

SHRI BHUBANESWAR KALITA  
(Assam): Yes. Madam.

**Release of hostages by ULFA in Assam**

SHRI BHUBANESWAR KALITA  
(Assam): Madam Vice-Chairperson, I think you for giving me this opportunity to congratulate the Government on the successful ending of the hostages issue in Assam. Not only the Government and the families of the hostages but the general public of Assam and even the Members of this House expressed concern about this hostages issue in Assam. Even yesterday, this issue was raised here and Members expressed their concern. With the persuasion of all concerned, all the six remaining hostages have been released. This is a very welcome approach taken by the outfit ULFA. I particularly appreciate the approach taken by the Chairman of ULFA who has listened to the appeal from all concerned. Madam, this is a new beginning and I hope this will be the beginning for the normalisation of the situation in Assam. If we recall the past, during the last elections in Assam, both parliamentary and assembly elections, this outfit, ULFA, had promised that they would not interfere in the elections and we have seen that they really did not interfere in the elections and people could vote in a free and fair manner and Assam could send its representatives to the Assembly and to Parliament. They also declared ceasefire during that time and they had kept their promise. Madam, I think this is the proper time to start negotiations with them. Their attitude, as they have shown, has quite softened now. And those people who want to come to the Indian mainstream should be allowed to do so and the Government should take the initiative for a negotiated settlement of this issue. With these words, I thank you and I appeal to the Government to take an active initiative in this regard.

SHRI MURLIDHAR CHANDRA-  
KANT BHANDARE (Maharashtra):  
Madam. I associate myself with it.

SHRI SANTOSH BAGRODIA  
(Rajasthan): I not only associate myself with him, but appreciate what has been happening. I also appreciate that ULFA has finally released them.

THE VICE-CHAIRMAN (SHRI-  
MATI JAYANTHI NATARAJAN): We will now take up the clarifications on the statement made by the Minister of Finance regarding the management of the economic crisis. Shri A.G. Kulkarni. (Interruptions).

PROF SAURIN BHATTACHARYA  
(West Bengal): There are hardly ten minutes left. We can have it after lunch.

THE VICE-CHAIRMAN: We cannot waste ten minutes. We will begin it and continue it after lunch (Interruptions). We will take it up now.

**Clarifications on the statement made by  
the Minister RE. Management of  
Economic Crisis**

SHRI A. G. KULKARNI  
(Maharashtra): Madam, at the outset, I congratulate the Prime Minister, the Finance Minister and this Government on putting before the House a statement on the economy of this country.

Madam, I remember we pleaded with the Government to place before the House the latest report on the economy as well as the conditionalities of the IMF. Why I am raising this is because the Opposition parties have created a row on the conditionalities of the IMF. Madam I am not taking any liberty, but even the ex-Finance Minister usually taunts me that we people have sold the country to the IMF. Today morning, when I was walking, I was discussing this issue with a friend of mine, who is a bureaucrat from Maharashtra, but placed in Delhi. I asked him, what is really the way out? Please tell me, what is our economic condition today? I took strong objection to the talk of selling the country by my friend, who is a very

[Shri A. G. Kulkarni]: good friend of mine; our relations are very cordial. He, While making a speech in New York, stated that the country has been mortgaged to the IMF and that there are other ways of improving the economy. I have not understood it. Neither I am an economist nor I am an intellectual. I am an ordinary common man. So I do not understand high-level economy, like Chandra Shekhar or my other friends. But all the socialists policies which were observed in this country, which were followed in this country, have not produced the results. I come from the old political movement of 1942 and I feel people should feel happy if they get a square meal. But no socialist policy has been successful. (Interruptions). We are all pseudo-socialists. (Interruptions).

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): Please ask your clarifications. (Interruptions).

SHRI MENTAY PADMANABHAM (Andhra Pradesh): Madam, he has already congratulated the Government. Now he can exit.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): No, he wants to seek clarifications. He is going to do so.

SHRI A.G. KULKARNI: I am seeking clarifications. I am not in a hurry to go out. Let me do justice to the statement made by the Government. All over the world, wherever socialists policies have been followed, they have wound up and the latest example is that of USSR or Sweden. Everywhere, wherever you go, you know the policy of finding solutions in socialistic system is not giving the result. (Interruptions). Mr. Desai, I am very much aware of your feeling. You were also a Finance Minister. (Interruptions). I am also a Congressman having spent more years in the Congress party than you have. Perhaps, you are a little younger. What I

want to know from the Minister is, in the statement it has been mentioned about the foreign exchange outgo during the crisis period. I want to know whether it is a fact that about one billion outgo was there when the new Government came in.

And it is now coming down to 800 crores of rupees. I want to know what the latest position is. Madam, the new Policy has stated that the inflation rate would be curbed. I want to know from the Finance Minister whether he is using an instrument for curbing the inflation whereby money is made dearer. It has already created a deflation in the industrial growth. Mr. Finance Minister, you know it better because you have all the sources to get information; but I find even in Maharashtra which is a progressive industrial State the TELCO and Bajaj Scooter Company have cut down their production. It has also an impact on the rural areas. In Kolhapur, Sangh, small industries are suffering... (interruptions)...

SHRI N.K.P. SALVE (Maharashtra): The industrial production is minus. ... (interruptions)...

SHRI A.G. KULKARNI: That is the system. Mr. Finance Minister, you said that USA and UK had adopted this system in seventies and eighties. What was the total result? It was a deflationary result. I would request you to adopt some other means for controlling inflation. There is a supply side, there is a demand side. There should be a balance and that must be a very golden balance so that the industrial production should not be slowed down whereby smaller industries have to suffer more and people have to lose jobs and get low wages.

The second point I would like to make is this. The world itself is in a state of recession. In USA there is a recession, in Europe there is a recession. Everywhere there is a recession. Japan and Germany which are supposed to be economically

prosperous countries are also suffering just as advanced countries like USA and UK. I want to know how you are going to solve the problem of inflation so that it will not hurt the production because you are at present reducing the deficit. I can understand this, but due to this recession customs duty has gone down, revenue has gone down. How are you going to balance the problems created by the new Policy which has been adopted? I want to know what the quantum of foreign investment is after the announcement of the new liberalised Policy because I have found that IBM Tata and Ford Maruti are the only two multi-national companies which have sought the permission of the Government; how much new investment is being made and what steps the Government proposes to take to attract more investment in the country which will enable the growth of the economy and the industry. With this, I request Mr. Bhandare to seek his clarifications.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): But we have only one minute left for lunch... (Interruptions)...

SHRI MURLIDHAR CHANDRA-KANT BHANDARE (Maharashtra): Madam you can adjourn it at 1.40 p.m.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): How long will you take?

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: About four minutes...(Interruptions).. .Sometimes we assemble at 2.40 p.m. also. I will take only four minutes.

SHRI SANTOSH BAGRODIA (Rajasthan): Madam, you adjourn it after four minutes.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): It is already 1.30 p.m. You can speak before lunch, if you want.

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: It doesn't matter. I will continue at 2.30 p.m.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): If you would like to speak, you can finish it.

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: I can speak...(Interruptions)...

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): You can go on, Mr. Bhandare. If you are very particular, you can seek your clarifications. I will call others after lunch.

SHRI MURLIDHAR CHANDRA-KANT BHANDARE: At the outset, I must compliment the Finance Minister for this new open-ness and transparency which fit in with our free and open society and free flow of information. I am really obliged to him that he has placed the letter of intent before the House and all the speculations are now over. Undoubtedly, we have taken many decisions of far-reaching consequences, and they are of such a sweeping nature, in areas of which we are not used to thinking and it will take quite some time before we settle down and understand it fully. We have really, despite the fact that we have borrowed heavily, marched from a position of collapse to a position of confidence. However, there are the pangs because every medicine has got side effects. The Finance Minister will agree with me that he has used extremely strong medicines which are likely to have extremely strong side effects. Now, the first point is devaluation. What is happening is that there has been an eleven per cent devaluation since the first July devaluation. Therefore, the first question is: Are any steps being taken to see that the rupee value does not fall further in terms of the currencies of other nations?

The second point which is really worrying me is inflation. It was in-built in the Budget. I was very sorry when I myself commented that it would result in

[Shri Murlidhar Chandrakant Bhandare]: recession and it would result in inflation, and it would be an era of stagflation. But nobody would have been happier than me if I were to be wrong. Unfortunately, there is a great industrial recession. Units after units are laying off men and unemployment is on the increase because of serious shortages. It happens particularly because of the squeeze on imports and credit policy. You cannot do it at the cost of the patient, I fully appreciate. Therefore, the second question is: When is the Minister proposing to relax this credit squeeze and also to improve the imports?

The third point is regarding exports. Devaluation has made exports cheaper and imports dearer. There has been some statement by the Commerce Minister but the picture is still hazy. I would like to know, from the Hon'ble Finance Minister though it is not his branch, whether we will be able to attain the targets that we have laid down for exports in various fields. Then I would like to know as to what steps have been taken to reduce inflation because even the seasonal fall in prices has not been as positive as it should have been. In fact, in November they fell down but again in December they have gone up. I am very much worried about this because ultimately inflation is the most cruel form of taxation on the poorest of the people. I would like to know we have luckily a record and a peak harvest whether we will unload all those food grains and also import in sufficient quantities so as to be available both in the public distribution system and in the open market.

What steps are being taken to reduce the inflation? The last thing which I would like to know is, there is an ugly rumour floating around and may I take this opportunity to invite the Finance Minister to scotch it once for all that 20 or more IMF representatives are working in the Finance Ministry to oversee implementation of the IMF conditionalities.

THE MINISTER OF FINANCE SHRI MANMOHAN SINGH: There is no truth in it.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: I am only saying it so that they should be scotched. Therefore, I said that there is an ugly rumour. It has to be scotched somewhere. With this I would request the hon. Finance Minister to reply to the clarifications sought by me.

THE VICE-CHAIRMAN (SHRI-MATI JAYANTHI NATARAJAN): The House stands adjourned for lunch for one hour till 2.36 p.m.

The House then adjourned for lunch at thirty-six minutes past one of the clock.

The House reassembled after lunch at thirty-eight minutes past two of the clock. The Vice-Chairman (Shri Bhaskar Annaji Masodkar) in the Chair

#### CLARIFICATIONS ON THE STATEMENT MADE BY THE MINISTER RE MANAGEMENT OF ECONOMIC CRISIS—Contd.

SHRI SANTOSH BAGRODIA: Mr. Vice-Chairman, Sir, at the outset I would like to congratulate our hon. Finance Minister for bringing out the statement on the management of economic crisis. I also congratulate him for taking bold decisions. But I believe he needs to take even bolder decisions. The statement is exhaustive and I am sure it must have taken weeks, if not months, for its preparation by the economists of the country. It is not a statement but a big document. I wish he had given the salient features of the statement in his speech. It would have helped us in seeking clarifications.

Since yesterday when he gave this statement, I have not done anything. believe me I am trying to study these documents. I am not able to refer to any papers. Based on that, I am trying to seek some clarifications.

Paragraph 2 of the enclosed statement—as he says—says: "Bringing