

Jyoti Basu

SPEAKS



JYOTI BASU SPEAKS

Book No. XIV / 2 / 30

A collection of selected speeches
of
JYOTI BASU
CHIEF MINISTER, WEST BENGAL

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Department of Information and Cultural Affairs
Government of West Bengal

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**A collection of selected speeches of Sri Jyoti Basu,
Chief Minister of West Bengal.**

First Print

December — 1991/5000

Cover design : Sankar Roy

Price : Rupees Ten only

Published by :

Information and Cultural Affairs Department
Govt. of West Bengal.

Printed by :

Basumati Corporation Limited
(A West Bengal Government Undertaking)
166, Bipin Bihari Ganguly Street,
Calcutta — 700 012.

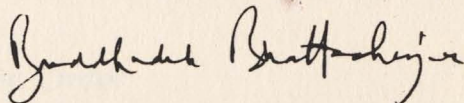
FOREWORD

Considerable interest has been generated, both inside the country and abroad, about the Left Front administration in West Bengal. The continuous support it has received from the people of West Bengal ever since it came to power in 1977 is itself a major event in the contemporary political scene of the country. This, however, is not the only reason why this Government attracts nation-wide attention. It does have other claims as well for distinction. The administrative principles and the development strategies pursued by the successive Left Front Governments have been widely discussed and debated. A new administrative ethos reflected in them caters to the needs of the common people and opens up an alternative path for development that puts premium on eradicating poverty and ensuring social justice.

Sri Jyoti Basu has been at the helm of Left Front Government of West Bengal for nearly a decade and a half. He has written or spoken on different occasions explaining and elaborating the policies, plans and strategies of the Government he heads and the principles and values it champions. Publication of a representative collection of his speeches and articles was long overdue. The task is, however, arduous. Being an outstanding statesman of contemporary India and an extremely popular mass leader, Shri Basu is often invited to attend various forums within the State and outside. People want to listen to him and despite his busy schedule he accepts the invitation. Many of his speeches have been lost, which were neither taped nor transcribed. Even written speeches and those which had been recorded or transcribed remain scattered and it is difficult to assemble them.

In this volume we have hastily assembled some of Shri Basu's speeches and articles. They mostly relate to the issues concerning the contemporary problems of the country : the economic crisis, approach to development planning, people oriented responsive programmes, application of modern technology, industrial relations, federalism and decentralisation of powers, Panchayati Raj, etc. There are a few speeches which have touched some other subjects as well.

This is by no means a representative collection. One will nevertheless find in it an outline of the principles that the Left Front Government uphold on some of the major issues concerning our economy and our polity and the ideas that Shri Jyoti Basu values. We hope this will turn out to be a useful collection, even to the readers who may differ on the views presented.



(Buddhadeb Bhattacharjee)

Minister-in-Charge, Departments of
Information and Cultural Affairs,

Municipal Affairs and Urban Development,
Government of West Bengal.

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Planning In India Need For An Alternative Approach

It is time that we seriously review the entire process of planning in India—the choice of priorities as well as the method of planning itself. We shall begin with this review. This will indicate the need for an alternative approach to planning. We shall then suggest such an alternative approach on the basis of experience we have gathered in recent years.

Here, we refrain from discussing the basic structural changes and economic transformations which are necessary for rapid advance in the quality of life of our people and which will provide a real alternative. Our theme for today's discussion is based on the reality of Five-Year Plans in India in a capitalist-feudal set-up and the possibility of effecting changes therein in order to stem the economic rot and give much needed relief to the masses of the people.

The approach to planning adopted by the Central Government at the national level has over the years revealed a particular economic strategy. It is a strategy that, despite a few formal statements of good intentions, begins, in effect, by making no serious attempts to alter the existing unequal distribution of assets, particularly of land in agriculture and capital in industry. As a consequence, in this strategy, the planning for production has tended to be viewed through the eyes of the landed gentry in agriculture and big industrialists in industry. There has been, as a result, also a tendency to adopt technology which is capital-biased with inadequate absorption of labour force in production, causing unemployment and insufficient generation of purchasing power of the common people. In industry, in particular, the adoption of capital-biased and labour displacing technology has in recent years led to a serious contraction in the number of workers employed per factory and a fall in their purchasing power. The unemployment problem has been further aggravated by a sharp increase in industrial sickness. The total number of sick industrial units in the country has increased from about 24 thousands in 1980 to nearly 1.2 lakhs at present. In consequence, the number of registered unemployed alone has increased from about 1 crore in 1976 to 3 crores in 1986 for the country as a whole.

Inadequate purchasing power of the common people has been further eroded by continuous inflation. Here, decisions of the

Central Government to increase the administered prices of essential raw materials, petroleum products and food items and to take recourse to deficit financing have acted as significant factors behind this inflationary spiral. Distributive injustice against the common people is again reflected in terms of increasing emphasis on regressive indirect taxes, with the percentage of indirect taxes in the total tax revenue increasing from 71% in 1960-61 to nearly 85% in recent years. On the contrary, there has been systematic relaxation of direct taxation on the upper income group. The abolition of Estate Duty in a country like India where the vast majority are propertyless is certainly inequitable. No serious onslaught has also been made on the holding of taxable incomes of the rich in terms of black money. As a result, it is the poorer sections who had, in effect, to bear the fiscal burden as arising out of these failures and policies of the Central Government. The whole approach of planning, it seems, is directed towards the benefits of about the top 10 percent of the population and at the neglect of the remaining 90 percent. When the vast sections of domestic population are thus ignored, and their purchasing power and, therefore, domestic market remain inadequate, the tendency that emerges in this planning approach is towards seeking salvation through exports. But, can this salvation be achieved ? We shall soon come back to this question.

Before, that, it may be noted that the neglect, in terms of priorities, of the interests of vast majority of domestic population is also reflected in the New Education Policy announced by the Central Government. Relative neglect of universalisation of primary education and, at the same time, special emphasis on a few Model Schools or "Navadaya Vidyalaya" and few select colleges are indications of this general tendency.

There has also been in this strategy a deviation in recent years in terms of policy shifts against the public sector and in favour of the private sector. Hard evidence indicates that the growth of public sector industries and, in a more generalised frame, also public sector infrastructural facilities, such as irrigation, transport etc. have in fact acted as significantly helpful factors for industrial and agricultural activities in India. While, on the basis of this experience, the policy should have been one of expanding the scope of public sector, of improving its efficiency by more effective involvement of workers in the management and ensuring that the benefits of this sector can reach the common man, the policy

recently adopted by the Central Government is in fact one of relative contraction of scope of this sector and expansion of the private sector. In the Seventh Plan, for instance, the share of plan investment accorded to the private sector has been more than 50 percent. Of late, there has also been a policy announcement on decontrolling of cement. We know that the private sector also has a useful role to play. But it is difficult to agree to its growth, particularly in the sphere of "commanding heights" of the economy at the expense of the public sector.

This entire approach to planning—acceptance of unequal distribution of assets, emphasis on capital-biased technology, worsening of the unemployment situation, burden of inflation and indirect taxes, erosion in the purchasing power of the common people, unequal access to education and so on—has been one of staying away from the aspiration of the vast majority of people. There has accordingly been an inherent tendency in this approach to shut the democratic participation of people out from the process of planning, and to centralise economic powers and power of decision-making in the hands of the Central Government. In other words, this tendency to centralise has been a consequence of this approach to planning.

The trend of centralisation in the Centre-State economic relationship has, in particular, been a specific expression of this inherent overall centralising tendency. This tendency has culminated in the current situation where, of the total tax revenue raised in the country, nearly sixty per cent is retained by the Centre and the other forty per cent is shared between all the State Governments. Similarly, of the total market borrowings, nearly 85 per cent is earmarked for the Centre, with only the residual 15 per cent left for the States. We have strongly argued before the Sarkaria Commission for a significant reversal of this existing trend of centralisation in the Centre-State relationship. We understand that the report of the Commission has been submitted. We are unaware about its recommendations. But we strongly feel that there should be an important interaction between the Centre and the States before the report may be finally accepted.

What is disturbing, however, is that while the Sarkaria Commission was working on the basic problems of Centre-State relations, certain unilateral decisions have been taken by the Centre to further centralise resources in its hands. The most glaring among these relates to the decision of the Centre to frequently

increase the administered prices of essential commodities instead of adjusting excise duties. It may be noted that 40 per cent of the proceeds from excise duties are required to be shared with the States. Thus, through this substitution of excise duties by administered prices, and the refusal by the Centre to share the corresponding proceeds from the administered prices with the States, each of the State Government is being denied of a very significant sources of revenue.

Another disturbing feature has been suddenly witnessed in the sphere of small savings. The Central Government has recently taken unilateral decision to divert certain important accretions under Provident Fund from the categories of small savings deposits to some special deposits under the control of the Central Government and has further taken steps to make other savings instruments more attractive than small saving categories. Receipts on small savings are related to the resources of the State Government. Because of these unilateral decisions of the Centre, there has been a further deterioration of the resource base of each State over the last two years. The recent minor adjustment announced by the Centre have failed to produce any tangible effect on this trend of deterioration.

This is not simply a matter of centralisation in the Centre - State economic relationship. The entire process of planning itself has tended to be characterised in terms of over-centralisation. In the major national economic decisions in planning, with implications for every State, the State Governments are not seriously consulted. Even the importance of Planning Commission seems of late to have been eroded. In the recent unilateral directive given by the Central Government to the Ninth Finance Commission, States have been asked to give forecasts on even plan expenditure with reference to some 'norms' not adequately defined. Since these forecasts are supposed to be given even for the remaining years of the Seventh Plan, it is not clear whether another set of forecasts of plan expenditure is being implied, independent of what has been decided after discussions with the Planning Commission. This confusing Central directive has raised questions about the position of Planning Commission itself.

We must not forget for a moment that the Constitution leaves the States with the formal responsibility for most of the developmental tasks ; the increasing tendency on the part of the Central Government to pre-empt the use of fiscal and monetary

resources has however led to a situation where most States are without the wherewithal for accomplishing these tasks. The present format of planning and the modality of resource management have to be significantly changed if the nation's sense of unity and integrity is to be saved from further strain. This calls for decentralisation as much of control and decision-making as of resources. A re-ordered planning and economic system should, in my view, be featured by (a) devolution of planning down from the Centre to the States, districts, blocks and villages, with responsibility at all levels resting with democratically elected bodies, and (b) a similar devolution of financial resources, with the Central Government retaining the responsibility of overall economic co-ordination.

At present, as a result of the near-obsession with centralisation, issues necessary for maintaining healthy co-ordinated relationship among the States have been seriously neglected by the Centre. One example of lack of co-ordination in the national planning process is the unfortunate tax warfare that sometimes goes on among the States. This indicates a failure on the part of the Central Government to maintain an effective interaction with the State Governments. Another instance of the lack of co-ordination at the national level is the decision of the Central Government to introduce a scheme of selective freight equalisation only for certain raw materials and industrial items, resulting in advantage for certain selected regions while depriving the other regions of their pre-existing advantages without providing for any method of compensation. The concept of national planning loses much of its lustre if essential articles are not equally accessible to all States, or if some of them are available at uniform prices all over the country while others are not. It is for this reason that we have been emphasising the need for the Central Government to assume the responsibility for ensuring the supply of major foodgrains, industrial raw materials and essential commodities all over the country at a uniform price. This need, however, has yet to be appreciated by the Central Government. Three years back the policy was *accepted* in principle but no steps have been *taken* for *implementing* it.

With this approach and the centralised method of planning, it may be noted, as has already been pointed out earlier, that the entire strategy at the national level seems at the end to depend on the salvation through exports. During the discussion on the

Seventh Plan, I had observed in the meeting of the National Development Council that with meagre prospects of export growth and a rising tide of imports following trade liberalisation our balance of payments is likely to worsen further in the coming years. The available data on foreign trade now, in fact, tend to indicate that exports are not picking up in any significant scale. On the other hand, the technology which is being adopted in industry is so capital-biased and import-dependent that imports have threatened to go up in a massive scale. The entire approach to planning therefore has an inherent danger of taking the country into an international debt trap.

As an alternative to this strategy, a different approach to production planning has been attempted in West Bengal over the last ten years. Within the limitation of the existing socio-economic structure, and the not too sympathetic attitude of the Centre to the State Government, the alternative approach begins, on the basis of the strength of democratic movements of the common people, by trying to reorder, to whatever extent possible, the existing distribution of production assets, in agriculture and industry, towards a more equitable situation. This approach therefore begins in agriculture with redistributive land reforms and in industry with due emphasis on small-scale units with the necessary support of certain crucial "mother" industrial complexes.

This emphasis on land reforms, it may be noted, is not any exercise in charity, but is essentially a productive move on the basis of hard evidence of superior production performance on the part of working peasants. In this context, we may mention, with due modesty, some of the advances that have been made in recent years to give our State the front-most position in the country in the sphere of land reforms. With the involvement of people through the Panchayats, which was non-existent before the time of the Left Front Government, and the administrative support, it has been possible till the end of December, 1986, to vest about 12.55 lakh acres of agricultural land. At the same time, the total number of poor households benefited from the distribution of vested land has reached the figure of 17.11 lakhs by December 31, 1986. Of these benefited households, those belonging to the Scheduled Castes and Scheduled Tribes constitute nearly 56.4 per cent which is more than double their percentage representation, i.e., 27.6 per cent, in the total population of the State. The total number of the recorded bargadars (sharecroppers) has also crossed the figure of 13 lakhs by the end of 1986.

In order to make the land reform measures effective, it is essential to support them with the provision of non-land inputs, such as irrigation, implements, manures and fertilisers, and infrastructural facilities, particularly credit and marketing. In the provision of all of these non-land inputs, there is a question of choice of appropriate technology. Here, in this alternative approach, as a result of land reforms, this choice can now be meaningfully viewed through the eyes of the common working farmers. The working farmers are endowed with labour power and there is in rural areas often a relative abundance of local resources. The socially appropriate choice of technology regarding all the non-land inputs in this alternative approach should therefore be one which should be modern and, at the same time, make efficient and improved use of labour and local resources. There should not be any indiscriminate borrowing of "foreign" technology, but a careful adoption of modern technology suiting our social conditions, particularly the need for productive use of labour. Such a choice of technology not only provides a better relief to the problem of unemployment, but also creates more purchasing power for the common people.

Keeping this direction of appropriate technology in mind, the emphasis in the sphere of irrigation—one of the most important of all the non-land inputs—has been placed in the State in recent years on extension of minor irrigation facilities. Along with that, emphasis has also been placed on extension of field channels under major irrigation projects. It is primarily on the basis of land reforms and this extension of irrigation facilities, together with the provision of fertilisers and other inputs, that it has been possible to reach an all-time record production of goodgrains, of about 95 lakh tonnes at the State level in 1986-87. Even in this year, despite severe floods in 12 out of 17 districts, it is possible that last year's production may again be about achieved, if not exceeded. Along with this increase in production, there has also been an increase in recent years in the average wage rate for agricultural workers, the average daily rate, cash and kind together, increasing from about Rs. 5.60 in 1976-77 to more than Rs. 13 in recent years. Unlike in the previous regime, these wage rates are now enforced by the administration with active involvement of the Panchayats and peasants' organisations.

It is important to note that as a result of this progress of agriculture through emphasis on a technology, which uses labour

and local resources and tends to generate some purchasing power for the common people, there has been a related growth of cottage and small-scale industries which are linked with agriculture and which produce mass consumption goods such as handloom products. Over the last ten years, growth of registered small units have been more than 100 per cent in the State—from a figure of less than 1 lakh in 1976-77 to the present figure of more than 2 lakhs. In terms of the number of small-scale units, it may be mentioned with modesty that the position of our State, as in the case of land reforms, is the foremost in the country. In recent years, on average, about 14 thousands of new functioning small units are being set up per year in West Bengal, with additional generation of employment of about 80 thousands each year. In addition to small-scale industrial units, there has been a significant growth of handloom industry over the last ten years, when the production has gone up from around 200 million metres in 1976-77 to around 400 million metres in 1986-87. The bales from the Handloom Co-operative Apex Society itself have almost doubled even within the span of the last three years.

In large and medium industries, the over-all index of industrial production in West Bengal had in recent years reached its lowest level in the early seventies. If we take the average of annual indices of industrial production in the State for the nine years before 1977, the average value of the index (Base : 1970 = 100) over this period is 105.8. If we now take average of such annual indices for the nine years from 1977 onwards, then the average value of the index of industrial production in West Bengal increases to 119.2. This recent recovery in the production of large and medium industries has been achieved despite a lack of co-operation from the Central Government. This lack of co-operation has been reflected in terms of a relative fall in the direct investment by the Central Government in West Bengal through its undertakings. The percentage share of West Bengal in the total Central investment has fallen from 11.7% to 1970 to 7.1% in 1985. The denial of Central investment in the Electronic Complex in this State is too recent in memory to be forgotten by the people of West Bengal. Similarly, the clearance of Haldia Petro-Chemical by the Central Government has still been kept at an uncertain State even after about 10 years. Despite these policies of the Central Government, the picking up of production of large and medium industries in recent years has been possible in the State particularly due to an improvement in the power situation, which had reached its lowest

ebb during the previous regime, the steps taken by the State Government in reviving some of the sick industrial units and the socially responsible attitude of the organised working class. Continuous motivation in regard to work culture and co-operation between managements and workers are necessary for preventing any deterioration and for further advance. But difficulties in the industrial sector continue because of the Centre's unhelpful attitude in regard to the units taken over by itself. There is no monitoring or long term planning or co-ordination with the State Government.

Along with these activities in the production sector, progress has been made over the last ten years in the sphere of social services. In this context, a particular mention should be made about the sphere of education. Here the basic objective has been one of reaching the common man, in as wide a manner as possible, with an education to help him understand the production structure and the socio-economic environment surrounding it. With this view, a special emphasis has been placed in this State on the programme for universalisation of elementary education. As a result, it is expected that nearly 96.4 per cent of the children of the relevant age-group (6-10 years) have enrolled in the primary schools. Equally significant as this enrolment percentage is the percentage of drop-outs at the primary stage. It has been estimated that this percentage of drop-outs has fallen systematically in the State, from 45 per cent in 1978-79 to around 25 per cent in recent years. It is relevant to point out in this context that the coverage of school children under mid-day meal programme has been significantly extended over the last ten years. Provisions have also been made for distribution of free text-books and extension of other incentives as well. Education has been made free upto the Higher Secondary stage. The basic policy of widening the access to education has then been kept up at each subsequent level of education in the State. In sphere of urban development, a new beginning has been made towards a more decentralised urban development, with the intention of focussing attention on smaller towns along with Calcutta and its neighbourhood.

When the priorities of planning are thus altered in favour of the common people, with emphasis on land reforms, choice of more employment-generating technology and attempts at industrial growth through a wider base of small producers, then an

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objective condition is created for involvement of the common people in the process of planning. It is with this view that the Panchayat election for the three-tier Panchayat System (Zilla Parishads at the district level, Panchayat Samities at the block level and Gram Panchayats at the anchal level), which were stalled for about 16 years in the previous regime, were held in 1978 and then in 1983. There will be elections again in early next year. After Panchayat elections in 1978 and also in 1983, data were obtained on the class background of the members who got elected in the Panchayats. It has been found that a little over 70 per cent of them have come from small farmers or below. This is not an isolated phenomenon. This has been the result of a long histroy of peasants' struggle and left and democratic movement in the State.

These elected Panchayats have been given responsibility in the formulation and implementation of different development programmes in a step-by-step manner, beginning with land reforms and then going into other programme such as those related to minor irrigation, agricultural inputs, IRDP ; Food-for-work and later NREP, and also RLEGP. The local common people have been involved through the Panchayats, and the Panchayats were also provided with administrative and technical support. It was found that if a project, say, construction of a road, is implemented through the Panchayats, the work is done more cheaply, at less time and with the same technical specification. This cost reduction is made possible particularly because of the elimination of contractors and voluntary involvement of the Panchayat members in the supervision of the works. After going through the experience with the Panchayats, elected municipalities in the urban areas have also been given similar responsibility in formulation and implementation of urban development programmes.

Over the last three years, a further innovation has been introduced in the sphere of decentralised planning through the involvement of people in terms of the Panchayats and the municipalities. In the interest of forging better co-ordination, the District and the Block Planning Committees have been set up at the level of each district and block, with representation of the Panchayat members, the municipality Chairman and the officials of all the concerned departments at the appropriate levels. The M.Ps and the M.L.As of the district are also involved in the District Planning set-up. Within overall priorities, the plan budget of each concerned department is broken down into the State-level items and the District-level items. Budgetary provisions of the different

departments for district-level items are communicated to the District Planning Committees and significant parts of these provisions are then taken down to the level of Block Planning Committees. Within these budgetary parameters, Block Plans are formulated by the Block Planning Committees starting the exercise from the level of Gram Panchayats. These Block Plans are then integrated into the District Plan at the district-level after discussions at the District Planning Committee. Such plans are completed for each of the districts and they form an integral part of the State Plan. These plans are then implemented and regularly monitored through these District and the Block Planning Committees and the results are reviewed at the State level. Through this process of decentralised planning, it has now been possible to develop nearly two-third of the entire plan budget of the State to the district level or below.

During the discussions on the Seventh Plan in the National Development Council, I had stated, "I honestly do not believe that the Draft Plan placed before us, if implemented, could make any worthwhile contribution towards promoting a faster rate of growth, or raising the living standards of the nation's vast masses or reducing the incidence of unemployment or improving the country's balance of payments or narrowing either regional disparities, or the gap between the incomes of the rich and the poor".

The economy is in deeper crisis consequent on new factors which have arisen and the Seventh Five Year Plan is in jeopardy. But I see no evidence of an awareness of it by the powers that be and no serious reappraisal of policies has been made and correct and effective measures suggested.

When this alternative approach to planning—alternative both in terms of priorities and method of planning—is suggested within the existing socio-economic framework, it is never claimed that the basic problem of common people will be solved, only partial redressing can be provided more effectively. And, when redressing provision is made through a process of planning where common people can participate in an organised manner, then that makes a difference. Through this process of participation the common people can identify better the major constraints of the system, the constraints that they have to overcome in future through organised and united movements.

The Socio-Political Scene In 2001

The socio-political scene in our country in 2001 will depend, to a large extent, on the type of approach we choose to adopt in planning for production in major sectors, such as agriculture and industry and for major services, such as education. There can be, broadly speaking, two alternative types of approaches to planning for production and services.

In one approach, we may choose to accept the existing unequal distribution of ownership of productive assets, or even an increase in inequality in this distribution, in agriculture and industry, and have visions of production programmes on the basis of such unequal ownership distribution.

In agriculture, this means that we accept that in an average village in India the top 10 per cent of rural households will own more than 50 per cent of land holdings, with remaining 90 per cent owning less than 50 per cent of holdings, of which the bottom 20 per cent being landless or marginally owning land. We may then be further forced to accept that in some situation the majority of the relatively poorer households remain dependent on the affluent landlord households for loans and, as a consequence, are forced to sell their labour at a lower wage and their produce at a lower price to the employer households.

This unequal land ownership pattern seems to have been accepted in the present state of national planning. An insignificant percentage of agricultural land at the national level has so far been redistributed to the rural poor. In the formulation of the Seventh Plan this same inaction on land reforms at the national level and acceptance of unequal ownership of land seems to have been continued.

In such a situation, given the land ownership pattern, since the production decision is primarily taken by the rich landlord households, planning for development of production in agriculture and allied sectors will be viewed in terms of the interests of this class of households. Since this class of households have access to capital, and since they do not want to weaken their bargaining position vis-a-vis the agricultural labourers and other poorer households by depending on their labour, there will be an increasing adoption by the landlord households of a technology

which may use, relatively speaking, more capital than labour. In fact, in the context of the Seventh Plan, this technology has tended to become not only capital-intensive but often also import-dependent. We think that the adoption of this technology, although some times glorified in terms of a reference to the 21st century, implies that there may be inadequate absorption of labour in production, resulting in unemployment and insufficient generation of internal purchasing power. This may also explain the paradoxical situation that has recently emerged in the Indian agriculture. There has been, for instance, on the one hand, a substantial stockpiling of foodgrains, reaching, of late, a total of more than 30 million tonnes. On the other hand, the agricultural production structure has failed to absorb the rural labour adequately, with the result that a significant number of rural households still remain below the poverty line.

Confronted with this situation, I had strongly urged in the meeting on the Seventh Plan of the National Development Council, held in November 1985, that a significant increase in the use of this stock of foodgrains be made for both rural and urban employment programmes. There has yet to be a significant step-up in the proper utilisation of foodgrains for this purpose. Does it mean that there may be, among others, a conflict in this use of foodgrains from the standpoint of interests of the landlords, since there may be an implication of an increase in the agricultural wage rate and therefore also an increase in the bargaining position of the agricultural labour and other poorer rural households? If the stock of foodgrains is not utilised domestically in this manner, there may then be a tendency to export the foodgrains. Such an eventuality, in my judgement, will be extremely unfortunate in so far as it indicates a socially wrong choice of technology, leading to underutilisation of working force, inadequate generation of purchasing power of people and export of foodgrains at the cost of vast undernourished sections of the Indian people.

This inadequacy of purchasing power of people will also impinge on the growth of industries. In addition, if the ownership of industrial capital is allowed to remain concentrated in the hands of a few—indications from the formulation of the Seventh Plan, the relaxation of control over the growth of monopoly and the statement of the Long Term Fiscal Policy are towards the continuation and strengthening of this concentration—then the adoption of technology, for reasons similar to agriculture, will again

be increasingly capital-intensive and labour-displacing. Indeed, the number of workers employed per factory in the organised industrial sector has already significantly fallen in recent years. This tendency will further result in serious industrial unemployment and inadequate generation of purchasing power, in addition to similar problems originating from the agricultural sector.

Confronted with the over-all problem of insufficient purchasing power of the common people and limitation of domestic market, there may be a tendency in the industrial sector to tilt the product-mix away from the mass consumption goods for the affluent. But, since this sphere of the market is itself restricted, the eventual tendency in this industrial strategy will be to seek salvation through exports by ignoring the vast sections of domestic population. But will this strategy succeed ? Indications from the data on foreign trade are that exports have not yet picked up in any significant scale. On the other hand, the technology which is being adopted in industries are so capital-intensive and import-intensive that imports will threaten to go up in a massive scale. Windfall gains from the finding of natural oil may temporarily suppress the secular problem of deficit in foreign trade. But the country will have to face this trade-imbalance crisis eventually. If on the advice from some quarters, foreign or domestic, the country is then forced to take loans from international agencies which, given the nature of this wrongly guided strategy, may be extremely difficult to pay back, the entire economy will face the real danger of running into an international debt-trap. This strategy, in effect, amounts to a significant deviation from the goal of self-reliance —a goal long-cherished since the beginning of Indian Planning.

Deviation from another such long-cherished goal is reflected in terms of the recent policy shifts on the role of public sector in India's planned economic development. The building up of basic industries under public sector had its beginning in the Second Five Year Plan in the 50's. The growth of these public sector industries and, in a more generalised frame, also public sector infrastructure facilities, such as irrigation, transport etc., have in fact acted as helpful factors for some industrial and agricultural expansion in India. If an index of these public sector facilities is computed, then a close relationship is obtained between the growth of this index in a State or a region and the positive movement in value-added index in the factory sector and yield of foodgrains in that State or region. While, on the basis of this experience, the policy should

have been' one of expanding the scope of public sector, of improving its efficiency by more effective involvement of workers in the management and of ensuring that the benefits of this sector can reach the common man, the policy recently adopted is in fact one of relative contraction of the scope of this sector and its employment generating potential. This relative contraction is expressed in terms of insignificance in plan outlay for the public sector industries, a more than 50 per cent share accorded to the private sector in the gross capital formation during the Seventh Plan and a package of policy measures in favour of privatisation in the economy. If this trend of privatisation continues, then the Indian economy may approach the 21st century with a more unequal ownership of industrial capital with, as mentioned earlier, implications of adoption of labour-displacing, capital-intensive technology, restriction on the scope of employment generation and limitation on the purchasing power of the people. The recent document of the Central Government on education policy appears to be related to this particular strategy of production planning. Since, with unequal ownership pattern, the production structure is being tilted towards capital-intensive technology, the implication of this production strategy for education is a requirement of exclusive training facilities for a privileged minority to operate this technology, with a relative neglect of education for the vast masses. It is this specific orientation which seems to have expressed itself in the document on new education policy in terms of the emphasis on so-called model schools and exclusive centres of education for a privileged few and neglect, for the first time in recent years, in the specification of targets regarding universalisation of primary education relevant for the masses. It is, as already indicated earlier, fashionable these days to talk about India moving into the 21st century. But without any target specified for universalisation of primary education and with a hasty proposal for pace-setting schools for a few, what is our assessment of implication of this lop-sided education policy package for removal of illiteracy? It will be a national shame if, because of wrong choice of priorities, India has to approach the year 2001 with vast masses of population remaining illiterate or without access to even elementary school education. Since this entire approach to the planning for production and services is away from the aspirations of the vast majority of common people, there is an inherent tendency in the approach to shut the democratic participation of people out from the process of planning, and to

centralise instead economic powers and powers of decision-making in the hands of the Central Government. The trend of centralisation in the over-all Centre-State economic relationship is, in my opinion, an expression of this inherent tendency. Even in the document on new education policy, there is the intention of increasing centralisation in the formulation and monitoring of education policy.

When such attempts are made to concentrate powers in the hands of the Central Government, the common people in the different States tend to lose the feeling of participation in the process of planning. When this feeling is lost and also the problem of unemployment, because of a wrong choice of strategy, is aggravated, divisive forces in the name of religious fanaticism, casteism, obscurantism get encouraged, threatening the basis of unity and integrity of our country. We have to oppose all these divisive forces in unequivocal terms. We have to build a strong and united India. For this, economic base of each of the States has to be strengthened. Then only the entire India—the Centre and all the States together—can remain powerful. We want our young people to enter the 21st century by breaking down all the walls which divide common people in the name of religion, caste etc. For this, we have to struggle to prepare the basis for a more equal access to production structure. That takes us to move, even within the existing socio-economic constraints, towards an alternative approach to planning for production and services.

Within the limitations of the existing socio-economic structure, this alternative approach begins, on the basis of the strength of democratic movements of the common people, by trying to reorder, to whatever extent possible, the existing distribution of production assets, in agriculture and industry, towards a more equal situation. This approach in agriculture therefore begins with redistributive land reforms—not as any exercise in charity but essentially as a productive move on the basis of hard evidence of superior production performance on the part of working peasants. These land reform measures then need to be supported by the provision of non-land inputs, such as irrigation facilities and implements, and infrastructural facilities, particularly marketing. As a result of land reforms, the decision-making in agriculture can be meaningfully viewed in terms of the poorer farmers who are endowed with labour power. It is further known that there is in rural areas often a relative abundance of untapped

local resources. The socially appropriate choice of technology in this alternative approach will be necessarily modern, but in terms of superior use of labour and local resources. Such a choice of technology not only provides a better relief to the problem of unemployment, but it also creates more purchasing power for the common people. Because of this generation of purchasing power, production programme in this alternative approach is more consistent in terms of ensuring a balance between production and effective demand. Because of this generation of purchasing power, again, a basis is also prepared for expansion of industries for mass consumption goods as well as industries producing intermediate goods and machinery necessary for manufacture of mass consumption goods. Some of these industries may have their rightful place in the small-scale sector, implying a better dispersal in the ownership of capital and extension of employment opportunities. There is at the same time the need for support from the big mother industrial complexes. to be set up under social control. Extension of social control is also necessary in the field of marketing and public distribution of essential commodities.

Education policy related to this alternative production planning will place the most significant emphasis, with whatever means at disposal, to universalisation of primary education and more equal access at higher levels, rather than showing a special haste to set up the exclusive model-school type of institutions.

Such an approach to planning for production and services, because of its better identification with the aspirations of the common people, can be with confidence more democratically decentralised by involving the common people in an organised manner from the grass-root level.

With due modesty, it may be pointed out that attempts towards this alternative approach to planning, with priorities as indicated above, have been initiated in West Bengal for the last nine years or so. The common people have been involved in an organised manner in the formulation and implementation of the plan projects through the regularly elected Panchayats in rural areas and municipalities in urban areas. This process of plan formulation and implementation has been further decentralised and co-ordinated in recent years through the constitution of the District Planning Committee at the district level and the Block Planning Committees at the block level, by bringing together the elected representatives of people from the Panchayats and other

bodies and the concerned officials of the different departments at the respective levels. With a general guideline on broad priorities, along the lines as mentioned above, plan funds for the district-level and the block-level schemes of all the departments are developed down to the district and the block levels. Schemes for each sector are then formulated in a co-ordinated manner from the grass-root level, first at the level of the Block Planning Committee, and then these Block Plans are properly integrated into the District Plan by the District Planning Committee. Such co-ordinated and comprehensive District Plans, with supporting plans for each block, have been formulated for each district of the State beginning from the last year and are now in the process of being implemented.

When attempts are made towards this alternative approach to planning with priorities identified in terms of the aspirations of the common people, with funds appropriately devolved from the Centre down to lower levels and with involvement of the people in the process of planning, the masses across the country can get a sense of participation in the entire process of development. It is again only then that the walls of division among the people can be pulled down and that the youths of to-day can grow up to enter the 21st century with an objective sense of national unity and integration.

Needless to say that there are entrenched interests in our society who will stand in the way of emergence of this alternative socio-economic scene in the year 2001. It is on the basis of organised democratic struggles of the common people that these obstacles will be overcome.

Labour Management Relationship—1

A developing country like India is beset with numerous challenges, but the key to our progress lies mainly in our economic self-reliance which is largely dependent on rapid industrial growth. To achieve the optimum rate of industrial growth, all sections involved in this sector must have to put in tremendous amount of activity with zeal and dedication. The labour-management relationship must be harmonious and mutually responsive. The labour which constitutes the major plank of productive activity must be given the opportunity to have a sense of genuine involvement, in the productive process. If the demands and problems of the working class are treated in a just manner, the area of understanding between labour and management must steadily extend contributing to the benefit of the economy in general.

The practising personnel men are vested with the responsibility of managing the human resources. They must be conscious of the immediate need and the ultimate goal of the respected disciplines to which they belong-their entire effort should be geared to orchestrate all sections involved in the particular area of activities.

Personnel men are therefore required to be endowed with an unprejudiced and objective attitude. To delve deep into a problem, one needs to possess a dispassionate mind. Such a quality is most demanded of a personnel man. He should have also a judicious temper and a humane approach. The organisation can move in the right direction if the personnel executives can strike a happy balance between the profit for the enterprise and the protection of interest of the working class. While profit is considered the legitimate objective for any industrial unit, super profit is most undesirable because it is the bane of society. The personnel men have also the responsibility to instil proper motivation to both labour and management. Unless the personnel men are actuated by a sense of social commitment, they will fail in discharging their duties in the present day situation of our country. What is needed most is the right kind of orientation among the personnel officers to perform their assigned role in an effective manner in the field of industrial relations.

Excerpts from a talk delivered on the occasion of the Annual conference of National Institute of Personnel Management held at Calcutta on 13 March, 1981.

Labour Management Relationship—2

It is, indeed, a sad commentary on the state of things that after 36 years of independence the industrial growth of our country has been tardy considering the needs. Unemployment is growing by leaps and bounds and quite a few existing factories are closing down rendering many workers jobless. Inflation is also causing anxiety. Without structural changes and corrective measures taken in planning, the malaise in the industrial sector cannot be overcome. No planned endeavour has been made to help create a stable climate of growth in the country. The Union Government has not shown any worthwhile interest in labour-management relationship and its problems raised by Central Trade Unions. The workers are very often blamed for many of the ills plaguing the industrial units. I do not agree to such contention. The problems of industries and the grievances of the working class have been allowed to accumulate and depressing signs are discernible in our industrial scenario. Particularly the eastern region has been reeling under problems and difficulties of enormous magnitude compared to other regions and Union Government's planning has led to regional disparities. Some of the industrialists, too, have helped in the process of neglect of this region by investing their profits outside at the cost of development in this region. This has, apart from other reasons, certainly had an adverse effect on industrial relations. The industrialists who make profits by using the labour force of this region are expected to think in terms of investing back here. Though we are not parochial in our attitude, yet we have to emphasise the urgent need for development of this region as other regions of the country also need such development.

In West Bengal, the Left Front Government has been in power since 1977 and in forums like the present one and also elsewhere I have made it clear time and again that we always want stable and satisfactory relationship between management and labour. Since we are operating in a mixed economy in the country we accept the fact that both public and private sectors have a role to play here. Let me reiterate that the industrialists should accept the reality that a Leftist Government has been installed in West Bengal and they should lend all their cooperation and help to

Excerpts of the speech delivered at the Eastern regional conference of All India Organisation of Employees held at Calcutta on 23 December 1983.

better the industrial situation in this State. We need their cooperation for speedy economic growth of the State. The industrialists may want to get rid of us, but as long as we are here they are expected to extend their cooperation. Most of us in the Government have been associated with the trade union movements for long and so we are in a position to understand and appreciate the issues and problems involving the interests of both management and labour. We strongly advocate the promotion of the productive activities through the cooperative efforts of both sides. The understanding and satisfactory relationship between the managements and the working class is certainly our objective. I am happy to note that during our tenure, agreements between the two sides have been concluded in a number of industries in particular years without significant disruption of work. Our efforts in persuading the management and labour to see things objectively and arrive at mutually beneficial agreements have succeeded in some years in some major industries including tea, jute, engineering and textiles. In some major industrial undertakings also, through the efforts of the Labour Department satisfactory agreements have been reached. But in some cases the two sides have failed to reach agreements resulting in unhappy situations. The economic plight of the State is further compounded by closures and lockouts in the industry. It is unfortunate that the managements, banks and other financial institutions do not consider it necessary in most cases to acquaint us with the deteriorating situations in the concerned industries and suddenly we hear that closures and lockouts have been declared in some units. A monitoring system has not been evolved. There is a tendency to blame the workers for the sickness and closure of industries. But this is not the reality. Here we might refer to the Reserve Bank of India report which has revealed that only 2% of sickness in industries is caused by labour indiscipline and the remaining responsibilities lie with the other sections. We have also observed with dismay that the loss of mandays in some key sectors has been due to lockouts. The practice of declaring lockouts and that too without adequate reasons and reference to the Labour Department should be avoided as it embitters relationships. But it is asserted that the lockout is a weapon in the hands of the employers. Yes and how often it has been used to teach the workers a lesson. The attitude is not at all helpful. The Union Government should devise means to curb this right, particularly today when major part of the investments belongs to the banks

and financial institutions. It is the deprived and exploited sections which deserve greater help. The reluctance on the part of the managements to modernise or to replace the old machinery or to diversify and to plough back their profits lead to industrial sickness in many cases. This position cannot be easily accepted by the trade unions and naturally they go in for offering resistance as the workers have nothing to fall back on. In a class-divided society like ours the antagonism between capital and labour cannot be wished away. What we can do is to help in minimising the disputes and strikes. We hold that judicious use of trade union rights on the part of workers is imperative, particularly because our Government keeps constant vigilance and stands by the working class. The right to strike is indeed the fundamental right of the working class and yet we advise the workers to use it as a last weapon when all other modes of settlement fail. We favour negotiated settlements and motivate the trade unions to abide by the terms of settlements once arrived at and we also advise the managements to do the same. There is no place for violence in the trade union movement and whenever in a few cases such outbursts have been there, police actions and prosecutions have followed.

The role of the Union Government in improving the industrial relationship can not be said to be helpful. As far back in 1969 when we formed the United Front Government here we passed in our legislature a trade union amendment bill which among other things provided for secret ballot for recognition of unions. This would have been helpful in collective bargaining and much of trade union rivalry could have been overcome through this provision. But for over twelve or thirteen years that Bill was kept pending at the Centre and at long last we have been informed that the President's assent to it has been withheld. We have, however, re-cast that Bill and sent it again to the Centre after getting it passed by the State Assembly. The Central Trade Union Bill has many negative features and have not received the support of the trade unions.

In the jute industry serious problems have arisen. The jute workers have been forced to bear the major brunt of the problems that confront this industry. On issues like grade and scales of pay and workload of the jute workers, the authorities of these industries refuse to implement the recommendations of the government and the reports of the committees appointed for this purpose. The huge profits earned by this industry in the past have

not been utilised for the expansion and modernisation of this particular industry or for improving the working and living conditions of the workers. Through protracted movements and struggles some amelioration has taken place in their wages. But they have had to face reduction in employment, increased workload etc. We plead for just solutions of the problems facing this industry through the cooperative efforts of the managements and workers. We also feel that the Union Government which gains enormously from this industry is not taking any worthwhile interest in it with which lakhs of jute growers and workers are associated. In the background of unjustified lockouts and also closures in a large number of jute mills throwing out of employment about 50 thousand workers and the fast deteriorating industrial relations, the West Bengal Assembly adopted a unanimous resolution for nationalisation of the jute mills and backed by the workers, the demand have been placed before the Prime Minister. But the Union Government is reluctant to nationalise it. I feel that in the meantime without any further loss of time a negotiated settlement should be arrived at between the managements and the jute workers' unions.

May I reiterate that both the industrialists and workers are required to adopt a realistic and reasonable attitude to resolve problems. The services of the Government are at their disposal. The Union Government should also lend a helping hand.

In view of our objective of further expansion of industries in the large, medium and small scales sectors and in newer growth centres, I hope and trust that your deliberations will help in improving industrial relations by avoiding a rigid stand and by desisting from the path of confrontation.

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6, Talkatora Road, New Delhi-110001
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Danger Confronting The Public Sector Industries

We are indeed passing through a time when at more than ever before, the place of public sector industries in the Indian economy has been seriously threatened. This is a threat to the entire approach towards building up of a public sector industrial base—an approach which has been adopted over the last few decades in Indian planning.

The building up of basic industries under public sector had its beginning in the Second Five Year Plan in the 50's. There was a view—and we had generally agreed to it—that the industrial growth in India depended strongly on the growth of “core” industries and infrastructural facilities, and that these so-called “commending heights” of the economy should be placed in the public sector. The growth of these public sector industries and, in a more generalised frame, also public sector infrastructural facilities, i.e. not only “core” industries but also facilities such as irrigation, transport and social services, have in fact acted as significantly helpful factors for industrial and agricultural expansion in India. If an index of these public sector facilities is computed on the basis of an average of these facilities, then a close relationship is indeed obtained between the growth of this index in a State or a region and the positive movement in value-added in the factory sector and yield of foodgrains in that State or region.

It should be pointed out here that when we support the growth of public sector, and in particular, public sector industries, it is not out of any illusion that the resulting benefits will primarily reach the poorer sections of our society. There is, of course, an essential difference between the role of public sector in a socialist economy and its role in an economy such as ours, with the economic power so unequally divided in favour of big industrialists and landlords. Given the unequal access to industrial capital, the benefits of public sector industrial and infrastructural base have, as can be anticipated, been systematically tilted in favour of the bigger industrial units with their dominant control over industrial capital ownership. These benefits have unusually been translated in terms of subsidised availability of crucial inputs, such as iron and steel, and other infrastructural facilities. The size-class distribution

of bank advances, evidence suggests, has also gone in the same direction. If we extend our analysis for a while to agriculture, we again observe that given the unequal ownership distribution of land holdings, the benefits of public investment in agriculture, such as irrigation facilities, banking and marketing infrastructure, have again primarily reached the more affluent sections of the peasantry.

It is also a fact that because of these benefits being restricted to privileged minority, the effect of this public sector investment on the generation of purchasing power of vast masses has not been significant. The inadequacy of this purchasing power, in our judgement, remains as the most important constraint on the development of all the major sectors of the Indian economy. It is because of this inadequacy that the economy finds itself in a paradoxical situation, with a significant excess capacity in the industrial sector and a huge stock of foodgrains in agriculture which the vast majority of impoverished citizen do not have the means to purchase.

Confronted with this situation, it is possible to adopt either of the two alternative approaches. It is possible to make a move towards reducing the scope of public sector. This is indeed the direction towards which the Central Government seems inclined to be moving. This is expressed in terms of more than 50 per cent share accorded to the private sector in the **gross capital formation** during the Seventh Plan. It is also expressed in terms of a nominal increase in plan outlay for the public sector industries—an increase which, in real terms, may ultimately turn out to be insignificant, if not negative. More significantly, this assault on public sector seems to be a part of a package of policy measures in favour of privatisation and trade liberalisation which the Central Government seems to be imposing on the Indian economy along the lines known to be advocated by the IMF and the World Bank. In my presentation before the National Development Council (November 8-9, 1985) I have already indicated the manner in which this package has been designed. "... (The) received advice being acted upon is to liberalise the mechanism of controls in the sphere of both trade and domestic production. Imports of foreign foods are one being permitted on a generous scale. ... (The) curbs on foreign capital have been lifted and restrictions imposed on the operation of the big industrial and monopoly houses substantially relaxed. All this has been accompanied by generous tax

concessions to the affluent classes, so much so that direct taxes, which were as high as 55 per cent of total tax revenue at the time of independence, now stand reduced to barely 20 per cent. Besides, several subsidies are being offered to the same classes, a fact which is causing concern even to the Planning Commission." (cf. text of presentation to the NDC) We consider that this approach will not exacerbate the incidence of poverty and unemployment but will also widen the trade deficit and land the country in an international debt-trap.

It is intriguing that this reduction in the scope of public sector is advocated on the pretext of sickness of public sector industrial units. The evidence indicates, however, that if we consider the totality of sick industrial units, then incidence of sickness is found to be prevalent among both the private and the public sector units. In other words, the cause of sickness of a unit does not necessarily depend on its being located in the private or the public sector. This sickness is caused by the more general and basic phenomenon of inadequacy of purchasing power of the common people—a point I have already mentioned earlier.

Confronted with this basic malady, we have always considered it appropriate to think in terms of an alternative approach. There is, in our judgement, an irreversible necessity of strengthening public sector, particularly in the sphere of basic industries and essential infrastructural facilities. The country, for its growth, can not afford to deviate from this basic strategy. Within the public sector, there is scope of improving "social" efficiency of management. This improvement in efficiency, in our judgement, will not be brought about by taking recourse to management gimmicks. The clue to this improvement lies in involving the workers in the management of these units, not in terms of any vague concept of workers' participation but in terms of concrete decisions on their participation in the crucial areas of decision-making and implementation. In this participation, it is essential that the workers are taken into confidence and with dignity, so that they can have the genuine feeling of being an essential part of the entire decision-making process. This approach may result in pushing the frontier of efficiency in a manner which the so-called management experts may be unable to foresee. We are aware that given the existing socio-economic situation, this objective of involving the workers in the management of public sector units

may be hard to attain. But then, this is an issue around which we may like to mobilise the support of the common workers.

There is then the most important task of ensuring that the benefits of public sector units can reach the common people—in industry or in any other sector. The fulfilment of this objective is of course related to our achieving the goal of reordering the basic socio-economic structure. This is the objective which we have ultimately before us. With this ultimate objective in view, we can again try to mobilise as much support of the common people as possible around the concrete issues relating to the class-character of incidence of benefits of the public sector units. This mobilisation around concrete issues will be helpful in raising the awareness of the people about the basic socio-economic constraints—the constraints which they have to ultimately overcome through organised struggle.

On Agricultural Development

Before I come to some of the issues raised in the Report of the Committee on Agricultural Productivity in Eastern India relating to land reforms, water resource development and management, input supply, marketing, credit and organisational support for agricultural development, I wish to thank the Committee for their extensive work on the various aspects of these problems. It is also in the fitness of things that the Government of India has decided to interact with the concerned State Governments of Eastern India on the recommendations of the Committee bearing on issues which are of significant importance for these States.

I have noted with interest the points mentioned in the main Report of the Committee about the semi-feudal land relations and the related dependence of common farmers on the semi-monopolistic interests in rural areas, about how these relations are acting as constraints on the agricultural development in several parts of Eastern India, and also an appreciation in this context of the programme of "Operation Barga" in West Bengal as a step in the right direction. In the summary recommendations, however, the corresponding emphasis on redistributive land reforms, which was to be logically expected, is somewhat conspicuous by its absence.

We consider land reforms as a crucial step for increasing agricultural production. On the basis of hard empirical evidence we recognise the superior production performance per acre on the part of poorer farmers. In the interest of maximising production itself, it is therefore, necessary that the surplus agricultural land be redistributed from the richer to the poorer farmers—not as any exercise in charity, but essentially as a productive move. Ensuring the security of share and tenure for the share-croppers, as attempted through recording of names of the bargadars, is similarly also a productive move. These land reform measures, in our judgement, are a special kind of productive move which, with unleashing forces of production, also creates purchasing power in the hands of the poor and helps maintain a balance between production and effective demand.

The speech delivered on 8 January 1986 at the Chief Ministers' conference on Dr. S.R. Sen's committee report on Agricultural Productivity in Eastern India held at Patna.

In this context, may I mention, with due modesty, some of the advances that we have made in West Bengal in recent years to give us a prior position in the country in the sphere of land reforms ? With the involvement of people through the Panchayats and the administrative support, it has been possible of late to vest about 12.40 lakh acres of agricultural land. The total number of poor households benefitted out of the distribution of vested land has now reached about 16.30 lakhs. The total number of recorded bargadars has similarly crossed the figure of 13 lakhs. Through these advances we have now reached a position, which is also supported by the latest information from the National Sample Survey, where nearly 70 per cent of agricultural land in the State is either owned by the small and the marginal farmers or is operated by the recorded bargadars.

In view of the significance and progress of land reforms, I hope you will appreciate our difficulties in accepting any recommendation on free leasing-in and leasing-out of land, even on a restricted scale, to the extent that such a step may come into conflict with the tenurial security of bargadars ensured through the programme of "Operation Barga". We have also difficulties in accepting arbitrary floor on operational holdings from the standpoint of implementation.

Let me now pass on to the non-land inputs which should be simultaneously provided with land reform measures. One of the most significant of these inputs relates to irrigation facilities. In the sphere of large and medium irrigation projects, I have some difficulties in accepting, in the absence of any comprehensive techno-economic analysis, the categorical recommendation against construction of any new dam in the north of the Ganga in few years, but I appreciate, in general, the emphasis given in the Report on the speedy completion of the on-going projects and fuller utilisation of the existing projects through modernisation and construction of canals etc. In this context, a pertinent point relates to the speedy completion of the Teesta Project, which is a project not only of regional concern, but also of national interest, and, therefore, with a justifiable claim for the central financial assistance. Of the total expenditure of about Rs. 150 crores made so far on this Project, however, only a sum of Rs. 5 crores has been obtained by way of central assistance. On this issue, when one recalls the generous central support for building up the irrigation network for Northern India, one feels a sense of relative neglect for

Eastern region. It is in this context that the recommendations of the Committee for 100 per cent Centrally Sponsored Schemes for modernisation of canals, construction of drainage works etc. and earmarking of a specific sum for drainage works for Eastern India are definitely welcome. There is indeed a strong case for special central assistance for building up irrigation infrastructure in Eastern region.

I agree with the emphasis given in the Report on the minor irrigation projects, and particularly on the exploitation of ground-water potential in Eastern India. This is, in general, close to the priority we have already adopted at the State level. A detailed study of ground-water potential has recently been carried out for each block of the State, with a social cost-benefit analysis to suggest the most desirable form of irrigation installation for any particular area. Results indicate that except for specific areas where heavy-duty or medium-duty tubewells are necessary, choice in several areas can be made in favour of smaller installations, such as light-duty tubewells or dugwells, and also in terms of technology which is labour-intensive and local-resource-based. In selecting the site of installations, care is taken so that, physical conditions permitting, the benefits can reach the poorer households, particularly those benefitted from land reforms measures. We are now paying a special attention to assign the responsibility of management of smaller irrigation projects to the concerned beneficiary groups, primarily consisting of the poorer farmers, with the over-all supervision by the Panchayats. It has been our pleasant experience that wherever such local group management is taking roots, the collection of water rates and internal management is becoming more efficient. In carrying forward these projects, we again feel constrained by the limited resources of the State Government. In this context, I welcome, therefore, the recommendation made by the Committee for 100 per cent Centrally sponsored Schemes on construction of dugwells, batteries of tubewell bores, micro-watershed development etc. and for raising allocation per block for minor irrigation projects for the small and the marginal farmers.

Regarding the supply of other inputs to agriculture, we wish to be careful, as in the case of minor irrigation, in choosing not just any modern technology, but a "socially" efficient improved technology which makes fuller use of abundant labour and local resources. It is in this context that a special emphasis is to be given,

particularly in West Bengal, to extending area under improved, locally suitable, seeds for aman rice cultivation, so that land becomes quickly available for a more wide-spread rabi cultivation encompassing crops such as wheat, oilseeds, pulses etc. It is again in this context that importance is to be attached to use of bio-fertilisers, green manures and to an optimal "mix" of chemical and bio-fertilisers, and also to use of improved implements with potentiality of using labour and local resources more fully.

Even with limited resources of the State Government, we have, along with land reforms, made some advances in the provision of non-land inputs with this orientation. Results of these advances can be noted in terms of some progress achieved in the production and productivity of certain major crops. With modesty, and with awareness about further scope of improvement, I wish to inform that as against the average yield of foodgrains in Eastern India of 970 kg. per hectare for the triennium ending 1980-81, the average foodgrains yield in West Bengal for the same period has been 1290 kg. per hectare, which is also higher than the productivity level achieved in the Western and the Southern regions, but only less than the productivity level of Northern region. For the period after 1980-81, it may be mentioned that the average rice productivity has reached an all-time record of 1557 kg. per hectare during the year 1984-85. Similarly, the average productivity of wheat in 1984-85 has been 2418 kg. per hectare against the all-India average of 1873 kg. per hectare. There have also been significant increases in the production of oilseeds, potato and, in this year, also of jute.

It is, however, not enough to have increases in production. It is equally important to ensure fair price for the common producer and prevent particularly "distress" sale of the produce. With this in view, we intend building up during the Seventh Plan period a comprehensive and socially controlled programme of storing and marketing of the agricultural produce, with provision of grain-golas at the level of an average cluster of about ten villages, storage facilities at the block level and a link-up with the public distribution system.

For building up this marketing network, and also for provision of input supply to poorer farmers, I consider that there is again a strong case for a specially earmarked programme of central assistance for the States of Eastern region. In case of commodities, such as jute, it may be particularly noted that the major

responsibility of purchase lies with the Jute Corporation of India. In organising this purchase, it is essential that the support price of raw jute is fixed and announced by the Corporation before the sowing season. I urge in this context the Jute Corporation of India to assert its monopolistic position regarding the purchase of raw jute in the interest of the poor jute-growers and help weed out the operation of middlemen. In addition to jute, there are in recent years special problems of marketing for potato and tobacco. The Government of India can again help the State Government here in finding out trading channels to protect the interest of common producers.

To support the productive and marketing activities in agriculture, there is a special significance for the provision of credit. In order to make fuller utilisation of credit channels, while there is a scope for expanding the co-operative sector, with a particular emphasis on universalisation of membership, there is also a significant scope of improvement in the performance of the commercial banks in West Bengal, particularly in rural areas of the State. The share of agricultural sector in the total advance of the banks in West Bengal stood only at 7.3 per cent at the end of March 1985. Furthermore, the overall credit-deposit ratio of the commercial banks in the State was 58.3 per cent at the end of June 1984 as against the all-India ratio of 69.3 per cent, and that of 96 per cent and 95.5 per cent for Maharashtra and Tamil Nadu respectively. As on the same date, the credit-deposit ratio for the rural branches of banks in west Bengal was only 36.5 per cent as against the all India average of 62.5 per cent. This low credit disbursement and low-credit-deposit ratio in rural areas are related, - among others, to comparatively inadequate banking infrastructure in West Bengal. The number of rural branches in the State was only 1085 at the end of June 1983 implying an average population of 36,000 per rural branch, while the corresponding all-India average population figure was 24,000. Even at the end of December, 1985, there were as many as 633 one-officer branches in the districts of West Bengal. This inadequate infrastructure stands in the way of both pre-credit scrutiny and post-credit recovery. I strongly urge the Government of India to take immediate steps for this infrastructural augmentation regarding rural network of banks in the State.

A related point of interest is connected with the insurance of crops. Under the existing system, only the crop loan is insured. Since the coverage of credit in agriculture, as mentioned before, is

restricted, benefits of this scheme do not reach the majority of poorer farmers. In view of this, I request the Government of India to consider strongly the introduction of an insurance scheme which will protect at best cost of production of crops against natural calamities at the level of each mouza, with the premium at least for the small and the marginal farmers being shared by the Government of India and the State Government.

In the end, I am happy to note that the Committee has duly appreciated the functioning of the Panchayat system in West Bengal, and particularly the involvement through this system of common people from the grass-root level. To effect a better co-ordination between the Panchayats and the various departments, particularly the departments concerned with the rural sector, we have, beginning this year, set up the District Planning Committee and the Block Planning Committee at the level of each district and block, with representatives of the Panchayats, some other elected representatives and the officials of the various departments at the respective levels as members, and with the provision of additional technical and administrative support. With the broad guidelines on priorities from the State level and financial allocation, Block Plans are formulated in the Block Planning Committee by co-ordinating the Panchayat-run schemes and all the departmental schemes at the block levels, and then these Block Plans are integrated into the District Plan with a comprehensive perspective for the district as a whole. I am happy to tell you that in this year, a District Plan, initiated and co-ordinated from the grass-root level has been completed for each district and now is in the process of implementation. This may be an important beginning for the entire country in the co-ordinated formulation and implementation of plans, particularly for rural development, by involving the common people in a decentralised manner through the elected Panchayats.

Before I close, I wish to thank the Government of Bihar, and the people of Bihar, for your warm hospitality.

On Industrial Development

I shall say a few words on the overall approach to industrial policy at the national level, and then comment briefly on the possibilities of industrial revival that have emerged at the State level.

Within the existing socio-economic framework, there can be two different approaches to industrial policy. In one approach, industrial development may be viewed without linking it up with the growth of purchasing power of the vast majority of the common people. Industrial growth can then be related to growth of demand only from a selective increase in incomes of relatively upper income classes. Since the domestic market is limited due to lack of growth in the purchasing power of masses, salvation is sought in this approach in terms of exports. If such an approach to industrial policy is followed, it will be basically a continuation of the policy which has been followed particularly over the last ten years or so. What has been the consequence of this policy ? There has been some growth in selected industries related particularly to the sumptuary aspirations of the upper income groups (consumer durables etc.). But, on the other hand, there has been a relative stagnation in vast number of mass consumption goods industries due to the lack of purchasing power of the masses. As a result of this stagnation, there has been a significant increase in industrial sickness—from a total figure of about 24 thousands of sick units in the country in 1980 to more than 2 lakhs at present. Since the mass consumption goods industries are more labour-using, there has been, as a consequence of this sickness an alarming increase in unemployment. The number of registered unemployed alone has increased from about 1 crore in 1976 to more than 3.2 crores for the country as a whole in recent years. This unemployment and lack of purchasing power of the masses have severely restricted the domestic market and acted as a major bottleneck on the overall industrial expansion in the country.

Has the salvation then sought in terms of exports been found to be a viable solution ? Data on foreign trade, however, show that exports have not picked up in a manner to take care of

The speech delivered at the 103rd Annual General Meeting of Bengal National Chamber of Commerce and industry held at Calcutta on 15 September 1990.

the payment for massive imports connected with the adoption of import-intensive technology in consumer durables and other industries. Faced with this problem of balance of payments, the policy adopted in the past has been to increase borrowing from abroad. As a result, India's external debt has increased sharply from Rs. 18,400 crores at the end of 1980-81 to about Rs. 1,00,000 crores recently, and the foreign exchange reserve has dropped to an alarmingly low level barely adequate to take care of about 7 weeks' import bill of the country. Unless there is a change in the basic policy in this sphere, there may be a real danger of the economy running into an international debt-trap with threat to India's self-reliance and economic sovereignty.

Confronted with this situation, we can think of an alternative approach to industrial policy. It is an approach where industrial growth is primarily related to the growth of purchasing power of the common people. Since an overwhelming majority of the common people in our country live in rural areas, and since there exists an extremely unequal distribution of land holdings at the national level (with small and marginal farmers owning only 29% of the total agricultural land), this alternative approach has to begin with land reforms. We have emphasised this point in the last meeting of the National Development Council on the Eighth Five Year Plan.

When the primary basis of industrial development is rooted in the growth of domestic market, that does not at all mean shutting out of exports and imports. There will of course, be need for exports. But 'exports or perish' kind of over-anxiety about exports for salvation will be replaced by concept of socially needed exports subject to national priorities. Similarly, in the sphere of imports, there is no intention of giving overprotection to domestic industry beyond the period of its initial nascency. What is required, however, is to replace the concept of indiscriminate imports by the socially needed imports subject to a notion of national priority.

In this alternative approach, an emphasis has to be placed on technology, which has to be modern and, at the same time, capable of using more labour and local resources. This may require a new orientation to research and development within our country, in the Government as well as the private sector. In the field of technology, there can be discussions with other countries keeping in view the social appropriateness and mutual advantage.

In the context of this alternative approach, for the sake of employment generation, a special emphasis should also be placed on the small-scale Industries which are employment-intensive. At the same time, an appropriate linkage should be established between the small-scale and large and medium-scale industrial sectors.

In other words, this alternative approach to industrial policy will be an overall approach towards self-reliance with a socially balanced view of needed imports, exports, technology and a due place of the small-scale sector. Such a view, in our judgement, is necessary to achieve a breakthrough in industrial growth together with employment generation and, at the same time, resolve the severe problem of balance of payments. Such an approach is thus also essential to protect and uphold the economic sovereignty of our country.

Let me now turn to the policy approach adopted in West Bengal for the last 13 years or so. We have started with land reforms. As a result of efforts made in land reforms, a situation has been reached in West Bengal where the small and marginal farmers have come to own nearly 60% of total agricultural land in the State, as against the national situation where the small and marginal farmers own only around 29% of total agricultural land. The land reform measures have then been supported by provision of non-land inputs such as irrigation, improved seeds and fertilisers. In consequence, there has been a significant increase in agricultural production. The foodgrains production in the State, for instance, has increased from around 76 lakh tonnes in 1976-77 to an all-time record of 118 lakh tonnes in 1989-90. This increase in the total agricultural production has also been accompanied by an increase in the wage rate of agricultural labourers from a level of Rs. 5.60 in 1976-77 to a level often crossing Rs. 20/- in some of the South Bengal districts recently.

As a result of this increase in agricultural production together with improvement in the economic condition of the rural poor, there has been a related growth of cottage and small-scale industries which are linked with agriculture and which produce mass consumption goods, such as handloom products. Over the last twelve years, growth of registered small units has been significant in the State—from a figure of less than 1 lakh in 1976-77 to the present figure of nearly 2.95 lakhs. In the handloom sector, the total production has increased from the level of 200 million

metres in 1976-77 to a level which is estimated to have crossed 400 million metres in 1989-90.

In large and medium industries, the overall index of industrial production (with new Base : 1980 = 100) in the State has maintained a rising trend in recent years. From a figure of 108.4 in 1987 it has increased to 113.7 in 1988 and is estimated to have crossed 120 in 1989.

There are some known constraints on the industrial growth in this State. The serious problem caused by the policy of selective freight equalisation on the industries of this State was never remedied by the previous Government at the Centre. Interaction on this issue has now been initiated with the new Central Government. Other neighbouring States in Eastern India have also supported us in our strong plea for removal of this discriminatory freight equalisation policy. The credit-deposits ratio of the nationalised commercial banks in the State has been only 50% about a year back. Of late, this credit-deposit ratio has improved by about 5%, but it still remains lower than the national average by about 10%, and more so in relation to the corresponding ratio at comparable industrial States. There has been in the past a relative neglect of West Bengal in the sphere of direct investment by the Centre. The percentage share of West Bengal in the total Central investment has fallen from 11.7 per cent in 1970 to 6.2 per cent in 1987, while the percentage share of a comparable State in the western region has increased from 3.1 per cent in 1970 to 17 per cent in 1987. It is in this context that the proposal recently made by the new Government at the Centre to set up a Centre-State joint sector venture in the sphere of telecommunication industry assumes a special significance. It is again in this context that the effective clearance of Haldia Petrochemicals Complex in the joint-sector frame work and assurance of support from financial institutions acquires a new dimension. These clearances were stalled in the previous regime for a decade and effective steps are being taken only after the assumption of office by the new Central Government.

You will be glad to know that the second and third generation downstream units related to the Petrochemicals Complex will be set up in medium, small and even in cottage sectors, providing employment to about 1.5 lakhs of people. The entire complex is being planned in a comprehensive and coordinated manner in order to ensure an appropriate linkage between the mother

industrial complex in the large scale sector and the related vast number of downstream units in the employment-intensive small-scale sector. Similar linkage between the mother complex and the cottage and small-scale sector is sought to be established in the synthetic fibre (PFY) complex again being set up in the joint sector. The crucial importance of this linkage has already been mentioned before.

With these new thrusts in relation to these important mother industrial complexes, their linkage with the small-scale and cottage sector and the possibilities of setting up of agro-industries in the districts, it is expected that the index of industrial production will be further upward-rising in the next year.

Before I conclude, I feel it necessary to refer to the fact that the power position in the State is critical at the moment. The major factors responsible for the present situation are known to you. The rising demand for power, maintenance problems of some of the units and certain seasonal difficulties have aggravated the situation. We have been making constant review of the position and attempting to bring in remedial measures, both short term and long term, to mitigate the difficulties of all related sectors. Special emphasis is being laid on improving the plant load factor. Several other steps are also on our cards. This critical phase has to be overcome with the active cooperation of all concerned quarters. Also, in regard to the industrial revival in West Bengal, I seek cooperation of everyone in this collective endeavour. Thank you.

On Industrial Policy Of The West Bengal Government

I should begin by drawing your attention to the over-all industrial situation in the country. It is a situation which is not encouraging. The total number of sick industrial units in the country has increased from about 24 thousands in 1980 to nearly 1.5 lakhs at present. The number of registered unemployed alone has increased from about 1 crore in 1976 to more than 3 crores now for the country as a whole.

This unhappy industrial situation is a part of the over-all economic scenario which is a direct consequence of the approach to planning and policies adopted at the national level. It is an approach where creation of domestic market through generation of purchasing power of common people has been neglected. This neglect can be seen in terms of stalled land reforms, perpetuation of inequality in asset ownership and often adoption of overly capital-intensive and labour-displacing technology. Instead of creating the domestic market, salvation in this strategy has been sought through exports. But indications from the data on foreign trade are that exports have not picked up in any significant scale. On the other hand, the technology which is being adopted in industry is also so import-dependant that imports have threatened to go up in a massive scale. This entire strategy at the national level therefore will not only fail to solve the problem of over-all industrial stagnation, but in the process it may also lead the country into an international debt-trap.

As an alternative to this strategy, within limited powers and constraints, we have adopted a different approach to production planning over the last 11 years or so. It is an approach which begins with laying utmost emphasis on the generation of purchasing power of the common people. It is an approach which therefore begins with land reforms and then supporting the land reforms measures by the provision of other non-land inputs (such as irrigation, improved seeds) through a technology which can be both efficient and at the same time can use adequately labour force and local resources. As a result, there has not only been an increase in agricultural output (an all-time record of nearly

The inaugural address delivered at the 87th Annual General Meeting of the Merchants' Chamber of Commerce on 16 September 1988 at Calcutta.

103 lakh tonnes of foodgrains production being reached in the State in 1987-88) but there has also been a significant increase in the average wage rate for agricultural workers, the average daily rate increasing from about Rs. 5.60 in 1976-77 to more than Rs. 15 in recent years. Consequent increase in the purchasing power of the common people has shown itself in terms of increase in the demand for mass consumption goods. More than doubling of the number of small scale units—from 1 lakh in 1976-77 to 2.5 lakhs now—as also doubling of the production of handlooms are related to this growth of purchasing power of common people. Even in this sphere of small scale sector, I should mention that problems do arise, particularly regarding the supply of crucial raw materials, which is beyond the control of the State Government. In the field of large and medium industries, the over-all index of industrial production in the State has also maintained a rising trend in recent years—from around an index value of about 105 in early 70's rising all the way to 134 in 1986.

This recent recovery in industrial production has been achieved despite a lack of co-operation from the Central Government. This lack of co-operation has been reflected, among others, in terms of underprovision of institutional credit as shown by the credit-deposit ratio of the nationalised commercial banks in the State being only 49 per cent against the national average of 65 per cent and against the average of more than 80 per cent for comparable industrialised States. This attitude has been further reflected in terms of a relative fall in the direct investment by the Central Government in West Bengal through its undertakings. The percentage share of West Bengal in the total Central investment has fallen from 11.7 in 1970 to 7.1 in 1985. The denial of Central investment in Electronic Complex in this State is too recent in memory to be forgotten by the people of West Bengal. But we have gone ahead with our efforts in this sector. Similarly, the clearance of Haldia Petro-Chemical Complex has still been kept at an uncertain state even after 11 years. We have not yet received any positive response, not even any concrete alternative proposal, from the Central Government. Despite these policies, the picking up of production of large and medium industries and of investment climate in recent years has been possible in the State particularly due to an improvement in the power situation and other supportive activities of the Government in terms of provision of incentives and infrastructural facilities.

In the power sector, it is important to note that addition to installed capacity has been to the tune of 1400 MW over the last 10 years or so against a meagre addition of only 95 MW during the years between 1970-71 and 1976-77. Along with this addition to capacity, there has also been an improvement in the efficiency of generation. We are, however, determined to keep up this momentum of power supply augmentation. In addition, more efficient maintenance of plants and further improvement in plant load factor would require continuous attention. No significant power deficit should be allowed to emerge. It is for this reason that we are so serious about the implementation of Bakreswar Thermal Power Project. If the Central Government refuses to pass on the Soviet credit available for the project to the State Government as per the existing convention, we shall implement the project on our own.

In the sphere of taxation, our policy has been one of providing as much fiscal relief as possible, given the requirements of resource mobilisation and zero-deficit budget, to the smaller producers and resellers. Sales tax exemption limits for a reseller-dealer has been raised to Rs. 2 lakhs of turn-over per year, which is more liberal than any other comparable industrialised State. Further, a scheme of only summary assessment has been introduced for dealers whose gross turn-over does not exceed Rs. 7.5 lakhs per annum. I would also mention here that West Bengal is possibly the only State in India where largest categories of industries, numbering more than one hundred, have been exempted from payment of sales tax. In addition, in the interest of revival of sick industries in the State, we have also taken a decision to convert the sales tax dues of the sick units to soft loans with a moratorium of 3 years and repayment period varying from 6 to 9 years. Incidentally, no matching gesture in terms of excise duty relief has yet been forthcoming from the Central Government.

Along with these steps, special measures have been taken by the State Government to attract new investment. Apart from the provision of incentives, loan assistance and equity share participation through the West Bengal Industrial Development Corporation, attention has been particularly given to the setting up of industrial estates, with co-ordinated provision of required infrastructural facilities, such as power, water, housing etc. Five such industrial estates with connections in terms of transportation network facilities have already been set up at Haldia, Kharagpur,

Kalyani, Dabgram and Uluberia. Ten other such estates are being added. In order that all such facilities, not only at the industrial estates, but also elsewhere in the State are well-co-ordinated, a single-window approach has recently been initiated, and the entire situation is monitored and reviewed at the highest level of the State Government. Even then, it is found that not all Letters of Intent are being covered to Industrial Licences for project implementation in due time. I suggest, therefore, that in our periodic meetings with representatives of the Chambers of Commerce, difficulties in implementation, if any, should be more clearly communicated. And, when steps are taken towards removing these difficulties, there should not be any further delay in project implementation.

It is this positive and constructive attitude that we have towards generation of industries in our State. And I do expect a corresponding response on your part.

The Industrial Problems Of Eastern India

I am indeed glad to be present here today on the occasion of the 10th Annual Regional Meeting of the Association of the Indian Engineering Industry (Eastern Region). This meet provides us yet another opportunity to exchange views and ideas on the industrial scene in general and the engineering industry in particular. It is true that the engineering industry holds an important position in the industrial map of the eastern region. In the past, West Bengal was especially known for its creditable performance in the sphere of engineering industry. Because of wrong policies pursued at the national level, the problems and prospects of the Engineering industry have not been properly studied and analysed and as a result this sector which has huge possibilities has been led to suffer. Let me repeat in this forum that the Central authorities have so evolved their strategies that the regional imbalances have grown. We have underlined this factor in the N.D.C. meetings and sought a change of policies but without success so far. Our problems have been compounded after independence with seventy lakhs of refugees coming over to this State and settling here. Further due to lack of development in the neighbouring States of Bihar, Orissa and Eastern U.P. in the past, job seekers have been trekking to this State. Yet practically no consideration was shown to our problems by the Central authorities and the planners in Delhi. But both human and material resources are not lacking in this region for expanded activity through investments and modernisation. The Centre and a section of the industrialists did not avail of the opportunities. I am constrained to state that our State has been subjected to neglect and discrimination over the last two decades. In fact the entire Eastern Sector has been a victim of wrong and harmful policies. I would urge the representatives of the engineering industries who have assembled here to strengthen our voice in impressing upon the Centre the imperative need to redesign its planning formulations for the benefit of all the regions. The expansion of internal market through heightened purchasing powers of the people and accelerated growth of industrial and agricultural sectors are the goals for which the national priorities should be set. But such goals remain far distant as long as no structural changes take place in our economy. Land Reforms which can contribute to the uplift of the people in the countryside and

The speech delivered at the 10th Annual Regional meeting of the Association of Indian Engineering Industry held at Calcutta.

which in turn can help industries, are given lip service by the Central planners. Hence for 3 years Presidential assent has not been given to our Land Reforms Bill.

The industrial scenario in the whole of the country looks grim. Even the traditional industries that earn foreign exchange had not been given the attention they deserve. Jute, Tea and Wagon building are such industries. The jute monopolists have not done justice to the workers or the jute growers. The Union Government should not only nationalise the jute industry but arrange for monopoly purchase of jute and equitable distribution of jute to the factories. In the meantime I have also been urging upon the jute mill owners to meet immediately the minimum demands of the workers so that the strike is ended. The recent decision to cut the size of the Central Plan for 1983-84 has adversely affected the engineering industries in West Bengal. Already orders for wagons have been reduced. Coal production has also gone down due to lack of adequate power from D.V.C. As far as tea industries are concerned, despite favourable market for tea industry there has been no significant investment in the sphere of plantation of new bushes. The Central Government is required to step in this field in a big way. We also feel that the take-over of the sick tea gardens is an immediate necessity to save them and the workers from the greedy and irresponsible owners. The plight of many engineering industries can be reduced and eliminated if national policies are reordered. The freight equalisation policy for pigiron and steel and telescopic rates of coal must be regarded as mainly responsible for the decline of the engineering industries in this State. While the Union Government has informed us that freight equalisation will be phased out, no concrete steps have yet been taken. No thought is given even to the freight charges in regard to cotton, 95% of which come from outside West Bengal. We demand that West Bengal along with Bihar and Orissa be paid adequate compensation for the losses these States incur due to this policy till alternative course is adopted.

The non-traditional sectors of our industry show better prospects. At the moment, we are laying emphasis on the growth of electronics industry although the Central Government has truned down our proposal for Central investment under Hindusthan Electronics Corporation on the ground that West Bengal is a border State. The reason given is an insult to our intelligence. We believe that the infrastructure that we have in this

sphere will be properly exploited by the entrepreneurs whom we promise all-out help and support. The Petro-Chemical Complex and Ship Repairing Yard at Haldia are awaiting Union Government's sanction for the last 4 years.

The sanction for the Falta Free Trade Zone in a happy augury. As the power situation is looking up the entrepreneurs should take heart and make necessary investments in the interest of this State and also the eastern region. I also believe that the Falta Free Trade Zone would serve as an ideal centre for regional cooperation. Our experience has convinced us that without diversification and modernisation of industrial units the pace of industrial development is impeded to a great extent.

During the period we have been in the Government, we have followed the principle of constant dialogue with all representative organisations of the management and the workers to understand one another's points of view and arrive at certain decisions for the benefit of all concerned. The essence of democracy is in the participation of all sections of the community in the formulation and implementation of the Government's policies and programmes. We, therefore, take them into confidence in the process of policy decisions. We want the industrialists and representatives of business and commerce to accept the present reality of the Left Front Government's existence and invest liberally in this State. We do not advocate any adventurism in trade union movements even though we stand by the workers in their legitimate movements and we want them to build up powerful unions. The legitimate demands and grievances of the workers have to be met by the authorities and their suspicions allayed because the working force constitutes the major element in productivity and a rapport must be established by the management with it. The entrepreneurs should remember that they have a social obligation to fulfil besides earning profits. We also advise the labour force to use the strike weapon as a last resort and to take always a responsible stand, we urge them to discuss problems of production and carry out their part of the agreement once an agreement is arrived at.

Despite our repeated appeals to the investors, it is our experience that some of the entrepreneurs do not feel concerned about the welfare of the State and its working force and do not utilise the profits to invest even though opportunities and possibilities exist here. We know that in the Central Government

there are people who on occasions offer them inducements to move to other States to the detriment of the interest of West Bengal. Of course some helpful and unprejudiced people are also there in the Central Government, who take an objective view of possibilities and needs of this State. Employment opportunities for the people of the State have to be explored with earnestness keeping in mind the ever-growing number of the unemployed. I am constrained to say that in our State the banks and financial institutions are not helpful in the way that they should have been in giving financial assistance to the industrial units. The statistics of investments in different States by the IFCI, IDBI and Life Insurance Corporation are an eloquent testimony to this.

Let us hope that the situation will change and fresh and sizable investments will be made in West Bengal and also in the eastern region. The climate in West Bengal for such investments is certainly favourable as compared to many other States. On the Government side we have been endeavouring in West Bengal to direct all our efforts within the parameters of our powers and resources to stimulate the industrial growth. Incentives on liberal and attractive terms are given to the investors for setting up new units, particularly in the backward areas. The engineering industries have vast potential for growth and development in the State. The current slide-down in this industry has to be overcome through our collective efforts. In this regard what we need most is the helpful attitude of the Central Government since the constitutional and financial powers of the State government are limited. The recently concluded settlement in the engineering industry. I believe, will stand all of us in good stead. I am sorry that as yet we have not been able to help the work-force in the small engineering units. The majority of the working force over whom we have control are always advised to take interest in production and productivity. The management should also see to it that heavier and unbearable workload is not foisted on the workers in the name of increased productivity. The problem can be resolved through negotiations. I am happy to note that the percentage of disputes which have been settled through conciliation has risen from 54.8% in 1982 to 59.4% in 1983.

Our effort to encourage establishment of more small scale industries in the State has yielded good result. The number of units actually set up in this State shows a marked advance from 4519 in

1981-82 to 4750 in 1982-83 and is expected to push up to 5000 in 1983-84.

These labour intensive units have generated employment for a vast number of village artisans. I am of the opinion that much of the backwardness of the entire Eastern Region can be reduced through spurt in activities of small scale units in the cities and villages in this area.

I understand from the speech of the Chairman delivered here that regional workshops are organised in different States covering this region. The deliberations of these workshops are of practical relevance and utility for they can help mould our schemes and projects in a better way. Our Government always attaches importance to the recommendations and suggestions emerging from such forums. Due to the continuing economic crisis in the capitalist world, our industries are also adversely affected. But this is a problem I do not wish to discuss here. I am sure your organisation will impress upon the Government of India and our planners the necessity of added investments both in the State and private sectors in the Eastern Region. With these few words, I thank you for inviting me to this meeting and wish your deliberations all success.

Application Of Modern Technology

The organisers of this Convention, I understand, have drawn up an elaborate programme to highlight the latest development of information technology and the benefits accruing from it for the progress of the society. Discussions and deliberations, I hope, will be of immense help to create better understanding about the need for modern technology in the present-day context. What is important is to stimulate a greater sense of awareness amongst our people in the matter of linking up technological knowledge with our social objectives. The achievements of science and technology must be geared to the end of our genuine progress without affecting economic and other interests of any segment of our society which is plagued by poverty, unemployment and other ills. We are genuinely interested in keeping ourselves abreast of the latest developments in science & technology and we lay emphasis on transforming our knowledge into profitable use, taking into account our socio-economic situation with high incidence of unemployment and existence of a big labour force. In the application of newer technological devices we must be careful so that the working people are not displaced from their jobs. We are required to be selective in the application of modern technology. Both indiscriminate acceptance of technology and blind opposition to it have to be avoided. Our students are taking increasing interest in the study of electronics, computer science, remote sensing technologies etc. I think that the syllabi of these courses must be suitably attuned to our social needs and requirements. The eradication of poverty and other social ills must be the objective of all higher studies.

While dwelling on this subject, I must refer to the need for expansion of improved indigenous technology as well. Our researchers and academicians have a challenging task in effecting a harmonious balance between modern high technologies with the improved indigenous technology to fulfil the basic needs of the time and alleviate the problems that confront us.

The experts and intellectuals who will take part in the main discourse, entitled "Information technology—key to progress", will surely bring into focus the sophisticated methodology that is being

Excerpts of the speech delivered on the occasion of inauguration of the 25th Annual Convention and Silver Jubilee celebration of the Computer Society of India on 31 October, 1990 at Calcutta.

pursued in the assimilation and dissemination of information in modern times. Each methodology is good in so far as it helps in the better understanding of things. The updating of information technology is very essential to cope with the rising demands on information pool in each sector of vital activity. Facts are to be collected, processed and regrouped in a systematic and scientific manner with the aid of the modern technology, wherever necessary, in the interest of strengthening the information pool. Research and reference wings are of immense service in this respect. The role of media has gone up manifold to cater to the information needs of the presentday world. Human intelligence, investigative mind, truth-seeking habits and technological aids should work in close conjunction to strengthen the information system. But we must be on our guard, because sometimes specialisation and sophistication generate various kinds of distortions and disinformation. We intend to know facts in the right perspectives and in true colours. Undiluted knowledge is our objective. The technological innovations must come to our aid in this respect.

On Technology Upgradation

A major question which faces humanity is the purpose for which the breath-taking discoveries will be used. The achievements of science and technology can, on the one hand, wipe out humanity and the world many times over. On the other, these may be used to bring immense benefits to mankind. I am convinced that the forces of peace will triumph over the forces of war and science and technology can be harnessed for the welfare of entire society. We, in India, are dedicated to the cause of peace and pledged to use science, engineering and technology for peaceful purposes and for the development of our country. Therefore, we are vitally interested in keeping ourselves abreast of the latest developments in these spheres. We have to make up for the lost time and concentrate on research, engineering and technology. We may certainly have to learn from others outside our country, but, it should be with the assured objective of standing on our own feet and becoming self-reliant. In choosing our technology—high, medium or low—and their application in various spheres, we must take into account our socio-economic situation with high incidence of unemployment and the existence of a big labour force. Efficiency and service should get priority rather than enhanced profits. The fear of working people of being displaced and loss of employment potential have to be kept in mind and discussions held with their organisations before innovations are ushered in. Both blind acceptance of technology and blind opposition have to be avoided. We must be selective. Modern technology is not imperative in all spheres. But emphasis should be laid on modern technology which is tilted in favour of use of labour and local resources. Syllabi of engineering colleges and institutes need to be reviewed considering our needs and experience. We do have some of the finest scientists, engineers, technical people and skilled workers. We need many more of such people in a vast country like India. But, opportunities have to be opened up for them in order to achieve the required results. Conscientious efforts are necessary in today's development of electronics, computer science, remote-sensing technologies and other means of hi-tech applications to serve the people as a whole.

Excerpts of the speech delivered at the 1st India Engineering Congress held at Calcutta on 10th January 1987.

They should not be the tools or instruments for sustaining continuation of poverty but to eradicate it. We, in our country, are much behind the proclaimed objectives and, therefore, we feel that through proper synthesization of multi-goal objectives, the profession of science, technology and engineering may serve to fulfil the needs of the people and improve their quality of life, provided, of course, structural changes and basic transformations are effected in the present system.

Development Of Food Processing And Horticulture Industry In West Bengal

In our country, food processing is relatively a new sector in the industrial field. The growth potential of this industry and its true implications of our economy in all possible dimensions have yet to be fully realised. This justifies meaningful efforts in creating an all-round awareness of the extent and scope for development of food processing industry and horticulture. The socio-economic relevance of an integrated approach towards the inter-dependent sectors needs to be focussed for generating the necessary urge for development. We have the resources and an infrastructure to start with. What we have to develop initially is the realisation of the enormous possibilities of growth in food processing industry and horticulture in our State. Simultaneously with this perception, there is need for evolving a realistic and modern outlook suited to our local conditions. New technology and practices can be easily thought of, as there are many instances to emulate. But choice of an appropriate technology and a realistic policy are what we need to look for to achieve the desired result. I have already said that food processing is the new area of economic development and, therefore, it calls for an approach consistent with our socio-economic system.

Demand of processed food has considerably increased over the years. Use of industrially processed food is a global phenomenon, though this trend has begun to be perceptible in our country only in recent years. Changing life-style and increasing awareness of health and nutritional requirements among some sections of the population are some of the important factors contributing to consumer preference for processed food.

As far as I can understand processed food is confined, as yet, for the better-off section of the community. But the potential exists for expanding it for a larger section of people if prices are kept within their purchasing power.

This compulsion demands adoption of low-cost technology in handling, processing, packaging and preservation. Industry may think in terms of using local resources to the extent possible and

The speech delivered at the inaugural session of the Workshop on "Development of Food processing and Horticultural Industries—Prospects and opportunities in West Bengal" held at Calcutta on 15 February 1990.

utilisation of the manpower without affecting product quality. The locational aspect of the processing industry deserves careful consideration. Food Processing Industry depends largely on farm produce. Expansion of this industry is thus related vitally to development of horticulture. It is essential for the concerned agencies of development to recognise this symbiotic relationship between the industry and horticulture. Promotion of this agro-based industry in the rural areas will strengthen this bond and pave the way for a harmonious growth. This will facilitate, both in physical and conceptual terms, the necessary vertical integration between the industry and farming.

Direct purchase of raw-materials from agricultural producers will reduce cost of transportation and eliminate operation of the middle-men, thus ensuring fair prices to the farmers. An industry located in the country-side can substantially contribute to horticultural development by organising training to the farmers and providing support of inputs and technology. Industrial units located in rural areas will open up opportunities of employment to the rural unemployed and can indeed supplement efforts in the economic uplift of the rural society.

The numerous villages and the small towns spread over the districts are capable of providing new areas of market expansion for the food processing industry. Rural location of the processing factories may itself be an effective measure of market extension as the rural masses begin to regard food processed in their own environment as local products. The realization that agriculture which is their main stay is vitally linked with the well-being of the local factories is likely to stimulate growth consciousness.

Horticulture and Food Processing grow in tandem. Expansion of the processing industry inevitably leads to increasing demand of farm-grown raw materials. This rising demand of raw-materials in turn increases farm production. West Bengal produces about 8.50 lakh tonnes of fruits and about 39.70 lakh tonnes of vegetables excluding potato annually. This year the production targets of fruits and vegetables excluding potato are about 11 lakh tonnes and 41 lakh tonnes respectively. During the last decade, the State more than doubled the production of potato from about 20 lakh tonnes in 1980-81 to about 43 lakh tonnes in 1988-89. The increase in potato production has created problems for us because the producer do not set price. The State produces a large quantity of

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mango, pineapple and guava which can provide stimulus to the growth of fruit processing industry.

As the agro-climatic conditions of the State are generally favourable, it is possible to increase production substantially by vertical as well as horizontal growth of horticulture. There are certain specific areas which hold out bright prospects of horticultural development. For example, North Bengal comprising five districts and including the hill areas of Darjeeling and the Terai region offer excellent conditions for fruit cultivation. Varieties which are not traditional in the State may also be tried out in some areas of the region. With technological upgradation and assured market support, fruit production in North Bengal can be enormously improved in terms of quantity and quality. Horticulture in conjunction with the processing industry can play a very significant role in bringing about rapid transformation of the economy of North Bengal. Teesta Irrigation project will give further fillip.

In South Bengal, the vast tracts of laterite lands spread over the districts of Purulia, Bankura and the western part of Midnapore, in particular, give either no or very little returns to the people in traditional cultivation. These areas may be adopted for the purpose of horticulture. This is an endemically drought-prone area having a large concentration of the tribal people. The economic condition of this section of the population is worst affected by adverse natural conditions. In this region, the strategy of development primarily aims at promotion of dry land farming and animal husbandry having due regard to ecological factors. The poor peasants of this large area are inclined to raise new crops like maize, sunflower etc., but lack of assured market acts as a positive disincentive for introduction of a new cropping pattern. With proper marketing facilities and input support, this whole region may be utilised for production of maize, sunflower, cashewnuts, citrous fruits and other crops that can sustain the growth of food processing industry.

It is obvious that the growth of horticulture in the State depends principally on the marketing prospects of the produce. An assured market is, indeed, a pre-requisite for development in this sector. The only effective way of achieving the desired result lies in a new industrial initiative. The processing industry has to come forward on an extensive scale to provide an assured market for horticultural produce. 'Buy back' arrangements with farmers may prove to be of mutual benefit to the producer and processor.

Thus, the promotional effort in horticulture requires an active participation of industry.

To achieve success in this venture, proper understanding of the prevalent agrarian structure and system is imperative. In West Bengal, the land available is far too inadequate to support a huge population whose only means of livelihood is agriculture. All-out implementation of land reforms in this State has caused a significant change in the pattern of land holding. West Bengal, as you may be aware, ranks first in the implementation of land reforms. About 60% of land has, through land reforms, come under the ownership of small and marginal farmers. Besides, the 'operation barga' has ensured protection of the bargadars' right to cultivation. Still, there is preponderance of land-less and land-poor classes of peasants in the agricultural operation in our State. Experience shows that given necessary support, they are capable of raising the level of agricultural productivity. They belong to the economically weaker section of the community and, therefore, a ready market for the product of their hard labour is an essential need.

I am told, however, that the quality of horticultural produce requires improvement to match international standards. This is apparently one of the reasons why the country's share of the world trade for fresh and processed food is negligible, despite a large production of the necessary crops. In view of the immense export potentiality of processed food, we have to undertake a technological upgradation in horticulture. It is a common knowledge that faulty harvesting and lack of proper facilities of handling and storage stand in the way of horticultural development. Quite a high percentage of produce perish after harvest giving poor returns to farmers. These are areas where the industry can play its role in a meaningful manner. Systematic training programme, input and equipment support for the farmers may be organised by industry with the active help of the Panchayats. The involvement of the Panchayats will ensure community participation in this development activity facilitating the change of technology.

The industrial scene in West Bengal is in the process of a change. For several reasons, the State had lost its pre-eminence in industrial production. Conditions are now favourable for industrial development. Along with Petrochemical and electronics, food processing has given rise to a new possibility of industrial

development. Realising its vast scope for increasing horticultural productivity and generating employment opportunities, especially in the rural areas, the State Government is keen on working out a strategy for development and with that object in view, a committee has been formed with representatives of industry, and growers, eminent technologists and researchers. The Committee is expected to make an indepth study of the situation and offer suitable recommendation towards development of horticulture ensuring its linkage with the processing industry. I hope, the Committee will find it useful to work on the recommendations of this workshop and ensure that the final outcome of today's deliberations is given due consideration in formulating the State Government's policy towards an integrated development of horticulture and food processing industry in West Bengal.

The Economic Crisis

You have invited me to address this meeting at a time when the entire country is confronted with a severe economic crisis. This crisis has indeed assumed an alarming proportion in the sphere of balance of payments, as demonstrated, among others, by sharp devaluation of the Indian rupee, mortgaging gold abroad and reported negotiations of the Government of India for external loan from the IMF. At the same time, internally, the rate of inflation and also rate of unemployment are both showing strong upward trends, and there remains the further problem of huge uncovered fiscal deficit.

In your speech, you have expressed your concern about this economic crisis. However, you have chosen not to follow up this concern with an indepth analysis of the problem. Instead, there is just a reference to the inefficiency of public sector and controls and regulations as the primary factors responsible for the entire crisis. Then, there is mention, in very general terms, of the experience of some of the Asian countries, including South Korea and Taiwan, and also of the USSR and Eastern Europe, followed by a quick conclusion of a solution of the entire crisis in terms of fastest possible privatisation of the economy, except in areas of law and order, literacy, public health and population control. You have also mentioned that, according to your opinion, freight equalisation policy and lack of Central investment in the State are not significant obstacles on industrial recovery of the State. No chamber or group related to industry in the State has ever before tried to minimise the importance of these factors. This is for the first time that I had to hear this opinion standing on the soil of West Bengal. I shall respond to this later on.

But, first of all, it seems to me that there is a wrong presumption that the public sector occupies a very dominant place in the entire production structure of our economy. Contrary is the fact. Of the total net Domestic Product of the economy, it is the private sector which occupies about 75% of the share, while the public sector, in its widest coverage, constitutes only 25% even as late as in 1987-88, as evident from the New Series of National Accounts Statistics. Incidentally, the major beneficiary of activities of this non-dominant public sector has been the private sector

The speech delivered at the 137th Annual General Meeting of the Bengal Chamber of Commerce and Industry held at Calcutta on 20 August, 1991.

itself, and within the private sector, the organised sectors relating to industry and trade which also constitute different Chambers of Industry and Commerce. To give an example, of the total credit made available by the nationalised commercial banks during the period between March 1986 and March 1991, nearly 83% has gone in favour of the private sector. And, of the total advances upto December 1987, for which data are readily available, the share of industry and trade has occupied the largest chunk—of about 62% of the total advances. Moreover, it is the top 5 per cent of the size-class of loans which has accounted for nearly 77 per cent of the outstanding credit of the banks as on end-December 1987. The benefits of public sector activities have thus often primarily helped organised industry and trade, and particularly the upper deciles among these sectors.

Comparative statements on contribution or efficiency between the public and the private sector are sometimes loosely made. One very important index of contribution of a sector in the context of growth of an economy is the capital formation achieved by it as a percentage of the gross Domestic Product. If the data on capital formation as percentage of the Gross Domestic Product of the Indian economy are considered over the last 39 years, from 1951 to 1990, the step-up in capital formation achieved in the public sector has been 7.4 per cent points between the earliest five years 1951-56 and the latest five years 1985-90, while the step-up achieved in capital formation in the private sector has been only 4.6 per cent points over the same period, despite the fact that the private sector has obtained generous support from the public sector activities.

Sweeping comparative statements on efficiency or inefficiency between the public and private sector are also often made relating to sickness of industry. To the extent industrial sickness is at all related to the inefficiency of the concerned industrial unit, incidence of sickness is as prevalent in the private sector as in the public sector. The desirable attitude here should be to make full utilisation of already existing resources of the concerned set up, particularly the skill of the workers, to revive the potentially viable units through product-diversification, and other steps, and also to set up a fund with joint contribution from the private sector and the Government to support the workers in distress.

Reference is also often made to the experience of some of the small Asian countries, such as South Korea or Taiwan as examples

to be followed by India, without, however, mentioning the hard fact that the effective social control by the Government is much stronger in both these countries in comparison with India. The largest steel industrial unit in South Korea is located in the public sector, and is also famous for its efficiency. Incidentally, although there is no publicity, some of the public sector units in India are also working with notable efficiency, measured in terms of norms of production, net profit generation or any other criteria. At the same time, there are other public sector units with significant scope of improvement in terms of efficiency through professional management and support of the workers. There may also be scope of discussion in regard to allowing private capital in selective areas of public sector. But it would be dangerous to permit private sector entry into the sphere of defence. Thus, any sweeping comparison between the public sector and the private sector in terms of their social contribution or efficiency, or any suggested solution of the present crisis of our economy in terms of indiscriminate privatisation may be misleading. It is essential therefore that rather than making isolated statements on policy, we have to go much deeper into the analysis of the entire crisis confronting the national economy.

In our opinion, the present crisis, particularly the severe crisis in the balance of payments, is not an isolated phenomenon. It is inseparably connected with the very strategy followed by the Central Government at the national level over the past several years, and particularly in the 1980's. In this strategy, the effective decision has always been to accept the existing unequal distribution of assets, primarily of land in agriculture and capital in industry, and then plan for production in these spheres. In consequence, for the country as a whole, land reform measures have effectively been stalled. According to the latest National Sample Survey data for the country as a whole, only about 29 per cent of land is under the ownership of small and marginal farmers, i.e., the remaining 71 per cent of land is cornered by the bigger farmers. As a result, the main benefits of agricultural production have not reached the vast majority of common people. Their purchasing power has, in general, remained inadequate. Similarly, in industry, given the extremely unequal distribution of capital, there has been a tendency to adopt technology which is overtly capital-biased and import-intensive—more than what is socially desirable—with inadequate absorption of labour force in

production, causing widespread unemployment. The stalled land reforms and widespread unemployment have been major factors behind inadequate purchasing power of the common people. This inadequate purchasing power has been further eroded by the increasing burden of indirect taxes and inflation.

On the other hand, due to unequal ownership of land and industrial capital, and adoption of this overtly capital-biased technology, there has been a selective increase in incomes of upper income classes. This erosion in purchasing power of the vast majority of common people coupled with selective income increases of the minority of upper income groups have distorted the entire scenario of industrial growth in the country—tilting it from the mass-consumption goods to the selected elitist consumption goods industries which are known to be specially capital-biased and also import-intensive. This has further aggravated the problems of unemployment and lack of purchasing power of the masses, which, in turn, have restricted the domestic market and acted as a major bottleneck on the overall industrial expansion in the country.

Confronted with this situation of limited domestic market, salvation has been sought by the Central Government in terms of exports. The data on foreign trade, however, indicate that exports have not increased in a significant manner. But due to adoption of capital-biased and import-intensive technology, particularly to meet the sumptuary aspirations of the upper income groups, there has been a massive increase in imports. This ever-increasing gap between the imports and the exports made the deficit in our balance of payments cross the critical level. Confronted with such a situation, we may recall, the Central Government had approached the IMF in 1981 for an external loan of Rs. 5,000 crores. We may also recall that despite repeated demands, the then Central Government did not reveal before the Parliament the conditionalities of the IMF loan. Although the conditionalities were not revealed, the course of actions adopted was as follows. The administered prices of essential items (such as, petrol, diesel, coal, iron, etc.) began to be jacked up, followed by increase in interest rate on bank loans, relaxation of monopoly restrictions and indiscriminate liberalisation of imports. And, then, particularly during the years 1985-86 to 1989-90, a significant devaluation of the rupee, to the tune of almost 31 per cent, was also effected.

It may be noted, however, that this IMF loan and the related measures, instead of reducing the external deficit, in fact, made the balance of payments position even worse. This is because the devaluation of rupee, combined with policy of import liberalisation, led to an increase in the total import bill. On the other hand, administered price-hikes, upward revision of interest rates on the bank loan and weakening of competition in the domestic market resulted in a higher rate of inflation, which then effectively discouraged exports. In consequence, not only was the crisis in balance of payments aggravated, but the entire burden of this crisis got passed on, through higher inflation and widespread unemployment, to the common people.

The severity of this balance of payments crisis, caused as it has been by the wrong policies, is demonstrated by the fact that the external debt of the country which stood at around Rs. 18,400 crores in early eighties has sharply increased to over Rs. 1 lakh crores now. There has been a spate of indiscriminate commercial borrowings from abroad, particularly during the years 1987-88 to 1989-90. Since then the crisis has deepened further, and the foreign exchange reserve of the country has now fallen to an alarmingly low level. It is a matter of regret, however, that confronted with this present crisis, the Central Government, by repeating its performance of 1981, has again approached the IMF for external loan, and with conditionalities again not yet revealed to the Parliament and the Indian people. However, the usual steps—sharp devaluation of the rupee, increase in the interest rate on bank loans and liberalisation of imports—have already been taken. After that, the new Industrial Policy Statement by removing the MRTP limit and allowing entry of the large and medium industries into the sphere of small scale sector, has made the domestic competition even more unequal and also laid the door indiscriminately open for foreign capital and capital-intensive foreign technology. Along the same line, the Union Budget (1991-92) by reducing customs duties, has also encouraged imports further. No comprehensive public distribution system has yet been announced at the national level. Although there has been a change in the corporation tax, its effect on the total tax structure has not been of any significance. In fact, the share of direct taxes in the total taxes has fallen slightly (from 20.7 per cent in 1990-91 to 20.3 per cent in 1991-92), i.e., the burden of indirect taxes has been allowed to continue. As a result, not only the common

people (who had suffered in the past) will again suffer, but this time, the external crisis may also worsen further. There is now a real possibility of the country getting permanently led into an external "debt trap" with the ultimate danger of losing our economic sovereignty.

Confronted with this possibility of severe crisis, the State Government has suggested an alternative policy to resolve the balance of payments crisis. In the short-run aspect of this alternative proposal, stress has been given on a comprehensive reduction of all non-essential import items. A five-year average of import bills of the country shows that the largest group of items in the import bill is not related to petroleum and similar products but to capital goods, a significant part of which is used for production of elitist consumption goods. A sharp curtailment of such socially unnecessary import items may save substantial quantum of foreign exchange within the next few months. Along with that, non-resident Indians (NRIs) should be given special incentives to encourage investment in India as soon as possible. Rather than leaving the matter to spontaneity, interaction with the NRI-associations abroad should be initiated immediately and at the highest levels. That apart, in order to promote exports as well as protect the interests of the common people, there is an urgent need to contain inflation domestically. To this end, steps should be taken which are deficit-reducing and, at the same time, non-inflationary. Rather than increasing the administered prices of essential items or the burden of indirect taxes (as has been the practice so long), emphasis will have to be placed on significant increases in direct taxes. Here, a special attention should be given to proper assessment and the step-up of collection from existing taxes. This takes us to the issue of black money. If even a fraction of black money is dehoarded, then the fiscal deficit of the Central Budget can be significantly reduced, and no burden needs to be imposed on the common people through indirect taxes or inflationary hikes of administered prices. We want compliance and cooperation from all concerned in this sphere. At the same time, immediate steps should be taken towards provision of essential commodities through subsidised public distribution system effected from the national level, and in coordination with the States. These steps will fence off the huge majority of poorer sections against inflation, and may, by containing the price rise, also help promote exports.

So far as bureaucratic delays and unproductive regulations are concerned, of course, all of us should be against it. At the same time, I would point out the need for further discussions here. Just reduction in delay or removal of regulation, without a sense of social priority, may bring in speed, but not necessarily in the desired direction. Given the existing extremely unequal distribution of assets and incomes, it may tilt, at a faster rate, the production structure towards a set of commodities which may satisfy sumptuary aspirations of the upper income groups, but may be away from the real needs of the common people. There is a need for social direction, and therefore a need for further discussion as to how this direction can be expeditiously provided, through proper planning, without at the same time creating bureaucratic delays and obstructions.

May I also raise a few questions ? Why, while talking about the need for competition, is reference only being made to opening up of economy to competition from abroad ? We are against overprotection of any domestic industry or a sheltered economy. But, then, why is not there any reference to the need for growth of competition from within the economy ? Why has not the small-scale sector been given its due place in the interest of this competition ? Why, instead, has the large and the medium scale sector been allowed entry into the ownership of small-scale industries, when the productive ancillary linkage between the large and the small-scale industries could have been achieved even without such intrusion into the ownership structure of the small-scale sector ? On the choice of technology, we should not have a closed mind. We should be interested in knowing the modern technology from abroad. But while making this technology selection, we should also ensure the suitability of technology to local social conditions. At the same time, we should give special emphasis on the growth of modern technology from within our economy —a technology, which would be modern and at the same time make fuller use of our abundant labour and local resources. Why has the expenditure on R&D been so low in the private sector of our economy ? Why are these points missing in the recent policy announcements ? Why has emphasis been placed only on export-led industrial growth, and not also on industrial growth based on expansion of the domestic market ? For all these issues, further discussions are immediately necessary.

We strongly consider that in the long run, growth of a massive country like India has to be related to the growth of domestic market and therefore to the increase in the purchasing power of the common people. This has to be coupled with adoption of a modern technology which can make fuller use of labour and local resources. This is the path of self-reliance. Self-reliance does not mean underemphasis on foreign trade. On the contrary, it means trade with external world, but on a self-reliant footing. It also means that we do need to actively probe markets all over the world, and specially lay emphasis on the quality of our products and fulfil obligations on time. Since in this approach, emphasis has to be placed on the growth of purchasing power of common people, we have to begin with land reforms.

It is therefore with land reforms that in West Bengal we have, within the existing social framework, started our journey. As a result, a position has now been reached in this State which is very different from the all-India situation. While according to the National Sample Survey data (as mentioned before), the small and marginal farmers at the national level own only 29 per cent of land, in West Bengal, after land reforms, the small and marginal farmers have come to own nearly 60 per cent of the total land. If the land under the recorded sharecroppers is added, the proportion of land over which the poorer working farmers have certain control now exceeds 70 per cent which is an all-India record. These land reform measures have been simultaneously combined with provision of non-land inputs, particularly irrigation facilities, improved seeds and fertilisers. In the choice of technology, emphasis has been placed, wherever possible, (e.g. in the sphere of minor irrigation) on the use of labour and local resources. As a result of this land reforms-based approach, there has been, of late, a significant increase in agricultural production, coupled with a growth of purchasing power of the common people in the countryside. It may be noted that during the period between 1969-70 and 1979-80, the annual rate of growth of foodgrains production in West Bengal was 1.7 per cent against the all-India annual growth rate of 2.5 per cent. The situation, however, has changed significantly in the '80s. Between 1979-80 and 1988-89, while the all-India annual rate of growth of foodgrains has slightly fallen to 2.4 per cent, for West Bengal, this annual rate of growth has increased significantly to 3.0 per cent. Along with this, the purchasing power of people in rural areas has also increased, as

demonstrated by a more than threefold increase in the wage rate of agricultural labourers.

In response to this increase in purchasing power of the common people, a new demand has been generated for industrial goods related to their consumption needs. Moreover, a potentiality has also been created for industries related to agriculture—both agro-processing industries and agri-input industries. Above all, a stability has been ensured in the State for over the last 14 years or so, and a very positive attitude taken by the State Government towards industrial revival. As a result of these factors, not only has there been progress in the small-scale sector (e.g. the handloom production has more than doubled itself between 1977-78 and 1990-91), index of industrial production relating to the large and medium-scale sector has also started showing an upward trend. Incidentally, it may be noted that the industrial production index (base 1970 =100) which was around 120 in early '60s, and which dropped to 104 in 1974, has now systematically increased to cross 140 in recent years. This sudden drop in industrial index from early '60s has been primarily due to the freight equalisation policy which has robbed West Bengal and all other concerned States of the Eastern Region of their historic locational advantage—a hard fact which no one should deny. We should not forget that the National Transport Policy Committee (set up by the Government of India under the chairmanship of Shri B. D. Pande) had in 1980 categorically recommended phasing out of this freight equalisation policy, followed up by similar assurances of the Government of India. But nothing has happened so far. We should also not forget that the share of Central investment in West Bengal has systematically fallen from around 12% in early '70s to around 6% in recent years, while for a comparable industrial State in Western India this share has increased from around 3% to 16% over the same period. Added to this, there has been political discrimination against West Bengal by the Centre for many years. To remove these regional imbalances, planning has a significant role to play.

In our industrial outlook, an attempt has been made to forge a linkage between the large-scale and the small-scale sector through ancillary connection, and with a social perspective. This is how, under the concept of joint sector, a comprehensive integration has been planned in relation to the Haldia Petro-chemicals complex, the Polyester Filament Yarn project and the Acrylic Fibre project.

So far this joint sector concept is concerned, there may be further discussions regarding the possibility of its extension into newer areas.

For industrial regeneration, work ethics would play a significant role, not only in relation to workers, but for all tiers of management, including the industrialists themselves. The trade unions need to study the industries and take interest in production and productivity. Similarly, the management should also build up rapport with the workers and mobilise their help in efficient working of the enterprises.

A reference has been made to the need for provision of infrastructural facilities. Whilst there has been improvement in this regard in recent years, there is of course a significant need and scope for increasing the provision of these facilities further, particularly in relation to power, communication, roads, etc.

In the end, I should point out that in performing its role in the industrial revival of West Bengal, the State Government is severely constrained by its limited resources. It is particularly ironical that while relaxation of controls is being talked about, in the Centre-State relationship there has been at the same time further imposition of control and centralisation of resources. This is evident from the latest onslaught on the States' resources in the sphere of small savings and coal-cess and royalty. These centralising tendencies should be immediately reversed. I must point out that when we urge for more decentralisation of power for the States, it is not simply for decentralisation of power from New Delhi to Calcutta, but down to the level of each district and block. I seek your active cooperation in the industrial regeneration of the State, and at each stage of this process of democratic decentralisation.

The Centre-State Relations

Let me, at the outset, welcome the steps taken by the National Front Government to set up the Inter-State Council and to include, on the basis of prior interaction with the States, agenda items such as the Report of the Sarkaria Commission, consignment tax etc. This is a correct attitude towards decentralisation of the decision-making process on issues which are vital in the Centre-State relations. This attitude was sadly missing in the past.

The Centre-State relations should, in our view, be realigned so that unity and strength of our nation are upheld. We want a strong nation and a strong Centre. But, on what does this strength of the nation and of the Centre lie? There are two alternative views. This strength, according to one view, lies in only making the Centre strong, concentrating legislative, administrative and financial powers in the hands of Centre. We have, however, an alternative view. We think that strength of the nation and of the Centre lies basically in the strength of people who live in the States. For solving their problems and thus gaining in strength, people residing in any State turn primarily to the State Government for discharging responsibilities in economic and administrative spheres. Most of these responsibilities are expected of the States, others expected of the Centre and there is also a requirement of interaction between the Centre and the States. Strength of the total nation thus logically lies in (a) developing the strength of each State (b) making the Centre perform in its own specific areas and (c) then fostering a healthy relationship between the States and the Centre. A realignment only in this direction can form the basis of a strong nation.

The Sarkaria Commission Report, however, has taken the other view. It has started with the unconvincing hypothesis that somehow the nation can be made powerful by making only the Centre more powerful. It has, therefore, recommended by and large, status-quo in the Centre-State relations, specially in the areas relating to legislative matters, role of the Governor, use of Article 356 and Central Reserve Police etc. We, therefore, have to differ from the recommendations of the Report on major points in these areas. On financial matters, there are some minor reallocations recommended in the report for the States. We shall argue for implementation of these proposals.

The speech delivered at the meeting of the Inter-State Council held at New Delhi on 10 October, 1990.

Keeping in view the urgent need for decentralisation of powers as well as the responsibilities which should be expected to be discharged by States, we strongly suggest, at variance with the position taken by the Sarkaria Commission, that the Inter-State Council should discuss the extent and the timeframe within which the items of the Concurrent List such as education, etc. be transferred to the State List. It should also discuss so that residuary powers of Legislation vest with the States and not with the Union. There should also be amendments to Articles 249, 252 and 254 so that no State could be deprived of any legislative powers which belong to it without its prior concurrence. Moreover, if a reference is to be made under Article 143 to the President in case of any dispute between the Union and a State on any matter of fact or law, a constitutional amendment should ensure that a decision in the matter be taken on the advice of the Inter-State council.

Again at variance with the line of thinking of the Commission, a serious thought should be given regarding the justifiability of continuation of the role of the Governor in the present context with democratically elected administration in the States. In case the post is retained, the Governor should act according to the advice of the State Council of Ministers only. Deletion of Articles 200 and 201, in their present form, may be necessary, making it obligatory on the part of the Governor to give assent to all bills passed by the State Legislature on items belonging to the State List. There should also be a time limit of one month for the Governor to make up his mind under Article 200 and six months for the President to make up his mind under Article 201, with the further provision that if a bill is passed again on its return from the President under Article 201, it shall automatically become law. Regarding the Governor's fortnightly report to the President, recommendation of the Sarkaria Commission should be made more unambiguous so that it becomes obligatory for the Governor to take the Chief Minister into confidence. In case the post of Governor is retained, the guidelines to be followed by him should be laid down by the Inter-State Council.

Article 356 has been misused by the Union Government in the past to serve its partisan purposes. Both Articles 356 and 357 must be so amended as to preclude future possibilities of such misuse. The amending provision should indicate that the decision on whether a constitutional breakdown has taken place in a State must be taken only in consultation with the Inter-State Council; fresh elections must, however, be held, and a new government installed, within six months. In case elections cannot be held within this period due to disruption of normal life, the President should

once again consult the Inter-State Council and place its opinion before the Parliament.

Central Police or armed forces must not be inducted in a State without prior concurrence of the State Government. Law and order is a State subject, and the prerogative of the State in this matter must be fully respected. There can of course be occasions when induction of Central police forces must be considered necessary. In such cases the Central Government should extend necessary help after obtaining concurrence of the State Government. Similarly, legislations such as the Disturbed Areas Act must not be extended to any State without prior approval of the State Government.

The Inter-State Council should review the working of all these bodies and decide on their continuation. In case a decision is reached to continue with any or all of them, *at least* half of their membership should be nominated by the State Governments.

There are certain advantages in having in the State All-India Services Officers who have a broad national outlook. At the same time, complications may arise if an officer belonging to the All-India Services tend to think of himself as being under the discipline of the Union Government. It should be ensured that the personnel belonging to the All-India Services, when they serve in the States, would be strictly under the supervision and disciplinary control of the State Governments. At the same time, the Sarkaria Commission has rightly recommended that the services of the best among all the All-India Services Officers should not be monopolised by the Union Government. To this end selected officers offered by the State Governments for central deputation should not be rejected by the Union Government. As suggested an Advisory Council for All India-Services may be conveniently set up.

Radio and television have been grossly misused by the Centre in the past. Independence of expression, projection of different views, objectivity in relation to facts etc. should be demonstrated as being ensured. Since a positive initiative has now been taken in this regard, we shall wait to see the outcome before taking a final view.

It is in the sphere of financial relations that an overtly centralising tendency and imbalance have been most glaring in the Centre-State relations. It is an imbalance arising out of the fact that while the major responsibilities in the fields of development

and administration are with the States, the elastic sources of revenue are concentrated in the hands of the Centre. This concentration has now reached a point where of the total resources raised in the country, about two-thirds get raised in the hands of the Centre and the remaining only one-third in all the States taken together. Of the total market borrowings, about 85 per cent goes to the Centre and the remaining 15 per cent only go to the States taken together. Confronted with this situation, the States have been increasingly forced to fall back upon its own inelastic resource base to discharge its developmental and administrative responsibilities. In West Bengal, for instance more than 70 per cent of the State Budget is now being funded out of the State's own inelastic and meagre resource base. Even after the marginal increase in devolution recommended by the Ninth Finance Commission, there is no significant change in the position relating to the much-needed expansion of the resource base of the State.

It is in this context that some of the positive recommendations of the Commission relating to the sharing with the States of proceeds of corporation tax by appropriate Constitutional amendment, avoidance of levy of surcharge on income tax which is not shared with the States, immediate enactment of legislation for imposition of consignment tax, allowing of additional market borrowings to the States etc. should be seriously noted. It is unfortunate that in some cases, these recommendations have been sought to be neutralised by other recommendations. For instance, after recommending the sharing of proceeds of the corporation tax, the Commission has hastened to add that corresponding adjustments would have to be carried out by suitably bringing down the shares of States in income tax and Union excise duties. In addition, the Commission has also chosen to be unjustifiably silent on the unfairness involved in the recent practice of the Central Government of raising additional revenue through administered price hikes instead of upward adjustments in the rates of excise duties, and then refusing to share the proceeds with the States. We urge the Inter-State Council to find out ways of compensating the States for their accumulated revenue losses on this account.

In this context we also point out the need for additional devolution to the States to provide at least partly for their inevitable expenditure liability on account of increased payment of

dearness allowance to the employees and other concerned categories consequent on all-round price rise in the country. On this issue, the Sarkaria Commission has recommended an annual review of the situation so as to avoid imposition of unduly heavy burden on the States. The Commission has also recommended that the terms of reference of the Finance Commission should in future be finalised in consultation with the States and further regretted that the final recommendation of the Eighth Finance Commission were not implemented in 1984-85, causing serious financial loss for some States. The Sarkaria Commission has also gone ahead to recommend fuller use of the revenue-raising potential of duties and taxes levied under Articles 268 and 269, review of royalty rates on minerals, petroleum and natural gas every two years and not every four years as at present, so as to ensure fuller payment of dues to the States and the need for Central consent for borrowing by the States from the banks and financial institutions for periods less than one year under provisions of Article 293 of the Constitution.

An important recommendation of the Commission relates to the introduction of tax-free Municipal Bonds. In the present day context, when decentralisation of planning is being emphasized through the elected Panchayats and Municipalities, this recommendation can surely be extended for introduction of tax-free bonds for Zilla Parishads also.

In the sphere of industries, the Commission has again made a significant recommendation for introduction of a legislation making it mandatory to have a periodical review, so as to determine whether the Union Government's control in respect of any of the industries currently under its jurisdiction should be continued or relaxed or lifted. Such a review may be undertaken by a Committee of Experts on which States must have adequate representation.

In economic and social planning, the Commission has argued against proliferation of centrally sponsored schemes and recommended consultation with the States before formulation of any new Centrally sponsored schemes. In the present context, with better appreciation of the need of decentralisation, this line of recommendation of the Commission should be extended for transferring, with corresponding resources, the Centrally sponsored schemes particularly in the State subjects, to the State Governments.

I strongly urge that all these positive recommendations of the Sarkaria Commission be accepted by this Inter-State Council and then a decision is taken for their time-bound implementation. This will be a historic decision just befitting the first session of the Inter-State Council. The people of our country will have something to rejoice at. They will remember this occasion.

Before moving over to the agenda items relating to consignment tax, additional excise duties etc, I would like to draw attention of the Council to certain developments in the sphere of small savings and cess for which the States have reasons to be concerned.

A disquieting tendency has been witnessed in the sphere of small savings which is significantly related to the resource base for every State. Some time back, the Union Government took a unilateral decision to divert certain important collections from the category of small savings deposits of the States to some special deposits under the exclusive control of the Central Government. Despite a strong plea from the States, this intrusion to the resources of the States still remains uncorrected. Moreover, of late, there has been a further intrusion in the sphere of small savings through floating of schemes by financial institutions directly under the Union Government. I strongly urge that such centralising distortions in small savings should be immediately corrected.

Under Entry 49 and 50 of the List II of the Seventh Schedule to the Constitution of India, the States have exclusive powers in levying tax on lands and buildings and on mineral rights. Many of the State Governments levy cesses on land for augmentation of their revenue. Such cesses are levied on coal mines, tea gardens, iron ore mines and various other mineral producing areas including oil and natural gas. The State Governments cumulatively collect about Rs. 2000 crores by way of cesses. Of late there have been some judicial pronouncements from the Supreme Court and various High courts questioning the legislative competence of the States in levying such cesses, the most important pronouncement being the case of one cement company. Taking cue from this judgement, several other cement companies have filed writ petitions against the Governments of Bihar, West Bengal, Orissa, Andhra- Pradesh and other States and obtained stay orders against realisation of cesses by the State Government.

In another Supreme Court case, the power of the State Government to levy sales tax on Industrial alcohol has also been questioned. The judgement gives an impression that the States do not have any right to levy sales tax on a commodity which is covered by a Price Control Order issued by the Central Government under the Industries (Development and Regulation) Act, 1971. If this analogy is extended to commodities like drugs, fertilisers etc. the power of the State Government to levy sales tax will be severely restricted, which is again not envisaged under the Constitutional provisions i.e. Entry 54 of the List II of the Seventh Schedule.

A meeting of the of the Secretaries of six State Governments including West Bengal dealing with coal & mineral gases was held on 29th August, 1990 at Calcutta where views were exchanged amongst the representatives on this subject. On the basis of unanimous opinion of that meeting, we strongly urge that actions be immediately taken for affectively contesting the cases pending in the Supreme Court jointly by all the States. We further urge the Central Government for making necessary amendments in the Central Laws and the Constitution to clear this ambiguity. Otherwise, there is an imminent danger of the States losing revenue to the tune of Rs. 2000 crores, and also of the legislative competence of the States getting seriously eroded.

Despite the fact that a unanimous agreement was reached among the Chief Ministers about six years back regarding the details of mechanism and procedure to levy consignment tax, including the issue of exemption, the necessary legislative action has not yet been taken.

We have in the previous meetings already argued that the proposed consignment tax should form a part of the Central Sales Tax Act, 1956 by a suitable amendment. The machinery for assessment should be the same as the one existing in the States in respect of the Central Sales tax which was also the consensus decision of the Chief Ministers.

The relevant power of exemption has already been given entirely to the States under the existing provisions of the Central Sales Tax Act. Any attempt to vest the power of exemption even on concurrent basis in the Centre would mean encroaching upon the powers of the States in regard to commodity taxation. We,

therefore, reiterate our position, namely, that the power of exemption should vest with the States.

So far a guidelines for granting exemptions are concerned, we are generally in agreement with what has been reproduced in the agenda item. As regards the commodities recommended for exemption, we agree only to the inclusion of electric power, foodgrains under public distribution system and those commodities which are covered by the Additional Duties of Excise (Goods of Special Importance) Act, 1957. We strongly oppose inclusion of any further items in the list of exempted commodities for levy of consignment tax.

As about six years have elapsed since the original proposal for levy of consignment tax was mooted, I would urge upon the Central government not to lose any further time on this important issue and adopt suitable legislative measures for levy of consignment tax at the earliest point of time.

Experience of this State is particularly unfortunate regarding the progress in collection of revenue from the levy of additional excise duties in lieu of sales tax. When the National Development council in its meeting in December, 1970 recommended imposition of additional excise duties on textile, sugar and tobacco, it was clearly mentioned that the incidence as a percentage of value of clearance be raised to 10.8% in a period of 2 years. The past experience clearly shows that the Central Government did not show any significant inclination in increasing the proceeds from the additional excise duties. We have mentioned in earlier meetings that because of this delay in implementation of the National Development council's decision the States have lost tax revenue of more than Rs. 2000 crores from 1973-74 till date. We have, therefore, requested the Central Government several times that the levy of additional excise duty on textiles, sugar and tobacco should be withdrawn and those commodities should be left to the States for imposition of sales tax. In this background, the proposal to transfer additional excise duty on man-made fabrics to the yarn stage has not met our expectation. Moreover, there is a possibility of further loss of revenue because of the imposition of duty at the yarn stage which is an earlier stage in the manufacturing process. The value added at the processing and manufacturing stages will now be beyond the levy of additional excise duty resulting in a net loss of revenue to the States. This is also a further encroachment in

the domain of taxation of the States as yarn at present is taxable under the Sales Tax Acts of different States. We, therefore, urge the Central Government to scrap the additional excise duty in lieu of sales tax on textiles, sugar and tobacco and revert these commodities back to the States for imposition of sales tax.

We are also seriously concerned about the problems of trafficking in narcotic drugs and their increasing use by the youths and socially depressed classes in various parts of the country. This problem is particularly noticed in urban and industrial areas. There is an immediate necessity for not only strengthening but also effectively coordinating the work of various enforcement agencies at the Central and State level. In West Bengal we have made the Excise department the nodal department for coordinating the work in this field and for maintaining liaison with the narcotic control bureau. The enforcement work is carried out by the State Police force in Calcutta as well as in the districts and also by the Excise directorate. For paying proper attention to enforcement of drug laws, we have created two narcotic cells, one in Calcutta Police and the other in C.I.D. in West Bengal Police with an officer of the rank of Superintendent of Police/Deputy Commissioner heading the cells. Moreover, in the districts we have created two cells—one for dealing with drug abuse and the other for crime against women in each district headquarters with adequate contingent of officers and constables. These cells are adequately equipped with vehicles and communication equipment. In the Excise Directorate, we have created a narcotic cell in the Enforcement Wing to pay special attention to the administration of the N.D.P.S. Act. These cells have started functioning since January, 1990 and we expect that they will create an impact in the matter of control of drug abuse in the near future.

In conclusion, I must mention that through our responses to most of the agenda items of this first meeting of the Inter-State Council, we have raised a fundamental issue for restructuring the Centre-State relationship in favour of decentralisation. This does not, however, only mean decentralisation of powers from the Centre to the States, but it also means a corresponding decentralisation of powers, within each State, from the level of State to the level of districts and below. With modesty, it is mentioned here that attempts at such decentralisation from the States to the districts have been made in West Bengal in the actual formulation and implementation of plan projects over the

last thirteen years or so. In the process, more than 50 per cent of the State's plan budget in each year is now being devolved down to the districts and below for decision making and implementation. More important, in this process the common local people have been involved through the elected Panchayats in rural areas and the elected municipalities in urban areas. Decentralisation should mean decentralisation of powers to common people in an organised and democratic manner. As mentioned at the outset, this alone can uphold the strength of our nation.

Panchayati Raj : Two Alternative Approaches

There can be two alternative approaches to the Panchayati Raj, and these are related to two alternative approaches to rural development planning.

In one approach to rural development planning, we may choose to begin by accepting the existing unequal ownership distribution of land. In other words, we may choose not to take effective measures on land reforms. If we choose to do that, we shall be close to the present national scenario on this issue, for, despite a few statements of good intentions, no serious attempt seems to have been made to alter this unequal distribution of land holding. The resultant, persisting, inequality in the ownership distribution of land has been noted in the Mid-Term appraisal of the seventh Plan by the Planning Commission itself. It has been mentioned, for instance, that according to the latest information available, for the country as a whole, only 28.8 per cent of land is under the ownership of small and marginal farmers and the remaining 71.2 per cent of land is owned by bigger farmers (see Chapter-2 of the Mid-Term Appraisal). As a consequence, in this strategy, the planning for production has tended to be viewed through the eyes of landed gentry in agriculture. There has been, as a result, also a tendency to adopt technology which is overtly capital-based with inadequate absorption of labour force in production, causing unemployment and insufficient generation of purchasing power of the common people. That such technologies can indeed be labour-displacing has again been noted in the Mid-Term appraisal of the Planning Commission (Chapter 2, p 32).

This is an approach where the basic priorities of planning are not in favour of the common people. The priorities are centred around perhaps the top 10 per cent of the rural households. In such a situation, without land reforms and, therefore, with an extremely unequal access to the production assets, there is a propensity on the part of the ruling power not to hold the Panchayat elections (incidentally the Panchayat elections were not held for about 15 years in West Bengal before the Left Front

Government came to power in 1977) or not to hold the elections under democratic conditions. In such a situation, even if the elections are held, the Panchayats often get dominated by the more affluent class in the rural areas. The Panchayat Raj under this approach to planning can not have a representative character, reflecting the interests of poorer classes in the rural area. The common people in the rural areas cannot truly get involved in the activities of such Panchayat Raj. If, then decentralisation of planning is talked about through the Panchayats under this approach, it cannot be any effective grassroots decentralisation with participation of the common people at the base level. It may then only amount to decentralisation on paper and to mechanical disaggregation of schemes, without the true participation of the common people at the base level.

In West Bengal, for the last eleven years or so, an alternative approach to rural development planning has been pursued. Within the limitation of the existing socio-economic structure, this alternative approach begins by trying to reorder the existing distribution of land and other productive asset in rural areas towards a more equitable situation. This approach, therefore, begins with land reforms.

This emphasis on Land Reforms, it may be noted, is not any exercise in charity, but is essentially a productive move on the basis of hard evidence of superior production performance on the part of working peasants. In this context, we may mention, with modesty, some of the advances that have been made in recent years to give our State the front position in the country in the sphere of land reforms. Of the total agricultural land distributed through land reforms in India, nearly 20 per cent has been contributed by West Bengal, although in the total agricultural land in our country, the State's share is less than 4 per cent. With the implementation of land reforms, in West Bengal, according to the National Sample Survey data, nearly 60 per cent of the total land is owned by the small and marginal farmers as against the national figure of 28.8 per cent as owned by the small and marginal farmers, as has already been mentioned earlier. In other words, an objective situation has been created in the State where the problem of agricultural planning can be looked at from the standpoint of the poorer working farmers.

In order to make the Land Reform measures effective, it is essential to support these measures with the provision of non-land inputs, such as irrigation, implements, manures and fertilisers and infrastructural facilities, particularly credit and marketing. In the provision of all these non-land inputs, there is a question of choice of appropriate technology involved. Here, in this alternative approach, as a result of land reforms, this choice can now be more meaningfully viewed through the eyes of common working farmers. The working farmers are endowed with labour power and there is in rural areas often a relative abundance of local resources. The socially appropriate choice of technology regarding all the non-land inputs in this alternative approach should therefore be one which should be modern and, at the same time, make efficient and improved use of labour and local resources. Such a choice of technology not only provides a better relief to the problem of unemployment, but also creates more purchasing power for the common people.

Keeping this direction of appropriate technology in mind the emphasis in the sphere of irrigation, one of the most important of all the non-land inputs, has been placed in State in recent years on extension of minor irrigation facilities. Along with that, emphasis has also been placed on extension of field channels under major irrigation projects. It is primarily on the basis of land reforms and this extension of irrigation facilities, together with the provision of fertilisers and other inputs, that it has been possible to increase the State's agricultural production significantly in recent years. For instance, the total foodgrains production of the State increased from 74.53 lakh tonnes in 1976-77 to 96.26 lakh tonnes in 1986-87, which was not only a record production for the State, but it also included in itself rice production of 84.63 lakh tonnes which was the highest level of rice production among all the States in that year. Even in the year 1987-88, despite severe floods in 12 out of 17 districts, it has been possible to exceed the previous year's production of foodgrains and reach an all-time record of 102 lakh tonnes in the State.

Along with this increase in production, there has also been in the State an increase in recent years in the average wage rate for agricultural workers, the average daily rate, cash and kind together, increasing from about Rs. 5.60 in 1976-77 to more than Rs. 14 in recent years. In some of the districts in South Bengal, the average daily wage rate has even crossed Rs. 20.

It is important to note that as a result of this progress of agriculture through emphasis on a technology, which uses labour and local resources and tends to generate some purchasing power for the common people, there has been a related growth of cottage and small-scale industries which are linked with agriculture and which produce mass consumption goods such as handloom products. Over the last ten years, growth of registered small units has been significant in the State—from a figure of less than 1 lakh in 1976-77 to the present figure of about 2.5 lakhs. In recent years on average, about 14 thousand of new functioning small units are being set up per year in West Bengal, with additional generation of employment of about 80 thousand each year. In addition to small scale industrial units there has been a significant growth of handloom industry over the last ten years, where the production has gone up from around 20 crore metres in 1976-77 to more than 40 crore metres in 1987-88. The growth of small scale industries needs to be supported by growth of large industries—an issue to which we are not referring in this article.

When the priorities of planning are thus placed in favour of the common people, particularly with effective implementation of land reforms, choice of more employment generating technology and attempts at industrial growth through generation of purchasing power among the common people and in terms of a wider base of small producers, an objective condition is created for involvement of the common people in the process of planning. It is with this objective of involvement of the common people in an organised manner in both formulation and implementation of rural development programmes that the Panchayat elections, which had been stalled in this State for about 15 years, were held in 1978 after the Left Front Government came into power. These elections) were then held with regularity of five years in 1983 and then again recently in 1988. After the Panchayat elections data were obtained on the class background of the members who got elected to these Panchayats. It has been found that about 85 per cent of them have come from small farmers and below.

It is these Panchayats, with their pro-poor character and with the common rural people behind them, that have been given increasing responsibility in the planning and implementation of the major rural development programmes in our State. To begin with, the panchayats were involved in the land reform measures in detection of *benami* lands, in their distribution to the

poor farmers and in the recording of bargadars. This was followed by the direct involvement of the Panchayats in the planning and implementation of the Food for Work/the National Rural Employment Programme and now also the Rural Landless Employment Guarantee Programme. The responsibility of implementation of the Integrated Rural Development Programme—identification of beneficiaries, selection of schemes and monitoring—has also been given primarily to the Panchayat Samity, which is supported by the block level staff under the guidance of the District Rural Development Agency (DRDA). Integrated functioning of the DRDA and the Zilla Parishad has been ensured by involving the Sabhadhipati and the concerned members of the Zilla Parishad as Chairman and members respectively of the DRDA along with the District Magistrate being involved as the Vice-Chairman. In addition to these programmes, the Drought Prone Area Programme, schemes relating to minikit distribution in agriculture, small irrigation, social forestry, rural water supply, rural housing and several important schemes on Scheduled Castes and Tribes and on cottage and small-scale industries have been brought under the direct responsibility of the Panchayats.

For carrying out these responsibilities, the Panchayats at all the three levels have been provided with staff support, including technical personnel and this total establishment cost is borne by the State Government. There is also a regular arrangement for auditing of all expenditures incurred by the Panchayats. Further, it is mandatory on the part of each Gram Panchayat to hold regular public meeting to discuss with the general people about the selection of schemes and also present in public the budget for the year.

The performance of the Panchayats in all these programmes has been noteworthy. In the field of land reforms, performance of the State, already noted, has been made possible in no small measure by the participation of local common people through the Panchayats. The same kind of participation has played a significant role behind the success of implementation of the Food for Work/National Rural Employment Programme and the Rural Landless Employment Guarantee Programme in our State. In the final report of Evaluation Organisation of the Planning Commission, it has been observed that the involvement of Panchayats has led to a much better coordination in the planning and implementation

of the programme in West Bengal. The report has further stated that in West Bengal "the Village Panchayats call the meetings for preparing schemes for the villagers and the priority of works was also decided in these meetings". In general, it has also been noted from our internal surveys that the schemes executed by the Panchayats cost significantly less than technically similar schemes executed through the conventional procedures, primarily because of savings on account of avoidance of contractors and the supervision being voluntarily performed by the Panchayat members. The involvement of the Panchayats in the Integrated Rural Development Programme in a similar manner has ensured people's participation, and, in the process, acted as an insurance against machination of unscrupulous touts and middlemen. In a recent NABARD sample study on the implementation of Integrated Rural Development Programmes in the 15 States of the country, it has been brought out that there was no case of wrong identification of beneficiaries in the districts of West Bengal. It has also been observed by the same study that the "association of bank staff and Gram Panchayats in the identification of poor families, as has been done in West Bengal, may ensure that the benefits of the programme go to the deserving persons". The sample study also indicated that the percentage of beneficiaries, who crossed the poverty line, was the highest in West Bengal except Punjab.

With this confident record of performance of the Panchayats in our State, we had taken four years back a new step towards decentralised and coordinated planning at the district and the block level by involving the common people through the Panchayats at the grassroots. For this purpose, the District Planning Committee and the Block Planning Committee have been constituted in each district and in each block of a district, by bringing together the Panchayat members and other relevant elected representatives, and the concerned officials of all the departments at the respective levels, and with the Zilla Parishad Sabhadhipati as the Chairman and the District Magistrate the member-secretary of the District Planning Committee and the Panchayat Samity Sabhapati as the Chairman and the Block Development Officer the member-secretary of the Block Planning Committee.

Both the district and the block Planning Committees are being supported by additional administrative and technical staff. With general guidance regarding priorities and financial allocation

from the State level, block plans are formulated in the Block Planning Committee by co-ordinating the Panchayat schemes and all the departmental schemes at the block levels and then these Block Plans are integrated into the District Plan with a comprehensive perspective for the district as a whole. It is now anticipated that nearly 50% of the annual plan-expenditure in our State will henceforth be decided at the block and at the district level. This may be an important beginning for the entire country in the formulation of plans in a decentralised manner by involving the common people through the democratically elected Panchayats.

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6, Talkatora Road, New Delhi-110001

Democracy, Federalism And Article 356

I am indeed very happy to be here on this important occasion when we are discussing democracy, federalism and Article 356. I am grateful to the organisers for arranging such a discussion as this. It is so very topical, historical and also it has great implications for the future. My task has been lightened a bit because of all the three illuminating speeches which have been made here, full of information and facts. So I need not repeat many of the things which they have placed before you.

But I have one suggestion right at the beginning. I have a feeling that when such seminars are held, whether from the School of Social Sciences or any other organisation, such discussions should not be limited only to us, or the intelligentsia, or people who are literate, so to say, because the people in India literate or illiterate are the actors. They decide what exactly is going to happen to our country, to our democracy, to our federalism, to Article 356 and so on.

So I have a suggestion; of course, there is very little time because elections are on. But even then, even for purposes of elections, small pamphlets on whatever has been said here should be issued. For instance, if we receive the English version of that, we can produce pamphlets for the common people. Even for those who cannot read, it should be explained to them what our Constitution is all about, what it was meant to be, and what has become of it.

I recall that during the freedom struggle in our country, for years together, the objective of freedom was certainly there, that was the basic thing, but along with it the freedom fighters also thought of the future—and that future was for democracy, federalism and social justice.

And particularly they remembered—as we ought to remember today—that our traditions and history tell us about what we call “unity in diversity.” We have various religions in our country; we have various languages in our country; and also different cultures. That is what makes India—all together.

Speech at the Seminar on ‘Democracy, Federalism and Article 356’ organised by the Indian School of Social Sciences, on March 31, 1991 at Madras.

All these ideas and objectives have been more or less incorporated in our Constitution. The Constitution was meant to be a federal one. But unfortunately, in practice throughout the years the past has been forgotten; the objectives have been denied; and we find that the unitary principles overshadowed the federal ones. This was, according to me, because of the one party rule which continued for long years in India and along with that crept in opportunism and immorality in public and political life.

There is an idea even now (and there has been this idea for a long time) that India needs a strong Centre and that can only happen provided more and more powers are centralised in Delhi, in the Central Government, by denying powers to the States and through the military and the armed forces. According to people who think like me, this is not so; this should not be so. We think we do need a very strong Centre, but that Centre cannot be strong by taking away powers from the States, eroding the powers of the States. In fact, for a strong Centre, we need strong States, and cooperation and coordination between them.

In fact, we need trust in the people and the goodwill of the people whatever be their language, religion, culture and so on. Therefore, we have advocated this in the document we placed before our people, after we came into the Government in 1977, for discussion—long before the Sarkaria Commission was appointed. To give one or two examples: even the three lists which are there, the Central, State and Concurrent lists, they should be reconsidered, particularly the Concurrent list. Now education has also been included, and many other subjects, in the Concurrent list. We say this should not be so. We shall address ourselves to these three lists to see how many of those subjects of the Concurrent list should be transferred to the State list.

The Centre has certain functions to perform and the States have other functions to perform. There should not be any conflict. Even our planners thought that the States are nearest to the people. They have to bear all the burden. They are answerable to the people. Delhi is far away. And therefore the States should be provided with all the wherewithal—political powers, administrative powers, legislative powers, financial powers—so that they can carry out their objectives.

When we talk of decentralisation, to be honest ourselves, we should also, in practice, do that, do the same in the States—that is

decentralise powers in the States also right up to the villages, the panchayat level, the municipalities and so on. This is exactly what we are doing in West Bengal for the last 14 years.

In Srinagar, in 1983, when Dr. Farooq Abdullah, Chief Minister of the National Conference Government, was with us we had a meeting there, a Conference on Centre-State relations where almost all parties were represented, including the Akali Dal of Punjab. That document is still with us. We had some little differences, but we adopted a unanimous resolution in this respect, on Centre-State relations. Without upholding the majesty of federalism, there can be no democracy in our country; there can be no parliamentary democracy, which we have adopted from the Westminster type from the U. K. Apart from what we heard from the speakers before me on what has happened to our federalism in the political sector, I would remind you, in brief, that in the financial field also the powers of the States have been eroded. To give you a few examples (This is not an exhaustive list, but only a few examples)

They try to keep within the confines of the Constitution, the letter of the Constitution, but the spirit has been eroded. What they have done is this. There is excise duty. If they impose an excise duty, it is shared between the Centre and the States. The States together get more than the Centre. But with additional excise duty, it is not shared with the States; so they have devised this scheme of additional excise duty to deny the States their part of the revenue!

Another example. Through administered prices, price hikes, they generate Rs. 3000 crores a year. But that is not sharable with the States. We get nothing out of that. If they raise those prices through raising the excise duty, then it would have to be shared with the States. This is the scheme of things adopted. From this, you understand the outlook of the Central government, particularly the Congress government.

There are similarly three or four articles which have been taken out of the States' purview. The States used to tax them. They have been taken out of that list some twenty years back; they say, through the consent of the States. They say the Centre will collect those taxes and pay compensation to the States. But these are very elastic — not inelastic, not static — and they raise a lot of money.

But they are depriving the States of everything because they give us a fixed amount from whatever was decided so many years back.

Similarly, our revenues, both of the Centre and States, come from (among other things) public borrowings — we borrow from the public through bonds and so on. Now for that, the Centre has so arranged things in the course of the years, it was not so earlier...now of the public borrowings, 80 per cent are with the Centre and only 20 per cent are for all the States taken together ! I need not go into that question further. But in our country Planning is also done in the background of political views, the political situation. They want to help some States, they do not want to help other States. Therefore what has happened is that in the course of the years, seven Plans have gone by, the Eighth Plan is about to start. We find that after every Plan, there is regional disparity. Some States go ahead, some States fall back or remain static. This has serious implications and bad blood is created, bitterness is created, between the people of these States and the Central Government. This is not good for the country.

Under the Constitution, to give you one example, it is already there that the corporate tax cannot be shared. Corporations, big companies and so on pay tax. They pay to the Centre; it cannot be shared with the States. Now we have been asking -- many States have been asking — them to revise this section of the Constitution, to revise it in a way that we get a part of the share of the corporate tax. And fortunately the Sarkaria Commission has also recommended that this should be done.

I need not go into further examples. But the other thing I wish to place before you is — summarising what we see before our eyes — this. Has this idea of centralisation, to make the Centre strong, worked in India? Has it made India strong? Not so. This is one of the basic reasons — the question of Centre-State relations...Why are some people trying to break up India, to destroy India's unity, in various parts of our country?

There is not today one party rule in India. It cannot come back — one party rule. So, we must get ourselves used to that idea. But what are we afraid of? There may be one party at the Centre; the same party may have one or two State Governments with it; there may be other parties, as there are now in India. There should be cooperation, coordination. Why should there be confrontation? Every time we have come back into the Government in West

Bengal (and for the last 14 years I have been hearing that), they want to get rid of us, they want President's Rule; they want to throw us in the Ganga or the sea or into some such thing. I said once, even to Indira Gandhi, I told her : "What is this talk of confrontation? When some other party forms a Government, let there be competition. Let each Government in its State show how best it can run the State, what it can do for the common people."

V.P.Singh's National Front Government existed for eleven months. My experience, and the experience of my friend Mr. Karunanidhi, was this. We had a few meetings of the National Development Council. We also met in the Inter-States Council, which for the first time in 43 years had been formed during this regime. There was a friendly feeling; there were Congress Chief Ministers, we non-Congress Chief Ministers — all of us would talk to each other. There was no spirit of confrontation — I felt this. I have been attending so many National Development Council meetings in Delhi, for Planning and so on and so forth, or other meetings called by the Government of India. Right at the beginning there would be a sort of confrontation, a spirit of confrontation. An attitude as if we were there to have disputes on the issues which would arise there right from the beginning. But during the period of V.P. Singh's Government, I felt very comfortable. When such meetings took place during V.P.Singh's Government, there was no such spirit of confrontation. There were BJP Chief Ministers; we were there; Congress Chief Ministers were there. This is the spirit which should guide us.

Now on the appointment of Governors and their role — a section is there in the Sarkaria Commission Report. But I think it will not help. Firstly because he has stated that individuals of integrity, honesty and so on, public figures not immediately connected with political life, should be inducted as Governors. But I think that will not suffice. Because these gentlemen who are appointed, if the Governor is to remain, if the post is to continue, then they should be people who understand their role. That is, once they are appointed by the President on the advice of the Council of Ministers in Delhi, the Central Government, they are then free. They must not think of themselves as agents and employees of the President or the Central Government !

Why I say this ? I have found from my experience that there have been politicians posted in West Bengal as Governors; there have been civil servants posted as Governors; and other people of

eminence have been posted as Governors. But I find it depends on the person who is posted. I have found a very good civil servant who understood his role, but of course for that probably, he was not liked by the Central Government — that is another matter. I have found another civil servant who was sent to dismiss our United Front Government in 1969. That also, I remember. There have been other eminent people also. So do the Governors understand, or have they been made to understand, as to what exactly should be their role? And that they should not act as agents of the Congress or whatever Government is there in Delhi? I don't think that idea is there even now, as you see what is happening today.

But how can that be ? Because the congress Party itself is undemocratic. For twenty years, there have been no elections in the Congress Party; they do not discuss...Earlier in the freedom struggle, thereafter also, in the midst of all these troubles and tribulations and sacrifices, sessions of the Congress used to be held. They had elections in the Congress about the leadership and so on. But all that is a thing of the past. For twenty years, nothing has happened. How can an undemocratic party like that have serious thoughts which I am placing before you in regard to the appointment of Governors or Article 356?

We recommended to the Sarkaria Commission, in our document, that Article 356 should be deleted, but if it continues, if there is an Inter-States Council formed, then in every case where it is thought necessary to impose Article 356 even for a few months or a few weeks and so on, it should be discussed first in the Inter-States Council and then placed before Parliament all the facts as to why article 356 should be imposed in a particular State.

Parliamentary democracy is sabotaged not only by what we have all been telling you about just now, but also because of another method — an immoral method adopted particularly by the Congress Party, that is buying up MLAs and MPs, people's representatives ! And there are innumerable examples, including in recent times, of this...what they have attempted. Where there is parliamentary democracy in many parts of the world, can you imagine such things happening ? There is corruption in those countries also, of various kinds, but this does not happen ! But in our country, openly they offer bribes to MPs and MLAs to desert their party, to betray the interests of the people. Then what kind of parliamentary democracy is this ?

There are many examples. But I will give just one or two because of lack of time. In Kashmir, the National Conference, as you know, won that election (in 1983) under Dr. Farooq Abdullah. Indira Gandhi was then the Prime Minister. From the Centre, they started trying to buy up MLAs right from the beginning, condemning Dr. Farooq Abdullah as an 'unpatriotic' person, 'anti-India' and so on. You remember those past days. I remember this particularly because I had a talk with Indira Gandhi. I told her : "Why are you doing this ? Congress is nothing in Kashmir Valley. Farooq Abdullah's party is there. This is Sheikh Abdullah's party; he is his son. He is saying, from the housetops he is saying, 'I am an Indian. I am a patriot. I don't want Kashmir to be handed over to Pakistan or to be occupied by Pakistan. I am willing to go anywhere in India — one part of India to the other parts of India — to propagate my views'. I said : why don't you take advantage of this ? The National Conference is still powerful. They have influence there. You take advantage of this." She told me — you see the mental outlook...Because the Congress was not there in the government, so how could she tolerate a non-Congress (I) Government ? She told me, "This is what he tells you." (He had invited all of us to Srinagar for this Centre-State relations conference.) "He tells you all this, but he is doing something quite different. This is unpatriotic". But as soon as the Congress bought over the MLAs (they succeeded, unfortunately, in this) and later on came to an understanding with Dr. Farooq Abdullah himself and formed the Government; immediately Dr. Farooq Abdullah became a patriot !

I mentioned this to Dr. Farooq Abdullah last year when I was in London. He had gone away three months before that. He said, "I have no role to play in India or in Kashmir"; so he had gone away with his family. I met him in London. He came to see me. I told him : "I have told you earlier also, that having joined with the Congress, this coalition government which you formed there with the Congress, you have done a great harm, not only to yourself but to Kashmir as well. In any case, Congress has no credibility; you had some credibility now. So how have you helped the Kashmir people ?" He said, "What could I do ? That was a big party. They promised me so many things for Kashmir. They did nothing."

We have already heard, and you know, about Kerala. I don't go back. But you know what happened in Andhra Pradesh. There, unlike in Kashmir, they could not buy a majority of the MLAs there.

I heard a story in Delhi that when the people who were sent (Rajiv Gandhi was at that time the General Secretary who was inducted into politics by his mother)...some people went with funds to buy MLAs in Andhra Pradesh and when they returned with a part of the money, because they could not buy their majority, they were reprimanded by the Congress Party. "Why have you come back with the money? You couldn't buy the MLAs?" But despite that, (NTR had a majority), they dismissed his Government. And you know thereafter how we stood by him — all of us together rushed to Andhra Pradesh. Everyone was there, all of us. Then we organised general strikes, bandhs and so on all over India — for democracy and against autocracy.

Similarly we stood by Tamil Nadu when the elected Government with a huge majority was dismissed from Delhi. I was so shocked when Shri Karunanidhi rang me up to say that "Maybe, by nightfall, our Government will be dismissed". It was unimaginable. What was happening here? We have no reports that law and order had broken down and that the constitutional processes could not be continued! There was no such report. There were contrary reports even from the present Government, the Chandra Shekhar Government. They went on giving contradictory reports. So I was shocked beyond measure.

That day, we had a meeting. I went out from my office and told the people that "it is likely such a thing is going to happen". I asked Shri Karunanidhi, "Who told you this? And what is the crime you have committed?" He said, "That I don't know, but the Governor has told me — that this is going to happen". In the public meeting, I said that in that case (we don't discuss the President publicly, in Parliament or in Assemblies and so; the post is important for us in India, so we don't criticise the person or the post like that; generally, we do not do it, as you know).

But in this case I said, "This is such a blow against democracy. Of course, piled-up blows are there, all the while; but this latest one is absolutely unthinkable and therefore the President, if he wants to do some service to the people of India (and he knows Tamil Nadu very well, I have also known him for a long time, I respect him), should resign. I said that "I cannot help but say he should...even if he has to sign, because on the advice of the Council of Ministers the President may have to sign...or he can say, 'Rethink whether that should be done. Review'." Nothing of the kind happened. I said, "Very good, if he had to put this signature,

he should have come out of the Rashtrapati Bhavan after the signature and resigned."

But unfortunately, the President did not lead that great battle for democracy. I also stated in that meeting that Shri Barnala, whom we know so well..at that time, I didn't know whether he had sent a report to the Central government or not on the situation here in Tamil Nadu...I said that at least he should not give a false report to the Centre; and if they compel him it is better for him to resign.

So, on this subversion of parliamentary democracy, I also asked Rajiv Gandhi : Did he recommend this to the puppet government that he set up in Delhi ? He said, "No". (I don't know whether it is true.) He said, "No, I left it to Chandra Shekhar to take his own decision". Now we know why it was done. It is very clear. Now, one thing I think many of us had overlooked. We thought at that time, "How is it?" He heard that Shri Barnala did not give a report; he refused to sign any report, it was very good of him, it was an honourable course to take. But then in the Constitution, in Article 356, that word 'otherwise' is there. We had almost forgotten about it ! It says, "if the President, on receipt, of a report from the Governor of a State or otherwise...", that is without receiving a report, he can dismiss a Government !

Chandra Shekar said, "I have my own sources of report". What are those sources? Why doesn't he place it before the public? I asked Chandra Shekar, "What is the point of this law and order in Tamil Nadu?" He said something about "LTTE camps", this and that. I said, "That also I find in the papers...that some action has been taken against some people". He said, "Yes, but when Shri Karunanidhi, the Chief Minister, takes action, he goes and tells them, 'Because Chandra Shekar is asking me so I am doing this'." I said, "But he has done it." He had no reply...dismissed the Government.

In the end, I would like to make another point. In West Bengal, as you know, it is a very difficult experience for the Congress — because we have been there continuously, without a break, as the Left Front Government. Earlier also we were there, once for nine months, and on another occasion for thirteen months, as the United Front Government. But they imposed President's Rule. But this time, we are there for fourteen years. So we are really a headache to the Congress because this is a bad

example for the Congress ! Why should there be stability in a particular State? Why should a particular Left Front Government with nine parties continue for so long? People will get wrong ideas ! Then, they will also form coalitions ! They will also carry on, taking the example of West Bengal...

Now you know that in Kerala as well as in West Bengal, we have decided to hold Assembly elections. Still about nine months will be left in West Bengal for our term to be completed. But since the elections have come for the Lok Sabha, we have decided to hold both the Assembly and Lok Sabha elections together. So once again I find this talk, this demand — from that person who had advised Indira Gandhi on the Emergency, who handed over Punjab to Mann and his ilk, to terrorists who want to take Punjab out of India... this person has been sent back to West Bengal who, in 1972, did the biggest rigging of elections...you know, within three hours, the elections were over; 1100 of our boys were killed; not a single case; nor a single arrest. Such a person has been sent. First day, he bravely stated that "I will not ask for President's Rule." Now from the Press, I find that, in a meeting, he has stated that "We want President's Rule in West Bengal also"

People have to act ! People are the makers of history. Maybe sometimes, there is delayed action. Maybe, the thought and all that is not there with the people sometimes. But in India also, during and after Independence, people have made history. They threw out Indira Gandhi's Government. They threw out Rajiv Gandhi's Government. They formed alternative Governments. That is what gives us hope and faith in the people. and I am confident that this immorality, opportunism and insult to the people which has been perpetrated by the past rulers and the present rulers from Delhi will not pass. Ultimately, it is the people who will have the last word. Thank you very much.

On the Ninth Finance Commission And The Emerging Trends In Centre-State Economic Relations

It is indeed a privilege for me to welcome you to this Conference on the Ninth Finance Commission and related issues. I am thankful to you for giving time for this Conference despite your busy schedule. It perhaps indicates the urgency with which all of us feel the need for sharing our concern about the terms of reference that have been unilaterally fixed by the Centre for the Ninth Finance Commission. These terms of reference show substantial changes from the past convention, and these changes can vitally affect the interests of the States. Yet, there has not been any significant consultation with the States by the Centre before these terms of reference have been fixed. Along with these terms of reference of the Ninth Finance Commission, there are also other related problems emerging of late in the sphere of Centre-States economic relations. These terms of reference and the related problems indicate a new trend of further centralisation of resources by the Government of India—a trend which can be specially harmful for the States and for the country as a whole. Confronted with this situation, we need to exchange our views on these issues and, on the basis of this exchange, may choose to adopt some effective remedial course of action.

There are serious problems regarding both the form and contents of terms of reference of the Ninth Finance Commission as has been unilaterally set by the Central Government. So far the form is concerned, dictation of guidelines in the terms of reference is itself not constitutional. The Clause (4) of Article 280 of the Constitution makes it clear that the Commission shall determine its own procedures. In fact, in the case of first four commissions, no guidelines were at all issued by the Central Government. There was only reference to additional matters as permitted by Clause 3(c) of article 280, but no dictation of guidelines on how to examine these matters. It is only from the Fifth Finance Commission onwards that the Centre had started including guidelines in the terms of reference. But so long there has been at least an accommodating feature in these guidelines, presented in terms of a statement that the Commission "shall have regard,

The speech delivered at seven non Congress (I) Chief Ministers' conference on "Ninth Finance Commission and related issues" held at Calcutta on 15 December, 1987.

among other considerations, to" and then there has been mention of the concerned factors. It is only in the Ninth Finance Commission that for the first time the guidelines issued by the Central Government have dropped the phrase "*among other considerations*". In other words, guidelines dictated by the Centre have become deliberately unilateral and pre-emptory. Guidelines have become a directive. This, in my judgment, amounts to affecting the neutral role expected of the Finance Commission as an arbiter between the Centre and the States.

This pre-emptory directive-based centralisation in the form of terms of reference is then followed by a tendency on the part of the Government of India to centralise economic powers as expressed in the dictation of contents of the terms of reference. There has been, to begin with, a declaration of adoption, in deviation from the past practices, of a normative approach in assessing the expenditure and receipts. But, unfortunately, this declaration has not been followed up by any precise communication as to what these 'norms' should be, except for some very general and vague statements on the need of economy, cost minimisation etc. Such a state of affairs can lead to a confusing situation in the forecasting of expenditure and receipts that the States are supposed to make. I strongly feel that there should be adequate interaction with the States before this normative approach is adopted and norms are given any operational content.

What is disturbing, however, is that while the 'norms' have been left at an underdefined State, there has been in the terms of reference an adoption of a double-standard—an asymmetry—regarding the application of normative approach between the Centre and the States. In assessing the expenditure for the Centre it has been categorically stated that the committed expenditure and liabilities of the Central Government (in addition to those related to defence, security and debt servicing) should be kept in view. But no such reference to the committed expenditure has been made for the States. Does it mean an adoption of two different kinds of 'norms' in assessing the needs of the Centre and the States? Fairness requires that if a normative approach is at all adopted, then the same norms are applied for assessing needs for both the Centre and the States.

It is again surprising that when in the terms of reference mention has been made about the need for "financial discipline", "better resource mobilisation", "closer linking of expenditure and

revenue-raising decisions" and "efficiency" of Government functioning etc., reference to the Central Government has been carefully avoided. Does this mean that the Central Government is functioning more efficiently than the State Governments, more financially disciplined or more attentive to resource mobilisation, or that there is no further scope of improvement in these matters ? Are we then to ignore the inordinate delays in the decision-making at the Centre regarding vital developmental projects of the States, or the ever-increasing quantum of deficit financing every year ? Does this one-sided reference to certain financial requirements then imply that conditionalities for the first time will be attached to even statutory devolution of resources from the Centre to the States ? If statutory devolutions are thus also in effect made discretionary transfers, with discretion used only by the Centre and conditions imposed only on the States, then this should be a matter of grave concern for the States.

There was an indication in the terms of reference, which has, later on, been made explicit in the communication from the Finance Commission, that in the assessment of expenditure and receipts on the revenue account, the plan and the non-plan categories are to be combined together. But, so far the remaining years of the Seventh Plan are concerned, assessment about plan categories has already been finalised with the Planning Commission. If the States are required to give another set of projections on the basis of some newly defined norms, these may come into contradiction with what has already been decided after interactions with the Planning Commission. So far the projections regarding the plan categories for the years in the Eighth Plan are concerned, how can this be done unless some idea regarding the size of the Plan is agreed upon ? Does this mean that the existing procedure of interaction between the States and the Planning Commission will be bypassed ? This can then also mean deviation from the Gadgil formula for the Central Plan assistance which has been approved by the National Development Council. Is it proper that some unilateral decision of the Union Finance Ministry will take precedence over what has been agreed upon at the National Development Council ?

In the communication from the Finance Commission it has been indicated that the projections of tax revenues are to be related to factors such as capacity and potential of taxation. In this context, reference to the Central Government has again been

carefully avoided. Does it mean that no question will be raised regarding the performance of the Central Government in collection of taxes in relation to potential ? This will again be an unfair situation when we keep in mind the increasing relaxation by the Centre in the income tax structure, particularly in the upper income brackets in recent years. While the Central Government has failed to adequately mobilise tax resources from its constitutionally earmarked area of direct taxation, it has steadily encroached upon the taxation areas earmarked for the States. It is unfortunate that the terms of reference of the Ninth Finance Commission, while remaining silent on the need for assessment of the performance of the Centre in its own earmarked areas of taxation, have included the examination of the feasibility of the merger of additional duties of excise in lieu of sales tax with basic duties of excise. As is well-known, the additional excise duties on sugar, textiles and tobacco in lieu of sales tax have been collected by the Centre since 1957 on the basis of a prior agreement with the States that the entire proceeds from additional excise duties are to be distributed among the States in accordance with the principles formulated by the Finance Commission. Following the observations of the Fifth Finance Commission, the National Development Council in its meeting in December, 1970 recommended that incidence of additional excise duties as a percentage of value of clearance be raised to 10.8% in a period to two years and the ratio of 2 : 1 between the yields of basic excise duties and additional excise duties be achieved and maintained. The Central Government, however, did not show any significant inclination in increasing proceeds from the additional excise duties and this had meant a substantial loss of revenue for the States compared to the previous situation. In the Chief Ministers' meeting in November, 1983, it was reiterated that the Central Government should fulfil the commitments agreed upon at the National Development Council in 1970. Even after seventeen years, while these commitments are still left unfulfilled, the Union Finance Ministry through the dictation of terms of reference has now asked the Finance Commission to examine the possibility of merger of these additional excise duties with the basic excise duties, with the implication that no one can ask further questions about unfulfilled commitments in relation to additional excise duties if these are indistinguishably merged with the basic duties ! I strongly feel that we should oppose this consideration of merger and ask back the

power of the States to levy sales tax on these items as a consequence of failure to honour the agreement by the Centre.

While on this theme of unfulfilled commitments on taxation measures by the Centre, may I also add the delay by the Central Government to take the necessary action to implement the consignment tax ? This delay is despite the fact that a unanimous decision of the Chief Ministers in this regard was taken about five years back followed by Constitutional Amendment and also safeguard considerations to protect the interests of the States not so industrially advanced. Since resource planning in the States can be based on a justifiable expectation that residual actions on vital taxation matters will be taken by the Centre within a reasonable time, such delays in fiscal commitments have an implication of substantial loss of potential revenue-earnings for the State. In the case of consignment tax alone, this loss for the States has been estimated to be at least Rs. 1,000 crore per year. There should be serious concern about how such resource loss of the States can be compensated.

Yet another instance of lingering fiscal injustice to the States relates to the exclusion of corporation tax and surcharge on income tax from the purview of divisible pool of income tax. Corporation tax has shown high elasticity and the rationale of its inclusion has finally been accepted even in the recommendations of the Eighth Finance Commission. Yet this recommendation remains unheeded by the Centre. We should all urge that the corporation tax and the surcharge on income tax be merged with other taxes on income and at least 90% of net proceeds of income tax be included in the divisible pool. Size of the divisible pool for excise duties should similarly be enlarged from the present share of 45% of net proceeds to at least 60% of such proceeds. In deciding on the devolution, population figures of 1981, and then of 1991 for the later reference years, should be used in place of the outdated figures of 1971 which has been mentioned for unknown reasons in the terms of reference of the Ninth Finance Commission.

Considering next the issue of financing of relief expenditure for natural calamities, it may be noted that the item 9 of the terms of reference of the Ninth Finance Commission stipulates that the Commission will examine "the feasibility of establishing a National Insurance Fund to which the State Governments may contribute a percentage of the revenue receipts". Earlier in the Sixth Finance

Commission when the feasibility of establishing a national fund was mentioned in the terms of reference, it was considered as a fund "to which the Central and State Governments may contribute". This time the reference to the Central Government has been conspicuously dropped. If this is a prelude to the Centre avoiding its due share of responsibility on natural calamities, such as drought and floods, afflicting the common people across the country, then we all should strongly oppose such a move. In this particular item of terms of reference, the Central Government has also directed the Finance Commission to suggest modifications in the existing arrangements in order to avoid wasteful expenditure. While sharing this concern to avoid wastage, I shall also hasten to add that there are special procedural problems in the existing arrangements which stand in the way of spending resources properly for essential expenditure. Under the present system, the Centre's share of funds, relating to the "margin money" or to the ceiling above the 'margin' money", is supposed to be released only *after* the completion of expenditure of the share by the concerned State. While on certain items, such as those relating to the gratuitous relief etc., expenditure can be prompt, for items relating to restoration of infrastructural facilities spending can be properly completed only over a period. If therefore the Centre's share is available only after the completion of work, say, at the end of the financial year, then in order to keep the works going there has to be prior advancement of funds by the concerned State Government covering even the Centre's share. This often necessitates diversion of funds from Plan categories, which is thus difficult to replenish towards the end of the financial year. There has to be, in my judgment, much more simultaneity in the release of funds by the States and the Centre if this diversion from plan allotments has to be avoided and the works kept going.

Quite at variance with the several previous Finance Commissions, there is avoidance of special consideration of two important issues in the terms of reference of the Ninth Finance Commission. One such issue relates to the emoluments and other benefits of the State Government employees, teachers and employees of the local bodies etc. The other relates to the need of maintenance and upkeep of capital assets. So far the Central Government employees are concerned, the Centre at times unilaterally decides on upward revision of their pay scales etc. and periodically provides them compensation in terms of Dearness

Allowances. These decisions are related, among others, to the persistent price increases. Behind these price increases, one of the most significant factors is the increase by the Central Government of the administered prices of some essential items, such as petroleum, diesel, coal, steel, cement etc. In other words, overall price increases are primarily a consequence of the policies pursued by the Central Government. But the financial burden of this consequence has then to be borne by the State Governments for which none of them is basically responsible. Similarly, the cost of maintenance of capital assets depends significantly on the prices of some essential items, as mentioned above, and is therefore again linked up with the pricing policy of the Central Government. It is thus only appropriate that the financial burden of the State Government in relation to the emoluments of the State Government employees, teachers and employees of local bodies etc. and the maintenance of capital assets be significantly shared by the Centre and that the relevant issues are specially brought under the terms of reference of the Ninth Finance Commission.

Along with price increase, the incidence of unemployment is also a result of the overall functioning of the national economy and is again basically an outcome of the policies followed by the Central Government. Confronted with the severity of this problem, if therefore any State Government tries to execute a policy of providing some relief to the unemployed people through definite programmes, for instance, a coordinated programme of self-employment, then the financial burden of such programmes, in fitness of things, should be significantly shared by the Centre, and the importance of the entire issue should be more explicitly recognised in the terms of reference of present Finance Commission.

A reivew of the terms of reference of the Ninth Finance Commission thus shows that there has been a reference to the normative approach in the assessment of expenditure and receipts, but without any coherent formulation of these 'norms'. However, under the name of normative approach, some of the essential issues, as mentioned above, have been omitted from explicit mention in the terms of reference. At the same time, what is striking is that even in this underdefined state of normative approach, there is clearly an unmistakable tendency to centralise economic powers at the hands of the Central Government and at

the expense of the States, as expressed in the formulation of terms of reference.

This tendency of centralisation of powers even through the terms of reference of the Finance Commission is not an isolated phenomenon. It is just another expression of the general centralising tendency which is creating severe strain on the Centre-State relationship. This tendency has even encroached upon the domain of State administration in such an unprecedented manner that of late the Prime Minister has been reported to have met the District Magistrates of the different States over the heads of the State Governments. Such an attitude is inherently disruptive for the healthy Centre-State relationship and the unity of our country. So far this existing trend of the Centre-State relationship is concerned, we have already placed our views before the Sarkaria Commission urging for a reordering in favour of decentralisation. I understand that the report of this Commission has already been submitted. There has not been, however, any communication on this report to us. I strongly feel that this report should be immediately circulated to us, and then there should be adequate interaction with the States on the report.

What is disturbing, however, is that while the Sarkaria Commission was working on the basic problems of Centre-State relationship, certain unilateral decisions have been taken by the Centre to further centralise resources in its hands. The most glaring among these relates to the decision of the Centre to frequently increase the administered prices of essential commodities, as already mentioned, and this increase has been effected instead of adjusting excise duties. It may be noted that 45% of the proceeds from excise duties are required to be shared with the States. Thus, through this substitution of excise duties by administered prices, and the refusal by the Central to share the corresponding proceeds from the administered prices with the States, each of the State Governments is being denied of a very significant source of revenue.

Another disturbing feature has of late been witnessed in the sphere of small savings. The Central Government has recently taken unilateral decision to divert certain important collections from the categories of small savings deposits to some special deposits under the exclusive control of the Central Government and has further taken steps to make other saving instruments, again under the control of the Central Government, more attractive

than small saving categories. Receipts on small savings are related to the resources of the State Government. Because of these unilateral decisions of the Centre, there has been a further deterioration of the resource base of every State over the last two years. In 1986-87, the fall in the net collections for all the States together was about 26% and, despite the minor adjustments announced by the Centre, the same trend of deterioration is continuing in the present year. I strongly urge that there should immediately be at least equivalent compensation to the State Governments for their loss of resources related to small savings as a consequence of these unilateral decisions of the Centre.

Along with this diversion of savings, there has also been recently a systematic tendency on the part of the Central Government to keep on increasing every year the interest rate on the loans it advances on to the States. For instance, the rate of interest of 8.75% of the previous year has been unilaterally increased by the Central to 9.25% this year. These increases in interest rates have now become a part of broader concern related to the mounting loan repayment burden of the State Governments to the Centre. For a State like West Bengal, the total loan repayment burden this year, for instance, has far exceeded the quantum of Central Plan assistance itself. This overall trend is a matter of concern for all of us, for, unless some remedial measures are taken, it may lead us to a situation where the State Governments may find themselves in a position of "domestic debt-trap" in relation to the Centre. It is not at all clear whether this special problem of the States in regard of debt burden has been appreciated in item 8 of the terms of reference where the Ninth Finance Commission has been directed by the Central Government to consider the debt situation of the States keeping only in view "the financial requirements of the Centre". There is no mention of any special problem or requirements of the State Governments in this one-sided dictation of terms of reference.

This one-sidedness seems to pervade the entire terms of reference of the Ninth Finance Commission. If the Ninth Finance Commission has to perform the important neutral role of arbiter between the States and the Centre, as expected of it by the Article 280 of the Constitution, then we should strongly urge that there should immediately be an adequate interaction with the States before the terms of reference are finalised. Then the State

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Governments can meaningfully submit their memoranda before the Commission.

At the same time, we should make every effort to take the entire issue in a more organised manner to the common people in every State. We know that the common people across the country turn primarily to the State Governments for some relief to their economic problem. We also know that the Constitution leaves the States with the formal responsibility for most of the developmental tasks. If, therefore, a situation has been created where because of the centralising tendency on the part of the Central Government, the States are being deprived of the resources necessary to accomplish the tasks, then it is all the more important that the common people be apprised of the entire situation in a more organised manner. The people have a right to know. It is their interests and aspirations that are at stake.

The Indian Television

My own views and the views of our Government in West Bengal on the subject of discussion today have been expressed in clear terms on more than one occasion. I also stated our views to the P. C. Joshi Committee during its session in Calcutta. Once again, I feel called upon to dwell on the basic points that, we consider, are of fundamental relevance to the growth and development of television as an effective audiovisual medium.

The report of the Working Group on software for Doordarshan has rightly recommended that Doordarshan should aim at reflecting Indian Personality. But unfortunately the programmes of Doordarshan at present do not attempt to focus the life-styles and aspirations of the majority of our people. The principal aim of television today, as it appears, is to cater to the needs of the urban elite. The deliberate distortions of the present-day Indian reality account for the lack of credibility of the Doordarshan programmes. The Central authorities and the Communication Planners, with the help of eminent personalities in various spheres, should make an indepth analysis of the shortcomings of this medium and adopt an attitude which will help evolve a media policy meant for the benefit of the people speaking various languages.

What, I find, constitutes the major deficiency of the Indian Television today is its overcentralised approach in drawing up its programmes. The authorities seem to forget that India is a federal polity with its multi-racial, multi-lingual and multi-cultural components. The national programme which takes the large share of the telecasting time is far short of attaining a national character. A lot of imagination and innovation is needed to give right orientation to this programme so that it truly mirrors the national ethos. The Indian identity consists in its unity in diversity. That message has to be imparted through such an effective mass medium as Doordarshan. The people of our country must be enthused to recognise increasingly the imperative need for unity in diversity and make coordinated endeavours to fulfil their respective socio-economic, linguistic and cultural needs. The role of the Doordarshan, to my mind, will acquire greater and greater significance as it reaches out to vast numbers of our people. All

Excerpts of the inaugural speech delivered at the seminar on "Indian Television: Today and tomorrow" organised by the Nmedia Foundation at Calcutta on 4 January 1986.

ethnic, linguistic and cultural groups should be made to feel that Doordarshan is their representative medium. It is sad to point out that the authorities at the Centre do not think along this line and they project their own view-points and ideas and show cynical disregard for others' ideas and approaches. I have been attempting over the years to draw the Centre's attention to the fact that pursuit of partisan policy, concentration of powers and resources at the Centre and the refusal to decentralise them give rise to the glaring distortions of the Centre-State Relations and encourage the separatist forces to rear their heads. Doordarshan has the vast potential to inculcate among our masses the message of national integration and to inspire them to stand against those who are out to destabilise the country. The reorientation of the programme content is of paramount importance to give new direction to the Doordarshan.

When the national programme was introduced I wrote to the then Information & Broadcasting Minister, that certain basic issues ought to have been taken into consideration before introducing it. The reiteration of those issues are still relevant. As far as Calcutta Station is concerned, there has been erosion both into the time and programme content. The English local news is no longer telecast from Calcutta Station and as a result a large number of viewers who do not know Bengali have been deprived of the benefit of any local news. What is furthermore shocking is that the local news items of West Bengal find scant coverage in the national programme. Even when such news items are telecast, visuals are mostly absent. We also receive complaints from the Television viewers that whenever local programmes are telecast in the national programmes, local colours and local features are hardly found. It is in the fitness of things that more and more regional programmes along with national programmes should be introduced. Such a course will help promote national integration. I also urged the then Union information & Broadcasting Minister to consider my suggestion in respect of providing adequate opportunities to various local stations to telecast programmes of respective cultural interests. They should also be encouraged to present programmes from other States so that there is a cultural interaction between different linguistic groups. Till the second Channel is opened it is necessary to arrange for telecasting news in at least two other languages from the local stations. It has to be kept in mind that non-Bengalee population and Nepali speaking

people constitute a large number of T. V. viewers in West Bengal. The Calcutta Station of Doordarshan owes a duty to them to meet their demands for local news in their respective languages.

The Television, as we all know, is not only a medium of entertainment, but a very powerful instrument of imparting education and building up the character of the nation. But the T. V. viewers often complain that the entertainment part is not always edifying in its nature. There is a danger of corrupting the impressionable minds if the entertainment aspects have any degenerating ingredients either in the main programme or in the commercial programme. The second aspect of the role of Doordarshan is even more important. The rural masses can genuinely be profited if educational programmes related to their life and work are properly drawn up and launched. Scientific education programmes and other programmes meant to fight obscurantism and backwardness and to heighten mass consciousness can be well knit into the Doordarshan schedule. A developing country like India is only justified in incurring a lot of expenditure on Television if programmes such as these can make any significant headway through this medium. Tomorrow's Indian Television, I believe, will strive hard to live upto the expectations of the people and enhance its utility in a big way.

It is needful to mention that the functioning of Doordarshan is inseparably linked up with its organisational structure. While it is imperative for the Central authorities to have a significant role to play in controlling this medium, it is also absolutely essential for the local authorities in different States to have an effective say in the formulation and monitoring of Doordarshan programmes in their respective States. The guidelines need to be decided by the joint consultations between the Centre, the States, the opposition and prominent personalities in various spheres. Close co-operation between the Central body and the local agencies can help resolve various problems and usher in a smooth functioning of Doordarshan programmes benefiting the vast masses of our country.

Before I conclude, I must reiterate that unity and integrity of the country should be given top priority in drawing up the programmes of Doordarshan. It must reflect the rich cultural

heritage of all linguistic groups including the deprived sections and tribals.

I am sure that the efforts of the Namedia Foundation will be successful in evoking necessary and timely response from all concerned. Such a seminar will go a long way in moulding public opinion in the right direction. I wish the deliberations of the Seminar all success.

Towards A New economic order

It is good that you have chosen to discuss the New International Economic Order. The genesis of the concept of the NIEO is by now fairly well known. Ever since the 1960's, the United Nations, as the collective body representing close to 150 national governments, has been worried over the relatively poor rate of growth in the developing countries and the increasing spread between the levels of earnings in the richer and poorer nations. The international body therefore declared the 1970's as the 'decade of development'; proposals and suggestions concerning a New International Economic Order are a consequence of soul-searching that has continued ever since.

As far as I can see, the New International Economic Order as a concept encompasses some relatively simple things. One, the gap in the incomes and levels of earnings between the rich and the poor countries has to be narrowed. To ensure this objective, the affluent countries will have to be persuaded to part with a small fraction of their national output each year and offer it either as grant or credit to the less fortunate nations. Two, the rich countries must be generous in their approach to the problems of foreign trade and must not adopt rigidly protectionist policies with respect to the commodities offered for sale by the poor countries. Three, while exporting capital and technology to the poor countries, the rich nations must take care not to transgress certain codes of discipline. Four, some international arrangement must be evolved whereby the prices of primary commodities, which are produced by the poor nations, are stabilised at respectable levels, thereby ensuring that the latter do not suffer excessively because of adverse shifts in the international problems of trade.

Underlying each of the above four objectives is also a further one. One cannot rule out developing countries being confronted with occasional balance of payments difficulties in meeting the needs of trade and development. Apart from the long term capital funds that might be provided by the richer countries to the poorer ones through grants and other forms of assistance, there is therefore a continuous need on their part for adequate liquid resources which will permit them to cope with short-term

The speech delivered at the symposium on "Towards a new economic order" organised by the Associated Chambers of Commerce and Industry at Calcutta on 23 December, 1983.

problems in their external accounts. It is implicit in the call for the NIEO that the international financial and monetary institutions will have to be re-ordered so that this challenge could be met.

As you are aware, agencies of the United Nations have taken the lead in organising conferences and workshops at different levels to arouse consciousness about the contents of the New International Economic Order. Such an order, which would be free from international exploitation of all kinds, would be conducive to the spread of mutual goodwill and thereby further strengthen the cause of world peace. There have also been a number of well-intentioned individuals in the western capitalist countries too who have chosen to concern themselves with efforts to hasten the advent of the New International Economic Order. I have in mind, for instance, the deliberations of the Pearson Commission, at the Club of Rome and, more recently, in the Brandt Commission. But please permit me to ask, have any concrete results emerged out of these interminable discussions? The answer is in the negative, and the reasons are not far to seek. In the first place, most of the discussions around the concept of the New International Economic Order have taken place within the periphery of the western capitalist system. It has been assumed that these countries have the capability to sponsor such an order and, further, they have the inclination to do so. On both counts, I am afraid my personal faith will be somewhat at variance with that of many of those present here this afternoon. Western capitalism is itself a sick animal. For the past few years, it has been visited by a crisis which reminds us of the worst days of the 1930's. Its internal contradictions were for a while kept under the lid by the application of the prescriptions of John Maynard Keynes and, subsequently, by the outbreak of the Second World War. For the past twenty years or thereabouts, however, western capitalism has gone through the throes of shocks – economic, monetary and financial; its only answer to the challenge of this crisis is to fall back on expanding investments in armaments, and thus ensuring the inevitability of an all-destroying thermonuclear war. An internal class structure, which can be sustained only by denying the just dues to the majority of the population, is sooner or later caught up in the contradiction of lack of demand, and this is the fate now staring at most of the capitalist countries. A degenerating capitalism, which is wrapped up with its own problem, can hardly extend a helping hand to the poor countries. Those who are not

egalitarian within their own culture cannot afford to be egalitarian in an international system. That there is a total lack of will on the part of the western capitalist countries to shore up the NIEO is proved by the fact that the very modest targets with respect to developmental assistance set by the Pearson and Brandt Commissions have been repeatedly ignored by the majority amongst them. The same phenomenon is being noticed over the replenishment of the funds for the International Development Association. It is only when the rich countries can be assured that funds provided to the poor ones would be channelled for the purchase of obsolete equipment and armaments that they show any perceptible enthusiasm for external assistance. Otherwise they are reluctant journeymen.

The story is repeated whenever questions of reorganising the monetary and financial institutions come up. There can be no international economic order unless the principal international financial institutions, the World Bank and the International Monetary Fund, are reorganised and developing countries begin to have a larger say in their operations. Apart from some measly gestures every now and then, the western capitalist countries have not shown the slightest inclination to do anything in the matter. It is money which talks, and these capitalist governments are not willing to surrender, even marginally, their control over international money. A most tolling commentary on the general attitude of these countries, in the nearly forty years of their existence, the principal functionary of the World Bank has remained an American citizen and that of the International Monetary Fund invariably a citizen of one of the West European countries.

The fierceness with which these same countries have resisted the idea of a common fund for the stabilisation of commodity prices proposed by the United Nations Conference on Trade and Development merely confirms their sectarian stance. Their persistence with quotas and tariffs so as to discourage imports from the developing countries only adds a footnote to the same story. Those present at today's symposium cannot be unaware of the severely cold reception given by the western capitalist countries to the proposal made at this year's conference of the non-aligned nations in New Delhi to have an international conference for taking a second look at the structure and working of the existing monetary and financial institutions.

It makes me often wonder whether the developing countries could not have used their energy and time in a superior manner if, in trying to reach out a New International Economic Order, they had developed a closer dialogue with the socialist countries. Although the socialist countries cannot provide us with all the economic and technological help we need & help us out of our export problems; after all, we, in India, cannot ignore the fact that the major breakthroughs we have achieved in our international trade have been mostly on account of the links established with the socialist countries which stand for mutual benefit, and not simply to keep advantages for themselves and to exploit the developing countries. Such a tie up enhances the third World's bargaining capacity. They have now emerged as India's major trading partners. It is also they who have been in the forefront amongst those who have offered us a non-exploitative technology, which helped us to develop our heavy industry base, thus accelerating the pace of self-reliant development. Of course, this spurs the Western capitalist countries into establishing extended economic relationships with such countries so that they do not lean too heavily on socialist countries.

The reluctance of many developing countries to have a closer economic association with the socialist world has of course an obvious reason. Their internal structure is such that they feel uncomfortable to enter into any meaningful relationship with the countries of socialism. This is a basic dilemma from which several developing countries suffer. A further point I wish to emphasise is that it is idle to talk of a just and equitable international economic order if your own internal system is inequitous and marked by blatant exploitation of one class by another. Addressing homilies to the affluent governments loses some of its sharpness when those who do the addressing have their own sins to hide. I would therefore like to add that a most important ingredient of a New International Economic Order has to be a programme of domestic reforms in each of the developing countries which will foster the cause of self-reliance and wider diffusion of economic opportunities. Such internal restructuring will ensure domestic peace as well as social stability, and will help to accelerate growth from out of the nation's own resources. It would at the same time increase the bargaining power of the developing countries when they come to the negotiating table, and make them less vulnerable to the pressures often applied by external agencies. For

a nation which is self-reliant can dispense with external resources to a greater extent than a country whose programme of self-reliance is only at a preliminary stage.

In the overall, however, much will depend on whether the developing countries can come together and present a solid united front. Unfortunately, there are divisions in the ranks of the poorer nations themselves, enabling the richer countries to get away with many inequitable acts. Whether it is a matter of a new set of financial institutions or the establishment of a buffer stock of primary commodities or extracting a larger order of assistance from the richer nations. In the ultimate analysis the poor can win their points only through heightened bargaining capability, which only united action can make possible. I have not the least doubt that if they can achieve such a united front, they will receive adequate supplementary support from the socialist countries. The two forces together could then bring about those essential changes which others are reluctant to accept. It is only in this context that I can think of the weightiness of the relevance of a New International Economic Order, an order which will create welfare at all levels and for all countries.

On The Rule Of The Legislature

I am very happy to be here with you on the occasion of the Golden Jubilee of our Legislative Assembly. I am thankful to our Speaker, Shri Hashim Abdul Halim for giving all of us the opportunity to meet together to share our views and experiences in the functioning of the various legislatures under the parliamentary system that we have adopted. On behalf of our Government and myself, I welcome all the participants and hope that the discussions here will be fruitful and the participants will all have happy memories of this event for many years to come.

This Assembly of undivided Bengal is not just a monument of the past but has to its credit, with all the limitations, a memorable history of debates and discussions reflecting both reactionary and conservative ideas and radical thoughts and views. Such an Assembly came into existence under the impact of our freedom struggle. The Westminster model in the U.K.—its parliamentary system attracted vocal political circles in India. The British Government sought to contain the rising demand for self-rule within bounds by conceding truncated legislative bodies under such enactments as Government of India Acts, Indian Councils Acts etc. These Acts allowed limited franchise and provided for special representation for British commercial and Indian vested interests along with special and limited trade union interests, scrupulously avoiding adult franchise. Many eminent personalities of those times were associated with these bodies. But such institutions could not bar the urge for greater freedom. There had been inspiring examples before independence when legislatures with very limited powers, were used to the advantage of the people. We have also unique example of participating in the Council to wreck it with the objective of forcing the British Government to concede a more representative legislative institution. This programme helped to galvanise the freedom movement. Thus, through force of circumstances, the British rulers became the unconscious tool of history to advance our freedom and to bring in a qualitatively different free legislature based on adult franchise. After we achieved our freedom, this Assembly like others all over India, attained a new quality. We must consciously preserve the system of our parliamentary democracy from the

The speech delivered at the inaugural session of the Golden Jubilee Celebrations of West Bengal Legislative Assembly.

attacks and subversions to which it is being again and again subjected. Much scope remains for expanding the rights and privileges of our Parliament and State Assemblies. We must preserve what we have in order to expand further the quality of these institutions in a situation in which the multiparty system has been working. Both the Governments and the opposition parties have a crucial role to play in this endeavour. Both sides are called upon to co-operate to uphold the best traditions of parliamentary democracy, despite the basic differences that they have on policies and programmes. The people—the electorate—will be the final judges. We and people who think like us are pledged to bring about fundamental changes in India through parliamentary and extra-parliamentary activities, i.e. building up mass organisations of all sections of our people and raising and rousing their consciousness and drawing them in struggles for legitimate demands. Legislations and discussions in legislatures alone will be of little use until the masses are involved and activated in the implementation of the present programme, i.e. preparing them for participating in the task of radical restructuring of our economic, social and political life.

In an important section of the programme of our Party i.e. C.P.I.(M), we have stated, "Danger to parliamentary democracy does not come from the people but from the ruling classes", when it does not suit their needs and becomes an impediment to their reactionary rule, because the masses take advantage of the democratic liberties to wrest radical concessions. We have seen this phenomenon in our life-time when parliamentary democracy has been mauled and severely restricted, nullifying the verdict of the electorate. We must therefore be ever vigilant. I cannot but remind myself in the end that there have been speakers and presiding officers both before and after independence who have added dignity and stature to this legislature just as there have been some who have debased this institution. The former group must serve as a beacon light for the present and the future.

I am particularly happy to find here many veteran parliamentarians. I extend my heart-felt greetings to them and to other distinguished guests who are present here. I wish the Golden Jubilee Celebrations of the West Bengal Legislative Assembly all success.

Dr. B.C. Roy

It is well known that I had basic differences with Dr. Roy in regard to socio-economic and political issues. He was an eminent representative of the Congress Party and carried out its policies, once he became a wholetime politician and Chief Minister. Again and again I therefore came in conflict with him on various matters of policy inside and outside the Assembly. I do not intend to reiterate or recall in this brief write-up these aspects which are on record as this is not an attempt to write his biography by a person in the opposition. I am merely jotting down certain things about him which occur to me worth recalling despite our differences.

Once he became the Chief Minister, he gave up his lucrative practice in medicine but continued to see patients daily free of charge at fixed hours. With his name and fame in his profession throughout India there was no dearth of patients. He immersed himself in the work of the government with great dedication. I had the impression that despite the team he had to work with, almost the entire responsibility and initiative lay with him; collective responsibility in the proper sense did not emerge; he left the functioning and organisation of the Congress Party to others and public contacts and meetings he usually shunned. Although not a wholetime Congress worker, his stature being what it was, he had a good standing with the Congress High Command. He did use his rapport with Pandit Jawaharlal Nehru for getting various important plans and schemes by the Centre. He kept on discussing several schemes for West Bengal—some utopian and some possible of achievement. Sometimes I thought that he not being adequately advised on planning and economic policies, while getting some important schemes sanctioned by the Centre, did not understand how the basis was being laid by the Government of India and Planning Commission for regional disparities and for future disadvantages for West Bengal and the Eastern Region through freight equalisation policies for steel and coal without giving back any advantage in return in regard to other raw materials, investments by banks and financial institutions. He had himself told me sometimes how the Centre failed to understand the full impact on West Bengal of refugees pouring in here and the problems created thereby. I remember once he did make a strong

Speech delivered at a meeting organised in connection with the birth centenary celebrations of Dr. B.C. Roy at Calcutta in 1982.

criticism of the Centre during one of his budget speeches. Despite the fact that we were poles apart and the main opposition coming into conflict with the Government I have not found him wanting in courtesy and moved by any spirit of revenge or pettiness. I may recall certain things about him which will demonstrate some specific traits in him.

During the war when some of our people approached him to head the Bengal Medical Relief Coordination Committee which was composed of non-political and political people of various shades he readily agreed and this organisation did excellent work among the people.

There was a big struggle of political prisoners for their rights inside jails in 1949. Ultimately firing was resorted to and some persons died in police firing. Later Dr. Roy agreed to accede to some of their urgent demands and an agreement was signed by Com. Muzaffar Ahmed, the leader of the prisoners inside jail and Dr. Roy. This was incorporated in the jail code.

There were occasions inside the Assembly when due to serious turmoil work came to a standstill. But endeavour for the resumption of the sessions and normal functioning succeeded because meaningful discussions were possible with Dr. Roy. There were several occasions when we found no difficulty in persuading Dr. Roy to adopt united resolutions in the Assembly in emergent matter concerning West Bengal.

I remember once during the border tension with China in the Sixties the police authorities refused permission for the use of microphone in a meeting to be addressed by me. I protested to Dr. Roy and explained to him that it was my democratic right to hold a meeting with a microphone and it was for the people to accept or reject my views. He accepted my contention and arranged for permission.

During a movement by teachers a warrant was issued for arrest as our party was supporting it. But I eluded the police and took shelter in the Assembly with the permission of the Speaker. Dr. Roy being annoyed and baffled reprimanded the police and sought the views of the Advocate General whether it would be legal to arrest me inside the Assembly. As far as I remember, the Advocate General opined that it would not be illegal to do so. But it would be better to avoid it. Dr. Roy heeded this advice and I continued to stay there until a settlement was arrived at with

teachers' leaders inside jail. When I came out of the Assembly, however, I was arrested on the way home and released a few days later.

In several other movements, we had to face severe repression and confrontation continued for long periods. But he would later feel the reality and there was an absence of bitterness in him on the events.

In 1956, he conceived the unworkable and fantastic idea of Bengal-Bihar merger. The people of West Bengal were in near revolt and a massive movement was organised by us. There were also two by-elections—in Calcutta NW Lok Sabha seat and another for the Assembly in Midnapore District. Dr. Roy asked me why we should have a movement on this issue. If the verdict in the by-elections, he said, goes against the Congress he may withdraw the proposal. I was of course not convinced with his argument. But when both elections were lost by the Congress party, Dr. Roy, true to his thinking, immediately accepted defeat and abandoned his proposal.

In 1959, a meeting of the Working Committee of the Congress was summoned to discuss the question of dismissing the first Communist Government in Kerala. Pandit Jawaharlal Nehru was the Prime Minister and Sm. Indira Gandhi the President of the Congress. I asked Dr. Roy whether he was attending the meeting and what would be his stand. He told me probably he could not attend but he was clear that such dismissal of an elected Government was improper.

I once asked him lightly why every time there is a movement for some issue or other I am arrested. He said 'you know when there is a storm, the tall trees are first hit and you are a leader'. He went on to propound his theory about detention without trial and justified it by saying that thereby bigger troubles and more repressive measures may be avoided. I told him experience is not in conformity with this.

Once when I was released by the High Court on a habeas-corpus petition, I found a police car trailing me whenever I was out on the streets, walking or travelling by tram or bus, or going to friends' houses or shopping with my wife. One day I gave the slip to the police and met Dr. Roy at Writers' Building to protest and ask him why this was being done particularly when I was released by the Court and not the Government. He called the IGP and told

him about the complaint. As he was justifying and I got into an argument with him, Dr. Roy asked him to leave and from the next day the car was withdrawn.

I remember once a person approached me to request Dr. Roy to see his mother who was in a precarious condition and had undergone an operation. I felt a little uneasy and hesitant to request him on such a matter. But ultimately I told Dr. Roy about the request and informed him that I tried in vain to dissuade the person by telling him to call another eminent and younger doctor as Dr. Roy was busy and took his medical degrees a long time back. Dr. Roy retorted that despite my derogatory remarks he would go and see her. The next day Dr. Roy saw her in hospital and rang me back informing me that it was a hopeless case of cancer but the family members were happy that he had seen her.

I do not wish to prolong further such anecdotes and events which I remember during my prolonged dealings with Dr. Roy. My opinion of Dr. Roy may be of some interest to the readers as I have dealt with him from the opposition for a number of years.

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