

GARIBI HATAO

— THE SWATANTRA WAY

MANUBHAI AMERSEY



A SWATANTRA PARTY PUBLICATION

GARIBI HATAO

— THE SWATANTRA WAY

MANUBHAI AMERSEY

After 26 years of self-rule in India a method of governance has evolved which has appropriated to itself, the complete management of the economy in a particular manner. This arrangement of the economy, by and large, has failed to deliver the goods to the country despite a mammoth infusion of the people's savings by way of taxes, as well as the tremendous foreign aid granted to our country. The time is now ripe to take note of whatever has happened in this country and to see where the country has gone wrong in providing the basic necessities to the people.

Despite the fact that there has been an immense rise in population, sufficient resources have been mobilized to be able to generate incomes which could take care of the population rise, but this has not happened and the disparities, if anything, have increased. The disparities have increased to a level whereby a fertile ground has now been prepared for total disenchantment and communist take-over.

Mrs Gandhi aroused the hopes of the people of this country through her slogan of *garibi hatao*, with which she rode to victory. Any Government worth its salt has to give *garibi hatao* first priority. To be able to do this, one has to understand what *garibi* is, where it is, what has caused it and how it can be removed.

In 1947, when the British left us, they left a legacy of a divided population as between rural and urban areas. The rural population was then 80 per cent of the total population, the balance being in urban areas. Today, the picture has only marginally changed, in that the rural population is 78 per cent of the total Indian population, the balance of the total population, viz., the remaining 22 per cent, being in towns and cities.

It has been estimated that an Indian requires an average of 2,250 calories a day to be able to keep body and soul together. Anything below this calory intake increases the possibility of disease and is not co-related to the normal bodily functioning of an average individual.

What is the poverty line?

In rural areas where there are dietary restrictions of other food intakes like fish, meat, fruits, vegetables, etc., the basic stress is on foodgrains. Two thousand two hundred and fifty calories when translated into foodgrains, with certain minimal additions by way of other items, comes to 518 grammes of foodgrains per day per person. The purchasing power in 1947 of 36 per cent of the rural population was at a level whereby it could only secure for itself 395 grammes of grains as against 518 required to keep body and soul together. This level where an Indian does not have the purchasing power to consume 518 grammes of foodgrains a day is considered to be the poverty line by eminent economists.

Under Shri C. D. Deshmukh as the Finance Minister, India received the benefit of five grand monsoons in a row which also helped to sustain the mirage of prosperity. The absolute level of poverty in 1961-62, climbed up from 36 per cent of the rural populatoin to 52 per cent whereby 52 per cent of the rural population did not have the wherewithal or the purchasing power for a food intake of 518 grammes per day. Their intake was 396 grammes.

Increasing poverty

One is forced to conclude that something has gone wrong with the Indian economy. Why did such a large part of the rural population became prone to the poverty level despite five-year plans and despite the tremendous infusion of new funds.

Then came the years 1968-69, when India had ample experience of modern agricultural methods, when people started talking in terms of the Green Revolution, when land laws had been rationalized to cater to larger production of foodgrains and agricultural commodities and yet the absolute level of poverty jumped

up from 52 per cent to 71 per cent of the rural population in 1968-69. This was obviously the danger mark.

National events like the split in the Congress Party and the success of the *garibi hatao* slogan can be better understood in the light of the tremendous need of a large section of the Indian population to improve their lot in relation to levels they had reached under successive Congress regimes. After 1968 and including 1969, the country has had four extremely good monsoons and has been able to do away with PL-480 import of foodgrains and yet preliminary estimates for 1973 suggest that the absolute levels of poverty have crossed the critical point (red line) and are now likely to stand at 80 per cent of the rural population, i.e., more than 60 per cent of the total population of India. Obviously, it is this *garibi* which has to be removed and alleviated fast by any government that is in power. What has been attempted up till now has been a notorious flop. Churchill's dictum "Socialism is a history of failure, a creed of ignorance and a credo of envy" classically applies to our conditions. One has to search for new solutions, and new methods to wipe out the dangerously soaring poverty levels.

Surprisingly, the level of absolute poverty in the urban areas remained steady from 1947-1971. In 1947, the total figure of people at the absolute level of poverty in city areas was four and a half million, rising to six million people by 1968 and even today it remains at the same level. To cite an example, the average income of a Bombay beggar is Rs 3,900 per annum as against the national *per capita* income of Rs 590. Thus even a city beggar finds a 600 per cent superior level than the national average.

This abysmal chasm has been created in our society by separating population already divided by caste, regionalism and religion, into the urban and rural population.

A dismal story

How has such a level of poverty arisen? Why have such disparities come into being? A quick study is necessary to help determine the shape of new policies to come whereby con-

crete steps may be taken to alleviate the distress of such a large proportion of our population.

India chose the path of industrialization on the communist pattern, laying stress on heavy industry and State enterprise, to the detriment of the infrastructure. Almost all planning efforts have been directed towards heavy industries in cities. Industry, whether in the public or the private sector, has got certain inbuilt advantages. Machinery was allowed to be imported at international parity rates of exchange even when the free-market rate of foreign exchange was much above pegged rates. Labour was available to industry at almost 250 per cent cheaper rates than was available to the Western nations in productivity terms. Indigenous raw material produced by the Indian farmer was also available below international parity rates. When this was transformed into goods, the end product was sold at 400 per cent above international parity. Thus a squeeze operated whereby rural areas sold their products at international parity rates and received goods in return 400 per cent above international parity rates. It is needless to say that this 400 per cent higher rate also carries a very heavy proportion of taxation by way of excise duty, etc., and the total blame cannot be put at the door only of industry. The pernicious permit-licence-quota raj system has aggravated a situation whereby loot has been legalized and poverty has been sanctified. Over the past 25 years, if we look at the agricultural scene and the prices obtained by the Indian farmer for his product, we will see that by and large, the Indian farmer received international parity rates and nothing more.

Injustice to farmers

The Indian farmer produces by and large rice, wheat, oil-seeds, coarse grains, jute, cotton, sugarcane and plantain crops. If we look at the price structure over a period of 25 years, we will find that despite the establishment of an Agricultural Prices Commission, only injustice has been meted out to the rural population. Even today, when the international price of rice is about 200 dollars per ton, the price available to the Indian farmer is not above 150 dollars per ton and this in a year of tremendous scarcity of foodgrains. Wheat which has been

always suppressed by a heavy influx of PL-480 imports is today lower in price through an unjust levy system whereby international wheat is more expensive than the indigenous varieties by 2 to 5 per cent.

Cotton over the years has fluctuated 5 per cent above or below international parity. But in the past two years, we find that while there has been a tremendous surge in international cotton prices, the Indian cotton farmer's produce lags behind. This is the basic reason for the surge in the cloth exports of India whereby even a country like Japan has started importing Indian cloth in a big manner. Oilseeds have no different tale to tell.

Whilst edible oil prices are much higher in India than their international parities, the Indian farmer received for the oilseeds he produces, the international parity prices. Last year, when the average price of groundnut oil in India was Rs 4.50 per kilo as against the international price of Rs 3 per kilo, the price available to the Indian farmer was an average of Rs 28 per maund for groundnut as against a similar price obtained by farmers internationally. Jute has always carried a tremendous export duty on both the export of raw jute or jute goods. Thus an Indian farmer gets for his production of jute the international parity price less, at least, the export duty. Coarse cereals have followed the same pattern like other agricultural crops. Plantation crops by and large are not a product of the farmer but are owned by private companies; but even here the Indian receives international parity less the heavy export duty or for local consumption, excise duty.

Sugar - a political crop

The picture of sugarcane which is grown on six-million acres out of 250 million acres of arable land is a revealing one. Sugarcane is a Congress political crop. Here the farmer gets eight times more for his product than the international parity. It will be difficult to find even a quarter acre of sugarcane land in this country held by a non-Congressman.

The prices of sugarcane are controlled through manipulations by the Maharashtra Congress which sets the pace for the

U.P. Congress, the Mysore Congress and the M.P. Congress to perform needful service for eliciting funds for the Congress and the personal coffers of Ministers. However, the total acreage of sugarcane is too small percentagewise to affect the picture of *garibi* of the Indian agriculturist. Thus poverty of the Indian rural population has to do with the agricultural-produce prices it receives and prices of other commodities that the Indian farmer has to purchase. The Indian farmer pays 400 per cent higher prices for fertilizers and for cloth, and is levied educational cess, agricultural cess, water cess, panchayat taxes—in short, a cess pool of levies to support the corrupt Congress regime and a group of favoured industrialists in the public and private sectors

Unless a system is found out whereby natural justice is done to the Indian farmer who constitutes 49 per cent of the total Indian population 49 per cent of the Indian population is peasant proprietors as against 6% per cent of landless labourers *Garibi* cannot be *hataed*. Such policies have to be reversed—intelligently to be able to do away with *garibi*.

Centralized idiocy

Indian Planning has pursued the Soviet Communist method of centralized idiocy to such an extent that people who have never seen a well or a river or a farm or even an agricultural area are normally in charge of these affairs. People who have no concept of the ethos of this land are superimposed mainly because of political considerations and perhaps at the dictates of Soviet Russia. Planning is therefore distorted and totally unrelated to the needs of our country. Quick industrialization on the heavy industry front has unbalanced our economy so much that Herculean efforts will have to be made to completely change the pattern of the economy. Even the latest Plan with its grandiose figure of 520 billion rupees to be expended over a period of five years does not try to solve this imbalance, but actually aggravates it. As yet, India has not mastered the technology of making a good nut or a screw but is ambitious to make the Russian MIG or shoot pellets into the sky at Thumba.

The Swatantra Way

Industrialization is necessary and has to be quick to be able to absorb new populations into gainful and productive employment but this has to be co-related to the needs of the country and the primary necessity of doing away with poverty. This can only be done by rural industrialization which exploits the by-products of the farmers' produce.

Wheat bran, rice bran, groundnut husks, cotton linters, Sugarcane molasses and bagasse remain unexploited. Industrialization on the base of these raw products can increase farm-incomes tremendously and also generate tremendous employment. Six-crore tons of rice paddy means 2-crore tons of rice bran. Translated into edible oil this means 30 lakh tons of oil. At Rs 3 per kilo (international price of edible oil as against Indian oil price of Rs 6 per kilo) would mean Rs 9,000 million per annum to the poverty-stricken Indian rice farmer.

It can give additional employment to 8 million people at an estimated investment of Rs 8 billion. Two such schemes instead of one Bokaro could reduce the peasant's *garibi* more expeditiously than any number of Five-Year Plans.

The Swatantra Party stands for rural industrialization creating millions of new jobs, reducing pressure on land, obviating the necessity of land ceilings and creating prosperity where it is most needed. Unless the present communist policy of planning for a few is changed to planning for all, the country will all the time go on getting poorer and poorer and *garibi* can never be eliminated. Only the Swatantra way can eliminate *garibi*.

It is thus evident that if the Jeremiahs are not to be vindicated, the prevailing economic thinking must be shorn of its myths. If a total conflagration is to be averted the task of flushing out the Augean stables must begin now.

