

(b) According to the norms adopted by the Planning Commission, in 1977-78 about 239 million persons were estimated to be living below the poverty line in the rural areas as compared with 55 million in the urban areas.

Unemployment, poverty and inequality are related phenomena. Poverty can, therefore, be reduced and eventually removed by creating employment opportunities on a wide scale and by reducing inequalities. The strategy of development adopted in the draft Five Year Plan (1978-83) accords the highest priority to agriculture and allied sectors, irrigation and village and cottage industries which have the highest capacity for labour absorption. The Revised Minimum Needs Programme aims at provision by the State of some of the basic needs of the people in the poorest sections of the population like clean drinking water, health care, adult literacy, elementary education, rural roads, rural housing for the landless and minimum services for the urban slums. The Plan also proposes a package of policies for achieving redistributive justice comprising land reforms, strengthening of the public distribution system, the distribution of credit and other inputs to the small producers and development of backward classes and backward areas. As a result of adopting these measures, it is expected that poverty will be significantly reduced in the coming decade.

Allocations for Annual Plan for the year 1979-80

339. SHRI CHADALAVADA VENKATARAO: Will the PRIME MINISTER be pleased to state:

(a) what are the allocations State-wise, made in the Annual Plan for 1979-80 in respect of irrigation, electricity, roads and industry (Large, medium, small and cottage);

(b) what are the principles laid down in apportioning the allocations to various States; and

(c) whether some States have protested against the allocations?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI FAZLUR RAHMAN): (a) Firm figures of the State-wise and sector-wise outlays asked for would be available only when the Plan Budgets of all the States have been received and analysed by the Planning Commission.

(b) and (c). The States' Annual Plans are drawn up on the basis of discussions between Chief Ministers of States and the Planning Commission. The size of each State's Plan is determined on the basis of resource availability including Central assistance to the States on criteria determined by the National Development Council. Sectoral allocations are made within the States Plan in accordance with priorities laid down in the Five Year Plan, to achieve the targets specified there. Thus both overall plan size and sectoral outlays are agreed figures.

Industrial growth for 1978

340. SHRI CHADALAVADA VENKATARAO: Will the Minister of INDUSTRY be pleased to state:

(a) what was the industrial growth targeted for 1978 and what was the actual performance as worked out by the Central Statistical Organisation and the Ministry of Finance, separately;

(b) what are the reasons for shortfall, if any, and

(c) what are the targets of industrial growth fixed for the current year?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (SHRI JAGDAMBI PRASAD YADAV): (a) and (b). The target of industrial growth for the financial year 1978-79 was 7.8 per cent. According to the index of industrial production compiled by the Central Statistical Organisation, the growth rate during April-December, 1978 was 8

per cent. This is in line with the target of growth estimated by the Ministry of Industry on the basis of advance production data for selected industries several weeks in advance of the official index released by the CSO. According to the economic survey for the year 1978-79 released by the Ministry of Finance, the growth rate of industrial production in 1978-79 was also placed at 8 per cent.

(c) As the CSO index for 1978-79 as a whole is not yet available, a specific target for industrial growth for 1979-80 has not been announced so far. Targets for 1979-80 will be higher than the achievement in 1978-79.

Selling agent's commission in the Indian Rare Earths Ltd.

341. SHRI R. R. MORARKA: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that in the Indian Rare Earths Limited the selling agent's commission has gone up from Rs. 3.33 lakhs in 1976-77 to Rs. 6.55 lakhs in 1977-78 although the sales have gone down from Rs. 9.28 crores in 1976-77 to Rs. 8.59 crores in 1977-78.

(b) whether it is also a fact that the percentage of net profit has gone down from 41.27 per cent to 27 per cent during the same period; and

(c) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE DEPARTMENT OF ATOMIC ENERGY, ELECTRONICS, SCIENCE AND TECHNOLOGY AND SPACE (PROF. SHER SINGH): (a) It is true that the selling agent's commission paid by Indian Rare Earths Limited (IRE) has gone up from Rs. 3.33 lakhs in 1976-77 to Rs. 6.55 lakhs during the year 1977-78, as against the sale performance of Rs. 937.90 lakhs in 1976-77 and Rs. 871.70 lakhs in 1977-78.

(b) The percentage of gross profit to sales earned by IRE had registered a decrease from 40 per cent in 1976-77 to 25.8 per cent in 1977-78

(c) The increase in selling agent's commission was mainly due to the fact that a commission of Rs. 3.99 lakhs was paid for the first time during 1977-78 as a result of a new agency arrangement entered into for the sale of Rare Earths Chloride in Europe and U.K. in order to get the benefit of higher prices prevailing in the market. In 1976-77 no such commission was paid to the distributors in Europe who were buying the product from the Company and were selling it at exorbitant prices. The new arrangement was aimed at rectifying the situation to the advantage of the Company. It will take some time before the benefit of the new agency arrangement is realised to the fullest extent. However, the Company has already reaped a measure of benefit in shape of higher prices obtained for RE Chloride in the European market namely \$830 per ton F.O.B. (less commission) during 1977-78 as against \$7.10 per ton F.O.B. during 1976-77. Also, in 1978-79 the Company has sold RE Chloride in Europe at \$860 per ton FOB (less commission) while for 1979-80 the Company has obtained a price of \$1100 per ton FOB (less commission). The question of agency arrangement and their impact on profitability is kept under constant review by the Board of Directors.

The total sales during 1977-78 registered a decrease due to the fact that during the year because of natural causes there was a steep decline in the quality and availability of monazite which is the raw material for producing Rare Earths Chloride. This resulted in higher cost of production thereby affecting the profit ratio. More importantly, the comparison of sales turnover in 1976-77 with that of 1977-78 has to take account of the fact that in 1976-77 the Company sold stocks of RE Chloride accumulated from the previous years while sales in 1977-78 relate to current production of RE Chloride during the year. The shortfall in the percentage of profit in 1977-78 is also due to general escalation in the cost of chemicals and raw materials. It may be poin-