

## INDIAN ECONOMY

(Sh. Jain's thoughts on Indian Economy published in  
the Patriot, daily news paper on 6-4-89)

Apart from other short comings, e.g. poverty and yawning gulf between the rich and the poor, the main problem facing the Indian economy is the growing number of families below the poverty line. Efforts so far made in this direction have produced little effect & now nearly a population of about 40 crores is living below the poverty line. In a well documented study entitled "Grass without roots" undertaken by Sh. L. C. Jain & others regarding effect of several poverty alleviation programmes (NREP/IRDP etc.) the authors have come to the conclusion that about 75% of the funds, reserved for uplifting families below the poverty line, were pocketed by the staff handling these programmes (including Bank Officers granting loans and subsidy).

The number of unemployed persons is increasing by leaps and bounds. In the small State of Haryana, the number of unemployed registered in the Employment Exchanges is about 6 lakhs. Out of them about 3 lakhs are Matriculates and highly qualified. However, this number does not reflect the true picture of the unemployed in the State. Recently the Haryana Education Board advertised about a dozen posts of Peons. About 4500 Matriculates applied for the same. Last year, the Haryana Government advertised 500 posts of Bus Conductors, more than 85,000 Matriculates with First Aid Training applied for the same. That shows the extent of prevailing unemployment amongst the educated. In addition to this about a lakh Matriculates and higher qualified students are emerging every year in the State. Not more than 10000 young person can be absorbed in Govt. services in a year. Thus annually another 90,000 join the list of unemployed persons in Haryana alone.

The present economic policies followed by the Union Govt. can not solve this burning problem which has been mentioned in every document of succeeding Five Year Plans, but instead of solving the problem, its extent has been increasing after every plan. The problem can be solved only by diverting the attention of the youth to Small Scale, Cottage and Tiny Industries. However, youth can be attracted to these only if they have some hope of success. Most of the rural youths, especially coming from the families below the poverty line have neither the training nor the availability of raw material and finances nor they have any facility of marketing of the produce of their units. Rather they have to face a stiff competition from the big industries.

Repeatedly it has been emphasized that some sphere of production be reserved for small units but this principle has neither been accepted nor implemented. Take the case of one of the biggest industrial houses in the country, The Tata's produce steel and Trucks etc. Small units can not produce these. Therefore, there is no objection if they continue to produce these goods. However, Tata's are also allowed to produce soap as well as salt and some other such small articles, which can easily be produced by small units. There is no justification for allowing Tata to produce such articles. Such example can be multiplied; and unless the Union Government takes a conscious decision and also has the political will to implement it, big industrial houses will not allow small units to grow. And the problem of un-employment will never be solved.

The above is the real picture of today's Indian Economy. The hope that benefits of development will trickle down to poor people was bound to fail and it has failed. The growing number of unemployed and of families below the poverty line amply prove this contention.

There is another aspect of the Indian Economy viz. the dominance of the big capital over the political leadership of the Union Government even in fiscal matters. Take the case of Consignment Tax. Initially the Constitution did not allow tax on transfer of goods from one State to another. The lack of this provision

enabled big factory owners to show their produce as transferred from their factory to some place in the neighbouring State so that they are not liable to pay Central Sales Tax. Haryana alone suffers a loss of Rs. 50 to 100 crores per annum due to this method adopted by the big producers and others. Other States for example—West Bengal, Andhra Pradesh and Kerala etc. also suffered huge losses. All of them put pressure on the Union Government to amend the Constitution in such a way that transfer of goods from one State to another also becomes taxable. Under this pressure the Constitution was amended in the year 1982 (by 46th Amendment of the Constitution). By this amendment, the Union Government assured the Nation that transfer of goods would be taxable hence forth. However, the power of enacting the legislation on the subject was given to the Union Government. For the last 7 years, the Union Government has not undertaken the requisite legislation despite unanimous recommendation by conferences of Chief Ministers of all the States in the years 1983 and 1984. The matter was taken up by the Sarkaria Commission also. In its report the Commission has mentioned that the States are losing annual revenue between Rs. 2000 to 4000 crores due to the delay in passing the requisite legislation. The Sarkaria Commission has also mentioned that the Union Finance Ministry was asked as to why legislation was being delayed. The reply of the Finance Ministry was that some issues were being sorted out. The same was the reply of the Finance Ministry in both Houses of Parliament when the matter was raised there by Opposition members including Sh. J. P. Goyal and Sh. Virender Verma and Sh. Madhu Dandvate etc.

That is why the Sarkaria Commission remarked (in 1987) as under "It is a matter of serious concern that even after a lapse of 5 years, no legislation has been brought in for giving effect to the intent of the Constitutional amendment. By any reckoning 5 years is long enough period sufficient for consultation with States....." Two more valuable years have been wasted since the Sarkaria Commission's report.

Recently, the Finance Ministers called a meeting of the Chief Ministers for considering this matter. Such a meeting was held on 9th and 10th February, 1989. Again there was a consensus amongst the Chief Ministers that the consignment tax should be levied immediately. Other questions for example the rate of tax, its distribution between Centre and the States etc. were also discussed and consensus arrived. The only difference that remained was power of exempting certain items from the operation of the tax. The Union Finance Minister pleaded that the centre should also have this power of exemption. Most of the Chief Ministers opposed it. To sort out this issue, the Union Finance Minister promised to appoint a small committee so that the matter is thrashed out and the requisite legislation is brought before the Parliament in the coming Monsoon Session. About 50 days have passed and yet that Committee has not seen the light of the day. There was a report in the Press that the FICCI (Federation of Indian Chamber and Commerce and Industry) is opposed to the levy of tax. If the promised Committee is not appointed immediately, the conclusion of the public that the matter is being delayed because of the opposition by big industrialist will be amply justified.

If the Indian economy has to be at the mercy of the big capitalists, there can be no hope for improving it. However, this is the state of Indian economy. Sooner the Indian public realises this grim situation the better. Only the realisation of this sorry state of affairs and its causes will enable the Indian people to devise remedial measures.

P.S. Another 16 months have passed neither the Rajiv Govt. brought the requisite legislation till it lost power in Nov. 89 Lok Sabha elections, nor the successor N. F. Govt, has, so far, brought it before the Parliament, This perhaps shows the measure of influence which the Indian capitalists have over all types of Govts.