plight of the agricultural sector is identical. Enlarge this picture a thousand-fold and we get an idea of the shape of things to come under the new dispensation of succour to the poor and the jobless, which will almost certainly worsen their fate in the name of modernisation and progress.

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National Executive

Bhopal

19-21 July, 1985

Need for 'self-reliance' forgotten

To those among whom the descent of Shri Rajiv Gandhi on the power stage of India had aroused any hope of a healthy turn in the economic policies of the country, the past few months have inflicted disappointment, if not alarm. The well orchestrated hype built around the new Finance Minister's budget did not take long to dissolve into thin air when the price-rise threatened to set a new record, despite the statistical jugglery officially indulged in to conceal it. While the facts coming to light are exposing how the programmes supposed to ameliorate poverty have had little impact on the problem and have only served to line the pockets of the influential, and while the figures of unemployment continue their dizzy ascent, we are being told that high technology is the panacea for all our ills. We consequently witness today, plenty of song and dance about taking the country into the 21st century regardless of the stark fact that our vast millions are still in the grip of the nineteenth century scourges of malnutrition and disease, destitution and unemployment, illiteracy and disparity in living standards which have worsened over the decades of planning.

The BJP is of the considered view that if the country is to escape the endless dependence on foreign loans and know how to end the strangle hold of MNCs, we have to evolve a technology appropriate to our needs and resources. High technology is not an unmixed boon as was so cruelly evidenced by the Bhopal gas tragedy. It would be a positive disservice to the country if a government were to push it into a blind acceptance of all that brings in its train. As a matter of fact we need to save the country from the disastrous levels of pollution to which the industrialised nations are belatedly waking up. It is also essential if self-reliance is to become something more than a dream.

As a matter of fact, there is not even a shadow of doubt of the new Government having a concern for self-reliance. All it has shown is a keenness to promote collaborations with Italians sometimes even at the cost of our indigenuous know how. Surprisingly, it has suddenly discovered Italy to be a source of defence technology also.

The much talked about 'new' textile policy announced sometime back, appears designed in line with the new Government's economic policy to make the rich richer and the poor poorer. Shorn of rhetoric about rationalization and liberalization, it is a boon for the large integrated textile mills owned by big business houses while it deprives the powerloom and handloom sectors of virtually every worthwhile concession which has so far helped them to survive. The implementation of this policy will cripple the two decentralized sectors providing subsistence to millions of workers and deprive them of their means of livelihood. With the removal of most of the erstwhile curbs on the organised large sector regarding creation of new loomage capacity and on manufacture of synthetic fabrics, and with availability of easy loans for modernization and other facilities, as well as by placing powerlooms at par with mills in respect of fiscal levies, this policy of the computer boys will spell the doom of decentralized textile sector, an activity of great social relevance in a country of massive manpower and acute shortage of capital. This consequence will be hardly different from that aimed at by the British imperialist rulers in the nineteenth century. That such a policy should be decided by a Government which still swears by Gandhiji and his thought defies all rationality.

The BJP Executive wishes to refer to the findings of the National Institute of Public Finance and Policy published recently in its report on black money. While its estimate of the total amount is obviously on the low side, it has, for reasons not clear, excluded from its calculations the vast unaccounted amounts generated through smuggling and illegal foreign exchange transactions. If they had been included, we would have arrived at a more realistic estimate of the dimensions of the phenomenon.

The report suggests an 'adjustment' in the exchange value of the Rupee which is an euphemism for devaluation—a step with the like of which Shrimati Gandhi began her regime for which we are again under pressure. The rapid decline in the value of the Rupee (more than 50% since 1980 in terms of Dollar) and in relation to the (Sterling) in the weeks after the 'Black Money Report' is yet another index of the hollowness of our claimed economic achievements. The report has mentioned, among factors responsible for the growth of black money, a sharp increase in Government spending. It is no secret that a large part of it is siphoned off to the ruling party

and its leaders. The report has also recommended a 'floor level' state funding of the expenses of elections to Lok Sabha and State Assemblies, a proposal which the BJP has made more than once as a vital electoral reform, but which the ruling party does not seem to consider to be to its advantage. Without such steps, the reduction of unreasonably high tax rates alone will not be enough to deal with the evil. The National Executive would also like to underline the implications of the observation of the Report that public sector undertakings, bureaucrats and politicians are an important source of black money. No ruling party worth its salt, much less one that talks of honesty, can ignore its duty to clean up its own backyard. The light manner in which several chiefs of nationalised banks have been let off despite scandals running into hundreds of crores, is not due to sheer leniency; it is more probably due to an anxiety not to expose the skeletons in the cupboards of the high-ups.

The problem calling for most immediate attention from the common man's viewpoint is the perpetual torture of the ever-rising prices. It is surprising that a Government should expect people to put faith in its verbose claim of 'lowest inflation rate during the last seven years' and not see the hard facts of the market place. Taking a few articles of the common man's use, the price of sugar has increased from its pre budget level of Rs. 5.50 to 8 per kg, pulse from Rs. 6 to Rs. 7.50 per kg, washing soap from Rs. 9 to Rs. 10, talcum powder from Rs. 6.10 to 7.80. Exercise books are costlier by 20%. Vegetables, spices, and cloth have risen by 10% to 25% or even more during this period. The price of open market cement has risen from Rs. 60 to Rs. 80 per bag and steel by about 45% (i.e., Rs. 550, to Rs. 800 per quintal.) Equally relevant is the fact that much of the price spiral is traceable directly or indirectly to the Government and its policies, including a virtual collusion with big business, MNCs and foreign suppliers. Fondness for certain totally unnecessary items of import is explained

by the kickbacks in which obviously the consumer has to pay through the nose. The gap between the prevalent foreign market prices of items like sugar, oils, machinery and even defence material, and what we are charged calls for a study. Reckless public spending, deficit financing, inefficient public enterprises also contribute to it. The pernicious across-the-board excise duty of 12% on every unspecified product under Tariff 67 is a glaring instance of the Government's 'culpability' in the matter. The lot of fixed income groups including government employees in this situation is unenviable, particularly when the Government refuses to accept any moral responsibility for compensating them for erosion of their real incomes.

Tall claims have been made about our 'spectacular' increase in agricultural production. The fact remains, however, that even in wheat, our per hectare productivity is well below the world average, not to speak of the position of rice, pulses and oil seeds which is much worse despite our spending a hundred crore or so on agricultural research every year. Though we are spending nearly Rs. 1200 crore every year on the import of vegetable oils, their per capita availability is less than the minimum essential. As for milk, the availability is well below half of the minimum nutritional requirement, despite our dangerous dependence on foreign donations of milk powder and butter oil. The farmer is squeezed between the rising prices of inputs (in addition to costlier consumer goods) and the poor returns. The fall in sugar production necessitating imports is the consequence, e.g., of the low cane prices fixed three years ago. It is essential to assure the grower of remunerative and stable prices to serve as a proper incentive for higher production. The Executive regrets that no honest effort has been made to rectify this situation.

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National Executive

Indore

04-05 January, 1984

Review of plan performance

The National Council of the BJP deplores the attitude of the Congress (I) bosses to depict a rosy picture of the economy and hide the real weaknesses, shortfalls and failures perpetuated by them during the last more than three decades. Since Independence, it is Mrs. Gandhi and her father who had been governing this country except for a brief period. If there is anyone who is squarely responsible for all economic ills in the country, it is only Mrs. Gandhi and her father. This is an irony of fate and misfortune of the teeming millions of this country, that they are still groaning in abject poverty. The Congress Party officially adopted a resolution as far back as 1956 at their Avadi Session expressing resolve of the party to bring about socialism in this country. This forgotten promise has now been reiterated at the Calcutta Session. Mrs. Gandhi has surpassed her father in giving populist slogans without achieving the desired results. During Mrs. Gandhi's so-called "decade of dynamic development", i.e., from 1966 to 1976, the average growth rate of the economy has been 3.2% which came down to 2.8% during 1971-76, a period when Mrs. Gandhi wielded supreme authority within the legislatures as well as outside. Similar slogans are being raised by her and her henchmen just a year before the general elections. At their Calcutta session they are echoing the same slogans that they raised in 1956.

1. Planning--Performance & Perspectives:

Like the famous proverb:

"Some persons can be befooled for all times;

all persons can be befooled for some time;

but, all persons cannot be befooled for all times";

the countrymen cannot henceforth be taken for a ride.

A review of the performance of all the plans till the end of the Fifth Plan by the Planning Commission itself has revealed "that the most important objectives of planning have not been achieved. The most cherished goals seem to be almost as distant today as when we set out on the road to planned

development. The assessment of India's development over a quarter century has indicated some fundamental failures and that there is a need for reappraisal of the development strategy".

According to the preface to the Sixth Five Year Plan, the essential goals of Planning have been "growth", removal of poverty", and achievement of 'self-reliance.' The plan performance, as acknowledged in the Mid-term appraisal reflects just the opposite, i.e., slow growth including non-growth in some years, increase in the number of persons living below the poverty line, and continued increase in imports of basic items, such as rice and wheat and other consumer items like colour TVs and videos, which made a mockery of self-reliance. Although failure of Indian Planning has been a continuous phenomenon, it has become more pronounced after 1980. The mid-term appraisal makes a claim that 75 million people have crossed the poverty line. Such a fundamental claim is based upon no scientific or reliable data and has been questioned widely by a number of leading Indian economists. This claim is totally wrong and misleading and nothing short of deception. The Government is accustomed to making claims on the basis of very weak and unscientific assumptions and claim their achievements through outlays rather than any physical achievement. There has been no dent, whatsoever in the problems of people living below the poverty line. As a matter of fact, their number has increased during the last four years.

As a result of shortfalls in targets accepted under the midterm appraisal, plan targets have now been lowered in respect of 21 Sectors including many vital economic Sectors as indicated below:

Item	Unit	Actual	Original Target	Revised Target
1. Foodgrains	Million Tons	(109)	149-154	146-148
2. Coal	-- do --	(104)	165	154
3. Electricity	Billion KWH	(112)	191	170
4. Railway originating	Million MT	(218)	309	280

	Traffic			
5.	AWI. irrigation Hectares	Million	(5.65)	13.7 11.4

It may be worth highlighting that the shortfall measured in terms of revised additional production by 1984-85 as percentage of original additional production is down by 20 to 30 percent in coal and electricity.

It is an irony of fate that the planning process has become routine, stale and a prisoner of promises and wishful thinking of idiosyncratic Congress leaders, unable to cope with changing situations and not learning any lessons from the past experiences. In order to make the planning process more effective, there is need for a thorough review of basic premises and assumptions and working processes. Administration is used as a convenient scapegoat for poor performance of all plan programmes, especially for target oriented rural development programmes. The BJP does not hold the implementing agencies primarily responsible for the recurring gaps between targets and achievements.

The BJP is of the opinion that the more important reasons for nonfulfilment of planned targets are the direct result of the inadequacies of the planning process and wrong choice of the strategies and priorities. Cost and time overruns during the stage of capacity creation, subsequent time lags and underutilization of created capacities are the major factors of poor performance. They raise the capital output ratios, lower the growth rates and make the projects unprofitable which, in turn, escalate the need for Government subsidy. This process creates a vicious circle of need for deficit financing, inbuilt inflation, increased

public expenditure on growing bureaucracy, increased cost of project implementation, inefficient use of capital, higher capital output ratio, reduced real investment, low growth and continuance of plan failures. Studies of vital sectors like rural development, irrigation, power and transportation have revealed inadequate planning as a major problem. The very methodology of project formulation and appraisal adopted in most sectors by-passes considerations related to time value of money thereby having no inbuilt mechanism for penalising delays in completion of projects. Shortages of critical inputs like power, transportation, cement and steel are the other important reasons for delays in timely project completion and their subsequent underutilisation. This too is a problem of planning rather than of implementation.

All this reflects the tendency of the Congress leaders to plan for public deception and indulge in deliberate misplanning. An evidence of this phenomenon is the behaviour of the Congress leaders who start making populist promises, lay the foundation stones of big projects and start sanctioning projects without proper planning on the eve of elections. The biggest evidence of such phenomena comes from the highest Congress authority, Mrs. Gandhi, who holds the entire governmental machinery at her whims and fancies. Most important programmes of the current Sixth Plan were the result of day-dreaming of which there is no awareness, whatever with the Planning Commission. One fine morning (October 2, 1980) when the approach to the new Sixth Plan was under formulation, Mrs. Gandhi announced the most ambitious IRDP (Integrated Rural Development Programme) which was really nothing but an arithmetical totalling of the existing programmes until that day. Likewise, the announcement of her famous new Twenty Point Programme became either redundant or was considered to be fully implemented. The latest in the series was the announcement about 'rural self-employment programme' giving a tall promise of employment to at least one member of each rural family, made from the ramparts of the historic Red Fort during the midyear of the Sixth Plan.

Similarly, in view of the ensuing elections, Bank loans are

being distributed indiscriminately and in wholesale not to the real poor and downtrodden but to those who have the backing and support of the Cong (I) bosses. Huge expenditure on ASIAD, NAM and CHOGM did not find a place in any of the plan allocations. This reflects Mrs. Gandhi's sense of priorities who, no doubt, pays lip service to the 'downtrodden'.

Never in the history of planning have the inter se priorities of the objective been clearly spelt out. The BJP is of the opinion that there is a need for clearly spelling out which among the intended priorities should be the first charge on the govt. exchequer. The practice of adding new schemes while the old schemes still linger on, must be minimised, if not discontinued. Policy must be evolved for earmarking funds for on-going schemes, otherwise the malaise will continue and spread further, rather than decline. Nowhere these days do we find a complete plan of action based on the appreciation of the task involved and the magnitude of the efforts needed. If the country has to survive the shocks of miserably bad planning in the past, the time has come to stop the practice of making wrong assumptions. We have got to develop a full time-table for bringing out the deserved organizational and administrative changes and make arrangements for their constant monitoring and appropriate follow up action.

2.. Rural Poverty and Unemployment:

The BJP emphasises the philosophy of integrated rural development with an emphasis on non- farm rural industries, agro-forestry, social forestry, rural roads, rural electrification, rural health care, drinking water and the like.

In order to minimise the migration of the rural poor to urban areas and the consequent perpetuation of urban poverty, there is need to 'urbanise the rural areas' adopting the approach of total development of areas including rural development as mentioned above. This approach of total development will also include emphasis on education, health, shelter and other basic needs, rather than adopting the approach of an artificial integration of existing programmes under the new title such as IRDP. The approach of total development basically

comprises a 'comprehensive project approach' which will vary according to the characteristics of different areas and target groups and will encompass major planning objectives like removal of poverty, land to the landless, ensuring the supply of safe drinking water, catering to the health needs of the rural poor, especially women and children. Only the approach of total development can make an impact on improving the physical quality of our people living below the poverty line whose number may be 40 crore.

3. Price Rise:

During these four years of Mrs. Gandhi's regime, prices have increased tremendously every year resulting in a total increase of 43 per cent in 4 years (price index rose from 223 in January 1980 to 318 in December 1983, i.e., a rise of 95 points). Even in the last twelve months, when the so called single digit inflation is being claimed, inflation has been a double digit figure of 11 per cent (287 in December, 1982 to 318 on December 17, 1983). Mrs. Gandhi had the distinction of achieving inflation of 29 per cent in 1974 on top of a previous inflation of 6 per cent. The conclusion is obvious that the forces contributing to inflation took full advantage of the economy's weak points during the years when Mrs. Gandhi achieved a sweeping victory at the polls. This clearly reflects that inflation and Mrs. Gandhi's victory are inseparable, and, therefore, the only way to control inflation is to ensure defeat of Mrs. Gandhi. An impression is being created at the plenary session of the Congress Party that a one digit inflation to the extent of 9.4 per cent, is justified. The BJP emphasises that it is very necessary that the rural poor are insulated against the adverse impact of inflation. This can be achieved only by a massive public distribution system which should provide basic consumption necessities of life to the rural poor at fixed prices which must not be raised during the plan period. This basic basket of consumption items should include foodgrains, pulses, oil, clothing, basic medicines, fish, meat, etc. The existing public distribution system has miserably failed to meet the essential requirements not only of the urban poor but of the rural poor as a whole.

4. Agriculture Sector:

The agriculture sector has been a major contributor to our GDP. The share of this sector to the Gross Domestic Product at 1970-71 prices has fallen from 58% in 1950-51 to less than 40% in 1982-83. The food production targets, which were originally fixed at 154 million tonnes by the end of the current plan, have been lowered to 145 million tonnes. Attributing this shortfall solely to a deficient rainfall is highly mischievous and misleading. If our agricultural production is still to depend on the vagaries of monsoon, as was the case three decades ago, then where is the justification for spending more than 17,000 crore over the creation of irrigation potential ? According to a recent report of the Public Accounts Committee of Parliament, the country would have produced additional 23 million tonnes of foodgrains had the targetted irrigation potential been created and utilised in full. There are more than eight major irrigation projects which have been lagging behind for more than 20 years. Their costs have gone up by more than ten times and the community at large has been deprived of the fruits of development. As a matter of fact, agricultural development should be a first charge on the National Exchequer. In view of the fact that 70 per cent of our population depends on agriculture and in view of the fact that agriculture occupies a pivotal role in the total economic growth of our country, maximum funds should be allocated to this. India can achieve self-sufficiency in food provided remunerative prices are paid to our farmers. The support prices of various agricultural commodities fixed by the Government have discouraged the Indian farmers from producing more, particularly when we are giving 30 per cent more price to the American farmers. The requisite inputs for increased agricultural production are beyond the reach of small and marginal farmers. There is a growing disparity in incomes, wealth and consumption patterns within the rural sector. 50 per cent farmers who own land upto one hectare hold only 10 per cent of the total land available in the country while 4 per cent of the farmers owning 10 hectares or more of land hold 30 per cent of the total available in

the country. Lack of political will to faithfully implement the land ceiling laws has created a new class of landlords in the countryside who are exploiting the rural peasantry through distress sale of their small holdings and compelling them to migrate to urban areas for livelihood. The neglect of agriculture has led to an increase in the number of people living below the poverty line. The BJP demands that the first priority should be given to this sector while formulating the Seventh Plan.

5. Industrial Sector:

The Industrial Policy Resolution of 1956 has been and is being diluted by Mrs. Gandhi's Government so as to benefit the large industrial houses and multinational corporations. The small scale, cottage and tiny sectors which provide employment to a much large number of people with less investment has been a casualty under Mrs. Gandhi's regime. Despite indiscriminate imports of capital goods, intermediates and other raw materials at unusually concessional rates of duties, the industrial production has declined from 8% to 4%. Sickness has become a common phenomenon of the industrial sector in this country. Taking over the management of sick mills or their nationalization is no solution. The performance of the public sector is highly dismal. Their losses which increase year after year are a drain on the public exchequer. With nearly Rs. 30,000 crore of investment in public sector undertaking, the returns are in the negative looking to this huge investment. The Government has not yet introduced any scheme of workers' participation in management. The concentration of economic power in a fewer hands has been the result of this diluted and polluted industrial policy being followed by Mrs. Gandhi to please the big bosses who are her paymasters.

6. Fiscal and Monetary Policies:

Tax laws and tax administration coupled with the monetary policies have benefitted the rich and not the poor. The present tax structure is very inequitable and needs an overall change. More than a thousand amendments have been made so far in

the income tax laws but no evaluation has so far been done with regard to the fulfilment of the objectives underlying these amendments. Though the assets of large industrial houses have grown enormously over the years, yet quite a number of them remained outside the tax net. The assets of the large industrial houses have grown enormously. The total assets of the top 20 industrial houses have risen from Rs. 2,884 crore in 1972 to Rs. 9,000 crore in 1981. The growth is more than three times during this decade. Is it not inequitous that a man holding the wealth of even less than Rs. 5 lakh is made to pay wealth tax and estate duty while those holding assets worth more than Rs. 2,000 crore do not either pay wealth tax or estate duty. There are many such distortions and aberrations in our tax laws which need immediate restructuring and rectification.

The whole Indian tax system is honeycombed with tax exemptions and tax expenditures. No evaluation has so far been done with regard to the quantum and impact of these tax expenditures and exemptions. A rough estimate made by a Parliamentary Committee sometime back puts the figure of all exemptions at around 12.5% of the total tax revenues of the Government of India. There is no firm mechanism available at the parliamentary level also to scrutinise in detail the propriety of the grant of these exemptions. Similarly, exemptions are being granted under the executive authority of the Government under customs and excise laws. This power has been more often used by Mrs. Gandhi's Government for favouring certain persons in order to have pecuniary advantages. All fiscal and monetary policies of Mrs. Gandhi have greatly encouraged black marketeers, profiteers, hoarders, foreign exchange racketeers, smugglers and tax dodgers. The issue of black money has assumed larger dimensions since black money operators are assured of full patronage from Mrs. Gandhi in the shape of voluntary disclosure, special bonds and non-resident Indian investment schemes.

7. Foreign Trade Deficit:

The import and export management of the last four years

has resulted in an unprecedented trade deficit, thereby making the balance of payments position very precarious. The import bill of Rs. 6,814 crore in 1978-79 has more than doubled to over Rs. 14,275 crore in 1982-83, while exports rose from Rs. 8,726 crores to about Rs. 8,807 crore during the same period. The trade deficit, which was Rs. 1,100 crore in 1978-79, became more than Rs. 5,467 crore in 1982-83. In the existing circumstances, any net surplus in the trade account appears a very long way off. This unfavourable balance of trade is despite the fact that our imports bill for petroleum, petroleum products and related materials has come down considerably during the current year in comparison to 1980--81.

The most unfortunate part of the whole story is that Mrs. Gandhi's Government resorted to imports of non-essential items-consumer items, such as colour TV and videos. The wheat and rice imports were approximately 9 million tonnes at exorbitant prices. No imports whatsoever of wheat and rice were allowed during the years 1977 to 1980 despite the worst drought of 1979-80. These were the years when Mrs. Gandhi was out of power. Not only this, but the Janata Government left behind such a huge buffer stock of foodgrains that there was no need to import foodgrains during the year 1980-81. The Indian farmer did not let down the Government but it is the vested interest in imports that made the Government resort to imports of wheat and rice during the last three years, thereby squandering away our scarce foreign exchange. What other motives can be attributed to this policy excepting that of "pay offs" and "kickbacks"? In addition to this, the Indian farmer has been discouraged from producing more.

8. External Debt:

The most alarming factor on the economic scene is the growing external debt. The balance of payments position has fast deteriorated during the last four years. The debt burden is increasing year after year. India's external debt will be 15,328 crore and internal debt over Rs. 50,049 crore as on 31-3-1984. Of this, about Rs. 8,000 crore are to be paid back

by 1990-91.

This situation is alarming. The country will feel the pinch of repayments from 1985 onwards. The situation will be further worsened by the decreasing value of Rupee as against the Dollar. The Rupee is already depreciated by about 30 per cent, and if the present trend continues, the Rupee will get depreciated further. This depreciation of the value of the Rupee as against Dollar will automatically increase the debt repayment obligations by about 50 per cent. India is virtually in a "debt trap". We wish to warn the nation that the days ahead will be the days of "debt management". The future domestic requirements have thus been totally mortgaged to the economic masters abroad, and this is the "centenary gift" of the Congress (I) rulers to the poverty ridden country of ours.

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National Executive

Indore

06-08 January, 1984

Ruling Party incapable of facing economic facts

The deliberations of the recent Calcutta conclave of Congress (I) have provided proof, if any was needed, that the ruling party is incapable of facing the facts and understanding the causes of the country's economic malaise. It believes, instead, in making up for its stark failures through false slogans and hollow claims.

The common man knows to his cost the extreme penury in which he has been landed in four years of the Congress (I) misrule. But the Prime Minister had the audacity to claim that 12 crores of people had been brought above the poverty line. This is more than double even the totally concocted claim made in the Mid-term Appraisal, that 5.7 crores of people have been emancipated. There is hardly an economist in the country who had not described the Appraisal claims as frivolous beyond measure. The people have, to say the least, a right to know how this added acrobatic feat has been achieved in a period of less than six months.

The Bharatiya Janata Party would not be surprised if tomorrow through a change in the definition of the term, Mrs. Gandhi abolishes "poverty" overnight, just as III class was abolished in the Railways. This is in line with the Congress Party's chronic habit of indulging in false propagandistic claims. They can import a crore of tonnes of food a year and yet boast of self-sufficiency, suffer one crore loss per day in SAIL and still describe public sector as having become profitable, and spend hundreds of crores on ASIAD, NAM and CHOGM to boost the country's image abroad and conceal the cruel fact that the number of the poor today is more than what the population of India was in 1947.

The Bharatiya Janata Party is convinced that we have not reached this plight because of any heavenly dispensation but because of perverse priorities, wrong policies and dishonest implementation for all the three of which the ruling party is squarely responsible.

Crushing the Poor

The common man is being crushed today between the millstones of inflation and unemployment. With the price index having so risen from 223 in January, 1980 to 318 on 17 December, 1983, the common man has to either believe the government's claim of containing pricerise or believe his eyes at the market place. It is astounding that lately the Government has taken pains to bring down the prices of articles like cars, refrigerators and colour televisions, while those of standard cloth, foodgrains, pulses, edible oils and milk, not to speak of onions, potatoes and peas, are increasing merrily. Unemployment figures are so mind-boggling that the Government and the Planning Commission have ceased even referring to them. They need to be reminded that at the end of 1982, 4.48 lakhs of scientists and 30 technologists were registered with employment exchanges. The total figures of the unemployed is placed anywhere around 4 crore. It is an amazing exercise in self-deception that someone should be talking of building a technology city of Indian scientists expected to return home from abroad when we have dismally failed to employ even these 5 lakh.

Neglect of Agriculture

The Bharatiya Janata Party believes that neglect of agriculture is the first cardinal sin of our "modernistic planners". The rural masses have remained in abject poverty. The consequences have spilled over in all other fields. Our obsession with highsounding and gigantic schemes has resulted in abnormal allocations to large irrigation schemes, neglect of small projects and underutilisation of both. The returns to the agriculturist have lagged behind the rising costs of inputs. His electricity rates have been high and the availability of power has been scanty. The agricultural warehousing facilities continue to be inadequate. Villages remain a couple of centuries behind our cities in the matter of elementary facilities and all-weather roads, This is one of the compelling causes of the rush towards cities and the unbridled growth of urban slums.

Bad Planning

When the Planning Commission conceded in the Fifth Five Year Plan, that "the most important objectives of Planning have not been achieved and that its most cherished goals seem to be as distant

today as when we set out on the road to planned development," it was not the description of an accident. Our planning strategy basically failed to take into account the resource-mix available in the country. This should have been the first prerequisite. Small industries were given little beyond lip service. The latest policy of indiscriminate imports and encouragement to increased presence of multinationals has added to the travails of our industries already hit by factors like poor demand, credit squeeze and power shortage.

Mirage of Self-Reliance

In the distant past, we used to talk of a self-reliant economy. Today the Government cannot even consider a possible date for "Zero net-Aid". The country seems to have been inexorably pushed into a suicidal "debt trap". Even before the International Monetary Fund (IMF) repayments have begun we have started sounding the Asian Bank for another astronomical loan of 2 billion dollars which the latter is unable even to comprehend. Nobody seems to remember our initial understanding when we joined the Bank that we would not seek credit from it. The abandon with which all types of fancy equipment are being imported and foreign firms being invited to do jobs which we ourselves are well capable of doing, indicates that the ruling party has little real concern about the yawning trade deficit. The working of the rupee trade arrangement needs to be re-examined to ensure that the country's economy does not lose its competitiveness and become overdependent on any politically volatile market. There is urgent need to regulate the inflow of foreign funds which in reality seem to be laundered black money likely to be utilised by bogus firms floated aboard to take over the well run industries in India.

Madness with a Method

It is the considered view of the BJP that though the policies of the Government may appear to spell a type of madness there is a clear design in that madness. The design, the country has to note, is one of enrichment of the ruling junta through all means, fair and foul, at the cost of India's poor. Whether it is the loudly proclaimed National Rural Employment Programme (NREP), or the Integrated Rural Development Programme (IRDP), or the disbursement of self-employment loans, or the import (as in the KUO Oil deal) of oil or fertilisers or defence equipment needed or otherwise, or investment from non-resident Indians, or sick textile units or specially tailored tax policies, the barely concealed objective is to amass funds for the ruling party and its cohorts.

Removal of poverty calls for basic changes in policy. It is too complex an objective to be achieved through minor adjustments or budgetary tinkering. The Bharatiya Janata Party wishes to warn the nation that time is running out and unless immediate steps are taken to check the waywardness of the ruling party, it may be too late to save the economy from utter collapse and the country from absolute chaos. It makes the following demands:

1. All planning be reoriented to suit the requirement of the country, and the administrative machinery thoroughly cleansed to implement it in an honest manner.
2. In particular, the planning process be reformed so as to
 - (a) ensure that targets are not tinkered with during the Plan period;
 - (b) make Planning more decentralized (among other things through the setting up of District Development Councils), and physical-result-oriented on an annual basis;
 - (c) prescribe inbuilt incentives and disincentives for efficient implementation; and
 - (d) provide for autonomous monitoring and evaluation.
3. A public monitoring system for all schemes like the NREP, IRDP, and TRYSEM, should be set up to save them from becoming instruments of political aggrandisement.

4. An autonomous body should be constituted to serve as a watchdog of consumer interests in the matter of quality and pricing of industrial products.
5. Sales Tax should be abolished immediately while assuring that the revenues of the states are not affected adversely and they are assured of their proper share.
6. The public distribution system should be extended to cover the entire country and expanded to take care of other essential goods like tea, edible oil, soap, standard cloth, children's copy books etc. also.
7. The agriculturist should be assured of remunerative prices which should not under any circumstances be below the level recommended by the Agricultural Prices Commission. A living wage should be guaranteed for agricultural labour. Timely payment of remunerative prices to sugarcane growers must be made. Crop insurance schemes should be introduced. All zonal inter-state restrictions on food movements must be removed.
8. The working of Electricity Boards and power houses should be effectively improved and uniform supply of power to agriculture, industry and consumers should be assured.
9. The Constitution should be amended to guarantee the right to work in a phased manner.
10. Unemployment must be tackled as the biggest challenge. It is too vast a problem to be solved through adhoc or single dimensional schemes like the NREP. It calls for a comprehensive and wellintegrated approach aimed at full utilization of our man-power asset. The spirit of '*swadeshi*' needs to be revived and made to permeate store purchase and contract policies, and price preference given to small, cottage and tiny industries. These have to be fitted in an overall timebound programme.
11. While promoting the conservation of forest wealth, tribals, who depend on forests, should be assured of their livelihood through ownership of land and provision of facilities for settled the cultivation as also the proper use of forest produce.

12. The country's scientific talent should be released from the bossism of beauracrats—scientists or others—and research undertaken to solve specific problems in areas like food production, water shortage, industry, defence etc. in a result oriented manner.
13. The role of an autonomous guardian of the country's economy should be restored to the Reserve Bank of India to make it capable of adopting healthy monetary policies.

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National Council

Ahmedabad

31 March to 02 April, 1984

Budget – 1984-85

The National Executive of the BJP fails to find in the 1984-85 budget any resolve to tackle the basic maladies afflicting our economy. In its considered view whatever saving grace is observed in it is due to the constraints of an election year. If the people have heaved a sigh of some relief, it is only because it could have been more cruel. Otherwise, the budget reflects the same old muddle-headedness, the same anxiety to make up sunken cheeks with cosmetic touches and the same belief that the gullible people need little more than tall claims and statistical jugglery, as have characterised the last four years of economic mismanagement.

A five per cent reduction in income tax can beget cheers only if we choose to forget that the purchasing power of every rupee one earns has been eroded further by 11 per cent during the year and that today it buys less than what 18 paise procured in 1960. Simple logic tells us that unless the minimum tax exemption limit (which must be raised to Rs. 25,000) is linked to the cost of living, every rise in the latter means still more poor people being dragged into the tax net and thereby being impoverished further. Nor is there any reason to take this little relief as a sign of a new realization. Personal income tax rates were raised the year before last and the rate of surcharge increased from 10 per cent to 12 per cent only last year, and the Finance Minister is stressing the continuity in his policies. This gift horse of relief is, therefore, designed only for a ride to the ballot-box. He has talked of having “kept a promise” made in 1980 to “restore the economy to the path of stability, growth and social justice.” The National Executive is pained to have to observe that the only “stability” that the ruling party’s efforts have aimed at is that of its own rule. The only growth we find before us is that of corruption, unemployment, and destitution.

The Truth Behind The Claims

Even after what the Finance Minister calls “tremendous strides in agriculture”, our per capita availability of pulses – the major

source of proteins for our masses — is two thirds of what it was about 20 years ago. Despite the much trumpeted White Revolution, per capita availability of milk today is only half of the pre independence level — and 1/6 of the minimum requirement of 200 grams per day. Per capita consumption of edible oil declined from 4.8 kg to 4.3 kg p.a. and of fabrics from 4.3 metres to 3.7 metres during the last one year.

As for social justice, the less said the better. Inflation promotes inequity by benefiting the well-off at the cost of the middle and poor sections. Persistent rise in prices has made a mockery of Mrs. Gandhi's egalitarian pretensions as well as of her promise to hold the price line. The cost of living increased by 51.4 per cent during the 46 months of her regime. With as many as five instalments of additional DA outstanding, even the limited class of Government employees is being denied the compensation which in any case is only partial.

The ground reality of our tall claims regarding progress is brought out by a glimpse of where we stand vis-a-vis other countries. According to the UN figures, in a list of 130 countries, we stand 18th from the bottom in per capita income, 39th from bottom in life expectancy, 32nd from the bottom in infant mortality and 2nd from the bottom in children born underweight. When, despite all this, the Planning Commission claimed having brought 5.7 crore of people above the poverty line during the current Plan, people gasped in disbelief. As if this preposterous claim was not enough, the Prime Minister increased the figure to 12 crores, which subsequently was quietly admitted to be a mistake. A 'correction' of the first mistake has yet to come. In a recent book written by one of her ministers, it is stated — on the strength of the Planning Commission's Task Force — that "nearly 60 crores out of about 70 crore are living below or near the poverty line" The same book reproduces a table from a recent study on black money which estimates that per centage of black money to the official GNP has increased from 9.5 to 48.8 during the period of 1967-68 to 1978-79, i.e., a period during most of which Smt. Gandhi was ruling the country. The BJP National Executive hopes that at least now Smt. Gandhi will give up her ostrich like attitude and wake up to the disastrous results of her policies.

Another eloquent commentary on the Government keeping to its promises is that today nobody even talks of the one time repeated promise of removing unemployment. While job seekers are

increasing at the yearly rate of 3 millions, the jobs available every year are only half a million. What could be more lamentable than the failure of the ruling party to draw up a real effective strategy to provide jobs to all willing workers ? The colossal waste of human competence, skilled as well as unskilled, is shocking beyond words.

Budgetary Tricks

The budget makes a clever attempt to understate the deficit in the revised estimate for 1983-84 by ignoring the Rs. 400 crore utilised for clearing the state's overdrafts and through the unprecedented window-dressing of showing the sum of Rs. 2000 and odd crores of surplus funds of oil companies under 'Other Receipts'. The real deficit turns out, therefore, to be Rs. 4200 crores. While the Centre is all the time sermonising the states on the virtues of economy, its own non-plan expenditure increased from 14 per cent to 25 per cent. The states' share of revenue has been reduced in the budget proposals by about Rs. 39 crore. The Finance Minister has been careful enough not to touch the surcharge in his relief proposals because that is not shared by the Centre with the states.

Neglect of Agriculture

Then, while there is no limit to availability of funds for image building and all types of jamborees-national and international- the budget provides a pittance of only Rs. 758 crores for agriculture, which is the mainstay of our economy and the source of livelihood for 70 per cent of our population.

The excise reliefs given in the budget to the textile industry are far from being an index of sudden benevolence. The Finance Minister was aware of the huge stocks of unsold cloth that had piled up in the godowns of the textile mills, in spite of the crippling effect of the longest ever strike in Bombay. These stocks have remained unsold

because of the pauperization of our rural population. Apart from a few large agriculturists, the middle, small and marginal farmers have been, for long, losers in the changing terms of trade in the relative prices of inputs vis-a-vis outputs. The much boasted relief programmes in the form of NREP, IRDP etc. have been seething with corruption and have largely degenerated into 'pro--party' programmes rather than 'anti-poverty' programmes. Even scientific research in the field of agriculture, as elsewhere has not escaped the demoralising effects of favouritism and nepotism, with the result that while our scientific talent is inferior to none in the world, our achievements in the task of overcoming our problems add up to precious little.

That is why even in a year when we claim to have hit the highest ever food production figure of 145 million tonnes, we have imported nearly five million tonnes of foodgrains and the prices continue to rise. Our dependence on imported edible oils is as high as 30 per cent

Raw Deal to Railways

Despite the railway minister crying hoarse over the replacement need of track, signals and rolling stock, the budget provides only Rs. 90 crore in place of the 1000 crore called for under the Plan. Similarly, only Rs. 50 crore have been allocated for electrification in place of Rs. 672 crore. With what magic the Railways will meet their urgent requirements remains to be seen.

Financial Institutions

The latest danger signal appears to be coming up in the sphere of financial institutions. Hundreds of crores of rupees of public funds lying in trust with the banks are being poured down the drain on the ostensible plea of helping the poor and the unemployed, but in reality for buying political support and winning vote banks. It is, by and large, for the benefit of the musclemen and campaign runners of the ruling party that all banking norms are being thrown to the winds and 'loan melas' are being organised. The exercise amounts to a virtual distribution of spoils among the favourites. On the other hand, the public sector LIC has taken the unprecedented step of becoming a tool of foreign based vested business interests with questionable reputation, and started manipulations to dislodge the well established managements of successful undertakings. The

manner in which these activities are bound to erode the credibility of governmental institutions is too frightening to be accepted with equanimity.

The National Executive makes the following demands:

1. Remunerative need based prices be fixed for agricultural commodities and a living wage be guaranteed for agricultural labour. Prices of paddy also be announced before the sowing season.
2. Agricultural scientists be given result oriented research projects to take up the challenges posed by shortage of pulses, oilseeds, and milk in particular, and recognition be conferred strictly on the basis of achievements.
3. Adequate supplies of agricultural inputs like seeds and fertilisers at heavily subsidized rates, as also the best technical advice, be made available to small and marginal farmers.
4. 100 million persons – the poorest of the poor – should be identified and the Government should chalk out time bound specific schemes like Antyodaya, Food for Work etc. to bring them above the poverty line in three years, that is, 33.33 million annually.
5. Reservation of items (which has belatedly been given statutory sanction) be made total for small scale industries, and all other facilities like price preference, bank credit, exemption from deposit of earnest money for government tenders etc. be extended to them to enable the small sector to play its vital role in employment generation.
6. The target of zero deficit financing should be achieved to check inflation. Effective measures be taken to ensure that every project is completed in time.
7. An element of competition should be sought to be introduced in monopolistic organizations to improve efficiency of working.
8. The concept of a workers' sector in industry be promoted through a phased programme of workers' participation in management of public sector undertakings for their greater involvement. This would go a long way in improving their performance and ushering in industrial democracy.

9. The Government should stop meddling in the affairs of well established privately managed industries. The Reserve Bank of India should be asked to issue necessary instructions to all the financial institutions to maintain their objectivity.



National Council

Pune

01-04 October, 1984

Deep economic crisis and stagnation

India is passing through a deep economic crisis, a crisis caused by persistent stagnation. For the past five years, the economy has been virtually at a stand still if not actually going down the hill. Despite the frantic activity all around the loans from the IMF and the World Bank and the money pouring in from non-residents, all that we produce is worth no more than Rs. 60 per head per month (at 1970-71 prices), and what is worse, we are producing less than what we did five years ago. Our industrial output is worth no more than Rs. 13 per month per head, and it has been stagnant, no matter how many new projects we have announced and how many dazzling international conferences we have held.

1. Price Rise

When so much money goes into the economy with nothing to show for it, the first thing to give away is prices. The money shows up first in inflation and then in the burgeoning parallel economy. The wholesale price index, which was 223 in January, 1980, has crossed the 344 mark in September, 1984, marking an increase of 121 points in just 57 months, i.e. a continuous increase of more than two points per month. The Consumer Price Index has risen even more sharply. It has gone up from 360 to 584, i.e., an increase of 224 points during this period. The compounded price rise over this period has been more than 52 per cent.

This unabated price rise, particularly of items of mass consumption, during the last five years has hit the common man the most. The worst lot is that of the fixed income groups, wage earners in the private sector and the lower middle classes. Non-availability of most of the essential items through the public distribution system caused great misery not only to the urban poor but also to the rural poor. The Government itself has been increasing the administered

prices of various commodities like petrol, diesel, fertilizers, and steel etc. Governmental patronage to black marketeers, profiteers and hoarders has contributed a lot to the situation. Wrong fiscal and monetary policies have led to the generation of black money, which according to the available statistics as per the World Bank study, is nearly 50 per cent of the Gross National Product.

2. Agricultural Sector

The agricultural sector has been the major contributor to our Gross National Product. The share of this sector to our GNP at 1970-71 prices has fallen from 58 per cent in 1950-51 to 38 per cent in 1983-84. The utter neglect of agriculture has led to an increase in the number of people living below the poverty line. The Bharatiya Janata Party strongly feels that in order to improve the quality of life in the rural areas, agricultural development should be the first charge on the National Exchequer. India has the potential to double the production of foodgrains provided remunerative prices are paid to our farmers and also if the requisite inputs for increasing agricultural production are made available at subsidised rates.

The unholy alliance of the Congress (I) with big landlords and zamindars has resulted in tardy implementation of land reform laws, thereby accentuating disparities in incomes, wealth and consumption patterns in the villages. The bulk of our population lives in villages and unless due attention is paid towards their allround development, it will be impossible to eliminate the glaring differences in living standards. Apathy towards rural development has caused the perpetuation of poverty and hunger in the rural areas. This, in turn, has forced them to migrate to urban areas where too the living conditions in slums are quite miserable. In order to minimise the migration of the rural poor to urban areas, there is urgent need to provide adequate employment opportunities in the rural areas. The much publicized 20-Point Programme is merely on paper and has not produced any tangible results.

3. Industrial Sector

In 1950, India was among the top 10 industrialised countries of the world, but in 1983 India figures nowhere even among the top twenty. Industrial growth during the last five years has been very sluggish. Neither the export targets have been achieved, nor the domestic demands met. The Industrial Policy Resolution of 1956 has been diluted by the Government so as to benefit the large industrial houses and the multinationals. The small scale and cottage sectors, which provide employment to a large number of people with low investment, have grossly suffered under this regime. Despite increased imports of capital goods, the intermediate products and other raw materials, industrial production has become stagnant. Industrial sickness has become a widespread phenomenon in the country. The performance of the public sector is dismal. With more than thirty thousand crores of rupees invested in the public sector, the returns are negative. Barring a few, the rest are plagued with inefficiency, mismanagement and corruption. It has been publicly alleged that some of them are being used for collection of funds for the Congress (I) Party. It is common knowledge that mafia gangs in collusion with top brass are operating with impunity, thereby causing substantial losses to the exchequer and also letting loose a reign of terror. Drastic measures need to be taken to increase their efficiency, cut down losses and enforce accountability.

4. Planning & Development

The essential goals of planning have been “Growth with

Justice”, “Removal of Poverty and Unemployment” and “Self Reliance”. The performance of this Government in achieving all these objectives has been utterly dismal. The economy has become stagnant. The number of persons living below the poverty line has increased from 28 crore to 40-crore during the last five years. The Prime Minister’s claim that the percentage of such people has been going down has been proved hollow.

Continued imports of basic items, such as rice, pulses, wheat, oils and such other consumer items make a mockery of self-reliance. The number of unemployed persons is increasing day-by-day. The economic policies being pursued by the Government have failed miserably to tackle the problem of unemployment, poverty and hunger. Mrs. Gandhi’s priority is not finding solution to these basic problems but wasteful expenditure on international jumbories and proliferation of five-star hotels.

The National Council of The Bharatiya Janata Party deplors the attitude of the Congress (I) which has been labouring to paint a rosy picture of the economic development and hide the real weaknesses, short-falls and failures perpetuated by the Government during the last five years. Despite having spent a colossal sum of over Rs. 30,0000 crore over planning during all these years, the bulk of the Indian masses still suffers from poverty and hunger. The Bharatiya Janata Party strongly feels that there is need for a reorientation of the development strategy so as to achieve full employment for all within five years. The Bharatiya Janata Party stands for Growth with Social Justice.

Growing External Debt

India’s external debt is now Rs. 25,000 crore. The situation is alarming. With a recurring trade deficit of nearly Rs. 6,000 crore every year, the people will feel the pinch of repayment from 1985 onwards. This situation will be further worsened by the daily declining value of the Rupee as against the Dollar. The Rupee has already depreciated by more than 50 per cent over the last five years, and if the present trend continues, the Rupee value will correspondingly increase our debt repayment obligation by more than 50 per cent. This situation

is alarming and the future economic development will be completely in jeopardy.

The Bharatiya Janata Party commits itself to the following programmes:

1. Top priority to agriculture and rural development.
2. Remunerative prices for agricultural produce. Adequate supplies of agricultural inputs like seeds, fertilizers, agricultural implements, diesel, pesticides etc. to small and marginal farmers at subsidised rates.
3. Honest implementation of Land Reform laws. Distribution of all surplus land to landless persons within five years.
4. Priority to minor irrigation and dry land farming.
5. Antyodaya.
6. Supply of drinking water to all villages within five years.
7. Priority to social services in rural areas and urban slums.
8. To include Right to Work in the Fundamental Rights, and to introduce Employment Guarantee Schemes all over the country.
9. Statutory reservation of the production of consumer goods by small and cottage industries and preference to cottage and small industries in loans, raw materials, marketing facilities etc.
10. Crash programme to bring Scheduled Castes, Scheduled Tribes and Backward Classes at par with others.
11. Speedy rural electrification and generation of electricity to meet all demands.
12. Housing sites and credit for house-building on easy terms to the homeless.
13. Availability of all essential items of mass consumption through the public distribution system, covering rural areas also.
14. Crash programmes for the removal of illiteracy.
15. Equal pay to women for comparable work.
16. Promotion of family welfare programmes by educating people and motivating them to accept the small family norm.
17. Abolition of food zones.
18. Minimum wages to be Rs. 500 per month at the current prices, and the ratio of minimum and maximum expendable income to be kept at 1:20; this to be further reduced to 2:20.

19. A hundred per cent neutralization of inflation by DA and bonus to all employees.
20. Strict curbs on government spending on non-productive and non-priority items.
21. Abolition of Sales Tax.
22. An all out war against corruption and black money.
23. Promotion of cooperatives and protection of consumer interests.
24. Economic self-reliance and revival of the *Swadeshi* spirit.
25. Reforms in education policy so that education can contribute to the all round development of the individual's personality and, at the same time towards making him self-reliant .
26. Provision for the payment of DA to pensioners in a manner as to ensure a hundred per cent neutralisation of inflation; removal of disparities and anomalies in the pensions of ex-servicemen.
27. Ban on the slaughter of the cow and its progeny throughout the country and promotion of its breeding.
28. Promotion of sports, and encouragement to sportsmen by providing all necessary facilities for sports in schools throughout the country, more particularly in the rural areas.
29. Protection of trade union rights of workers and workers' participation in management.

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National Council

New Delhi

15-17 April, 1983

Deteriorating economic situation

The National Council of the Bhartiya Janata Party expresses its deep concern over the deteriorating economic situation in the country during the last three years. The past 40 months is a tragic period in the Indian economic history. Never before has this country been so close to the threshold of economic miracle with such a congenial political climate as when Indira Gandhi spoiled it by taking over the reins of the Government in January 1980. The hopes of the people found response in the bounty of nature and even a little alert management could have achieved results. But the past forty months with unabashed corruption, colossal inefficiency on an unprecedented scale and the pursuit of wrong policies have made the country a beggar in the international field. A well performing economy during the two years of the Janata rule, i.e., 1977-79, with an average economic growth rate of 6 to 8 per cent per annum, agricultural production touching new peaks (132 M.T.), industrial growth at around 6 per cent, savings rising from 20 per cent to 24 per cent of the GDP, foreign exchange reserves at the highest so far, is now showing signs of breakdown and collapse.

1. External Debt

In 1980, when the Finance Minister Mr. Venkataraman presented his budget of 1980-81, he talked of "crisis management." At the time of the 1981-82 budget, he talked of "growth management" but the year 1982-83 proved to be a year of "credit management" because the most important economic activity of this Government during that year has been the raising of a loan of over Rs. 5,000 crore from the International Monetary Fund. The IMF loan negotiated behind the back of Indian Parliament and in suspicious secrecy shows the utter bankruptcy, not only of the treasury but also of those who sit on the treasury benches. The external indebtedness of our country has already crossed the staggering figure of Rs. 16,000 crores. The country will

have to face the heavy burden of debt servicing after this new addition of over 5,000 crore. The net interest over this IMF loan alone would be of the order of 3,300 crore at the current rates. If the present trends of fluctuations in exchange rates between the Indian Rupee and the American Dollar continue, then the total repayments (loan plus interest) will be doubled by the time this loan is fully paid. The conditions imposed by the IMF and accepted by the Government of India amount to a mortgage of our economic sovereignty. This is an irony of fate that the Government of India has not brought forward any piece of legislation before Parliament for placing a limit on its borrowing powers as required under Article 292 of the Constitution of India. Consequently, the Centre has unbridled powers without seeking approval from Parliament to resort to borrowings, both internal and external. We wish to warn the nation that the days ahead may be days of debt management.

2. Foreign Trade Gap

The net foreign exchange assets of the banking sector have come down from 5,430 crores in 1978-79 to Rs. 1,554 crore at the end of February 1983. The import bill, which was around Rs. 6,500 crores per year in 1977-78, shot up to 13,000 crores in 1981-82, while the exports, which were around Rs. 6,500 crore in 1977-78, went up to only Rs. 7,300 crore in 1981-82. In each of the years 1980-81 and 1981-82, the foreign trade deficit was approximately Rs. 6,000 crore. The same position continued in 1982-83. In addition to this, the debt servicing of over Rs. 5,000 crores borrowed from the IMF will require additional exports amounting to Rs. 3,000 crores. The situation has worsened with 25 per cent depreciation in the value of Rupee as against Dollar. Under the circumstances, the Government of India will be forced to devalue the Rupee under the IMF compulsions.

3. Planning And Performance

Soon after Independence, the Congress Government initiated the process of planning with a view to bringing about economic change and social transformation. Massive resources through additional taxation, deficit financing,

foreign aid, and internal and external borrowings were mobilised with a view to improving the economic lot of the community at large. During the last 32 years of planning, approximately Rs. 140,000 crore have been spent by the Government but it is most unfortunate that instead of realising the laudable objective as envisaged under each and every Plan, the percentage of those living below the poverty line has gone up from 40 per cent to 50 per cent during this period. Inflation, poverty, unemployment and corruption have grown at such a rapid pace that it has not only eroded the moral values, but the common man who had high hopes for a better economic lot has felt greatly disenchanted and disillusioned. This meeting of the National Council of the BJP strongly feels that the development strategy needs a reorientation.

4. Poverty And Unemployment

According to the criteria laid down by the Planning Commission (earning less than Rs. 2 per head per day in the rural areas and Rs. 2.3 per head per day in urban areas), the number of people living below the poverty line has gone up to 35 crores. Even after thirty years of Independence, two lakh villages out of around six lakh in the country do not have the facilities for clean drinking water. Nine per cent children suffer from poor eyesight due to malnutrition. About one out of eighty is blind and therefore incapable of being a fully productive member of the nation. Fifty per cent of the children in the country are not healthy. Eighty per cent of the housing in rural areas is not fit for human habitation. 3.3 crores of people live in slums. Literacy is only around 30 per cent. The availability of cloth per head per year which was

more than 16 meters during 1978-79 has come down to 14 meters during 1982-83. The fruits of development have not reached the rural population and the urban poor, but have been reaped by just 10 million people in the country. The situation is alarming and the BJP National Council views it with grave concern and asks the Government to take urgent and drastic steps to reduce the economic disparities to the minimum at the earliest to avoid social and political tensions and turmoil prevalent in the country.

5. Twenty Point Programme

Though tall claims have been made by the Government about the achievements under the Twenty Point Programme, it has not created any impact worth the name so far. Most of the schemes are in files only. The data presented in the Rajya Sabha on 25th March, 1983 shows that the amount spent since 1980-81 till January 1982 was Rs. 609 crore only, as against the allocation of Rs. 1754 crore for 5,011 blocks during the Sixth Plan for the Integrated Rural Development and National Rural Employment programmes. Corruption is rampant at every step. No headway has been made for the allotment of 11.32 lakh sites so far except on paper. Even the target of planting 186 crore trees is still a far cry. The Planning Commission has not even been getting progress reports from state governments for months. This programme is a total failure and the whole picture is dismal. No tangible progress can be made in this programme unless there is dedication and determination to achieve the objectives.

6. Rise In Prices

The wholesale prices of food articles have been registering steep increases. The increase was 7% in 1978-79, while it was 2.7% in 1981-82. It has been around 10 per cent last year. Similarly, the price increase in non-food articles was 9.7% in 1981-82, while it was 4.3% in 1978-79. During the last four years, there has been a cumulative increase in prices, approximately 51 per cent, which has hit hard the common man. The deficit financing in the Central Budget, which was less than a thousand crores per year in 1978-79,

has reached a figure of Rs. 3,678 crore (including Rs. 1,743 crore of adjusted overdrafts of State governments) in 1982-83. The money supply through net credits to government and commercial sectors has also been increasing fast, thereby fanning inflation. The money supply stood at Rs. 71,172 crore at the end of February 1982 as against 38,890 crore in 1978-79. As a consequence of deficit financing, increase in money supply and inefficient economic management, the rising prices have pauperised the common man. The high level of indirect taxation has further aggravated the situation. His purchasing power has been completely eroded. The Government, despite tall promises of containing inflation, has not devised any effective measure to contain the same. The situation has become very alarming and is posing a serious threat to our national economy as a whole. The price rise cannot be wholly accounted for by the vagaries of monsoon affecting agricultural production. Food production has been showing only marginal increase from the average of 105 million tonnes per year in the first half of the last decade to 132 million tonnes in 1978-79, to 133 million tonnes in 1980-81 and to 125 million tonnes in 1982-83.

7. Agriculture

The agricultural sector has been a major contributor to our GDP. The food production which had reached 132 million tonnes in 1978-79, will be approximately 125 million tonnes during 1982-83. Attributing this shortfall solely to deficient rainfall is highly misleading. If our agricultural production is still to depend on the vagaries of monsoons as was the case three decades ago, then where is the justification for spending near about Rs. 15,000 crore over creation of irrigation potential? Will anybody in the Government explain as to where that money has gone? During the last three years, nearly Rs. 6,000 crore have been spent for providing additional 1½ million tonnes of fertilisers. This is apart from the other inputs made available to the agricultural sector. The Congress Party, which professed socialism policywise, actually resorted to capitalism actionwise. This will be evident from one single fact. 50 per cent farmers who own

land upto one hectare had only 10 per cent of the total land available in the country, while 4 per cent of the farmers owning 10 hectares or more of land hold 30 per cent of the total land available in the country. Lack of political will to faithfully implement the land ceiling laws has created new kulaks in the countryside who are exploiting the rural peasantry through distress sale of their small holdings and compelling them to migrate to urban areas for their livelihood. The support price of wheat at Rs. 151 per quintal now fixed by the Government will be a big blow to the farmers. After the continuous and constant rise of prices of agricultural inputs and that of other commodities of daily use, a farmer will not be able to keep his body and soul together. The unremunerative price paid for the agricultural produce is another factor which has disheartened the Indian farmers to produce more particularly when the Government of India is paying the American farmers 30 per cent more. Similarly, sugarcane growers are facing a great hardship on account of the reluctance on the part of sugar factories to buy standing crops and non-payment of their dues. This is a direct result of the Government's apathy to sugarcane growers. The result is obvious. The per capita availability of foodgrains, which was 175 kg per head during 1978-79, has come down to 155 kg per head during 1982-83. Moreover, the purchasing power of the ordinary rural masses has considerably come down.

8. Industrial Sector

The Industrial policy has been diluted so as to benefit only the large industrial houses and multinational corporations. The foreign collaborations sanctioned by the Government during this period have touched new heights. In the name of liberalised imports, foreign goods are being allowed to be dumped in this country. The whole industrial policy has been diluted at the dictates of the IMF to the detriment of national interests. The small scale, cottage and tiny sectors which provide employment to a much larger number of people with less investment have been hit hard. The fiscal and monetary policies favour the large sector more than

the small ones.

The National Council demands as follows:

1. The support price of wheat, as announced by the Government, at Rs. 151 per quintal should be increased substantially so as to make it remunerative. Similarly, realistic increase should be made in the support price of paddy, cotton, bajra, barley etc.
The support price for agricultural commodities should be announced by the Government well before the sowing season. Suitable arrangements should be made in advance for the purchase of these commodities before they reach the market.
2. More funds should be allocated to minor irrigation projects in all states, particularly in states which are drought prone. Adequate funds should be allocated to encourage dry farming, social forestry and flood control. Schemes like Antyodaya and food for work which have been shelved by the present Government, should be revived without any political inhibitions.
3. All surplus land should be made available under land ceiling laws and distributed to the landless within a period of three years.
4. The total credit requirements of small and marginal farmers should be met under the differential rate of interest scheme, i.e., at the rate of 4% per annum. At least 60 per cent of the benefits like seeds, fertilizers and subsidies available to the rural sector must be earmarked for small and marginal farmers.
5. Public works programmes, such as roads, minor irrigation, social forestry, rural water supply, housing etc., should be launched on a massive scale so as to provide job opportunities to the rural population and also improve their quality of life.
6. Wage goods should be produced on a big scale through employment-oriented technology so as to meet the minimum needs of the lower strata of society, as well as to provide more employment to a larger section of the society.
7. To provide employment on a massive scale to our educated youth, compulsory primary education should be provided

to all children of school going age as envisaged under the Directive Principles of the State Policy. Similarly, schemes for providing basic health facilities to the entire population should be launched.

8. Right to work should be a fundamental right of every Indian citizen. The Government must take effective steps to devise and implement an employment guarantee scheme throughout the country. Unemployment allowance should be given to all unemployed persons throughout the country under a new scheme to be drawn up on the lines of the Employment Guarantee Scheme of Maharashtra.
9. The whole country should be one single food zone and the artificial barriers against movement of foodgrains should be scrapped immediately.
10. The public distribution system should be streamlined and strengthened. All wage goods should be provided at fair price shops. Wheat, rice, sugar, edible oils etc. should be supplied adequately at reasonable rates and of good quality.
11. The wages for workers and agricultural labour should be linked with the increase in the consumers' price index. A scheme for worker's participation in the management of all industrial establishments should be introduced immediately.
12. Unnecessary controls and regulations on economic productivity should be done away with. Full utilisation of the existing capacity should be encouraged in private and public sectors. No expansion of capacity should be permitted in major industries for products which can be manufactured in the small and cottage sectors.
13. Import liberalisation policy should be reviewed so as to protect the indigenous industry as well as the consumers from the present trend of imported goods being dumped into this country. The policy of import substitution should be scrupulously followed.
14. The immediate steps should be taken by the Central Government for limiting their borrowing powers under Article 292 of the Constitution, both from internal and external sources.
15. 75% of the money required by states affected by flood, famine, drought and such other natural calamities should be made

available by the Central Government as outright grant and not by way of advance plan assistance. Strict vigilance should be kept for preventing any misuse of these funds. All the state governments should provide foodgrains, fodder and drinking water to the entire affected population on a war footing.

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National Executive

Patna

19-21 August, 1983

Hollowness of the new economic employment programme

The hollowness of the announcement of a new economic employment programme by Smt. Indira Gandhi in her Independence Day address becomes obvious even with a cursory glance at the development strategy adopted by her Government. In fact, this programme which was a part of her election manifesto had remained conveniently shelved in cold storage for the past three and a half years. The irrationality of the policy makers in the economic and educational field is fully reflected in the ever increasing numbers of the unemployed, particularly of the educated. The steep decline in real wages, especially in the rural areas and the number of those living below the poverty line have thoroughly exposed the incorrectness and absurdity of the development strategy adopted by the Indian planners.

With each five year plan, the number of the unemployed continued to swell. From 5.3 millions at the end of the first five year plan, it has reached a staggering 38 millions by the end of the fifth plan. According to current estimates, there are more than 40 million young men and women wandering in search of jobs and work in the country.

For more than three and a half years after her return to power, Smt. Gandhi kept sleeping over this gigantic problem. She did not remember even her own election manifesto and promises which included providing a job to at least one person from each family. Nothing was done in this period to evolve an economic strategy with eradication of unemployment as its central point. In fact, it was only when the BJP decided to launch a movement and a massive youth rally knocked at the doors of Parliament on 11th August, that she suddenly woke up and expressed her concern or lack of it on the 15th of August.

The recent announcement to provide loans to the educated unemployed is in fact a device to use public money for promoting party interests. Nobody today believes that the Governments controlled by Smt. Gandhi and her party are at all serious about

solving this problem. The general experience regarding all such schemes has been that the loans are misutilised by the local Congress bosses in collusion with the corrupt officials mostly to oblige the party supporters rather than to promote any meaningful self-employment. Such schemes are merely palliatives and not remedies for the deep-rooted malady. Considering the estimates of the Planning Commission, that by 1985, about 11 million jobs will be needed to absorb the educated unemployed, the scheme to provide only 0.5 million jobs in this period is nothing more than an eyewash. The nation cannot be befooled like this.

The rural population is the worst victim of the unemployment virus. The remedy lies in following the Gandhian approach and establishing centres for creating skills and units for production based on locally available materials. With the changing composition of our population structure, the situation in the job market is threatening to become highly explosive. The nation should take a serious note of this fact. Dangers of a new social violence are looming large.

In the opinion of the BJP, the problem of unemployment is the direct manifestation of wrong and misplaced socio-economic development policies, approaches and priorities and an educational system not related to Indian realities. The Party therefore suggests that a new development strategy be adopted on the following items:

1. Immediate review of plan priorities and approaches, licensing and industrial policies, tax structure and educational system be undertaken and suitable changes be made to make them job-creative.
2. A 'National Employment Programme' be formulated which should form the central point of the Five Year Plans.
3. Employment guarantee schemes covering both the rural and the urban unemployed should be launched in all the states; an employment allowance in return for a minimum constructive social welfare work should be ensured.
4. Special funds should be earmarked in the plans to undertake programmes for medium and minor irrigation projects and to exploit marine resources.
5. A network of agro-based industries and centres for skill formation should be created in the rural areas.
6. The policy of reservation and price preference for products of small scale industries should be widened and given statutory

backing.

7. The spirit of *Swadeshi* should be revived to ensure self-reliance and national reconstruction by fully utilising the nation's natural and human resources.
8. Malpractices, corruption and nepotism in employment exchanges should be eliminated and registration and placement records should be made public.
9. All fees including examination fees and accompaniment of postal orders for the recruitment of nongazetted posts should be abolished and special concessional postal tariffs should be introduced for the mail regarding employment.
10. The functioning of TRYSEM and District Industry Centres should be strengthened and streamlined and Antyodaya Schemes revived.

The National Executive directs its State units and particularly its youth wing to continue the struggle for eradicating unemployment. The Party directs them to undertake a fortnight long programme between 25th September and 11th October by organising processions, dharnas, rallies and public meetings to explain the problems faced by the unemployed and to press for the introduction of employment guarantee schemes and for fulfilment of the above demands.

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National Executive

Lucknow

21-23 October, 1983

Mid-Term Appraisal of Sixth Five Year Plan

The Mid-Term Appraisal of the Sixth Five Year Plan is yet another index of the approach of Smt. Gandhi's Government towards the economic mess we find ourselves in. There is no hint of any realization on its part that its priorities have been wrong, its management of affairs grossly inefficient and its implementing machinery downright corrupt. Failure in various spheres is sought to be covered up through clever window-dressing and, what is worse, blatantly false claims in the understandable belief that it would not be easy to verify their truth or otherwise. The Finance Minister and the Prime Minister recently talked of an "upturn" in the economy, control over inflation, self-sufficiency in food and recovery in industrial production as their achievements.

Not long ago, the Minister of Agriculture had publicly admitted that imports of foodgrains would have to continue for many years. Despite the much boasted green revolution, our average yield is well below that of not only the major agricultural countries, it is much less than the world average. Despite a good monsoon, food production is virtually stagnating below even the revised Plan target. Pulses and edible oils continue to be our Achilles' heel. Irrigation is lagging behind targets. The NCAER review of the quarter ending June observed a noticeable slow down in the rate of the growth of industrial output particularly in the production of coal and power. Railway freight is well below the target. It does not call for much effort or scholarship, however, to read between the lines and grasp the truth which the appraisal cannot completely camouflage. It is claimed that the average annual growth rate during the three years was about 5% as against 5.2% stipulated in the Plan, making achievement "very close to its assumptions". This, however, is a matter for little consolation. The base year 1979-80 was a period of such a bad drought that there had been a decline of 16.8% in foodgrains production and 5% in the GDP. A return to normalcy is hardly much of a feat. Using this to claim that the Plan targets have been achieved is a statistical trick. The experience of earlier drought

years (e.g., 1957-58 and 1965-66) has been that the fall in production in the year was always followed by a growth of 5% or so in the next year. The long run growth rate remains the same, around 3.5%, with no sign of acceleration. It is worth mentioning that ninety countries are above us in this respect. This, when remembered in the context of India having been the top World Bank loan receiver even in the year ending on June 30 and our continuing a virtually endless hunger for foreign capital is little to boast of. Managing to survive can be a consolation but what happens when in 1985 we shall have to start repaying our debts to the IMF?

The Prime Minister has been repeating her claim of containing inflation and her allegation that it was a legacy of the Janata rule. She apparently believes in the Goebellian maxim that a lie repeated a hundred times becomes a truth. But the fact remains that during the first two years of the Janata rule, the average rise in the wholesale price index was not more than 2% per annum. In the first two years after the Congress (I) returned to power, it rose by an average of 11% per annum. The little respite in early 1983 was due to the massive imports financed by the IMF loan. If inflation has been contained, one may ask, why are new instalments of additional D.A. becoming due to Government employees all the time? The Economic Times Retail Price Index (for Bombay) which stood at 260 when Mrs. Gandhi regained power, rose to 399 by July 1983 which means more than 14% per annum rise month after month, year after year.

The increase in prices from April to September 10, 1983, was 8.1% as compared to 2.1% during the corresponding period last year. The All India Consumer Price Index touched 492 in August 1983 rising by 5 points in a single month. What is worse, her gift of more than 50% price-rise pinches the common man more than the better off because prices of products like edible oil, foodgrains, vegetables, sugar, gur etc. have been going up faster. The major contributing influence in the price spiral has been the increase in the administered prices of things like coal, electricity, steel, cement, petroleum products, controlled cloth, etc. for which no scapegoat is available to the Government. Articles of food are allowed to be exported which adds to their shortage and higher price. Reckless spending on fancy projects and international 'melas', image building for the ruling family and other non-productive pursuits, in addition to a collusion between corrupt political bosses and bureaucrats on

the one hand, and dishonest business on the other, have added fuel to the fire of inflation.

The thinking of the party in Power is reflected in the fact that prices of paper, aluminium and steel have been raised recently while those of cars, TV sets and refrigerators have been lowered by cut in excise rates.

The recent unprecedented hike in milk prices is a convincing proof if any was needed of the failure of the ruling party in another vital field and its virtual guilt in placing the nation at the mercy of foreign countries. While the component of foreign charity-milk-powder-cum-butter-oil vis-a-vis indigenous production in the milk supplied to the four metropolitan cities of India has grown nine-fold over a period of eleven years, it is being claimed officially that the country has 'more or less' achieved self-sufficiency! The hollowness of this boast is brought out by the simple fact that even with all this, average per capita daily availability of milk, which was 150 grams before freedom, is now about 100 grams. It also needs to be remembered that milk selling at the new price of Rs. 2.70 per litre (in Delhi) is as much a product of the skimmed milk-powder and butter-oil received as gift from the EEC countries. Such high pricing is at times justified on the curious plea that "milk is for the affluent", the teeming millions being sought to be pacified with the incongruous substitute 'Chai Sathi'. The effect of all this on the common man's cost of living or his children's health is of hardly any significance to our rulers.

With the loss in the purchasing power of the rupee, the Plan is running at the level of 73 per cent of the original targets. If the trend continues, the current Plan would be eroded to a degree greater than the IV Plan which till date was the worst sufferer in this respect. In spite of this, however, 57 million people are claimed to have crossed the poverty line over a period of 3 years through IRDP and NREP.

How the schemes of IRDP and NREP are seething with corruption at all stages has appeared in the press. But the Planning Commission, throwing its traditional objectivity to the winds, has not only ignored this, it has lapped up the Ministry's claim and worked out a figure on the basis of the expenditure incurred on these two schemes. Even so, the claim is just fantastic. According to knowledgeable experts, if at all, not more than 7 million persons could have risen above the poverty line.

Even so, the appraisal grudgingly concludes with an admission of the need for concentration of investments in the infrastructure and a few other sensitive areas, some economy in Government's consumption-expenditure and a greater determination.

The BJP would like to reiterate that skilful presentation of statistics and platitudinous hopes do not add up to a substitute for appropriate priorities, political will and honest implementation. It is amusing to note the playful talk at the AICC (I) in Bombay of a "time-bound" programme for removing poverty containing Big Houses or engaging small and medium industries when the Government's policies have done only the opposite. No less populist is the so-called programme of giving one job to every landless family, which any way has remained confined to the party manifesto and the PM's Independence Day address. Neglect of agriculture has been and continues to be, the basic mistake leading to the shameful situation in which, inspite of good monsoons and a bumper crop, we have to import food at high cost, impose cuts in different ways and still find our Chief Ministers sitting on Dharna or hunger strike to keep the public distribution system serving hardly 11% of our population properly supplied. High priority needs to be given to minor irrigation projects. Our scientific talent requires to be properly utilised and research made result-oriented to raise the per hectare productivity to the highest, and thoroughly overhauled to aim at production in cowsheds instead of churning out synthetic milk with imported charity. In some areas people helped to buy quality cows do not have marketing facilities for their milk.

In industry, much of the plans for encouraging small units get stifled in bureaucratic strangleholds. Lately, the market has been flooded with imported electronic-ware showing a disgusting lack of faith in our engineering competence. Multinationals are being allowed to increase their presence in India. If such an approach

continues, self-reliance will remain a hollow slogan. The BJP warns the Government that this is causing an enormous drain on additional resources including trained manpower as well as foreign exchange and unemployment is assuming menacing dimensions. As an illustration, at the end of 1980, 3.87 lakh scientists and technologists were on the rolls of employment exchanges; a year later the figure rose to 4.18 lakhs and at the end of 1982, to 4.48 lakhs.

The BJP demands that the Government change the economic priorities which have promoted a five star culture, preferred swimming pools in five-star hotels to drinking water in problem villages, and imports to indigenous endeavour. It warns the ruling party that there is not much time left within which it must rid itself of corrupt and vested interests. Self-delusion was never an alternative for effective policies.

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National Executive

Bhubaneswar

12-14 February, 1982

20-Points Programme fail to tackle basic maladies

The new 20 Point Programme, flatteringly described as the 'agenda for the nation', is neither conceived honestly nor is likely to be implemented properly because of the neck deep corruption in which the ruling party is sunk, and because its actions in practice are far from being consistent with the high sounding pretensions. The naked way in which corruption and the misuse of authority are shielded today leaves one in doubt that they start from the very top and that the party has an inherent vested interest in them. The very preface of the Prime Minister's broadcast on the 20 Points started with a repetition for the umpteenth time of her baseless assertions that she had inherited "an economy in utter shambles," that her "true and tested politics had been cast aside in the three years of drift", that "the production system" was in peril and "inflation was at a dangerously high level."

The belief she has in the gullibility of the people stems perhaps from her own colossal ignorance — wilful or otherwise — of the state of the economy. That the people are forgetful is no justification for her forgetting that her own Finance Minister had, in his communication to the IMF a few months earlier, taken credit for "real economic growth exceeding 6 per cent per annum, price inflation of only 2 per cent per annum, generally satisfactory industrial growth, savings at the rate of almost 24 per cent of GDP, strong balance of payments position and sizeable external reserves" — all during two of the three years she is referring to now. He had also mentioned the set back to the economy during 1979-80 as due to severe drought at home and doubling of crude prices abroad. Of course, he had not found it necessary to mention that the two years (of the Janata Party rule), 1977-79, were the best years the country's economy had seen and that even during emergency, when the country had been robbed of its freedom and the people of their liberties, her achievements fell far short of the record of those years.

Her great achievements this year are a slide back to food imports despite good monsoon and the biggest ever loan from the IMF on

the most dishonourable conditions ever.

The Prime Minister should not need to be reminded of the following:

1. When she was voted out of power, the foreign exchange reserves were Rs. 2,863 crore and they increased to Rs. 5,636 crore by September 1979. Thereafter they started declining again and stood at Rs. 4,610 crores as on 30th April, 1981, despite Rs. 815 crore of drawals from the IMF (Under Trust Fund and Compensatory Financing Facility).
2. The central stock of foodgrains rose from 3.9 million tonnes (December 1977) to 16.7 mt. (February 1980) but fell to 8.3 mt. by September 1980.
3. Consumer price index, which stood at 312 when she lost power rose only to 360 by August, 1979 (and 371 in January, 1980) but had touched 462 by November, 1981.
4. The GNP grew at the average rate of more than 5 per cent per annum (during the two years of the Janata Party rule) which was several times more than the average during her "dynamic decade". Savings and investment too stood at a higher level.
5. The per capita availability of cereals, milk, edible oils, vanaspati, sugar, gur, khandsari, tea and man-made fibres during the years of the Janata Party rule was far higher than that at any time during her "benign and dynamic" rule.

If this is her idea of an economy "in utter shambles", the present uncontrolled inflation, shortages of most essential goods, long queues at fair price shops, decline in per capita income as well as per capita availability of goods add up presumably to her picture of the Garden of Eden. The Government's claims of improvement in the economy appear phoney when they do not show themselves in lower consumer prices, better availability of goods and easier money market.

Smt. Gandhi has sought to make up for the regime's dismal performance by another bunch of promises in the form of a rehash of the 20-points which were parroted endlessly during, and became a by-word for Emergency. Instead of letting loose another deluge of words, it would have helped the ruling party gain some credibility, if an earnest effort had been made to make an objective assessment of the achievements of the earlier version, since even when there is no

controversy regarding the desirability of any programme, the proof thereof is in its implementation as obviously as that of the pudding is in the eating. But the Government seems to have neither need nor patience for that inasmuch as it is not bothered about what is actually achieved, so long as it can get away with false claims about achievements. All that is required is a thick coating of cosmetics. And for that, a casual assertion "many of the programmes have been implemented" is enough. For example, Smt. Gandhi talked of implementation of agricultural land ceilings and speedier distribution of surplus land and compilation of land records in 1975. She had not bothered to say why the patently unexceptionable measures had been neglected during all the years of her own rule. Now she wants "strict implementation" of the ceiling and distribution but does not care to find out how seriously her own governments in the states have implemented it during the last six years.

Smt. Gandhi announced in 1975, an accelerated power programme and establishment of super thermal stations. Not one super thermal station is in operation six and a half years later. The last year's target of additional power generation was not met, nor is this year's likely to be.

The talk of supplying drinking water to all problem villages is nothing new. It is a damaging admission after thirty-four years of independence, and at the present rate, is likely to figure in many versions of the 20-Point Programme.

The earlier points provided for "special legislation for confiscation of smugglers' properties". The new programme does not talk of any "confiscation" - that has presumably been taken care of through the Bearer Bonds. But what is most amazing is that she neither felt nor feels any action is necessary to remove the corruption rampant in official circles. The fact of the matter is that she and her party thrive on corruption. It was not for nothing that Mr. Antulay

stuck to power as long as he could and had to go only when neither official pressure nor untrammelled tampering with records could influence the verdict of an upright judge. Gunduraos, Jagannath Mishras, Solankis and Arjun Singhs appear to be laying store by the total demoralization of the judiciary towards which no effort is being spared. Had that not been so, the appointment of Lokpals could well be a twenty-first point. We have, it seems, still to wait for a point to rid the country of corrupt Ministers and Chief Ministers.

Mrs. Gandhi talked of maximization of productivity. She seems to consider that to be possible without the cooperation of the workers and, in fact, with the Damocle's sword of ESMA hanging over them. "Shram-eva Jayate" may sound well but there is no sign of an earnest effort to give employment to all able-bodied workers. There were 15.9 million unemployed on the live registers of the Exchanges in 1980 – an increase of more than a million and a half in one year. But all attempts to promote and protect small scale labour intensive technology were thrown overboard with the return of Smt. Gandhi even before a formal surrender to the IMF's demand for a pragmatic approach towards small scale sector in the name of efficiency, and for "import of technology as a means of modernisation". Now, presumably in terms of the undertaking given to the IMF, the whole economy is being given a distortion in favour of exports and large industrial units. For example, production of 200 units, previously reserved for small scale industry, has recently been defreezed. While lip sympathy is being offered to the poor and downtrodden, in practice, zealous efforts are being made to promote a five star culture. Loans totalling Rs. 4000 crores have been extended to large hotels in Delhi while the small enterprises are being literally starved out of the market.

The very first of the last bunch of Twenty Points referred to "steps to bring down prices of essential commodities". The behaviour of the consumer price index appears to have been taken as evidence of fulfilment of that part of the programme so much so that it is not considered worthy of repetition. Similar is the talk of administrative economy. One has to attend one official ceremonial function to wonder in disbelief if he is living in a poor country. The need for economy does not find even a passing mention it had in the earlier twenty points. Who would take such a mention seriously when the head of the State can take

a chartered jumbo all the way to London and park it there for days just to attend a marriage and the head of government can make a similar trip to East Africa to deliver a speech on energy conservation! Despite all tall talk about saving oil, wasteful use of official cars continues unabated. No wonder that the deficits of the Central and state governments are at a record level.

As a matter of fact, there is little chance of the fulfilment of the instructions formulated in the 20 points, because the policies being actually followed by the Cong (I) Government go counter to them. The burden of the utterly incompetent handling of the economy by the ruling party is passed on to the common people through higher rates. Railway freight rates have been recently raised as if the record number of accidents were not adequate to take the life out of the suffering public. To add further insult to injury, a steep hike has been announced in postal, telegraph and telephone rates even when the telephone instrument has begun to be accepted only as a piece of decoration.

Teleprinter rates have also been enhanced. Excise duty on newsprint has been increased by 25 per cent. The price of Janata cloth meant for the poor people has been raised to much more than double. Precious little is being done to improve the working of public sector undertakings beyond high level exhortations. A return of Rs. 48 crore on an investment of Rs. 20,000 crore is not even a pittance when 10 per cent has all along been considered reasonable by the Planing Commission. The result of all this is that the heavy cost of overheads has to be spread over a low output raising the per unit cost. A poor country like ours can ill afford its power plants working below 50 per cent of their capacity and even irrigation potential being utilised at less than 60 per cent. Claims of increased generation of power appear unbelievable in the face of severe cuts in power supply all over, which have caused a serious jolt to agriculture as well as industry. We had to spend a thousand crores on the import of fertilizer last year when our own plants, on which the nation has invested billions of rupees out of its precious savings, worked only 50 per cent of their capacity.

The worst, one may justifiably fear, is yet to come. With the IMF having made us accept the “need to contain subsidies on public

foodgrain distribution”, the common people are going to have to pay even more for essential goods despite the new programme’s promise to “expand the public distribution system.”

Already there are reports of the desire of the IMF experts that coal prices should be raised further. The snowball effect that it is bound to cause is no concern of the rulers nor the IMF advisers to whom they have mortgaged their intellect.

The National Executive of the BJP holds that in the light of the above, the so-called 20-Point Programme, though unexceptionable on paper, adds up to a clever attempt to shroud gross failures and dishonest intentions and has understandably failed to take in any section of the intelligentsia. The Executive believes that no programme, whether made up of twenty points or forty, can yield results unless it takes into account the basic maladies of our economy and provides for,

- (i) a substantial cut in the wasteful non-plan expenditure of the Government – on revenue as well as capital account – and sets an example of austerity in the life style of the ruling circles;
- (ii) a drastic change in the priorities of the Government which currently favour five star hotels, palace on wheels, automobile industry, colour television and production of other luxury goods and to give instead, sufficient budgetary provision for schemes like Antyodaya, food for work, and highest preference to employment generation through statutory protection for small and cottage units;
- (iii) remunerative prices for farmers covering fully the rising costs of their inputs as an incentive, instead of paying higher prices for imports;
- (iv) Payment in cash of up to date DA to employees to compensate them for increase in cost of living;
- (v) higher exemption limit for income tax, taking into account the fall in the purchasing power of rupee;
- (vi) setting up of an autonomous and self-propelled machinery for the eradication of corruption in positions of public authority;
- (vii) strict action against smugglers, profiteers, black marketeers instead of soft pedalling through steps like bearer bonds; and
- (viii) preferential treatment to cottage and small scale industries vis-a-vis large units, in the matter of bank finance, supply of

raw materials, lower excise duty etc. Measures like purchase tax on small industries producing steel and aluminium utensils as well as handlooms be withdrawn forthwith.



National Executive

Bhubaneswar

12-14 February, 1982

Government's Repressive onslaught on Labours

National Executive of the BJP expresses its deep concern over government's systematic efforts to sabotage labour movement in the country. It is considerable to note that the government of Shrimati Gandhi – tumbling towards monopoly – has made the organized labour class its main target with a view to dismantle and depress them and there is entirely different approach from the one adopted during the emergency.

The government by declaring recently 16 classified services and supplies as essential services under the National Security Act (NSA) has smashed the last glimmering hope that good sense will prevail upon it sooner or later and it will adopt right course of action. It has issued fresh notification under section 3 of the NSA to thwart the objections raised by the Supreme Court about detention to be made under this Act.

The government has cleared its way through this notification for initiating unprecedented and indomitable repression on the labourers. It appears as if the government was not satisfied just with enforcing the terrible essential services act. Hence it is taking the recourse of the most autocratic and oppressive National Security Act.

Declaration of the services of 16 categories as essential services under the NSA is an example of hypocrisy. All these services which have been declared as essential services are associated either with the centre or with the state and none of them falls in the category of the previously described class. The unlimited scope of this section of the Act exposes the government's cruel intention.

The BJP appreciates and congratulates the labour class for the unity they have shown during the *bandh* organized on 19th January. The labour force deserves the praise all the more because the Congress (I) through its hired anti-social elements had tried to terrorise the labourers to create violence and to make the strike unsuccessful but the labourers faced all these attempts boldly. The BJP is more worried for this reason also that the Congress (I) has encouraged a dangerous attitude, which may spread more violence

and instability later on. *Bandh* was a bold and commendable effort which was tried to be belied and distorted by the government by making shameless use of the means of publicity under its control. The labourers and striking leaders were detained under sections of the NSA under the charge of making preparation for one day token strike in respect of *bandh* of 19th January. This is really very shameful that the government is still terrorising and repressing the labourers for their only fault that they had utilised their fundamental right for participating in one day strike. This is strange and surprising attitude for the reason that the government is unable or is showing its great apathy to revive various enterprises which are lying closed or are owned by the incompetent and corrupt fellows.

The BJP denounces the government for withholding Dearness Allowance of the year payable to the government servants who are worst hit by heavy price-rise. The false publicity being made by the government that this was done with concurrence of the representatives of the government officials is like adding injury to wound and this shows the fundamental indifference of the government to the cause of welfare for its employees.

The BJP is of the view that it is essential for the government to discard its suicidal policy of treating labourers as slaves for the purpose of lessening the frequency of strikes, increasing productivity and improving industrial labour relations. The BJP is of the opinion that the way government has been aggravating the crisis at labour front can be rectified only by considering labourers as partners and they must be made partners in the development of the nation with honour.

The BJP resolves to fight firmly with its fullest strength against the anti-labour policies of the government. The party has decided to establish a Shram Ekta Prakostha (Labour Unity Cell) in every state of the Union of India with a view to unite the organised labourers and diligent masses for their peaceful struggle, to refurbish their economic and political rights and to make them aware of the same. The cell will provide information regarding the justified grievances of the labourers and their legal rights, will publicise them and will try to fulfil all these commitments through democratic process.

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National Executive

Surat

2-3 June, 1982

Environment-Ecology

In the light of World Environment Day on 5th June, the Bharatiya Janata Party expresses its grave concern at the continuing neglect of environmental and ecological factors in the nation's development.

At the level of the Government there is an insufficient grasp of the vital importance of these criteria. What little there is, is marked by the tardy manner of its execution.

At the core of all these failings lies a major conceptual void. Even after 35 years of Independence, there is no central land use policy for the nation. In the absence of such a conceptual framework, we have seen an indiscriminate and criminal deforestation of our lands. This has resulted in frequent and devastating floods, heavy soil erosion and the rendering of hundreds of thousands of acres of prime cultivable land as near useless. As against the minimum necessary of one-third, the forest cover available on the Indian sub-continent has shrunk to barely 11 to 17 per cent. Even these forests are in name only. Corruption in indiscriminate and badly planned urban growth has rendered our towns into ghettos. Noise pollution is perhaps least recognised by us. The unchecked problem of industrial pollution, consequent effluents and waste discharge has reached such alarming proportions that even the venerated Ganga and Jamuna have today, for larger stretches of their passage through the heartland of India, actually become totally defiled. Delhi, the capital city has amongst the highest carbon-monoxide content in the atmosphere — of any city in the world. The consequences of this

criminal neglect already being faced by us will affect the coming generations of Indians very adversely.

The rank hypocrisy of the ruling party's lip service to the cause of environment is best exemplified by just two instances. In the recent elections in Himachal Pradesh, on the eve of polling, the state Government issued instructions, contravening all laws, that every family of that state was permitted to fell 6 mature Deodars by paying a fees of just Rs. 4/- per tree. That this gross and criminal attempt at bribing of the electorate of that state was defeated by the sturdy common-sense of the people of Himachal, does not in any fashion condone the ruling party's evil.

As if this was not enough, on account of a totally misplaced and highly exaggerated sense of insecurity, all large trees around the Prime Minister's residence, and falling within the compounds of other government bungalows, ironically enough, even in the residence of the Minister of State for Environment have been chopped off. This makes a total mockery of all the platitudinous commitments to environmental concerns that the ruling party may from time to time express. It does not behove the Prime Minister to accept international ward for environment in the face of such delinquent activity perpetrated by her party and under her very nose.

The attachments to forests, trees, flora and fauna are partly of India's ethical consciousness. There is a need to revive this and to involve the people in this concern. We need to comprehend that ecological and environmental concerns are not mere elitist posturings. Unfortunately this is precisely what they have been reduced to by the present generational order. In our context it does not make sense to mouth borrowed Western cliches on the theme.

Ecological and environmental factors are not the preserve of the town dweller alone. We need to understand that India's essential environmental concern is with our villages. The very first such concern is with the indignity of poverty. Until we provide to rural India clean air to breathe, clean potable water, acceptable levels of village sanitation, minimum levels of rural health care, permanent flood and famine control, and adequate nutrition for the young and the aged, all other environmental concerns become a mockery.

What is vital for us is to improve the very quality of life of our many millions in rural India, for whose sake and on whose behalf, all these concerns are supposed to be articulated. To that task it shall be the Bharatiya Janata Party's endeavour to dedicate

itself.



National Council

Surat

04-06 June, 1982

Economic policies aggravate poverty, unemployment and disparity

There has been plenty wrong with the country's economic policies ever since we started on our journey of planned development. But at least a broad direction could be claimed. With Smt. Gandhi's return to power in 1980, even that seems to have been lost or, what is worse, given up under foreign pressure. The BJP wishes to warn the country that now it is not just mistakes that are being committed. Decisions which are patently harmful to the country are being taken deliberately. With the new concessions regarding import of technology, added to the already ineffective efforts at Import Substitution, little remains of it except an empty slogan. The people in power have for long lacked the vision to correct the economy; now they seem to have lost the will also.

The wilful surrender to international economic imperialism has no other explanation. It has meant first, a de-facto devaluation of the Rupee which has lost on Dollar while the Sterling, Mark and Yen all gained. This is a fulfilment of what was in effect a promise given to the IMF. It means a proportionate increase in the burden of our foreign debt.

The second is the credit squeeze regarding which the Government made a commitment to keep a growth ceiling of 18.9% for the commercial sector and 20.1% for the Government . This has caused severe cuts in the production of key items like trucks, fertilizers, paper, alloy steels, irrigation-pump sets, tractors etc. Banks are in the throes of a crisis, having reportedly paid out in penalties to the Reserve Bank of India, more than their total profit in 1981. Most

of them defaulted in reserve requirements also. Some of them are stated to be offering illegal commissions to attract depositors. The worst sufferers of the RBI's high cash reserve ratio are of course the small scale industries which are virtually being starved of funds.

The new relaxations to large houses given on various pretexts and the watering down of reservations for small industries will spell havoc for our labour-intensive units. However loud the denials, this is being done at the behest of our creditors abroad. Otherwise, how could the policy makers be oblivious of its implications in terms of job opportunities?

The number of the registered unemployed swelled by 10 per cent (to 17.8 millions) in 1980-81. We have an estimated jobless force of more than 3 crore despite numerous unproductive jobs and overstaffed government establishments. This is nearly 33 per cent more than the total present employment in our organised sector. The jobless have been increasing with every successive plan. Mrs. Gandhi seems to think that the damage caused by perverse policies will be undone merely by her slogan of 'Shram eva Jayate'.

The BJP regrets to note that the emphasis on mass employment schemes is conspicuous by its absence in Mrs. Gandhi's new dispensation. Socio-economic activities at rural and district levels have got a set back since her return. The allocations given to what remains of them are far from adequate. What is worse, even they are often not utilised. Half of the amount allocated for National Rural Employment Programme last year remained unspent.

The unequal race between the prices of industrial goods and agricultural prices continues. The bias of increasing prices tends to aggravate the disparity between the urban and the rural sectors. The grower's support prices do not cover the increasing costs of his inputs. What is needed is a proper amalgam of remunerative prices and input subsidies. A poor peasantry (and poorer landless workers and tribals) means a weak market and therefore low incentive for increase in industrial production. On the other hand, there is tremendous waste due to non-utilisation of the irrigation potential of 4 million hectares created at the heavy cost of Rs. 3000 per hectare. Hence the paradoxes like the one in wheat imports along with record domestic production. Smt. Gandhi has termed the current year as the "Productivity Year". Industrial production, however sustained a drop of 15 points in just two months. Sixty textile mills of Bombay

have been closed for more than four months now. The mills are in no position to take delivery of Rs. 33 crore worth of machinery indented by them. Fertiliser factories have 70 per cent larger stocks on hand than they had this time last year. Rs. 120 crore of caustic soda is lying unsold. Publishers complain of paper famine but paper mills are running at two-thirds of their capacity. Aluminium stocks are piling up. Ordinary consumer items like fans too have a poor demand. These do not make a picture of rising productivity. A good deal of the slump is directly due to government agencies. The railways' orders for new freight wagons, for example, total 13,000 against 18,000 last year which has triggered off a chain of cut-downs in the engineering industry. Similar effects have followed reduced spending by Electricity Boards.

The claims regarding inflation having been halted are difficult to sustain. Economic Times price index has gone up by 2.5 per cent in the single month of May, an equivalent of an annual inflation rate of 30 per cent. More fuel will of course be added to fire by the recent price hikes (like that of 15% increase in coal) which were kept in abeyance during the elections. The common man's burdens are crossing the limits of endurance. While prices have gone up by 40 per cent in three years, people's earnings have stagnated. When policies needed to be framed to generate incomes at the lowest and middle levels, the government is doing the opposite.

The outlook on the export front is dismal. The trade deficit in the first ten months of 1981-82 (April 1981 to January 1982) was Rs. 4,500 crore. At this rate, the total for the year may exceed Rs. 5,500 crore i.e., more than the entire IMF loan. Nor do we appear to have learnt any lessons. We are making it easier and more attractive for foreign companies to enter the Indian economy, even where we do not need foreign capital or foreign technology. The Government of India has permitted loans totalling Rs. 1100 crore from abroad in

the current year also. None of it is at less than 10 per cent interest. All of it is certainly not “essential” by any stretch of the term. For example, the 37 lakh Dollar loan is for five-star hotels in New Delhi. Paradoxically enough, while Indian companies are constructing and furnishing hotels abroad, we are giving contracts to foreign firms for decoration of our hotels! What a glorious path to self-reliance!

There are growing signs of sickness in industries and labour unrest. The country lost 22.56 million mandays during last year as compared to 21.93 millions in the year before. The Government approach to labour appears to be one of only repression as evidenced by the Essential Services (Maintenance) Act and the National Security Act.

Fertiliser consumption has slowed down. The growth rate in steel, cement and power last year has been declining. Power generation was well below the requirement. Foreign exchange reserves at the end of January 1982 had fallen by more than Rs. 1,281 crore in ten months. But there is no sign of austerity or a realistic appraisal of policies. The Government seems to follow the old adage of “Borrow and have a good time”. Its extravagance goes on unabated, despite verbal homage to the need for economy. The Centre’s deficits and states’ overdrafts are hardly an evidence of austerity.

The BJP considers it its duty to warn the countrymen against the inevitable consequences of the current trends and policies. They are bound to aggravate the evils of poverty, disparity and unemployment, the eradication of which had been set as our goal. We have to alert the nation before it is too late.

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National Executive

Bangalore

28-30 August, 1982

Neglect of Agriculture and Employment

The economic situation of the country presents a curious spectacle. While spokesmen of the Government claim great success on the price front, in respect of procurement of wheat, improvement in investment climate, and higher industrial growth—adding up to what is being termed a ‘take-off stage’, the fact of the matter is that check on inflation has been proved ineffective, the prospects of growth are bleak, the foreign exchange position is a matter of serious concern and the ideal of self-reliance is virtually being written off. The face of poverty remains as hideous as ever with hardly more than a fringe of the problem having been touched. As an easy escape, Smt. Gandhi appears to have started toying with the idea of altering the official definition of poverty.

When the Prime Minister during her visit to the USA was making claims of her Government’s achievement in containing inflation, the upward spiral of prices was going on. The wholesale price index started rising in May last and has already touched 293.5 in August. Even during the temporary respite, prices of articles like foodgrains, pulses, bread, edible oils, soap, tea, spices, etc., which figure in the common man’s consumption, keep on rising. The Congress (I) Government has been paying lip service to the Public Distribution System but several items like tea, toilet soap, exercise-books which had begun to be supplied during the Janata rule at cheap rates through fair-price shops were actually withdrawn by it. On top of it, the Government has failed to check prices and ensure proper distribution of even such essential commodities as atta, maida, suji, washing soap, vanaspati etc. for which the raw materials are supplied at fixed prices by the Government. Similarly, increases in administered prices like cement (wherein price was hiked from Rs. 24 per bag in January 1980 to Rs. 65), controlled cloth (increase of 250%), railway fares and freight, and postal rates are directly attributable to Government decisions. Over and above, there is the planned ‘loot’ by big business in collusion with the rulers.

That after a bumper crop and record procurement of wheat, the Government is again importing 25 lakh tonnes is a measure of

the mismanagement of the food situation. It is shocking that the Government should pay the foreign grower a much higher price than it is prepared to pay to the Indian farmer. The need of the hour is that the difference between what our farmers get and what our consumer pays should be minimised through more efficient management of the process of procurement, storage and distribution.

The bane of our planning has been the chronic neglect of agriculture, the country's biggest and most important industry. The effort made during the Janata rule to make it the centre of our developmental thinking has been reversed with a vengeance. Debt relief extended to farmers has reportedly been stopped as also the subsidies on fertilisers and pesticides under the IMF pressure. All rural development programmes suffer from criminal neglect because the ruling clique is more interested in pursuing deals which have the lure of kick-backs. There is no other explanation for why essential projects are starved of funds while there seems to be no lack of them for 5-Star hotels, colour TVs, import of luxury cars for the Asiad and other such non-essential items. The recently exposed Kuo Oil Deal is not an isolated case but only the tip of the iceberg. The damage caused by the collusion between corrupt politicians, dishonest officials and anti-social business is matched by the loss the country has suffered (and is suffering) from the IMF borrowing which was caused by utter mismanagement and which is itself being mismanaged. General liberalization of imports has made India a dumping ground for foreign goods and it is pushing us farther away from the ideal of self-reliance. We appear to be on an endless borrowing spree. At this rate, the debt servicing, already burdensome, will become heavier. More and more loans will become a compulsion and the country will slide into a veritable death-trap of international financial barons. The rupee, which has suffered devaluation during the last two years, is heading for a further fall. The country needs to be warned against the fear of the IMF also adopting a more tough attitude.

There is inexcusable delay in decision-making and implementation of projects. The case of irrigation, in which eight major projects have not been completed for more than twenty years while the cost of construction has gone up by 1200%, is an illustration in point. Minor projects having shorter gestation period, and lower expense ratio and which confer greater benefits on smaller and poor farmers have been conspicuously neglected.

The Government appears to have no notion of how to tackle the stagnation our country is presently suffering from except perhaps closing its eyes to the phenomenon. In spite of all the loud official denials, more than 50% of our industries are in the grip of recession, which makes a mockery of all talk about the "Year of productivity". The worst part of it is that there is no end in sight. Confusion in the Government's thinking about recession is evidenced by the conflicting statements of its various departments. Small scale industries and the ancillary sectors are obviously the worst hit. Continuous erosion of the common man's purchasing power due to prolonged inflation and the credit squeeze dictated by the IMF are the factors responsible for it.

The Government does not appear to attach any importance to a willing labour force in raising productivity, and the current biggest ever Bombay textile strike is a grim reminder of its failure on this front. Unemployment, on the other hand is growing unabated. "Shram eva Jayate" will remain a hollow slogan until all able-bodied workers are given work and all workers get a feeling of participation.

The Government has recently admitted a shortfall of Rs. 10,000 crore for the Plan. Nobody seems to have any idea as to wherefrom more resources can be raised or even how much of them need be or can be raised. Production has not kept pace with investment and employment has lagged behind production. More foreign aid is obviously no substitute for properly devised efforts to harness the nation's fullest energies and means to the task of building up an equitable and prosperous economy. This has been shown, if any proof was needed, by the foreign exchange crisis. Our exchange reserves continue to dwindle day after day.

The National Executive of the BJP puts forward the following demands:

1. First priority should be effectively restored to programmes aimed at the amelioration of rural poverty and creation of

mass employment, like construction of rural roads and small irrigation schemes.

2. The Public Distribution System should be expanded in both dimensions so as to cover the entire rural population and to embrace a larger number of the common man's items of consumption.
3. Programmes like Food for Work and Antyodaya should be revived and a special "*Daridranarayana Kosh*" for the poor amounting to Rs. 500 crore per year should be set up for the purpose.
4. All industrial and other projects should be measured not only in terms of their output, but also employment generated by them. Tax incentives should be designed to encourage generation of employment.
5. Credit requirements of industry, particularly of small scale and ancillary nature, should be adequately met.
6. A parliamentary committee of members from all parties should be set up to devise strategies for the economy.

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National Council

Cochin

25-27 April, 1981

Dismal failure in economic performance

The National Council of the Bharatiya Janata Party cannot but express its deep concern at the grim picture of the country's economy. During the period since the Party's Bombay session in December 1980, the Government has met with dismal failure in all vital spheres of our economic life. Scarcity of essential commodities has increased. Prices have continued spiralling upwards. Foreign reserves have come down by Rs. 512 crore during one year of the Congress (I) rule. Power generation has declined. The year's foreign trade closed with a yawning gap of Rs. 4,000 crore. Manufacture in key areas like tea, soda ash, cement, jute, textile, tractor and automobile groups has registered a decline. In the face of this challenging situation, the Government exhibited stark ineptitude and total lack of courage to come to grips with any of the problems. That a Government that promised "to govern" should expose complete hollowness of its competence in so brief a period is without parallel in independent India's history. The present economic mess is the result of an unholy alliance between corrupt politicians, dishonest industrialists and businessmen and unscrupulous bureaucrats.

While presenting the budget last year, the Finance Minister had asserted that inflation would be contained, and had even staked his reputation on this claim. Actually, however, prices have risen by as much as 18 per cent during the year ending March 31, 1981. Is this the Finance Minister's idea of containing inflation? According to the latest figures, the index number that stood at 235.5 on April 5, 1980, went up to 271.8 on April 4, 1981, a rise of 3 points per month.

This year's budget was more an exercise in public relations than an honest presentation of the Government's plan to meet the economic challenge facing us. The budget has been cleverly framed in a manner calculated to soothe the people, but the reality is far from soothing. The relief to income tax payers was little more than a long due compensation for erosion of the rupee's purchasing power. Through a guerilla type action an additional burden of nearly

Rs. 2,500 crore was imposed on the people through price hikes of petroleum products, steel, coal, drugs, fertilizer, zinc, aluminium and other metals, apart from Rs. 350 crore from higher railway rates just before the budget. Transport, electricity and irrigation rates are bound to follow suit. The price of wheat issued from the fair-price shops too has been raised by Rs. 15 per quintal as also the levy-price of sugar, after the budget. The Finance Minister's projection of 8 per cent industrial growth for the current financial year is highly unrealistic and may not reach even half that level. If, in the face of this situation, anybody asserts that prices would not rise, he may be complimented on his boldness but not on his regard for truth or understanding of economic affairs. The rise of 36 points in the official price index over the year ending 4th April, 1981 is enough to knock the bottom out of such phoney claims.

If anyone still harbours any illusion about the lot of the common man, he has only to look at the prices of some food articles on the poor man's menu. Between March 22, 1980 and March 1981, there was an increase in the price of Vanaspati by 60 per cent, grain and chillis by 64 per cent, Masoor by 51.2 per cent, Jawar by 33.2 per cent, Gur by 31.4 per cent, Mustard oil by 13.5 per cent, gingelly oil by 11.4 per cent and Moong by 10.2 per cent. In the face of these figures, one can only admire the Finance Minister's temerity in claiming that the budget would help over the year 3 million people cross the poverty line. To claim that savings and capital formation would increase in the face of this inflationary situation is an attitude worse than that of complacency. Capital formation had gone up during the two years of Janata rule, but it stagnated last year.

One of the worst affected sections of the society is that of government employees, whose real purchasing power, like that of all fixed-income groups, is getting eroded with every fall in the real worth of the rupee (despite revisions in DA). In terms of the recommendations of the Second Pay Commission, the stage has long been reached for a Third Pay Commission to be appointed. There is also a strong case for a suitable revision of house rent and other allowances in view of the Government's utter failure to hold the price line.

The danger signal of youth unrest caused by unemployment can be ignored only at peril. Unemployment figures are going up at a fast pace. The number of job seekers registered with employment

exchanges increased from 13.98 millions in August 1979 to 15.64 millions in August 1980. It is an eloquent proof of the wrong economic planning that unemployment and disparities have intensified. The party in power does not appear to have learnt any lesson. While lip sympathy to small scale industrial units continues to be expressed, the woollen industry has been delicensed to open the door for large units to enter and rob the small worker of his means of livelihood. The concessional finances being given to small industries have recently either been stopped or reduced while several hundred crores are being loaned to five star hotels in Delhi at a low rate of interest.

Instead of improving the efficiency of the public sector undertakings, the Government is taking recourse to the easier method of making buyers of their products and services pay more. Its wishful thinking in regard to special bearer bonds is likely to augment the uncovered deficit substantially as the proceeds have little chance of reaching Rs. 1000 crore as has been presumed, despite the unethical premium given to black marketing, smuggling and foreign exchange racketeering in utter disregard of the contrary views expressed by the Wanchoo Committee and the PAC.

It needs to be remembered that the deficit incurred during the first two years of the current Plan looks like having exceeded the total provided for in the Plan. The 40 per cent rise in prices over the last two years implies heavy additional outlay during the year to maintain the financial targets set by the Janata Government in real terms. Instead of accepting this logic, the absolute increase in monetary figures is put forward to establish an "increase" in the size of investment. As a matter of fact, the failure of the Government on the price front has caused incalculable and far reaching damage to the process of planning also.

A major victim of this situation is the outlay on agricultural services, which was reduced by Rs. 101 crore from Rs. 972 crore in

1980-81 to Rs. 871 crore in 1981-82. This cut is further aggravated by the fall in the rupee's purchasing power. As a result, such neglect of the small farmers and landless labourers may push as many as 5 million more people below the poverty line during the year.

The National Council of the Bharatiya Janata Party is of the considered view that the country's farmer has been neglected far too long and must be assured of a remunerative price for his crop covering his full cost of production and taking into account the cost of living index. That the Government should seek to meet this perfectly genuine demand through police repression or officially sponsored rallies betrays a total lack of earnestness to tackle the problem. Government purchase operations should be expanded and made efficient enough to ensure that all farmers do, in fact, receive the guaranteed price. The minimum wage for farm labourers should be raised. The Agricultural Prices Commission should be replaced by an Experts Committee that should include representatives of farmers and consumers.

Never before has there been such a shortage of wheat and sugar after a year of ideal monsoons and two bumper crops. The levy imposed on wheat in U.P. and some other states, on rice in Bihar and the inter-state/inter-district restrictions imposed on the movement of wheat and some other items of foodgrains in MP, UP and elsewhere, for the sake of procurement provide an example of gross incompetence and has succeeded only in pushing up prices, creating a psychosis of scarcity and generating black money. All this has added to the hardship of the poor consumer while depriving the small producer of a fair return. The BJP National Council is of the opinion that all types of restrictions on the movement of wheat and items of foodgrains should be removed forthwith. The system of levy should also be withdrawn. The Government should buy the foodgrains for its stocks in the open market.

A bane of our development efforts has been the inordinate delay in the implementation of most projects resulting in heavy cost escalation over and above the original projections. To check this, it should be made binding that responsibility is fixed and a report placed on the table of the concerned legislature in case of such delays in projects involving an outlay of above Rs. 5 crore in the case of a state and Rs. 20 crore for central schemes.

The BJP demands that the working of the nationalized coal

industry be subjected to a reassessment to ascertain how far the objectives set before it have been served and to determine the steps needed to realise these objectives.

The BJP National Council feels greatly concerned at the rapid growth in population as highlighted during the recent census. While the rate of the increase was 2.14 per cent during the decade 1961-71, it has gone upto 2.18 per cent in the decade covered by this census. This position as revealed here demolishes the wishful claims made in regard to bringing down the birth rates and raises the question about how all the resources allocated to it have been wasted. It is high time the population problem was taken up as a national issue and a national consensus evolved on it, so that the birth rate is brought down and population explosion does not wash away all efforts aiming at economic improvement. The family welfare programme has been given priority by the BJP as per the Economic Policy Statement adopted at Bombay.

This convention of the BJP National Council makes the following demands:

1. Top priority should be given to checking inflation, achieving zero deficit financing, and slashing non-developmental expenditure by 10 per cent. Providing incentives for more production and employment is the only answer to this burning problem. The public distribution system should be strengthened and made efficient. Besides food-items, the other necessities of life should also be made available at Fair Price Shops.
2. A time-bound programme for the eradication of poverty and provision of full employment should be taken up on a war footing and its performance report placed on the floor of Parliament at the end of every year.
3. More funds should be allocated to the family welfare programme. The Government should mobilize popular support and seek involvement of all voluntary and social organizations.
4. Stringent measures should be taken to check the sources generating black money and to correct the taxation system suitably. Sales Tax should be replaced by excise in order to eliminate a source of standing harassment and perennial

corruption.

5. Parity ought to be established and maintained between the prices of agricultural products and manufactured goods. Support prices should be linked to the cost of production index and announced before the sowing season. Cost indices of all major crops should be published. Cattle and crop insurance should be introduced. Small farmers should be provided with subsidised seeds, fertilizers and power. Provision for irrigation facilities should be given preference. Prompt and adequate relief should be provided in drought affected areas.
6. Physical targets (for 1983) of adult education, rural electrification, roads, slum improvement, food for work and Antyodaya, as provided by the Janata Government in the draft plan should be achieved within the stipulated period.
7. No increase should be made by the Government in prices of basic and key products without the consent of Parliament.

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National Executive

New Delhi

04-06 December, 1981

Deterioration in Economic Management

In 1980, Finance Minister, Mr. Venkataraman, while presenting the budget, claimed that he was aiming at “crisis management”. At the time of 1981 budget, he said that his task was “growth management”.

One does not know what he would say, if he is still the Finance Minister, when he presents his next budget three months hence. If he is truthful to himself, he has to say that next year it would be “credit management” since he has been raising a loan of Rs. 5,000 crore from the International Monetary Fund. Mr. Venkataraman can claim that he has now graduated to credit management, but in doing so he has to admit the economic mismanagement of the past 23 months.

The IMF loan, negotiated behind the back of Indian Parliament, and in suspicious secrecy, shows the utter bankruptcy not only of the treasury but also of those who sit on the treasury benches. No better proof of this fact is available than the memorandum by the Finance Minister of India dated 28th September, 1981, to the IMF itself.

The memorandum is an open admission that economic conditions were bright until the Janata Government was toppled in 1979. Here is what the memorandum itself says.

“The Indian economy made considerable progress during the second half of the 1970s. During the four years, 1975-76 to 1978-79, real economic growth exceeded 6 per cent per annum while price inflation was about 2 per cent per annum. Agricultural expansion accelerated so that food imports were virtually eliminated by 1977-78, and sizeable food stocks were accumulated. Industrial growth was also generally satisfactory. Savings rose from about 20 to almost 24 per cent of GDP, reflecting higher growth, the deepening of the financial system, favourable price performance and rapid growth in remittances from Indians working abroad. The balance of payments position was strong throughout the period and sizeable external reserves were accumulated. In 1979-80, however, the economy suffered a sharp setback because of both domestic and internal factors. Agricultural production was adversely affected by an exceptionally

severe drought which also affected hydro-electric generation. The economy also suffered from infrastructural inadequacies in key sectors, such as coal, thermal power, and railways. Real national income fell by 5 per cent in 1979-80 and inflation, which re-emerged early in the year, was a high percentage of GDP. The external situation facing the economy also deteriorated sharply. The price of imported crude oil doubled from the end of 1978 to January 1980 and this was reflected in a shift into an overall deficit in the balance of payments in the second half of 1979-80".

As soon as India attained Independence, the Congress Government initiated the process of planning, with a view to bringing about economic change and social transformation. Massive resources through additional taxation, deficit financing and foreign aid were mobilised with a view to improving the economic lot of the rural poor. It is estimated that more than one hundred thousand crores of rupees have so far been spent on the so-called economic development. It is unfortunate that instead of realising the national objectives, the percentage of those living below the poverty line has gone up from 30 to 60 per cent during this period. Inflation, poverty, unemployment and corruption have grown at such a rapid pace that not only has it eroded the moral values in the country, but the common man who had high hopes for a better economic lot, has also felt greatly disenchanted and disillusioned.

The deficit accumulated every year is of the order of Rs. 3,000 crore. Additional taxation mobilised by the Central, state and local governments, crossing the staggering figures of Rs. 4 to 5 thousand crore every year, has pauperised the common man. His purchasing power has been completely eroded. Planning has produced galloping inflation which has accentuated poverty all around, particularly in the rural areas.

The external indebtedness of our country has already reached the staggering figure of Rs. 16000 crore. The country will have to face a heavy burden of debt servicing after this new addition of Rs. 5,000 crores. The net interest over this IMF loan alone would be of the order of 3283 million SDR (which approximately comes to Rs. 3,300 crore at the current rates). If the present trend of fluctuations in exchange rates between Indian Rupee and the American Dollar continues, then the total repayments (loan plus interest) will be doubled by the time this loan is fully repaid.

It is against this background that we must evaluate the present IMF loan.

The objection to the IMF loan is mainly because this reflects the inability of the rulers to manage the national economy; it does not reflect the necessity of the Nation.

The Government claims that our foreign exchange difficulties are worsening and will continue to worsen for at least another three years. They give two reasons for this. First, the sharp increase of OPEC prices, second, sluggishness of our exports.

At the first glance, both will appear to be correct. But what is not mentioned is that we have not done anything to curb wasteful consumption.

OPEC prices, for example, have gone up by only 120 per cent in three years. But our oil bill has gone up by 333 per cent. As against Rs. 1700 crore oil imports in 1978-79, we imported Rs. 3,200 crore worth in 1979-80 and Rs. 5,500 crore in 1980-81. This clearly shows how callous we have been in oil management.

The Government has taken no significant decision, nor adopted any effective measures, to contain and curb the growth of wasteful consumption of petroleum products. The Petroleum Conservation Action Group has pointed out the scope for industrial fuel savings of up to 33 per cent, and smaller saving possibilities down the line in a variety of applications. The group estimates that as much as one-fifth of the oil imports can be avoided by proper substitution of petroleum by alternative sources of energy, such as coal, and by reducing consumption elsewhere, so that the country could save on foreign exchange spending by something like Rs. 1,000 crore or more per year.

The Note of Dissent (by Amit Bhaduri and D.K. Rangnekar) in the Tandon Committee Report, submitted to the Government of India, in January 1981, shows the scope for savings of Rs. 1,000

crore of foreign exchange by cutting down the current maintenance import of steel, cement, paper and a wide variety of other items and stepping up the utilization of the domestic capacity in those industries. The note further says that India's dependence on such inputs as oil and fertiliser has become very acute in recent years. But then, such dependence is itself the result of policies uncritically followed without any serious effort to curb non-essential consumption.

There are two types of conditions by the IMF: first, the binding conditions the violation of which will result in suspension of the loan and secondly, a set of policy prescriptions.

It is a matter of shame that in the application for the loan itself, the Finance Minister set out the broad financial policies that India undertakes to follow. Sufficient to say, our economy is hereafter to be controlled and monitored by the IMF.

The binding conditions attached to the IMF loan are as follows:

1. Action on the need to contain and reduce subsidies on foodgrains and other items. (The Government has assured reduction of subsidies to agriculture and other sectors by Rs. 3,300 crore which means more costly agricultural inputs and serious strain on rural development.)
2. A liberalized import regime (which means a good bye to economic self-reliance).
3. Considerable liberalization of procedures relating to foreign collaboration and royalty payments (which means more outflow of our capital).
4. Measures to encourage investment and production in the private sector (including important steps to ease excessive regulations and restrictions which would help in the growth of monopolies).
5. An export orientation that reverses the previous direction of economic development and policies which made the domestic market more attractive than exports.
6. A fiscal policy which is tight in terms of expenditure but which promises to raise indirect taxes further and to lower direct taxes with the aim of promoting savings and stimulating investment. (This means more burden on the common man.)
7. The pursuit of a realistic policy in regard to exchange

- rates (which means that a large scale devaluation is not ruled out in the near future).
8. A tight monetary policy. (Towards this last objective, that the IMF has, in fact, specified detailed performance clauses on how much total domestic credit as well as net bank credit to the Government can expand by 26 March 1982—clauses which are binding on the Government. This would lead to fall in production resulting in shortages which would lead, inter alia, to black marketing and smuggling.
 9. A “reform”, that is, an upward revision of the price structure in agricultural and key industrial fields (which means an unabated price rise).
 10. A ceiling on non-concessional foreign loans (which means that India becomes a tied client to the IMF).

In the past 23 months, the wholesale price index has risen by 60 points. During the last two years, inflation has gone up by 45 per cent. The small fall seen in recent weeks is seasonal and is not a sign for the future. The massive loan will encourage big business and foreign monopolies to indulge more in the luxury of unnecessary imports. This will not reduce the prices of essential goods. Nor will it help the common man.

We are not opposed to foreign credits on concessional terms, but such conditions must not require us to compromise our basic policies which are considered absolutely essential for realising our national objectives and are not against the policy of economic self-reliance. The BJP disapproves of the acceptance of this IMF loan having strings which are detrimental to national interests and are humiliating.

In the ultimate analysis, the solution to our economic problems does not lie in financial credit from abroad but in giving boost to domestic production, exports and internal mobilization of resources and their efficient use through completion of developmental projects in time. People, if provided fiscal and monetary credits and incentives, and if policies are so modified that those working on farms and in factories could release their creative energies for pushing the wheels of production, there is no reason why we cannot have all that is considered essential for providing a national minimum at a reasonable price.



National Executive

New Delhi

28 April, 1980

“Government that works” or drifts

Lack of performance of Government

Mrs. Gandhi came to power on a promise to give people a ‘Government that works’. But despite the steam roller majority she obtained, her Government has done little but drift along during the first hundred days of her taking the reins of power. The country’s economy has been reduced to shambles due to governmental indecision and inaction. To maintain the health of the economy, immediate attention should have been paid to the problems of growth, inflation, unemployment and balance of payments. On none of these the ruling party came forward with a judicious dynamic policy that might create conditions for a forward looking economy.

Instead, all that it has done is systematic reversal of all the progressive measures undertaken by the Janata Government with a view to resuscitating the bleeding economy handed over by the emergency regime of Mrs. Gandhi. Programmes like Antyodaya, food for work, integrated rural development, supply of drinking water to the problem villages, protection of rural, cottage and small scale industries, establishment of district industry centres etc. have all been given a go by. Obviously this has resulted in mounting unemployment and yawning inflation. During the two years of the Janata Party regime, the long queues, which were the hallmark of Mrs. Gandhi’s much publicised dynamic decade, were completely eliminated and abundant supply of essential commodities was maintained at reasonable prices throughout the country. The economy was vibrant and a 5% rate of growth was achieved in a short span and that too with normal democratic functioning. Inflation was curbed and a healthy climate for investments and savings prevailed. The foreign exchange reserves were almost doubled to Rs. 5,300 crores in that brief period.

The sound management of economy, which was achieved as a result of pursuing realistic policies by the Janata Government, has now been destroyed within the first hundred days of Mrs. Gandhi’s

regime. The long and frustrating queues have once again become the order of the day, the essential commodities have once again vanished and the prices have gone sky high. During the past three months, prices of some of the essential commodities have registered a steep rise ranging from 10% to 50%. The ever spiraling prices of sugar, jaggery, vanaspati, pulses, bath soaps, tooth pastes, diesel, kerosene oil, cement, fertilizers, medicines, cloth and paper have resulted in an unbearable financial burden on the poor and middle class. On the other hand, the multinationals and big business houses, with the active connivance of the ruling caucus, are indulging in unrestricted profiteering and price hike. They are the biggest beneficiaries from the situation.

Indeed this has always been Mrs. Gandhi's favourite trick – to collect election funds from these sources and in return to permit

them to fleece the poorest. The recent changes in the import policy, according to which 45 items formerly under OGL, will now need an import license, have also been done primarily with an eye on collection of funds. No wonder, the recent recurrent escalation of prices of consumer goods produced by certain multinationals is attributable to a clandestine election eve deal with these vested interests. It is extremely disturbing that the wholesale consumer price index has gone up by 6 to 8 points in just three months of Cong. (I) rule at the Centre and its upward climb continues.

It is again characteristic of the present Government that it has failed to show any initiative for providing any management scheme for the affairs of national economy. The cabinet has no Minister for Industries and the Planning Commission has been packed with superannuated bureaucrats who are trained to do the politicians' bidding but can hardly infuse it with the necessary spirit of social and economic reformation. The new government at the centre also failed to produce the country's budget although it had enough time to do the necessary exercise. The total budgetary gaps are likely to go up to 500 crores and it is beyond the competence of Mrs. Gandhi's Government to keep the economy in good trim. A massive dose of taxation is bound to come and the uncomfortable budget has simply been postponed to avoid adverse public reaction during the ensuing Assembly Elections.

The principal indicator of growth is the index of industrial production, but there are no signs that it is improving. On the other hand, the acute shortage of power effected in a total collapse of industrial activity in Karnataka and elsewhere is a pointer to the shape of things. The government has miserably failed in its primary duty to keep the wheels of industry moving and maintaining adequate supplies of power and materials.

Drought and acute shortage of drinking water has resulted in

untold miseries to a vast section of rural population. Deaths from hunger have been reported in Madhya Pradesh and drinking water is being sold at the rate of Rs. 3 per bucket in Eastern U.P. Large scale rural unemployment, search for drinking water and fodder scarcity are likely to force the migration of population. The governmental machinery has not been geared up to the challenging situation.

Mrs. Gandhi is a past master in searching alibis for her failures. Even now attempts will be made to find scapegoats to cover her own incompetence. Make believe pronouncements shifting the blame on others have already started to be fed by the mass media. The Nation can no longer be befooled like this.

The National Executive of the Bharatiya Janata Party takes this opportunity to warn the nation of the grim situation on the economic front which is a direct result of the mismanagement and incompetence of the present party in power. The twin dangers of inflation and recession are looming large, massive taxation is sure to come and the country has once again been pushed to an era of acute shortages and rising unemployment. The situation cannot be allowed to drift any more. The country has to be saved from economic catastrophe. A beginning must be made at the ensuing Assembly Elections.

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National Executive

New Delhi

04 September, 1980

Failure to contain prices

Price Situation

Mrs. Gandhi could capture power in the last elections mainly because she successfully exploited politically the price rise witnessed by the country at that time. Never has an election result been swayed by the economic promises of the kind made by Mrs. Gandhi during the 1980 elections, and never have been such promises so soon proved to be totally insincere and hollow. Over the last nearly eight months, chronic muddleheadedness in policy making, paralytic indecision at the implementation level, and politicisation of all thinking have successfully made a total mess of the country's economy.

The Finance Minister took more pains about the cosmetics of his budget than its consequences. Hardly had the euphoria over this "best budget since independence" died down, when its disastrous impact on the common man's living conditions began to be felt, causing rapid disillusionment. Within ten days of the budget, wholesale prices rose by 6.2 points, i.e., more than they rose during the first 2 years of Janata rule, 5 points, and during one month after the much maligned Charan Singh budget, 5.4 points.

That was not all. The trend is continuing and only the sky appears to be the limit. From the level of 249.9 that the wholesale price reached ten days after the budget, five weeks later (2nd August, 1980) there had been a further escalation of 9 points, i.e. nearly 2 points per week, which contrasts with the rise of less than one point per month during the Janata rule and less than three points a month during the Lok Dal-Cong. (U) rule. If after being seven months in power, Smt. Gandhi and her colleagues still ascribe their dismal performance to the "evil deeds" of the Janata period, they insult the country's intelligence.

The latest evidence of the official thinking (or the lack of it) is the "review" which "suggests" that prices "should" stabilise after September and "may even" decline in the second half of the financial year. What if the prices refuse to oblige? The review concedes that

“political handling” is of crucial importance and wants “capable ministers” to head critical economic ministries. The implied compliment is certainly well deserved.

The ominous aspect of the review is its emphasis that all increase in the prices of imported petroleum products be passed on and the underpricing of domestic crude and products like kerosene be removed. While talking of stabilising prices, official thinking is patently preparing ground for further enhancement of prices of vital items like kerosene with all its snowballing effect (when their world prices have actually fallen).

The people at the helm have neither any notion of what ails the economy nor any idea of what they can do about it, much less the competence or will to do it. When sycophancy is accepted as a proof of the ability to govern, hardly anything better could be expected of a party which has not been able to constitute a full cabinet in months.

The Finance Minister pledged to contain prices or quit, as indeed the ruling party is morally committed. Evidently at his wit's end, the Finance Minister appears to have decided to throw himself at God's mercy. He hopes the worst is over and that prices will begin to decline after about four months. He expects bumper crops to herald the downward trend, improved power generation from the filled up hydel reservoirs. Such a hope overlooks the fact that the current inflation has not been triggered off by a poor monsoon but by the higher prices of materials like steel, cement, aluminium, fertilizers imported from abroad due to shortages at home. As such, the prices of primary products and manufactured products are likely to keep rising, irrespective of bumper harvests.

Mr. Venkataraman's hopes are wishful because government spending is mounting despite all urging for the exercise of utmost economy. Between the end of March and July 11, bank credit to the

Government sector increased by Rs. 2418 crore as against Rs. 1582 crore in the corresponding period of 1979-80 (the year which had witnessed a record volume of deficit financing) and as such, the budget deficit for the current year is not likely to be much smaller, despite a smaller expansion in money supply because of drawing down by 10% (Rs. 565 crores) of foreign exchange reserves. To make matters worse, the state governments have not shown any sign of lesser improvidence.

The case of sugar provides an eloquent example of how not to manage a problem. With a carryover stock of 20 lakh tonnes (from last year) and this year's production of 40 lakh (or slightly less), we were, for all intents and purposes, comfortably placed to see the year through even with a monthly release quota of 5 lakh tonnes, while the actual release was in the neighborhood of 4 lakh tonnes.

But the Government appeared to have some queer notions of its duty. It issued extra quota with an eye on Assembly elections. Then, an abrupt decision was taken by the Commerce Ministry to import 2 lakh tonnes of sugar, without the Agriculture Ministry as much as being told about it, much less being consulted or convinced. The price and manner of contracting the import of sugar continued to smack of something fishy. The last spurt in sugar price in July however, was a deeper mystery. Sugar mills were asked to release only 1.75 lakh tonnes of free sale sugar (against the usual 2.25 lakh) on the ostensible belief that the balance would be provided from imports when only 14,000 tonnes of imports were scheduled to be unloaded during that month. The resultant artificial shortage pushed up prices to Rs. 8 per kg. and beyond, when the sugar mills had offered their entire stock at Rs. 4.80 per kg. in May 1980. It is difficult to believe that this windfall of Rs. 24 crore for the sugar barons at the cost of poor consumers, was just accidental and undesigned. For what services rendered or promised this extra profit was manipulated for them is a mystery. The admitted complaints of large scale payment of on-money to sugar mills in Maharashtra leading to agitations and the mystery surrounding the disappearance of 40,000 tonnes of sugar on its way to M.P. add to the total confusion.

Presently, the Government are getting free sale sugar from the cooperative as well as other mills at the rate of Rs. 4.50 per kg. offers for which were made more than a month back. But the Government have yet to decide how it is to be distributed. The

result: utter chaos in the sugar market with disappearance of stocks and fancy prices being quoted from Rs. 13 to 18 a kg. on Janamashtami day. The Centre and State governments can share credit for the long chain of bungling, but for the sugar anarchy in Delhi, Mrs. Gandhi's cabinet naturally gets full marks. This is how the promise to provide sugar at a reasonable price during the festival season has been kept.

Nor is there any indication of any thinking about the future. More than a month ago, the Minister promised several steps like excise relief for early crushing, decision about the creation of a buffer stock, assuring sufficient cane supply to mills etc. but none of these decisions has been announced.

Reference to prices of other essential goods is redundant. According to official figures, the wholesale index of gur in the last week of June was more than double that one year earlier, that of Bajra higher by 57 points, gram by 95 points, potatoes by 99 points, coke by 54 points, coconut oil by 43 points, mustard oil by 56 points, and soap by 55 points. And everything has moved further up during the last two months with inflation galloping at more than 20% per annum. A cut off of 3 to 5 paise in soap, recently publicised, cannot conceal the fact that the prices of popular brands of toilet soap had been increased in July (after the budget) by 9 paise to 20 paise a cake. Similarly, tyre prices, which are claimed to have been brought down by 3% recently, were also increased by 13% in July.

There are indications that, unable to improve its competence in working its power houses, the Government is thinking of raising power rates by 25-30%.

The Janata Government had drawn up plans to distribute essential items like toilet soap, tea, match boxes, students' copy books etc. at reduced prices through public distribution system (e.g., Hamam Soap was to be sold in Delhi at 90 paise as against the retail market prices of Rs. 1.40). The present Government has virtually shelved the scheme as if verbal homage to public distribution is enough.

The least that the ruling party owes to itself no less than to the people at large is that it should spell out its strategy of checking and bringing down prices, creating employment opportunities, raising the living standards of the lowest strata of society and attaining rapid economic growth.

The BJP believes that:

1. Planning has to be decentralised, pulled out of doctrinaire straightjackets and all projects made result-oriented.
2. Production has to be employment-oriented with labour intensive technology, raw materials and markets assured to, and products reserved for, small units.
3. Research in agriculture, science, as well as defence has to be project-based and problem-oriented with timebound targets as milestones on the path to self-reliance.
4. The tiller has to be assured of prices commensurate with the costs of his inputs. Fertilisers whose prices have been raised need to be supplied to the cultivator at subsidised prices. There is a case for increase in support prices of agricultural produce also. As a long term view, parity with the prices of manufactured products should be aimed at. At the same time, consumer prices have to be kept at a reasonable level. The Government has to stop toying with the idea of withdrawing subsidies for foodgrains.
5. Power generation and production of basic materials like coal, cement, steel, chemicals etc. has to be increased, capacities expanded and existing capacities utilised to the optimum.
6. Decision making has to be expedited at all levels, and red tape cut even as the Janata Government attempted through District Industries centres.

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National Executive
New Delhi **26 October, 1980**

**Government failure to provide stable
Economy**

Economic Situation

High rates of inflation, run away prices, rapidly declining economic activity leading to a miserably low industrial growth, staggering unemployment and ever-increasing payment deficits are some of the significant achievements of a Government which claims to have been working since January, 1980. Despite a massive majority in Parliament and a vigorous monsoon followed by a bumper harvest, Mrs. Gandhi has failed to provide either a stable government or a stable economy.

It is indeed shocking to hear Mrs. Gandhi stating that the economy was picking up and everything was fine. One wonders whom Mrs. Gandhi wants to

be fool by painting such rosy pictures, while, in fact, the country is on the brink of an economic precipice. The statement of the Finance Minister, that prices will come down after September, 1980, is still fresh in public memory and no amount of data manipulation would convince anybody about the projected health of the country's economy.

The latest report from the Reserve Bank of India suggesting to the Government to adopt radical fiscal and monetary measures for augmenting the production, failing which the country might witness one of the worst economic disasters, clearly belies all tall talk and claims made by the Prime Minister in her first ever Press Conference after her return to power.

During the first nine months of Mrs.

Gandhi's Government, as compared to the corresponding period of the Janata regime, there has been a shortfall of two billion KWH or about 20 per cent in power generation, 3.5 million tons in the revenue earning railway freight traffic, one million tons in steel and 1.3 million tons in cement production. About 50 per cent of the thermal power plants are on the verge of closure due to the sharp decline in coal stocks. The Government is going for the import of steel and cement in a big way.

Throughout the past ten months, the prices have continuously been rising at a dangerous speed and the index number of wholesale prices has gone up by 20 per cent, inflation has reached an all-time high figure of about 25 per cent, the exports have declined by about 20 per cent and imports have gone up by about 47 percent. Despite good harvest, the price index for food articles has registered a rise of 15.6 per cent since April, 1980. The prices of commodities

like gram have shot up to Rs. 525 per quintal as compared to Rs. 193 during the Janata regime. In one month alone, prices of Masoor have gone up by Rs. 100 per quintal. The Government has decided to reduce the ration quota, but the queues in front of fair price shops are becoming longer and longer. Food reserves today have come down to 50 per cent of what they were during the Janata rule. New investment is not forthcoming due to curbs from the Reserve Bank and the country might face hyperinflation which, coupled with heavy deficit financing, will further aggravate the situation. For all her economic mismanagement, Mrs. Gandhi is only busy blaming the Janata Government. In doing so, she is only deluding herself, since everybody remembers the remarkable price stability, sound foreign reserves position and the massive rural development the programmes resulting in increased employment, the record industrial growth and availability of

essential commodities in abundance, and at much cheaper rates, during the Janata rule than today.

Black money has created serious distortions in the nation's economy. Parallel economy is operating freely without any fear and most freely. It is estimated that black money has gone up by about Rs. 2000 crore in the recent months, which is a very dangerous trend and requires drastic measures.

The dismal performance of some of the major Public Sector Undertakings is a matter of serious concern. The losses in this sector have gone up considerably in the last ten months. The economy cannot survive if the industries in the public sector do not show any profit. Sixty units in this sector incurred a net loss of Rs. 550 crore in which the largest contribution amounting to Rs. 135 crore came from Coal India alone. The profits from ninety units were barely Rs. 390 crore and the net loss from this sector was Rs 160 crore.

Foreign exchange reserves have