

'Training and indoctrination of selected leaders from the Kashmir Valley was arranged to create militant cadres.

'A large number of youth from the Kashmir Valley and Poonch Sector were given extensive training in the use of automatic weapons, sabotage and attacks on security forces. Automatic weapons and explosives were now issued to these people.'

'Special teams were trained to organise agitations and hartals, and to engineer incidents to damage the democratic and secular image of India'.

महोदया, मेरा अनुरोध होगा और सरकार से मांग होगी कि इन प्रमाणों और इन तमाम घटनाओं को देखते हुए इस देश में आई.एस.आई. के ड्रैगनेट को तोड़ने के लिए और इन पंचमाची तत्वों से देश को बचाने के लिए गृह मंत्रालय को तुरन्त कठोर कदम उठाने चाहिए और यदि उत्तर प्रदेश की मुलायम सिंह सरकार इस विषय में कड़ी कार्यवाही नहीं कर रही है, तो उत्तर प्रदेश को जलने से बचाने के लिए केन्द्रीय सरकार को आगे आना चाहिए।

उपसभाध्यक्ष (कुमारी सरोजबाई) :
धन्यवाद। श्री गोविन्द राव आदिक।

Increase in Consumer Price Index and Rate of Inflation

SHRI GOVINDRAO ADIK (Maharashtra):
Madam, I would like to draw the attention of the Union Government to a very important issue regarding increase in the Consumer Price Index and the rate of inflation.

There has been a constant rise in the Consumer Price Index and inflationary trend in the economy of the country since the reforms process commenced in July 1991. The Consumer Price Index depends on the Wholesale Price Index. The official 'all commodities' WPI, base year 1981-82 is equal to 100, rose to about 258 in April, 1994, Inflation has crossed

the double-digit figure and it may further rise to 12 per cent, the level at which the reforms process had commenced. This trend poses a dangerous signal to the country's economy in more than one way and it may have serious repercussions, it may lead to a further increase in the fiscal deficit, decline in savings, decrease in demand, lowering of industrial production, less job opportunities and sufferings to the common man.

In case the monsoon fails, the inflation might have a paralysing effect on the economy giving rise to many socioeconomic problems. It may upset the reforms process.

Yet another result of the inflationary situation will be further reduction in per capita expenditure on social services — education, health, housing and social security — by the Central Government and the State Governments.

Actually, the inflationary pressure since August 1993 has been attributed to several factors such as the raising of the procurement prices, absence of check on the Government expenditure, pre-budget hikes in the prices of essential commodities in January, 1994, rise in Railway fares and freight and effective increase in the Excise Duty in the main budget. Also, fiscal deficit of over Rs. 58,000 due to decline in Customs and Excise collections and failure to disinvest PSU equity and pile-up of forex reserves of the order of 15 million dollars necessitating the Reserve Bank of India's intervention in the market to keep the rupee from appreciating, have contributed to excess liquidity in the system. All these factors have been responsible for five rise in inflation.

Then the Government's concern at the inflationary situation is natural. It has allowed free import of sugar, edible oil and cotton under OGL. The Government has also contracted forth import of sugar and edible oil. However, this will have only a little impact on the domestic prices in view of the prevailing international prices. But the better strategy would have

been first 10 enter into a firm deal with foreign suppliers before making public announcement so as to ensure against in-itiating of international prices of these commodities and in turn marginalising the benefits of import. As an anti-inflationary measures, it is essential to tackle the problem of excess liquidity in the system. However, the conventional method of checking inflation by increasing both deposit and lending rates will not provide the desired results in respect. Off-loading of dollars by the RBI will also create problems for the exporters. A via-media will have to be worked out in this connection. The inflationary pressure has its adverse effect on savings. The gross domestic savings rate in India is quite lower as compared to that in other developing nations of Asia. The time has come to introduce inflation-indexed savings to protect the real value of the principal amount. If the principal is automatically increased in proportion to the rate of inflation, the person who puts his money in Fixed Deposit will not mind a lower rate of interest than 10 per cent as it is presently. With the inflationary position that is now emerging, there is hardly any scope for a middle-class family living in metropolitan towns and big cities to make any savings.....

THE VICE-CHAIRMAN (MISS SAROJ KHAPARDE): Kindly be brief.

SHRI GOVINDRAO ADIK: I will just take on minute more. It is harsh to impose Income-tax on such families. Even with the raised Income-tax exemption limit, an individual is taxed on an income of more than Rs 30,000. The idea of the hon. Finance Minister to divert the savings to more productive channels such as the capital market, has its own limitations. The capital market-oriented savings should give place to traditional savings instruments. The savings policy must undergo substantial changes if the family savings have to be stepped up. Inflation may have its impact on industrial growth as well. Fortunately, the overall index of industrial production during April-December, 1993, was 2.4 per cent higher

than the index for the same period in the preceding year for mining, manufacturing and electricity taken together. While there are positive signs of the end of recession and hopes of industrial growth of 6 per cent in 1994-95, there is an apprehension that inflation may upset these calculations. Madam, I urge upon the Government of India to reconsider the situation seriously and take necessary action.

Thank you.

Co-operation with South Africa in the Field of Education and Rural Development

DR. H. ARAM (Nominated): Madam, this august House has already passed a unanimous Resolution congratulating the people of South Africa on the inauguration of the new "Government of National Unity" headed by Mr. Nelson Mandela. What I have to say is by way of supplementation. I have recently returned from South Africa after having served on the Inter-religious International Observers' Mission headed by Dr Kenneth Kaunda, the first President of Zambia and a great friend of India

Madam, the biggest challenge before the new Government of South Africa will be the high expectations of the common people or as Arch Bishop Desmond Tutu told our Mission, "Dangerously high expectations of the common people". What do the common people want in South Africa? They want drinking water, health care, electricity, land, housing, education and jobs. The African National Congress has promised them all these things. The policy statement called for a "better life for all" and it says: "Most people in the rural areas, a majority of whom are women, live in poverty." They bore the brunt of the liberation struggle as was mentioned by an hon. Minister the other day. There are seven million squatters and homeless people out of a total population of 30 million. The new Government wants to build one million houses and provide electricity to 2.5 million urban and rural homes. Madam, the