Economic Resolution – I*

The Indian National Congress in its glorious history of over one hundred years has never been a mere political party seeking political power. It has always been and continues to be a mass movement dedicated to the establishment of a modern, dynamic, self-reliant and planned economy in a just and egalitarian society.

2. The Congress concept of Socialism is neither dogmatic nor based on any imported ideas. The basic concept was spelt out by Pandit Jawaharlal Nehru in his famous speech in the Lok Sabha in 1956 in the following words: “But, broadly speaking, what do we mean when we say ‘Socialist pattern of life? We mean a society in which there is equality of opportunity and the possibility for everyone to live a good life. Obviously, this cannot be attained unless we produce the wherewith all to have the standards that a good life implies. We have therefore to lay a great stress on equality, of the removal of disparities and it has to be remembered that socialism is no spreading of poverty. The essential thing is that there must be wealth and production”.

3. The INC reiterates its commitment to this vision of Pandit Jawaharlal Nehru and reaffirms that Democracy, Socialism, Planning, Secularism, Self-reliance and Non-alignment are the basic tenets of the Congress ideology.

4. Self-reliance cannot be attained merely by reducing imports. Self-reliance does not mean an insular economy. Self-reliance means accepting the challenge of making Indian industry competitive and the Indian rupee convertible in the international market. Self-reliance means a self-confident economy. Self-reliance as conceived by Pandit Jawaharlal Nehru, meant an economy which can meet all its import requirement through exports. To achieve such a level of exports four types of adjustments are necessary in today’s world: reduction in excess domestic demand, enhanced competitiveness, freeing the economy from unnecessary regulation, and capability for self-enforcement.

5. The role assigned by Pandit Jawaharlal Nehru to the public sector was one of holding the commanding heights of the economy and leading technological advance. It was also expected to generate investible surpluses. The public sector has diversified our industrial structures, but a major constraint on our economic growth is the inability of our public sector to generate adequate resources for further expansion. To increase its efficiency and accountability, it is necessary to give the greatest possible autonomy to the public sector in which efficiency will be at a premium. We cannot afford indefinitely to drain budgetary resources to support losses in the public sector when these resources are urgently needed for other high priority Plan schemes. Instead of being a drain on the Budget, the public sector should contribute to the Budget through an adequate flow of dividends in return for the heavy investment made in public sector equity. As Pandit Jawaharlal Nehru wrote in his report to the AICC in October 1951: “The only test of any system we apply is that it gives us the desired results. It is the objective that counts and not the method. To what extent there should be a public sector or a private

* Adopted at the AICC 79th Plenary Session held at Tirupati on 14-16 April, 1992
sector must therefore be judged by the results". It is significant that Pandit Nehru left agriculture entirely to private sector.

6. Indira Gandhi relentlessly pursued the social and economic strategy of Pandit Jawarlal Nehru. She brought about the Green Revolution which transformed Indian agriculture through the injection of modern bio-chemical technologies and the expansion of irrigation and credit in rural areas. To millions and millions of poor peasants and workers, she became synonymous with the eradication of poverty symbolising their aspirations and their resolve to eliminate the degrading conditions they live in. The INC renews its total commitment to Indira Gandhi's war on poverty.

7. Rajiv Gandhi creatively updated the Nehruvian model. He began the process of reshaping Indian Industry to meet the challenges facing us in the emerging intensely competitive world economy. He bequeathed to his successor a vibrant economy with the highest growth rate ever recorded in Indian history, inflation in single digit, industrial growth in double digits and exports booming at an annual average of 17% in dollar terms for four consecutive years. India's agricultural economy showed sustained growth in food grain production in this period including remarkable resilience in the face of the severest drought in a century. Throughout this period, India's creditworthiness in capital markets of the world remained high.

8. With the advent of an non-Congress Government in November 1989, began a disastrous reversal in the nation's fortunes. Foreign exchange reserves plummeted to dangerously low levels. The export boom collapsed. An NRI run on deposits began. No one was prepared to lend us a penny. We came to the brink of being declared for the first time in the productive history of independent India a bankrupt nation. Prices soared an production fell. When the Congress Government took in June 1991, it was inherited an economy on the verge of collapse. The Balance of Payment problems had reached crisis proportions. Foreign exchange reserves were barely enough for two weeks of import. The massive import squeezed which was forced on us because of the inability of the previous Government to manage the Balance of Payments had resulted in not only in slowing of the rapid industrial growth during Rajiv Gandhi's time but had actually produced negative growth resulting in widespread loss of employment from May 1991 onwards.

9. A similar situation had arisen during the Janata Party Rule of 1977-79 when the entire economic process was set in a reverse gear. The economy was shattered, with serious infrastructural deficiencies, mounting inflation a yawning balance of payments gap, growing unemployment and to total feeling of frustration. During 1979-80, Gross National Product declined by about 3% while agricultural production fell by 10%. Rapid inflation of over 20% was the result of irresponsible fiscal, financial and monetary polices followed by the Janata Party Government. The succeeding Congress government under the leadership of Indira Gandhi pulled out economy of the morass. The rate of inflation was brought down from the Janata high of 21% to a low of 3% and never allowed to cross in the double-digit nark except in the severe drought year of 1987-88. The entire decade of the eighties, during which the Congress was in power, was a decade of remarkable economic progress. The economy grew at an average rate of about 5.5%, much faster than in earlier decades and also faster than the average of developing countries taken together.

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10. Today we are once again in a situation where a Congress Government has to take on the task of undoing the reckless damaged done by short-lived non-Congress Governments and set the economy on track of prosperity. The Indian National Congress endorses the various measures taken by the Government under the leadership of Shri P. V. Narasimha Rao in this regard.

11. The measures taken by the Government have to be understood in the context of the unprecedented crisis in which it found the economy. The fiscal deficit had been allowed to increase massively in the second half of 1990-91. Export momentum was lost in 1990-91 and the failure to manage the Balance of Payments had led a further deterioration in exports. Industrial growth also decelerated in the second half of 1990-91 and became negative in May 1991. International confidence collapsed.

12. The Congress government, as soon as it assumed power, took swift corrective action to bring the situation under control. The first task in the short term was to prevent a default in external payments. The desperate economic situation to which our country has been driven during the non-Congress rule from November 1990 to 20 June, 1991 is brought out by resort to the pledging of gold abroad. In May 1991, the previous Government authorised the State Bank of India to sell abroad 20 tones of Government’s gold with an option to repurchase it after six months. The same government also authorised the Reserve Bank of India to pledge 47 tones of RBI gold to the Bank of England and the Bank of Japan to raise about $600 million. The Congress Government has redeemed the pledge to bring the gold back to the country. In addition, on 29 February, 1992, the Government announced a scheme which would enable Non Resident Indians returning home after a stay of six months abroad to bring five kilograms of gold on payment of a modest duty. This scheme has led to a significant fall in prices of gold in India. Also, the incentive for smuggling gold has been considerable reduced.

13. Our ability to increase public sector investments in vital infrastructure projects and expenditure on poverty alleviation programmes is crucially linked to the health of our fiscal system. Financing these outlays by resort to excessive deficit financing is both ineffective and highly inflationary. A fiscal situation deteriorated sharply in 1990-91 and it was a major factor in accentuating inflationary pressures which have caused great hardship to the common man. The Congress Government has therefore given high priority to the restoration of fiscal discipline and the reduction of fiscal deficits.

14. The achievements of self-reliance is vitally linked to our ability to increase our exports and to encourage import substitution in activities in which our country has long term comparative advantage. For this purpose, new initiatives have been taken with respect to both foreign exchange rate and trade policy. The objective is to promote the growth of our foreign trade and at the same time reduce the scope for licensing and regulations which come in the way of Indian industry taking advantage of the opportunities offered by the global economy.

15. Our ability to raise the living standards of our people and to emerge as an internationally competitive economy is dependent on the rapid growth of productivity and the creation of an economic environment conducive to reduction of costs of production and absorption of new technologies. The new industrial policy which was announced on 24 July, 1991 seeks to achieve these objectives by relaxing industrial licensing restrictions and the provisions of the MRTP Act which hampered the growth of
Indian Industry to optimum capacity and were also cause of delay in project implementation. This industrial licensing has been abolished for all projects expect in 18 industries.

16. The public sector will continue to play a very important role in India's economy. However, taking into account the get shortage of financial resources with the Government, the competing claims on them and the growth of capabilities in the private and joint sectors, it is no longer considered necessary to reserve large areas of the economy exclusively for the public sector. This is in line with the thinking embodied in the Congress Election Manifesto 1991. Thus under the new industrial policy, only eight areas involving strategic and security considerations have been reserved for the public sector.

17. The bulk of resources for India's development have always been mobilised domestically. This will be so even in the future. However, at the margin, foreign investment can play a useful role in augmenting ingestible resources and in upgrading our technological and managerial capabilities. To facilitate larger inflows of foreign investment, permissible limits for foreign equity participation have been raised to 51% in selected industries. This does not involve any basic departure from our previous polices since foreign equity participation upto 51% and even beyond was permissible in selected priority industries. However, approval was given on a case by case basis and this caused a lot of uncertainty and delay which hampered the flow of foreign investment. The new policy has sought to de-bureaucratise the process of approval of foreign investment proposals so as to reduce the scope of uncertainty, delays and malpractices.

18. The Indian National Congress has always championed the cause of the working class and has believed that they are the vanguard of economic development. In the famous Industrial Policy Resolution of 1956 drafted by Pandit Jawaharlal Nehru himself, it is stated that, "In a socialist democracy labour is a partner in a common task of development and should participate in it with enthusiasm. . . there should be joint consultation and workers and technicians should, wherever possible, be associated progressively in management. Enterprises in the public sector have to set an example in this respect". The INC welcomes the declaration by the Government headed by Prime Minister, Shri. P. V. Narasimha Rao that it has no intention to retrench workers and would assist in any proposal to encourage workers' participation in running the public sector units. The INC appeals to the workers and their unions in public sector units to come forwarded and accept this opportunity to manage their units efficiently and economically so as to generate quality products and generate surpluses. The INC welcomes the proposal of the government to set up a National Renewal Fund which is aimed at assisting industry in bringing about technological change and modernisation and to help the workers in retraining as well as redeployment wherever necessary so as to cope with technological advance.

19. These measures will help to restore macro-economic balance in the economy, reduce the rate of inflation and restore economic growth. They will lead to a less capital intensive, more efficient and more employment generating growth pattern with a special impetus to agricultural exports and agro-based industry. They will also produce a more competitive economy which will enable us to improve our export performance which is crucial if we are to achieve true self-reliance. However, these benefits will take time to materialise. In the immediate shorten we needed to find additional resources to fill the gap in our balance of payments created by the mismanagement of the previous Government. In order to
fill this gap, the government made arrangement with the IMF for a standby credit and with the World
Bank for a structural Adjustment Loan. These loan have been taken to provide temporary support for the
economic initiatives of the Congress Government which are firmly rooted in the Congress manifest.

20. These bold measures taken by the Government have resulted in an increase in foreign
currency assets from about $ 1 billion (about Rs. 2500 crores) in June 1991 to about $5.6 billion (about
Rs. 15000 crores) in February 1992. The outflow of NRI deposits was reversed. The response to the
new industrial policy is also very encouraging. The number of investment approvals increased from
3335 in 1990 to 5538 in 1991. Out of these 3897 investment proposals were cleared between July 1991
to January 1992. During the same period 505 foreign technology import agreements were also approved.
Compared to the year 1990 when total inflow of private equity was only $50 million, 244 cases of
foreign equity participation with proposed equity investment of $ 505 million were approved in 1991.

21. The Budget presented by the Finance Minister this year further advances the programme of
stabilisation and reform. The salient features of the Budget are further reduction in the fiscal deficit,
Rupee made partially convertible, reduction in come tax rates and in customs duties, increase in Plan
outlay by 20%, expansion of the National Renewal Fund and liberalised import of gold.

22. The INC places on record its appreciation of the various bold initiatives taken by the
Government and the innovative budget it has introduced. But there is no room for complacency. We
have been able to manage prices but we have not completely overcome many problems. Balance of
Payment is likely to continue as a critical area. Inflation although reduced from 16% to about 12% is
still very high. If the standard of living of the common man is to be significantly increased and more and
better employment opportunities are to be created the growth rate will have to be substantially increased.
There has to be a distinct reduction in the proportion of the poor in the total population and a better
quality of life for all particularly the Scheduled Castes and Scheduled Tribes and the weaker sections of
our society.

23. The Eighth Plan, which envisages a growth rate of 5.6% per annum and a total outlay of Rs.
4, 00, 000 crores, has, as its main objective, alleviation of poverty and generation of increased
employment. The Plan also gives high priority to eradication of illiteracy, universalisation of elementary
education and provision of drinking water and primary health facilities. It rightly emphasises people’s
involvement and reaching out to the poorest and the most needy sections of our people. The Plan also
seeks to concentrate on strengthening the infrastructure. The INC believes that economic policy changes
initiated by the Government are absolutely necessary to achieve the Eighth Plan.

24. Acceleration of the pace of development and modernisation of our economy require an
efficient financial system, capable of mobilising savings an developing them into productive activity,
consistent with our development objectives and the requirements of a modernising economy. India’s
financial system must be to meet the demands that will be place on it as the economy seeks to become
more competitive internationally. This calls for reform of the financial sector, including banking and the
capital markets. These is an urgent need to improve the quality of service provided by the banks to
depositors and borrowers and also to strengthen investor protection in capital markets. These reforms,
however, must ensure that funds flow adequately to new small and rural enterprises and investment of high social priority.

25. The success of the Plan depends crucially upon the progress we make in agriculture. The remarkable progress we have made in agriculture, including food crops, horticulture, fisheries, aquaculture animal husbandry and poultry, is largely due to our agricultural scientists and the enterprise and determination of our kisans. The INC places on record its appreciation of their great contribution to the Indian economy. The INC calls upon the government to continue this emphasis on agriculture growth by giving our kisan his legitimate due in the matter of adequate prices for his products, availability of credit and supply of inputs at reasonable prices.

26. Indian agriculture must now more the increasing requirements of food and raw materials by using our limited resources by continuous improvement in the technologies of production, storage and marketing. Systematic attention has to be paid to improving the production of dry land farming. The agriculture credit system has to be revamped. Access of agriculture to world markets needs to be improved so that it can make a substantial contribution to our exports. As the fiscal situation improves, there should be greater investment by the Government in agricultural and rural development. The Indian farmer deserves to become an exchange earner.

27. Generation of employment and alleviation of poverty form the core of the Nehrurvian concept of Socialism. Effective steps must be taken to generate greater employment opportunities for the most disadvantaged sections of our society through the IRDP and the Jawahar Rozgar Yojana. Special efforts are required to increase employment opportunities for Scheduled Castes, Scheduled tribes and women. Special attention is required to be given to the provision of safe drinking water, which is basic to the health of our people. A vigorous drive is necessary to improve rural housing by undertaking measures such as improving the implementation of the Indira Awas Yojana.

28. In many States, land reforms have been carried out successfully, yet there are areas where they remain to be fully implemented. It is imperative that land reforms are implemented with full vigour by measures like the updating of the record of rights, eliminating concealed tenancies and ensuring that actual possession is given to the landless to whom, surplus land has been allotted. Laws enacted to give back to the Scheduled Castes lands which have been grabbed by many non-Scheduled Castes should be rigorously implemented. There shall be no attempt to alter these laws against the interests of the SCs and STs.

29. No programme of rural development can ever be truly implemented without active participation of the local people. Shri Rajiv Gandhi made a conscious endeavour to strengthen the democracy at the grassroots level by introducing the Panchayat Raj Bill. It envisaged devolution of power directly to the Panchayats along with resources and authority to utilise them for the people. This revolutionary measure was obstructed by members of the combined opposition in Rajya Sabha after it was passed by the Lok Sabha. The INC calls upon the Government to have the Panchayati Raj and the Nagarpalika Constitution Amendment Bills passed at the earliest to enable our people to participate in the construction of our economy.
30. The problem of urban poverty is no less acute. The fast rate of urbanisation requires that vigorous efforts would be made to implement employment generation and poverty elimination programmes like 20 point programmes, Nehru Rozgar Yojana in urban areas. Urbanisation creates acute problems of housing, health, education and transport. These particularly affect the urban poor. A vigorous drive should be launched to tackle these problems swiftly and effectively.

31. The Co-operative movement has been assigned an important role in our development strategies. It has immense potential for ushering in a non-exploitative pattern of social and economic organisation, helping to uplift the poor and downtrodden, be they farmer, agricultural labourer, handloom weavers or processors of agricultural produce. However, the actual performance of Cooperatives has fallen short of the inherent potential of the movement. The Congress is committed to a revitalisation and reform of the Cooperative movement so as to harness its immense potential for raising the living standards of our people.

32. The INC welcomes the importance given by the Government to the role of our industrial workers and employees in the growth of our economy. Workers and employees should be given further participation in the management of all organised sectors. They should be given first preference when shares of public enterprise are sold to the public so that a new participative culture of result-oriented accountability gets established in all workers who maybe affected by the programme of restructuring. The Government should continuously examine the impact of New Industrial Policy on Labour through the Tripartite Committee. The INC calls upon the Government to take an early decision on the recommendations of the National Commission of Rural Labour.

33. Agricultural labour both landless and marginal land holders constitute the arrest majority of the work force in India. Many of them eke out a livelihood in some traditional agro-industries and crafts as well as migrating from rural areas to work as construction workers is wherever such opportunities obtain. The living condition of these workers is pathetic as they do not enjoy the protection of labour laws meant for them as most them are unorganised and scattered. The INC calls upon the Government to take urgent measures to safeguard the interest of this large workforce most of whole belong to weaker sections. Measures to protect their minimum wage, provide insurance cover and health benefits should be taken on a national basis at the earliest. In this context, the INC would invite attention of the Government, particularly to the plight of women workers and child labour and would urge upon the Government to take speedy measures to protect their interests and prevent their exploitation.

34. The Congress has always given pride of place to the public distribution system in its economic programmes. There should never be any uncertainty about people getting their basic daily necessities. The Government must therefore continue to give high priority to vigilance and supervision over distribution particularly at the village level, involving local initiatives Women in particular should be involved in the implementation of scheme to fight leakages and malpractices. The INC congratulates the Government of India for revamping the public distribution system in about 1700 blocks spread over the remote and most backward areas of the country. More commodities should be added to the public distribution system. To check malpractices, the INC calls upon the Government to relentlessly enforce the Essential Commodities Act, 1955 against hoarders and black marketers to sustain and enhance the
availability of essential commodities. Food subsidies for vulnerable sections must continue. The public
distribution system with subsidised food should become a new social development focus to be imparted
to our various anti-poverty programmes. Shri Rajiv Gandhi gave a new orientation to the consumer
protection programmes. The INC calls upon the government to expediously create the necessary
infrastructure like Consumer Protection Councils under the Consumer Protection Act. The INC appeals
all Congressmen to participate effectively in the Citizen's Consumer Movement.

35. Removal of illiteracy is one of our cherished objectives. The INC notes with satisfaction the
significant strides made by the National Literacy Mission and recommends that similar drives should be
launched for universalisation of primary education.

36. Environmental degradation and the threat it poses to the future of the human race are now
recognised all over the world. In India, land and water degradation and reckless of deforestation threaten
the livelihood of millions of our people who live on the edges of subsistence. It is therefore essential that
concern about the protection of the environment and ecological balance should inform all our social and
economic processes.

37. Our resources are under continuous pressure because of the rate of growth of our population.
It is absolutely necessary therefore to take all possible measures to reduce the birth rate in the areas with
low female literacy, low age of girls at marriage and high infant and maternal mortality. Special
attention requires to be given to 90 districts which have a crude birth rate of over 30 per thousand. The
INC appeals to the people of India to treat this as a national problem and calls upon the Congressmen to
participate fully implementing the Action Plan endorsed by the National Development Council.

38. Unemployment and prices constitute what is called the "misery index". These two factors
affect the common man most. Government should concentrate its attention on these two basic problems.
Government has succeeded in reducing the rate of information from about 16% to about 12%. The INC
calls upon the Government to take vigorous and effective measures to bring it down to a single digit.

39. In times of crisis, the Indian people have always responded magnificently. The economic
situation has not yet returned to normalcy. This is no time for self-satisfaction and complacency. The
challenge has to be met with hard work, increase savings and curbing vulgar and conspicuous
consumption. The cost of running the Government must be reduced and unnecessary and avoidable
expenditure by the Government has to be eliminated. The INC calls upon all Congressmen to set an
example to others in this matter. The INC appeals to the people of India to rise to the occasion and
readily accept temporary sacrifices for a better future.

40. All these economic policy initiatives are in line with the commitments we made to the
people of India in our Election Manifestos of 1989 and 1991. It is necessary to recall that in 1989
manifesto we promised that "policies will be adopted to further spur production, efficiency and
competitiveness, India industry will gradually be exposed to competition from outside. This will
ultimately benefit the Indian economy in urban and rural area". The Congress Government will continue
the policy of removing bureaucratic control on the economy and industry so that our entrepreneurs can
concentrate on generating wealth and jobs. State control will be used strategically and selectively where
it is most needed. The Indian economy has now the strength and the maturity to absorb investment and technology in critical areas without compromise of the objectives of self-reliance. In the 1991 Manifesto, we had stated that "For this systematic and pioneering advance into new areas, it would be desirable for the public sector to shed some less crucial areas of responsibility. The Congress will oversee the gradual withdrawal of the public sector from the areas where the private and joint sectors have developed capabilities". The objective of public sector policies must be to improve their efficiency and return them to their original goals of holding the commanding heights of the economy, leading a technological advance and generating investible surplus.

41. The economic policy of Congress is based on the concept of change with continuity. The policy of liberalisation has been enunciated at the most appropriate time. When we started building up our industrial structure in the late fifties, the private sector was weak, both in physical and other resources. The State has therefore to step in. The Indian industry has come of age, and now has the necessary capital resources and managerial talent to compete internationally. The new policy initiatives do not mean the acceptance of laissez faire. The INC therefore reasserts that the State should continue to give direction and guidance to the Indian economy in general and the Indian industry in particular. It is therefore absurd to say that the Congress has surrendered sovereignty or that it has taken U-turn. The world is changing fast. Eastern Europe is gradually coming round to adoption of the multi-party system and the Governments in the Western countries continue to intervene substantially in their economic life. These events have vindicated the validity and wisdom of Pandit Jawaharlal Nehru's concept of mixed economy and plural polity. When the whole world is veering round finally to the acceptance of the Nehru model, there is no question of the Congress ever deviating from or abandoning the Nehru framework. The INC reiterates once again its commitment to preserving the Nehru-Indira-Rajiv vision. With confidence in ourselves and faith in our future, let us resolve to pledge ourselves to creating a vibrant, dynamic, forward looking, pulsating that just economy which will become the pride of India and an inspiration for others
Economic Resolution – II*

This meeting of the AICC warmly congratulates the Central government for the progress in the implementation of the economic reforms launched three years ago and for creating a national consensus on them and for making growth and development the most important items on the Nation’s agenda. A false propaganda was built up to create confusion that economic reforms and the process of structural adjustment would jeopardises the anti-poverty programmes of the government. The AICC appreciates the various measures adopted by the government over the last three years that clearly and unambiguously demonstrate that there is no basis whatsoever for this misapprehension. Economic reforms will give farmers a better deal. Economic reforms will enable government to focus single-mindedly on the task of eliminating poverty and on improving the living conditions of the masses. While explaining “Middle Path” in his address at World Economic Forum at Davos, Prime Minister pointed out that “Poverty will continue to be the most serious challenge to mankind during the greater part of 21st century, if not longest”. AICC congratulates the Prime Minister for drawing the attention of the World Economic leaders to this vital aspect which constitutes the base of our developmental strategy. AICC once again affirms that the war against poverty so resolutely and successfully launched by the Congress to liberate number of poverty-stricken people particularly Scheduled Castes, Scheduled Tribes and other backward communities from economic bondage will continue to be our primary concern.

2. When the Congress government came to power in June 1991, the country faced an unprecedented crisis. The previous non-Congress governments had completely mismanaged the economy in the 18 months they were in power. Investment was at a standstill. The Eighth Five Year Plan that was to commence on April 1, 1990 was never finalised. Foreign exchange reserves were down to a perilous level, a level just sufficient to pay for fifteen days of essential imports like oil, kerosene, diesel, fertilisers, steel industrial machinery, etc. For the first time, India was faced with the threat of default in her repayments of external debt. The world had ceased to take India seriously and the country was seen as a basket case not worth rescuing.

3. The AICC recalls with pride the speed and sagacity with which the Congress government has countered the grim situation. The AICC notes with satisfaction the results of these policies as they have unfolded over the last three years. It is a matter of pride to all Indian that the government has already pre-paid $ 1.4 billion that is due to the IMF in 1994-95. Even after this repayment, the foreign exchange reserves have increased to over 15 billion (Rs. 45,000 crore) today. Contrary to what the prophets of doom feared, the rupee has been introduced. Despite wide-ranging liberalisation of trade policy, there has been no flood of imports.

4. Export growth in 1993-94 is estimated at over 21% in dollar terms—an all-time high. Increases in exports have come from agriculture, gems and jewellery and textiles, all of which are labour-intensive industries. The key to success has been a sound policy framework and maintaining the

* Adopted at the AICC meeting held at Talkotra Indoor Stadium, New Delhi on 10 June, 1994
competitiveness and profitability of exports. The AICC notes with particular satisfaction that the boom in exports is benefiting our farmers. Agricultural exports increased by well over 30% in 1993-34. The AICC urges the government to deal with exports on a war footing, maintain export competitiveness and profitability and take all steps so that the momentum generated in 1993-94 is sustained.

5. While noting inflation has been moderated from its peak of 17% in August 1991, the AICC expresses concern over the recent inflationary pressures in the economy. However, with a good monsoon and kharif crop in prospect and with government having abundant foreign exchange to import commodities in short of supply, the AICC is confidently that inflationary pressures would be reduced in the coming months. The credit policy measures already announced by the Reserve Bank of India would also begin to have an impact soon. In this connection, the seasonal factors which account for inflationary pressures normally during this period of the year are also relevant.

6. The AICC calls upon the government to take all necessary steps to ensure that inflation rate is brought down and to protect the vulnerable sections of society by strengthening the Public Distribution System (PDS). The AICC urges the government to maintain a constant vigil on the price front, take steps to keep the deficit within manageable levels and to carry on a relentless battle against hoarders, black marketeers and those who, by their speculative activities, contribute to the increase in prices. The AICC also calls upon the State government s to undertake massive dehoarding operations.

7. The AICC reiterates its long-standing commitment to self-reliance. However, the true objectives of self-reliance are best achieved through trade, not aid and by investments, not borrowings. Self-reliance is not a mere slogan but a cherished goal which can be achieved only when the economy develops the capacity to pay for its imports through export earnings. Our imports are bound to grow as the economy expands and as our people aspire to better living standards. 90% of our imports are imports of basic commodities like oil, kerosene, diesel, steel,. Fertilises, industrial machinery, raw materials etc. The only way we will be self-reliant is when our exports also grow correspondingly.

8. The impact of the new industrial policy announced by the Congress government in July 1991 is already evident in significant measures. Domestic investments and projects worth Rs. 280,000 cores are in the pipeline and in different stages of implementation. These will generate about 2.6 million new jobs. In addition, over Rs. 14,000 cores of foreign direct investment has been approved. Almost 70% of these investments are in the infrastructure sectors of power, oil and gas, metallurgy and chemicals. Foreign investment is also coming in sectors that will add value to agricultural produce and increase income of farmers. Thus, foreign direct investment has come into areas that are absolutely essential for India's progress. It is also to kept in mind that while foreign investment comes in, even at its peak it will account for less than 5-7% of total investment.

9. The AICC categorically rejects the false and baseless propagandas indulged in by some opposition parties that foreign investments is detrimental to our interests. Foreign direct investment is coming to India on our terms and in areas which we consider essential. Apart from being a non-debt creating capital inflow, foreign direct investment is bringing in new technology and is creating new employment and export opportunities as well. Foreign investment coming into areas like power, telecommunication and petroleum helps the government to spend more of is scarce resources in poverty
alleviation and rural development programmes. Foreign investment is also essential to increase our GDP growth rates. Higher GDP comes with higher investments. Foreign investment adds to the domestic savings effort in making this possible. The ACC also wishes to point that the same non-Congress political parties criticise the Congress in Parliament for inviting foreign investment, but the State governments under control of these parties are bending over backwards to attract foreign investment.

10. The AICC is pleased to note that India is the only country in the world that has recorded positive economic growth rates in the first three years of its reforms-cum-cum-fiscal correction programme. The AICC also appreciates the fact that India is again the only country in the world which is undergoing an economic liberalisation programme where expenditure in vital areas like poverty alleviation, employment generation, education, health, housing and rural development has not only been protected but has also been enhanced substantially. The 1993-94 Budget for elementary and adult education was increased by 53% health by 60% and family and child welfare by 28%. In 1993-94, the Central Plan outlay for rural development increased by a record 40% to over Rs. 7000 crore to be sent on vital schemes like IRDP, JRY, DPAP and Indira Awas Yojana. The 1994-95 Budget has further increased these allocations. Rural development expenditure has increased by a further 40% in 1994-95.

11. The AICC congratulates the government for introducing a new Employment Schemes for the backward blocks of the country. This demonstrates that along with liberalisation for industry and trade, the Congress is deeply committed and sensitive to the needs of the poor and disadvantaged sections of our society. The AICC also congratulate the government for introducing Prime Minister's Rozgar Yojana to provide for self-employment opportunities to the educated unemployed youth of the country. It also welcomes the special mechanism, set up perhaps for the first times, in the Prime Ministers office, to closely monitor the implementation of these programmes. The AICC urges upon the government to implement the Scheduled Castes Component and Scheduled Tribes Sub-Plan more expeditiously. It also calls upon the government to implement the reservation policy with regard to employment not only in government but also in the public and private sectors.

12. The AICC strongly condemns the baseless, mischievous and malicious propaganda launched by non-Congress political parties against India's signing of the GATT Agreement in April 1994. GATT which will be replaced by WTO w.e.f. 1.1.1995, is a compel, multi-dimensional international trade agreement signed by 125 leading nations of the world including India. Its thrust and contents should not be used to mislead people to achieve narrow partisan interests. A completely false campaign has been launched insinuating that farmers will have no rights over seeds, that there is an obligation to import agricultural products which will deny Indian farmers access to domestic markets, that prices of medicines will increase beyond the reach of ordinary citizens, that PDS will have to abandoned, that the economic sovereignty of the country has been surrendered and that multinational companies will destroy indigenous industries. This mischievous campaign has been launched just to crease discontent in the minds of the people.

13. The AICC recognises the benefits that India will get from a multilateral rule-based trading system. India is one of the founder-members of GATT. A multilateral system which is based on the negotiation and flexibility is better for a country like India. The alternative to a multilateral system is
that we would have to enter into arrangement with individual countries bilaterally. But in such a bilateral arrangements, it is the economically powerful and dominant country that can dictate terms. The Uruguay Round Agreement represents a challenges for Indian Industry and trade. On the whole, India will doubtless benefit. There is no truth whatsoever in the charge that farm subsidies in the developed countries that will have to be reduced substantially, thereby opening up new markets for Indian farmers. Already, countries like Japan are exploring buying more rice from India. Our exports of products like rice, wheat, cotton and milk will increase. There is absolutely no truth in the allegation that PDS will have to be closed down. India has fought for and won the battle for the retention of the PDS in developing countries. In fact, we are making full use of the PDS to serve the poor. Further, there is absolutely no obligation for India to compulsorily import rice and wheat, as is being alleged by some parties. The AICC also rejects the mischievous and false propagandas by some opposition parties that farmers will not be able to retain and use their seeds. The government indeed has the power to pass national legislation in this regard, in whatever manner it wants the rights of farmers and also researchers to be protected. The AICC calls upon the government to introduce such legislation, in order to silence the critics. Further, it has been estimated by experts that India can capture over 25% of the world's seed market in the coming years. It is obvious that by their negative attitude, some opposition parties want to deny the fruits of liberalisation, science and technology and growth to the Indian farmers.

14. The textile industry is the most important industry in India. Its future is very bright since the present textile export quota system to the developed countries is to be abolished in ten years as per the Uruguay Round Agreement. The AICC is also of the firm view that fears that process of drugs will shoot up as a result of GATT are vastly exaggerated. The AICC urges the government to strengthen the R&D base in the pharmaceutical industry so that it is in a stronger position to cope with the new market situation. On services, the GATT agreement would be of great benefit to all those industries where India has demonstrated comparative advantage-like computer software, design consultancy, etc.

15. In this connection, the AICC also wishes on record its warm appreciation for the firm position taken by India on the issue of "social clause" whereby certain developed countries wanted to being in wholly extraneous issues Uruguay Round at the last minute. The AICC notes that India's stance has been applauded and agreed to by all developing countries.

16. The AICC notes with satisfaction the initiatives taken by the government and the party to effectively counter the false and malicious propaganda against GATT, by organising seminars and workshops. The AICC calls upon every Congress worker to educate himself or herself on the Uruguay Round Agreement so that the opposition propagandas can be effectively countered. People are beginning to see through this propaganda for what it is totally false and baseless. The AICC urges the party and the government to keep up the campaign to educate our people on the actual implications of the Uruguay Round and how it is in India's benefit to be an active member of a multilateral trading system, in which it gains in several areas and has to confront new challenges in others.

17. The public sector has been extremely useful for the economy. However, the public sector must become profitable. The AICC is convinced that social obligations are best met when public enterprises make profits, not losses. The people of this country have invested close of Rs. 140,000 crore
in the Central public sector. Returns, by way of dividends and profits, are unfortunately less than Rs. 3000 crore per years. The AICC urges the government to accord the highest priority to the technological, organisational and managerial restructuring of the public sector so that it operates commercial land in a business-like manner. Two government appointed Committees- Rangarajan Committee and the Goswami Committee have made valuable recommendations on the restructuring of public sector enterprises including sick enterprises. The AICC urges the government to implement these reports and accord the highest priority to the technological, organisational and managerial restructuring of the public sector enterprises. The AICC urges the government to examine the menu of options that are available and which have been successfully tried in other countries of the world.

18. The AICC supports the measures over the past year to strengthen India’s financial sector. The AICC is particularly pleased that NABARD’s share capital has been tripled. It has also noted that the process of revamping the Rural Bank structure has been initiated. But much remains to be done to restore the health of the rural credit system. The AICC urges the government to take steps to strengthen the cooperative credit structure and to make it more viable. While supporting the measures taken by the government to make commercial banks the government to strengthen the regulatory system for banks and financial institutions.

19. The AICC expresses concern over the performance of the power sector. It calls upon all State governments to pay urgent attention to the restructuring of the State Electricity Boards. Electricity is basic to development and progress. Without reliable power, agriculture will not prosper and industry will not grow. The finances of several State Electricity Boards are in a disarray; their losses amounted to over Rs. 5,000 crore in 1993-94. Efficient public sector enterprises like BHEL and NTPC have over Rs. 1,000 crore owned to them by way of outstanding dues from the SEBs. The AICC feels it regrettable that the decisions taken in early 1992 at a conference of Chief Ministers and Power Ministers to improve the performance of the SEBs both financially and operationally have not yet been implemented. The AICC urges the State governments to quickly implement the decisions the had taken themselves so that this most crucial infrastructure sector does not suffer.

20. The lead for economic reforms has naturally come from the Central government. However, reforms have to travel down through the State governments and district administrations to be lowest levels of government in the country. Every State government must re-examine its trade and industrial policies and devise new ones in tune with the new policies of reform and liberalisation. The AICC calls upon both the Central and State governments to urgently devise fiscal incentives and industrial policies for the backward areas of the country and the State to check growing regional imbalances in the future industrialisation of the country. Any delay in this vital matter will lead to massive migration of the educated and unemployed youth within states and from one state to another along with major problems.

21. The AICC calls upon the Central government and the State governments to make decisive efforts to bring about fiscal discipline. The AICC notes with concern the continued growth in non-plan and non-development expenditure. The AICC expresses its grave concern that in some States of the country, not only the entire plan expenditure is being supported from assistance from the centre but a part of the non-plan expenditure as well. The AICC expresses its distress that in among States, Plan funds are
being diverted to meeting non-plan expenditure. This cannot be sustained. It is the people of India who are paying the price for fiscal mis-management.

22. It is in the interest of labour to have a prosperous, healthy and growing industry. Sickness in industry benefits nobody, least of all labour. About Rs. 12,000 crore is locked up in sick private industry alone. The AICC calls upon the government to take all possible steps to deal with the problem of sickness. In this connection, there are examples of Workers' Cooperatives successfully reviving sick companies. The AICC calls upon the government to further encourage such cooperatives and to consult the trade unions to effectively solve the problem of sickness in industry. The AICC urges the government to ensure that in the process of industrial restructuring labour's interest are fully protected, labour is retrained and imparted new skills, old industrial towns and cities are rejuvenated and industry prospers. In this connection, the AICC also urges the State governments to review the effectiveness of the Urban Land Ceiling and Regulation Act of 1976.

23. The AICC is conscious of the critical role that village and small-scale industry plays in our economy. About one-third of our exports come from the village and small-scale sector which also provides employment to over 30 million people. The AICC is pleased to note that the Small Industries Development Bank of India has started functioning. In July 1991, the government announced a policy package for strengthening of small and tiny enterprises. The AICC urges the government to consolidate the policy measures already announced and take steps to further strengthen the small-scale industry. In this connection, the AICC rejects the false charges levelled by some opposition parties that the new economic policies are detrimental to the interests of small-scale sector. The truth is that multi-nationals are not being permitted in areas reserved for the small-scale sector. In addition, legislation like the Interest on Delayed Payments Act, 1993 that has already been enacted by Parliament will go a long way in protecting the interests of small-scale industry. The AICC also urges the government to take urgent steps to strengthen and restructure the Khadi and Village Industries Commission to make it a more effective instrument of rural industrialisation.

24. The AICC is aware of the magnitude of the employment challenge in the country. Ten million new employment opportunities have be created every year. Already, the government has expanded the Jawahar Rozgar Yojana and launched two new employment scheme one for the poorest block of the country and the other for the educated unemployed. As the economy grows, more employment opportunities will be generated. While special employment programmes will have to continue, the AICC urges the government to take all steps to revive the growth momentum in the economy. The various segments of employment giving plan programmes being implemented in any district may be dovetailed and enmeshed with the various employment funding poverty-alleviation programmes so that the materials required may also be provided under the plan funds. This may cover rural housing, village and the rural electrification schemes like 'Kuteer Jyoti', 'Jaldhara' and other drinking water schemes, flood protection, skill up gradation and entrepreneurial training schemes and intensive village and holding-wise plan to increase productivity of uneconomic holdings. Signs of revival are already evident but an acceleration of effort is required. In this connection, the AICC urges the government to take not of the recommendations of the NDC Committee on Employment as well as
that of Group of Ministers on the Educated Unemployment particularly of the rural areas so that a further set of policy measures and programmes could be introduced. The AICC calls upon the government to keep a close and contestant watch on the employment situation. There must also be fuller integration of poverty alleviation and employment generation programmes.

25. The AICC is gratified to note that food grain stocks at over 25 million tonnes are at the higher levels in seven years. High stock levels reflect high procurement prices. Procurement price of rice that was Rs. 205/-per quintal in 1990-91 has been increased to Rs. 310/- per quintal in 1993-94. Similarly, the procurement price of wheat has been raised from Rs. 225/- per quintal in 1990-91 to Rs. 350/-per quintal in 1993-94. This demonstrates the commitment of the Congress to increasing the incomes of farmers. Since the AICC last met, the Agricultural Policy Resolution has been finalised and placed in Parliament. The AICC urges the government to increase Public investment in agriculture and rural infrastructure in real terms specially in the agriculturally-rich but backwards regions of the country, to upgrade the quality of research and extension support to our farmers, particularly in rain-fed areas, to ensure that the terms of trade are beneficial to farmers.

26. The AICC also urges the government to scale down restriction on domestic trade and marketing of agricultural products and to take all steps to boost the growth of a modern, technology-based agro-processing industry. A dynamic agro-processing sector will throw up millions of jobs both in the production of agricultural commodities and in the processing of such commodities. In this context, the AICC commends government’s efforts in promoting a small farmer’s Agro Business Consortium in order to enhance the income generating capacity in the rural areas. It will also open the way to greater export brining world prices to our farmers. In this connection, the AICC also urges the government to take necessary legislative steps to strengthen and revitalise the cooperative movement in the country through a comprehensive multi-state co-operative societies bill which will ensure freedom from bureaucratic stranglehold. Gandhiji saw co-operatives as the economic counterparts to the political institution of Panchayats. Now that steps have been akin to strengthen the Panchayats, it is only natural that similar steps are taken to revitalise co-operatives in the country. The AICC appreciates the government’s efforts in giving agriculture the status of an industry which will enable the agricultural sector to have all facilities being enjoyed by industrial sector including banking credit to the farmers.

27. In many states, land reforms have been carried out successfully. However, there are areas when they remain to be fully implemented. Throughout its 109 year history, the AICC has been stressing that the question of land is absolutely basic to the Indian society and that we cannot be an industrially advanced nation without completing the process of land reforms. The AICC calls upon the government to ensure that land reforms are implemented with full vigour by measures like land ceilings, land consolidation, upgrading of land records and record of rights, eliminating concealed tenancies ensuring that actual possession is given to the landless to whom surplus land has been allotted, proving all inputs to ensure that the productivity of land improves, etc. It urges upon the government to continue the efforts to computerise and update land records resulting in registration of all tenancies and recording of all mutations. Laws are enacted to give back to the Schedules Castes and Scheduled Tribes lakhs of acres of lands which have been grabbed by others should be rigorously enforced. State governments would be
urged to implement all decisions taken in this regard by the Supreme Court immediately and distribute the land to landless people, particularly to those belonging to the weaker sections. In this connection the AICC congratulated the government for introducing an insensitive for land reforms in the formula that governs Central assistance to State governments.

28. On the issue of regional disparities, the AICC believes that top priority must be accorded to balanced growth of agriculture and increases in agricultural productivity all over the country. The AICC calls upon the government to take all measures to boost agricultural growth in lagging regions and also provide the necessary infrastructures by way of irrigation, credit, marketing, roads, transport, etc. The AICC also calls upon both the Central and State governments to urgently devise fiscal incentives and industrial policies of the backward areas of the country. The AICC also recognises that there has been uneven social development in the country and that there are about 100 districts in the country where female literacy rates are low and birth rate still high.

The AICC calls upon the government to mount a concentrated offensive in these districts through the help of not just governmental agencies but also through non-government organisations grassroots agencies and social action groups. In this connection, the AICC calls upon the government to give serious consideration to the recommendations made by the committees of the National Development Council on literacy and population. The AICC also calls upon every Congress worker to get involved intimately with literacy and family planning programmes at the local level.

29. The AICC congratulates Indian scientists and technologists for their outstanding achievements in areas like nuclear energy, agriculture, space and defence. India has the third largest pool of scientific and technological manpower in the world, thanks to the foresight and vision of Jawaharlal Nehru. Smt. Indira Gandhi gave a tremendous boost to the Indian science and technology effort and it is because of her that our nuclear and space programme is the pride of the country and the envy of the world. Rajiv Gandhi provided a new direction and opened new opportunities for the application of science and technology in fields like water supply, immunisation, literacy, edible oils, telecommunications, dairying and wastelands developments. We can become a front-rank nation economical only with a world-class science and technology infrastructure. The AICC notes that some initiatives have been taken in the last two Budgets to provide fiscal incentives for R&D. This is a beginning. The AICC urges the government to interact with scientists and technologists from a variety of disciplines and particularly from among the younger age-group and formulate a specific programme of action for technology development and technology applications in vital areas of national endeavour.

30. The AICC calls upon the Government to deal effectively with the problems confronting urban India. In about five years times, one out of every three Indians will live in urban areas. Our urban centres are engines of growth, fully capable of generating the resources necessary for their healthy development. The AICC feels that the time has come to look at rural and urban development not as separate, but as interlinked phenomena. Special problems of cities and towns-like water supply, sanitation, mass transport and pollution-must be attended to quickly.

31. By enhancing the allocation for rural development substantially, by introducing a number of special employment generation programmes, by revamping the public distribution system in areas largely
inhabited by scheduled castes and scheduled tribes, by increasing public expenditure on family planning, health and education, by committing to earmark 6% of GDP for education by the end of the century and by fixing a target of achieving full employment, health-for-all and 100% literacy by the turn of the next decade, the “middle path” that the Prime Minister emphasised at the meeting of the World Economic Forum at Davos in January in 1994 has been given practical shape and translated into concrete action. The AICC does not find any inherent contradiction between a market economy and effective state intervention in building up a responsive social infrastructure. Indeed this combination is a *sine qua non* in India, as we understand its problems and find solutions. While recognising the imperative for liberating the economy from the shackles of controls and regulations and for integrating it with the global system of finance, trade and technology, the AICC reiterates its commitment to ensure a better standard of living for the ordinary citizen and for the millions who work in the unorganised sector of the economy.

32. Three years have gone by. The world has been astonished at the ease, with which India has adjusted to the changing economic and political realities and has confronted new challenges. This is the genius of the Congress way. The reality is that people of India have always been prepared to embrace any process of reforms and have again done so in the last three years. In fact, they demand more reform and a quicker pace. We will introduce change and reform but in a manner that does not threaten the delicate social fabric of our country. In the new economic environment, the role of government is being redefined. Earlier, the government had to be involved in all economic activities. Today, we have millions of entrepreneurs who can shoulder greater responsibility in industry and commerce, so that the government can concentrate on pressing social tasks like education, rural development, health care, water supply and sanitation.

33. India is on the move. People everywhere are aspiring for a better life. They want growth and development. But some opposition parties seem to want India to be totally preoccupied with issues of caste and religion. They would want Indians to be prisoners of the past, rather than be looking forward to a better and bright future. The AICC rejects this politics of divisiveness where Indian is pitted against Indian on the basis of birth alone, which is the anti-thesis of a democratic society. It is only the Congress that has a vision and agenda for development that would benefit all sections of society with emphasis on weaker ones. The AICC calls upon every Congressman and Congress-woman to re-dedicate himself or herself to this noble task of making Indian an economic giant where the fruits growth an development are enjoyed by everyone.
Congress as a Party for the Poor and the Underprivileged

From the beginning of our national movement led by the Indian National Congress our goal has been an all-round development of our economy, modernisation of its production structure and building up self-reliance on the basis of our own capabilities. But the test of success of all these policies in our Congress tradition has been whether they help the poor, remove their poverty, infirmities and incapacities. This is what Gandhiji told us when we gave his famous Talisman or the test to guide our policy: “Recall the face of the poorest and the weakest man you have seen and ask yourself if the step you contemplate is going to be of any use to him: will he gain anything by it? Will it restore him to control his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions?” For the Congress Party this has been the fundamental guiding tenet for all our policies.

2. Soon after independence, the Congress Party under the leadership of Jawaharlal Nehru designed a path of development based on accelerated economic growth and rapid industrialisation to remove unemployment and to generate income for the vast masses of our population. At the same time, agriculture was to be transformed with the spread of irrigation and modern methods of cultivation. Extensive land reforms were to give the cultivators the right to the land they tilled. These were supplemented by specific rural workers and community development programmes together with project to redress uneven regional development. The approach to removal of poverty was based on the acceleration of growth of national income whose benefits were expected to spread all over thereby to largely improve and living conditions of the poor complemented by other simultaneous anti-poverty measure and work programmes.

3. From about the Fifth Five Year Plan, our policy emphasis shifted from the spread of income-growth or the tickle down approach to poverty alleviation to the policy of empowering the poor. Mrs. Gandhi gave us the slogan of “Gareebi Hatao” backed up by programmes designed to empower the poor through improved access to basic minimum needs, income support measure and supply of capital assets. They were to expand their capabilities through education and skill formation, through credit and other financial support, through public health and nutrition programme, through rural employment, housing, water supply and sanitation projects, through institutional and financial support to self-employment in tiny sectors and small enterprises. An orientation was given to our planning process consent with a composition of growth of different sectors which not only stimulated a rapid employment oriented growth but also aimed at lifting the vast masses of people above the poverty line. The twenty Point Programme devised by the late Shrimati Indira Gandhi in 1975 gave an added focus to poverty eradication programmes. It is this orientation of our policy of empowering the poor which has become identified with the image of the Congress as a Party for the poor, for the economically deprived and the

* Adopted at the AICC 80th Plenary Session held in Calcutta on 9 August, 1997
under-privileged. We must re-assert our commitment to that pro-poor policy orientation of our path and get back our image and identity.

4. The redrock of the Congress Party’s Programme of Action is, as ever, the building up of a strong, prosperous and self-reliant economy, the empowerment of the weak, the upliftment of the downtrodden, and the eradication of curse of poverty. The focus of our policy has always been the poor, the weak, the disadvantaged. Our plans, our programmes, our Budgets all bear witness to our commitment to this overarching objective. However, at different times, different needs arise, different priorities have to be set and met. This calls for new ideas, new approaches, new thrusts. Indeed, success itself generates the need for new thinking, new plans and new programmes. Reform is therefore, not a confession of failure rejection of the old; it is a building on the achievements of the past. Thus change is meshed into continuity. There is continuity of ideology from Mahatma Gandhi through Pandit Nehru, Indiraji, Rajivji to present challenges. It is by being anchored not mired, in fundamentals that the Congress ensures change with continuity. And while Congress policies embrace both evolution and revolution, our commitment remains constant, the central focus of Congress concern remains now, as always, the weakest sections of Indian society. Whether it be the workers whose rights need to be assured, the farmers who require special attention, the Dalits and Tribals who need special protection, rural labour which needs protection from exploitation, organised labour which needs a social safety net, the minorities who need safety, security and development, the backward classes who need the assurance of their rightful place in the society, or women and children who need special care- it is the Congress Party which has consistently espoused their cause and will continue to do so.

Fifty years of National Development: The Role of the Congress

5. This historic plenary session of Congress coincides with the celebration of the Golden Jubilee of our independence. This is an occasion both for rejoicing and stock taking, for assessing our achievements as well as short-comings, and for reaffirming our commitment to work with renewed vigour to complete the unfinished task of the national building.

6. The history of India’s freedom struggle is intimately linked to the history of the Congress party. The multi-faceted social and economic progress made by our country in the post-independence era is largely a result of wise and far-sighted leadership provided by the Congress. At the time of independence, productivity of agriculture was very low and we were not able to meet the needs of our population for food grains. Our industrial structure has been greatly diversified today. We can meet 80-85 per cent of our requirement of capital good through domestic production. Due to the pioneering of Jawaharlal Nehru, we have built up a vast reservoir of scientific, technological and managerial skills. Massive investments have been made for the expansion and modernisation of India’s infrastructure consisting of irrigation, power, transport and communications. As a result of advances in healthcare, life expectancy at birth has doubled in the last fifty years. Impressive gains have also been registered in school enrolment and rates of infant mortality. A large number of innovative anti-poverty programmes gave been put into operation to raise the living standards of the poor and the downtrodden sections. The proportion of people living below the poverty line has considerably declined. The favourable impact would have been far greater if population had growthless fast. We can take legitimate pride in all these
achieved. Even then, we have to recognise that the pace of progress has fallen short of the aspirations of our people and the objective potential of our economy.

7. The process of economic development has been from time to time disrupted by unfavourable factors such as drought and wars with Pakistan and China. At times, political instability unleashed by the coming into power of non-Congress Parties at the Centre has also disrupted the rhythm of the development processes. The nation is fully aware of the results of the misrule of the non-Congress Government from April 1977 to December 1979 and again from November 1989 to May 1991. The economy was on the verge of bankruptcy. Production was stagnant or declining and prices were steeply rising. The foreign exchange reserves had been nearly exhausted. It is this grim situation which the Congress Government tackled with determination through a wide ranging programmes of stabilisation cum-structural reforms. That these reforms, on the whole have yielded positive results is now widely agreed. The country's national income was increasing at the annual rate of over 7 per cent in both 1994-95 and 1995-96. In 1995-96, the rate of industrial growth reached an all time peak of 12 per cent. The country's exports for the three year period ending 1995-96 increased at an annual rate of 20 per cent. in dollar value. The movement towards the national goal of self-reliance was accelerated. Whereas in the late 1980s, export financed only about 60 per cent of imports, in 1995-96, this ratio went up to 90 per cent. The fiscal deficit of the Centre was reduced from 8.5 per cent of GDP in 1990-91 to 5.5 per cent in 1995-96. Through fiscal restructuring, larger flows of resources were made available for rural development, anti-poverty programmes and for vital social services such as education and health. Inflation was brought under control while growth was accelerated and the annual rate of inflation in May 1996 was as low as 4 per cent. A number of new social programmes such as mid-day meals for school children and national social assistance covering old age pensions, accident benefits and monetary assistance for poor pregnant women were initiated. The housing programme for the rural poor under Indira Awas Yojana was reality expanded. The pro-poor, anti-poverty programmes, focusing particularly on the rural were revamped and expanded.

8. In the last one year, however, the momentum built up on the five years of Congress rule seems to have weakened considerably. The rate of economic growth, particularly industrial production, has considerably slowed down. Due to sluggishness of industrial production and imports, the fiscal outlook is highly uncertain. The mounting oil pool deficit constitutes a serious threat to fiscal stability. Investment intentions as measures by loan sanctioned by the All India Term Lending institutions have turned highly bearish. Production and investment in infrastructure sectors, such as power and petroleum have considerably slowed down. The sharp decline in the growth of electricity generation in 1996-97 and the declining trend in the production of crude oil are a cause for serious worry. Banks have plenty of resources but a reluctant to lend. Exports seem to have lost the dynamism they acquired during the period of Congress rule. Despite a significant increase in food production in 1996-97, food prices because of mismanagement have sharply risen. The Public Distribution System faces a uncertain future. The rate of growth of public expenditure on anti-poverty programmes, social development and investments in infrastructure sectors has visibly slowed down. The authority of the Central Government to maintain social and economic discipline in his vast polity of ours has considerably weakened. Except the foreign exchange situation, there are today not many bright spots in the functioning of our economy.
The resource base of the Ninth Five Yea Plan is far from being secure. The growing degradation of India’s environment of land, water and air constitutes a serious threat to the sustainability of the growth process.

9. These developments are of great concern to the Congress Party. The Congress calls upon the Central Government to tackle the economic situation with firm determination. On its part, the Congress once again pledges itself of work tersely and with utmost dedication to realise the lofty goals and objectives set out by the founding fathers of our Republic led by Mahatma Gandhi, Jawarlal Nehru and Maulana Azad. Towards Greater Social Justice.

10. The fundamental problem is of poverty. This plenary session of the Congress once again commits the Congress party to work with utmost dedication for the speedy removal of poverty. The removal or poverty requires a two-track strategy- first to ensure strong, broad-based and employment-oriented growth; second, to empower the poor so that they derive full benefit from programmes of development. It is, however, no easy task to empower the poor. The lack of empowerment retards the alleviation and eventual eradication of poverty. Poverty is the cause of illiteracy. Poverty also retards access to education. Consequently, poverty leads to unemployment underemployment at pitiable wages.

11. The further problem is that even where education has been accessed, social handicaps constitute the primary cause of educated unemployment. Particular classes, castes and communities find themselves without work or compelled to take up unsuitable work because the empowered segments of society have a vested interest in keeping power with themselves and not sharing it with others.

12. Therefore, the eradication of poverty and unemployment must begin with the political, social and cultural empowerment of the weakest sections of society-the Scheduled Castes and Scheduled Tribes, the Minorities, the Backward Classes and the indigent of all classes, castes and communities who are living below the poverty line.

13. The State has, therefore, to intervene by extending its hands as partner to those sections of society who need its protection. While, therefore, there is a case for reducing the level of State intervention in the lives of those segments of our society who have attained a measure of economic and political empowerment, for the disadvantaged who constitute a large segment of our people, the intervention of the State is required to ensure social justice by involving the people in the management of their destiny. That is the route to development though democracy at the grass roots.

For the Empowerment of the Poor: The Role of Panchayati Raj Institutions

14. The Congress Party, recognising the need for both decentralisation as well as giving actual power to the people had introduced the Constitutional amendments establishing Panchyati Raj as a Constitutional commitment. Though most of the States have adopted appropriate legislation, real powers are yet to filter down to the Panchayats and the Nagar Palikas.

15. The Congress wishes to emphasis that Central Assistance to Panchayats ad Narpalikas ought to be channelled directly to the Panchayats and Nagarpalikas as was done when the Jawaharlal and Nehru Rozgar Yojanas were initially implemented. This will immediately strengthen the financial position of
the local bodies and enable them to take up the responsibility for the development of their respective areas within the framework of their constitutional and legal rights.

16. The State Finance Commissions, established in accordance with the new Constitutional provision, have a crucial role to playing ensuring the sound finances of the local bodies. The Planning Commission ought to be instructed to closely monitor the implementation of Panchayati Raj and provide State Government with advice and assistance, based on containing comparative review and analysis of the implementation of Panchayati Raj in different States. The progress in this regard should become an integral element of the annual Plan discussions between the State Governments and the Planning Commission.

17. The Congress calls upon the State Government to give more powers to the Panchayati Raj Institutions in both rural and urban areas as mandated by the 73rd and 74th Constitutional amendments so that we can realise the full potential of decentralisation of power and make sure that the planning process and the implementation of development programmes are geared to the actual needs, aspirations and potentialities of each area as also plug the loopholes in the delivery system and make development spending effective.

Programmes for the Empowerment of the Weaker Sections

18. Universalisation of elementary education till the age of 14 paying special attention to the needs of weaker sections, including women, has to be the top national priority. To this end a National Education Fund ought to be set up through tripartite agreement between the Centre, State and local authorities, for the provision of free education to the children of the weaker sections. Further more, a National Scholarship Fund ought to be established, through similar tripartite arrangements for those children of the weaker sections who cross a certain percentage of in the High School exams so that they may be given higher education in the Universities. The operation of this Fund would be similar to the operation of the National Education Fund. In addition, a National Vocational Education Scholarship Schemes ought to be set up by tripartite agreement for the children of the weaker sections which would proved vocational education to those children of the weaker sections who have passed High School and who show an aptitude for any particular training. A National Coaching Scheme ought to be launched and jointly financed by the Centre and the States, to tutor the children from the Weaker Sections for examination leading to recruitment of all categories of Government service; military, paramilitary, police and other security service: and public sector and parastatal undertakings, both at the Centre and the States.

19. Lack of adequate access to education is a major faction in continued social and economic backwardness of minority communities. Appropriate mechanisms ought to be devised to ensure that our educational institutions give adequate representation to students from these communities.

20. All these above schemes will be in addition to the already existing schemes like Rozgar Yojanas, Employment Assurance Scheme, Special Public Distribution System, Awa Yojanas, National Social Assistance Scheme and Mid-day meal programme for school children. These programmes launched by the previous Congress Government will need to be expanded and depened, loopholes
plugged and their deliver systems revamped. A major objective of revamped rural employment programmes should be to provide guaranteed employment for 100-150 days a year. The emphasis ought to be on the creation of durable community assets.

21. To give sharper focus to the poverty alleviation programmes, a scientific methodology ought to be evolved to identify the poor and to monitor the effectiveness of various programmes. For this purpose, each development block and district ought to maintain a register of people below the poverty line.

22. The access of institutional credit for Scheduled Castes, Scheduled Tribes, Other Backward Classes and Minority communities is of critical importance to the process of empowerment. The previous Congress Government had set up the Scheduled Castes and Scheduled Tribes Development and Fiancé Corporation at the Centre to improve the access of weaker section to credit and other services. The working of these Corporations needs to be considerably streamlined so as to make them dynamic instruments for the empowerment of the poor.

23. Agricultural workers, being one of the poorest segments of population deserves special attention. There should be periodic revision and proper enforcement of minimum wages for agricultural labour.

24. The tribal communities face special difficulties. A separate National Commission ought to be set up to review on a regulate basis their social and economic conditions and the benefits they derive from various development programmes.

25. The Minorities Commission which was given the statutory status by the previous Congress Government ought to be charged with the responsibility of conducting periodic surveys of social and economic conditions of the minority communities.

Towards Growth Through Reforms: The Commitment of the Congress Party

26. The ideas espoused by the Congress Party have as much relevance today as when they were first enunciated by Gandhiji and Pandit Nehru.

27. The Universal recognition of the issues of Human Rights and Environmental protection are attribute of the Mahatma. The adoption of the mixed economy model by practically all developing economies and by most of the so called Asian Tiger Economies only serves to re-emphasise the importance of Nehruvian thinking today.

28. Our commitment to Socialism is not hidebound. It is not as if we are stuck in the rhetoric of the past. Ours is a dynamic socialism where the interest of the weak and the downtrodden take precedence over dogmatic economic models. This is why we are committed to the mixed economy model in which the Public Sector has a definite positive role to play. This is why Self-Reliance and removal of poverty and social and economic disparities including Regional imbalances remain our ultimate goals. This is why, when we mooted the reform of the economy, we made certain that poverty alleviation got the maximum budgetary support. This is also why we made our approach to Poverty Alleviation two-prolonged with Growth being augmented by Direct Intervention
The Need for Reform

29. Though the country had made all round progress in years since independence, by the end of the last decade it had become obvious that we were lagging behind many of the emerging economic of the south-east Asia as well as our immediate neighbour, China. The overall pace of social and economic development had fallen short of the aspiration of our people and the objective potential of our economy.

30. Inadequate growth of new employment opportunities has resulted in a feeling of unrest and alienation in our Youth. While the shares of Agriculture in the national income came down from 50% in the early fifties to less that 34% in the late eighties because of increases in Industrial Growth, the actual percentage of people dependent solely on Agriculture did not show any significant decrease. In other words, as a result, disparities between rural and urban areas have widened. In urban areas, the premature rush of people from the rural areas has led to serve strains on urban infrastructure of housing, safe drinking water, sanitation and transportation.

31. In spite of reliance being a basic objective of our planning, our exports in the 1990-91 financed only about 60% of our imports and the country had to depend upon external capital to the extent of nearly 3.5% of our national income. Self Reliance required vigorous efforts to promote exports and efficient import substitution. The climate for concessional aid having sharply deteriorated we needed other viable mechanisms to maintain the viability of our balance of payment.

32. The changing World scenario made it clear that we have no more time to lose if we did not want to be marginalised in the evolving global economy. Only a strong economy could enable us to secure for our country its rightful place in the comity of nations. The economic crisis of 1991 only hastened the process of rethinking

The Reform Process

33. The objectives of the reform process as enunciated by the Congress Party are Growth, Self-Reliance and increased Social Justice. Growth is essential for Self-Reliance. Self-Reliance is meaningless unless we also ensure increased social justice. Therefore, our approach to Poverty and its eradications essentially two-legged with direct intervention going step with growth. The same philosophy as guided our approach to the instrumentality of reform

34. After six years of debate and the actual performance of the economy, board nation support has been created for:

- the primacy of strong, resurgent employment oriented growth as a means of finding credible solutions to the problems of mass poverty, under-development and unemployment.
- a medium-term growth rate target of 7 to8 percent annum.
- reforms of the Tax system-both direct and indirect taxes-at the Centre and in the States to make it more board based, progressive and conduct to growth production, saving and investment.
• increase public investment in agriculture and social sectors such as health and education, paying particular attention to the needs of women and children.

• restructuring of Public Enterprises and its expansion so as to improve their efficiency, productivity and profitability.

• establishment of credible social safety nets to protect the more vulnerable sections of our people.

• deregulation of industrial investment activities to promote greater efficiency and competitiveness and export growth,

• an expanded role for the private sector, both domestic and foreign, encouragement of competition on a level play ground and curb on growth of monopoly and restrictive practices on the part of market players, both domestic and foreign, taking advantages of non level playing fields.

• import liberalisation and move towards full convertibility of the rupee to strengthen the competitiveness of our economy and our exports.

• disinvestments of a part of government equality in public enterprises with a view to strengthening public enterprises.

• a progressive reduction of fiscal deficits, so as to control inflation, reduce interest rates, and maintain healthy balance of payment position.

• reform of banking, insurance an capital markets so as to mobilise larger resources for national development.

• ensuring that development proceeds in harmony with the imperative to protect our environment and in particular to control the degradation of our land water and air.

• pursuit of a more effective population control policy which lays emphasis on broader social development such as female literacy, control of infant mortality and wide availability of contraceptive to create an environment conductive to voluntary acceptance of small family norms. A broad based national consensus involving political parties, non Government organisations and religious leaders into be evolved in support of viable programmes of population stabilisation.

• using modern science and technology, including the new information and communication technologies to prepare our people for the new information driven world order now on the horizon.

35. Despite the enunciation of the CMP by the United Front Partners, the reform process has had to suffer the inevitable consequences of a coalition often pulling in different directions. The pace of reform has therefore decelerated. There is an urgent need to continue with reform if we are to avoid the twin dangers or marginalisation and increase in levels of poverty.
36. The Congress Party reiterates its commitment to these objectives of reform

Globalisation, International Trade and Foreign Investment

37. The Congress recognises that recent developments in science and technology, particularly in the field of transport, micro electronics, telecommunications and information technologies have greatly increased the interdependence of nationals. The progressive liberalisation of world trade and capital movements have also strengthened this trend. There are both opportunities and risks in the new globalised world order. Given sound economic policies for creating a competitive economy and profitable climate for investment, it is possible for countries such as India to leap frog in the race for economic development. However, if due care is not taken to build in a competitive economy on a cohesive polity the globalisation processes can lead to growing marginalisation of poor countries. The Congress wishes to emphasise that India should take full advantage of the economic benefits that will come from a close integration of the Indian economy with the world economy. But at the same times, we should not compromise our independence of action or in perpetuating an inequitable global order.

38. India should work with other nations to strength the multilateral open non discriminatory trading system, laying particular emphasis on improvement market access for products of export interest to developing countries. At the same time, India should work in concert with other developing countries to curb the growth of neo-protectionism in developed countries. Issues such as environment protection, fair labour standards health and safety regulations should not be allowed to become instruments of trade discrimination against poor counties.

39. The Congress is aware of the important role that foreign investment can play in accelerating the pace of development. However, it is essential to adopt effective policy measures so that foreign investment adds to the pool of national investable resources and does not become a substitute for domestic resource mobilisation. Every possible effort should be made to raise threat of domestic saving and investment. The reliance on foreign savings and investment has to be kept within limits of prudence. This support should be supplementary to the national efforts. Moreover, foreign investment ought to be directed for the development of infrastructure and export oriented activities. Domestic policies should not encourage a flow of foreign investment to the consumer goods sectors unless it is accompanied by higher technology. Moreover, all reasonable measures should be adopted to help Indian industry to compete effectively with foreign investors both in the domestic and international markets. Thus the Congress envisages that foreign investment should be provided with all reasonable incentives to go to the infrastructure sectors, areas of large export potential and where there is considerable scope for transfer of new technologies.

Education

40. The single most important national priority is education. It is the key to faster growth through opportunity for all. Without a deep national commitment of reforming upgrading and universalising access to quality elementary education, the country cannot be move forward. The education of the Girl child deserves much greater attention than in the past.
41. Our educational system seems to be divorced from the realised our needs. We are today producing large number of graduates and post graduates who are, in many cases ill qualified and, in some cases qualified but not able to secure employment. Upon the other hand, we have large numbers of ill qualified and illequipped technicians. A beginning has been made tears vocational training, but this has not been enough. There is an urgent need to create an entirely new stream of vocational education as well as upgrade the quality of our college and university graduates.

42. A rapid assessment needs to be made of whether our national goals in education will be met by aiming at the target of 6% of GDP for education or by enhancing resource mobilisation for this goal. The role of the Centre, the States and the local authorities, as also of private enterprise, ought to be assessed and set out in detail. The commitment to education is irreversible and will be prioritised as such.

Public Sector

43. The public sector played a very critical role in the initial stages of the development of our Industrial sector and its role is still important in many respects. Unfortunately, today the returns on the Public sector investments of both the Centre and the State are negligible. Though we had initially thought that the profits from the Public sector would be available for investment in the social sector and the shares of the Public sector enterprises would be eventually distributed to the workers and the general public thereby reducing economic inequalities. This has not happened. Unfortunately, today the public sector is suffering from excessive political interference, too much red tap, bad management and lack of freedom. It is important to rationalise the Public sector while ensuring that the essential role it plays in the National Economy is given its proper place of prominence. The Congress pledges itself to work for a systematic reform of the public sector.

44. Economic reforms in the field of public enterprises should be guided by the requirements of improved competitiveness and increased efficiency of operation. Public enterprises in India have played a major role in transforming our economy. They have functioned as major instruments of expanding our investment and production base. In many areas where the private sector could not function effectively, such as Steel, Power, Chemicals and Petroleum products, Heavy Industries or Transport and Communication, public enterprise had to play a leading role in India because the private sector was initially too weak or uninterested due to low profitability in the short run. As our economy and industrial base have developed over the years, the private sector has also become stronger and its is now by and large capable of expanding its activity in these areas. It may, therefore, not be necessary for public enterprises to extend their operation in these areas any further. But that does not mean that they should necessarily be wound up as a matter of principle. If public enterprises can operate with full efficiency and earn the market rates of return, they not only generate income for the public sector to spend in other areas of social and economic development but they also provide a leverage or an instrument of policy to guide the course of economy, to move in the area where private sector would still be reluctant to go because of large external economics or regional disparities and the remoteness from existing infrastructure facilities. In a country like ours, the public sector can still play the role of
pioneers, catalysing the development of private activities in backward regions and in the under developed sectors.

45. In order to improve efficiency, public enterprises should be granted not only complete autonomy of management but also all facilities that are available to the private corporate sector for carrying out their investment and production activities with full efficiency. In other words, the object of the policy should be to strengthen the public enterprises, to allow them to restructure themselves to improve their health and maximise their efficiency so that they can earn a high rate of return for the society at large. As a part of the same processes, the public sector enterprises should be allowed to sell their own stocks in the market or to the government itself in order to raise resources for expanding their capital investment and production.

46. There are several public enterprises, which are making losses over a long period and which may be too difficult or too expensive to restructure and be restored to health. Many of our public enterprises were essentially sick private enterprises taken over in public interest. Some of them have been subjected to so many regulations and restrictions that they fell sick over the years. Efforts should be made to identify enterprises which are potentially viable and appropriate restructuring programmes ought to be designed for their rehabilitation and revival. As for enterprises which are patently unviable and cannot be revamped, there is no alternative to sell them off. Wherever possible, preference should be given to cooperatives of workers which may be established to operate these enterprises.

These enterprises whose market values can improve through some financial or physical restructuring should undergo that process before they are sold off in the markets. It is counterproductive to go on protecting sick public enterprise and keeping them operational through subsidies if they cannot be turned around at a reasonable cost and if they do not earn a reasonable rate of return even after they are turned around. However, in all such cases, the interest of workers of the affected enterprises should be safeguarded. Adequate provisions ought to be made for retraining and redeployment programmes as well as for compensation payments. But the enterprises that are retained in the public sector should be given the full autonomy of function, to allow them to improve their efficiency and withstand the market competition, yielding adequate returns to the stock of public investment.

Protecting the interests of workers

47. The expansion of the employment opportunities through a broad-based labour intensive development strategy is one of the top most national priorities. The State has the responsibility to create a macroeconomic environment conducive to the realisation of its objective. Simultaneously, greater emphasis has to be laid on universalisation of access to quality elementary education and vocational training and apprenticeship programmes for the youth.

48. A strict time-bound programme needs to be adopted to phase out the use of child labour in production processes.

49. Adequate resources have to be provided for the National Renewal Fund to protect the interests of workers who might be affected by economic restructuring and shift in technology and demand patterns. The Fund should be used for retraining, redeployment and compensation of workers.
rendered surplus. It should also be used to provide resources for rehabilitation of sick units which are considered potentially viable.

50. Unemployment among the educated youth has merged as a major national problem. A multifaceted strategy is needed to tackle this problem. It should include: vocalisation of secondary and tertiary education, training for entrepreneurship and adequate technical, marketing and credit support. In this context, the operations of the Prime Minister's Rozgar Yojana need to be reviewed and revamped.

Development of Infrastructure

51. The infrastructure sectors such as Power, Roads, Bridges, Ports, Airports and together public utilities are not only functioning up to the market but also suffering major losses. Further, investment is also not available. Though there is scope to involve the Private Sector in the development of infrastructure including power, hydro-carbons, transport and communications, this will not be possible unless adequate returns are made available.

52. The Congress Party reiterates its commitment to modernise the management of our infrastructure so that firstly, the huge investments which are required are made available and secondly, the development of our infrastructure keeps pace with the aspiration of the people. The Congress Party is in favour or establishing Independent Regulatory Authorities for the infrastructure sector which will lay down transparent rules governing entry and tariff fixation.

52A. The AICC views with concern the stunted growth of the strategic petroleum sector, associated with equally worrisome large accumulated imbalance of oil economy.

The liberalisation process initiated by the Congress party in July 1991 imparted a big push to economy and put industry on a higher growth path trajectory. Hopefully, the momentum will continue. However, this also implies increased demand for energy, of which significant share have to be provided by the petroleum sector.

While despite best efforts accretion of additional oil exploration/production is bound to be marked by an element of uncertainty, capacity additions in oil refining industries can materialise with in a predictable time frame, and are essentially a function of mobilising requisite investments. All our efforts therefore, need to be made to improve investment climate for petroleum exploration and development and for refining enterprises to achieve value addition within the country and minimise import dependency.

The AICC believes that decisions regarding investments, operational efficiency of enterprises and prices of petroleum products have to be viewed in an integrated manner. Mere adhoc increase in prices cannot provide a lasting solution to the petroleum facing this vital sector of our economy. The matter needs to be viewed in its totality.

The emphasis has to be on effecting system reforms to restore petroleum sector to health, increasing production and generating enough competition in the market place to keep the prices under check, at the same time safeguarding the interests of the poor, and the economy as a whole.
Housing for All

53. While there is great need to provide Housing there is no viable credit system encouraging the development of Housing for the General Public. The Congress will work to fill this gap in our credit system. Particular emphasis ought to be laid on increasing for both Rural as well as Urban Housing for the weaker sections under the Awas Yojanas.

54. The Urban Ceiling Act ought to be amended to facilitate Housing projects.

55. Housing needs to be declared as an industry capable of receiving bank loans against mortgage etc. This will help in setting up of large scale co-operating which will provide Housing at very long term mortgage rates more or less equal to the rent being paid for a similar accommodation at the present moment.

56. The growth of slum in urban areas is a cause of serious concern. A nation-wide programme needs to be devised for urban renewal and to tackle the problem of Jhuggi-Jhopri dwellers.

Village, Cottage and Small Scale Industries

57. In today's ecologically conscious world, it is an irony that hand made articles produced by our small and cottage industries are not properly marketed both within the country as well as abroad. Given a series of improved campaigns, technology, marketing and credit support, it is difficult to give a new impetus to the export of hand made goods from India. The khadi and village industries continue to play an important role in the development of our rural economy. The Congress commits itself to provide Khadi and Village Industries, the needed technological, credit and marketing support. The operations of Khadi and Village Industries Commission need to be streamlined to make it a more effective institution for the promotion of KVIC Sector.

58. The small scale sector has proved itself in practically every field including machine tools, bicycle parts, computer, forwards, chemicals etc. it needs to be strengthened so that it can realise its full potential. Every effort would be added to strengthen and modernise the handicraft and handloom industries. These industries should have access to new information technologies. Adequate credit ought to be available to small and cottage industries and these industries should be encouraged to adopt modern marketing methods. Regional Boards ought to be set up for the promotion of small and cottage enterprises which would help both credit flows, technology, up gradation, promotion of quality control and efficient marketing management. The working of the Small Industries Development Bank ought to be reviewed to make it truly dynamic instrument for the development of decentralised sector of industry and services sector.

Rationalising the Scope of the Public Distribution System

59. The Congress reiterates its commitment to revamped public distribution system. However, it does not make sense of the state to provide subsidised food grains and other items for all and sundry through the Public Distribution System. The scope of the Public Distribution System needs to be rationalised to exclude those who do not to be subsidised by the state.
Towards a Healthy Rural Economy

Modernisation of Agriculture

60. Progressive increase in the production and productivity of agriculture is vital for sustained development and for the removal of poverty. Since agriculture happens to be in the private sector, the role of the State has to be one of providing an enabling environment for the growth of both output and productivity.

In this context particular emphasis ought to be laid on:

- Provision of remunerative prices to farmers and removal of restitutions on the movement of agriculture produce.
- Development of an efficient and dynamic Agro processing industry in close proximity to rural areas.
- Provision of extra funding for Agriculture Research especially in the cutting edge of Biotechnology Research, paying particular attention to the needs of small and marginal farmers and dry and rain fed agriculture.
- Setting up of NGOs in all states dedicated to the development of Dry Land and Water shed based management Agriculture.
- Setting up of National Irrigation enhancement Authority geared to providing matching Central funds for all schemes relating to Medium and Small scale Irrigation proposed by the States, Districts, Gram Panchayat, etc.
- Improve the viability of credit for Agriculture by laying down norms for rural lending by Banks and to strengthen rural banking institutions including cooperatives and to create a link between deposits and credit available in any particular area.
- Provision of basic social services such as safe drinking water, sanitation facilities, elementary education and health care including maternal and child care facilities and electricity to all our villages so as to improve the quality of living of our rural people.
- Greater emphasis on meeting the energy needs of rural areas through expanded programmes of rural electrification and development of bio-mass and other renewable sources of energy.

The Co-operative Movement

61. The Cooperative system was envisaged as the mainstay of agriculture credit and of rural credit and agricultural production. Unfortunately, due to various reasons the co-operatives have, over the years, become non-functional. The Congress party reiterates its commitment to the strengthening of the co-operative movement so that it can play a lending role in the management of agricultural credit, processing and marketing of agricultural produce.

62. It is necessary to examine the Constitutional and legal framework for the co-operative movement in the light of the recommendations of expert committee whose reports have been gathering
dust for years, with a view to ensuring autonomy, democracy, and the distinct non-corporate and voluntary character of the co-operative movement and freeing it from excessive Government regulations and control. It is only through these reforms that we can harness its immense potential for mobilising resources for an integrated development of our rural area.

Land Reforms

63. The Congress reaffirms its commitment to effective implementation of land reforms, including legislations on ceilings on land holdings. One of the major reasons for low absorptive capacity for credit in agriculture is the wide spread concealed tenancy in several parts of India and its non-recognition by the State. In the absence of proper records of their land rights, share croppers are often unable to borrow from the institutional credit system. Thus, it is necessary to initiate a land reform movement which would recognise the rights of the actual cultivators of land including share croppers.

Challenges facing the Nation

64. The Congress reiterates its commitment to the goal of a strong, prosperous, globally competitive, self-reliant economy and to work tirelessly for the weak and the downtrodden, wherever, they may be. The Congress is totally committed for the Common good based on social justice and poverty eradication. Our objective is growth while ensuring economic development lays greater emphasis on the welfare of weaker sections accompanied by improvement in the quality of life. The Congress is convinced that it is only its commitment to these ideals which can keep the divisive forces at bay.

65. The Congress party is, therefore, totally committed to the development of a progressive dynamic economy and compassionate society which, while ensuring growth takes care of the need of the weakest of its members. This commitment derives its inspiration from the ethical values which gave impetus to our freedom movement. While working for the acceleration of social and economic progress, the Congress will wage a relentless struggle against corruption, and evils like smuggling and generation of black money. The Congress Party is committed to the people of the nation and the Economic, social, moral and spiritual regeneration of our people.
The Background

The 81st Plenary session of the Indian National Congress is being held in Bangalore at a time when

- The momentum of economic and employment growth generated during the Congress regimes in the mid-1990s has been lost and the domestic savings rate, the key determinant of economic growth, is stagnant;

- Investor confidence that was extremely buoyant when the Congress was in power at the Centre during 1991-96 and in the 1980s has nose-dived and four consecutive years there has been a shortfall in central Plan expenditure in critical sectors of the economy;

- Farmers all over the country are facing acute distress conditions and the BJP-led coalition government continues to show total insensitivity to their problems, blaming the WTO when it is really their own incompetence which is responsible for the crisis in agriculture;

- Agro-processing, that has the greatest potential for transforming rural India, has suffered a setback brought on by uncertainty in tax policies combined with the failure to put in place a stable import-export regime as well as a failure to step-up investment in post-harvest technology, conservation, storage, processing and transportation;

- The continuous improvement in the terms of trade in favour of agriculture witnessed during the Congress regimes in the mid-1990s has been reversed;

- The food economy is being mismanaged completely and the system of food security built up over decades is being destroyed by ill-considered changes in PDS prices and policy which, as the Congress had repeatedly warned, would only end in placing an intolerable burden on the poorer and weaker sections of society;

- Food prices for the poorest of the poor and the charging of so-called “economic costs” to other poor consumers has resulted in such a sharp fall in of the public distribution system that food grain stock have mounted even as malnutrition levels plummet and parts of the country face near-starvation condition;

- The unprecedented increases in budgetary allocations for rural development and social welfare programmes seen in 1993, 1994 and 1995 have not been uniformly sustained; moreover, implementation has been very poor, with budgetary allocations not being spent, confusion caused by the politically motivated recasting and renaming of long-established programmes, unconscionable delays in issuing guidelines, which, in turn are needlessly complicated and serve only to entrench bureaucratic control at the expensive of people’s participation, and alarming deterioration in the ratio of physical achievements to financial outlay;

* Adopted at the AICC 81st Plenary Session held in Bangalore on 17-18 March, 2001
• The public sector that has built up India’s industrial and technological muscle, developed backward areas, promoted social justice, and made available job reservations for the disadvantaged communities, is being subjected to an ideological assault. Adamantly refusing to spell out a disinvestment policy or even prepare a White paper on the subject, as demanded by the Congress, the BJP-led coalition Government, which has no well thought out categorization of public sector units or criteria for disinvestment is selling off even profit-making companies at throwaway prices and indulging in an indiscriminate and non-transparent policy of privatisation, which is particularly damaging for all employees, in particular SC/ST employees of the privatised units;

• Since bank nationalisation three decades ago, India’s banking industry has transformed the rural economy, and extending credit to agriculture and other priority sectors, the ordinary kisan and those living below the poverty line; now there is considerable confusion caused on the question of reforms of the banking sector owning to the BJP-led coalition Government’s attempts to smuggle in privatisation though the back-door;

• India’s crucial manufacturing, traditional and employment – intensive industries languish for want of policy attention and new investment. Rural industrialisation, khadi and village industry, and agro-processing have all suffered series set-backs. Lakhs of small-scale units have been forced to close down in consequence, there has been an alarming slow-down in the growth of employment, sharply reversing the rate of growth of new job opportunities which had reached nearly 70 lakhs a year in the Eighth Plan (1992-97). Promotional measures to strengthen small-scale industry and give a new fillip to the growth of khadi and village industries, both of which are absolutely essential for accelerating the growth of employment, are conspicuously absent from the economic policies of the BJP-led coalition Government;

• The Indian stock market is among the largest in any developing country. Sadly, instead of providing an avenue for the small investor to invest his or her household savings, and for the entrepreneur to tap the capital market, the BJP-led coalition Government’s many lapses have converted the stock market into a plaything of cartels of bulls and beards who have made a mockery of regulations and the regulating authority. The worst hit by the meltdown is the small investor;

• Instead of education being deployed as a powerful instrument of social transformation and empowerment, educational, cultural and research institutions, from the school level up, are being blatantly misused to saffronise and poison mindsets in the pursuit of narrow-minded sectarian objectives. Moreover, there is no progress, not even a commitment to attaining the goal of spending 6 per cent of GDP on education, a goal to which the Congress was committed to attaining by the end of the Ninth Plan.

Critique of the Budget 2001-02

The Budget for 2001-02 shows no indication of the BJP-led coalition Government coming to grips with any of the challenges facing the economy. For the third year running, the growth rate is in
decline; in the last three years, notwithstanding a good run of monsoons, agricultural growth rates for almost all commodities have sharply declined in relation to performance in the last three Plans (1980-1997); value added in agriculture is now down to under 1%; savings and investment rates are, for the first time in two decades, declining; there has been a sharp decline in industrial growth ever since the BJP-led coalition Government took office; and most alarmingly, there is stagnation on the employment front. Viewed against this backdrop, there is nothing in the Budget to bring cheer, especially since factors that might have stimulated growth remain virtually untouched and untapped.

The single most required stimulant is greatly enhanced government investment; yet, neither is the 2000-01 investment lag being made up nor are nominal development Plan outlays budgeted for 2001-02 anywhere near the minimum levels required for growth to again take off. The BJP-led coalition Government have put their trust in the reduction in interest rates on small savings triggering an all-rebound reduction in real interest rate; past experience suggests that not only will this expectation be belied, the initial step taken might further depress the already dangerously low level of household savings.

Big business and affluent sections of the population might have been taken in by the public relations hype. But unless the fundamentals are corrected, no upward movement can be sustained. It is tragic that a government blessed with larger stocks of food grains and comfortable foreign exchange reserves should have so tragically missed the opportunity of bold, imaginative, people-oriented policies for taking the economy to new heights. The empty rhetoric of scaling 9-10 per cent GDP growth in the Tenth Plan stands in mocking contrast to the actual performance of the BJP-led coalition which in the last three years has reduced by a whole percentage point and more the high growth path of 7-8 per cent consistently sustained over the three years, 1994-1997.

In the face of the worst performance in employment growth in decades, the Government is threatening both organised and unorganised labour with amendments to the Industrial Disputes Act and the Contract Labour Act which might undermine labour rights won after years of struggle. The Congress will not support legislative changes which are anti-labour. It will ensure that whatever legislative changes are proposed they will be examined by the Party with meticulous care and complete solidarity with the workings class.

The Economy's Basic Strengths

The AICC recognises that there are many inherent strengths in the Indian economy, strengths that have been established by the process of development planning instituted in the 1950s which has created a vast and extensive infrastructure for agriculture and rural development, irrigation, industry, science and technology, and education including higher education and frontier research. The Green Revolution, which started in the early 1960s and continued with great vigour thereafter particularly in the 1980s to cover the poorer and backward eastern region of the country ended the centuries-old spectre of famine and rendered us self-reliant in food. Then was launched there of economic reforms. All these giant steps in the nation's progress were initiated by successive Congress governments at the Centre in keeping with the overarching goal of a socialistic pattern of society. Nothing comparable has been even begun, let alone achieved, by any of the eight non-Congress governments the country has seen.
We have abolished famine. We have withstood numerous droughts without importing food grains. We have reduced the proportion of Indian living below the poverty line from close to two-thirds to about a third over the past fifty years. We have successfully withstood four oil shocks. We have escaped the type of financial crisis that has crippled many other countries. All this has been possible because of the far-sighted policies adopted by successive Congress governments at the Centre. The resilience of the Indian economy is due to the policies adopted by successive Congress government, policies that have been based on the principles of growth with social justice, of modernisation with self-reliance. India has become a nuclear power, a missile power and a space power only because of the sustained and far-sighted political leadership provided by Congress Prime Ministers.

The AICC notes with great pride India’s emergence as a global player in Information Technology (IT). It was Rajiv Gandhi whose far-sighted vision ushered India in the mid-1980s in minimum standard to the IT age. It was he who first saw potential and power of electronics, computers, software and telecommunications to make a dramatic impact on our lives and also to give Indian an opportunity of emerging as an international force. Today’s champions of IT were then his bitterest critics accusing him of elitism. But he never wavered in his beliefs. Our global presence in IT is also a tribute to the vision of Panditji who saw the importance of professional and technical education, of research, science and technology, and who personally laid out the institutional infrastructure to realise this vision.

In this context, it is of critical importance to emphasise that to Rajiv Gandhi technology had a larger social purpose. This is why he lauded five technology missions - drinking water, immunisation, oilseeds, literacy and telecommunications. It was a deep and abiding commitment to BJP-led coalition’s fundamental socio-economic concerns, challenges and imperatives which animated his passion for technology—quite unlike the narrow, elitist approach of today’s ruling establishment.

As the AICC meets in Bangalore, the IT capital of India, the symbol of a new India as it were, it cannot help but recall how Bangalore has come to occupy this exalted position—the presence of a large number of technology-intensive public enterprises, the presence of a large number of publicly funded research and technology development institutions in areas like space, aeronautics, defence, electronics and engineering and the presence of publicly-funded institutions of higher learning all of which have created and sustained an atmosphere and environment for private enterprise to take root and flourish.

The Congress’s Economic Philosophy

The AICC recalls that the Congress’s economic agenda has always revolved around one overriding and over-arching objective—namely the abolition of poverty and the creation of adequate productive employment opportunities year after year to assure a minimum standard of living to all our people. Associated with this is the goal of ensuring a minimum standard of education and skills for all Indians and an effective system of primary health care with emphasis on maternal and child health care, particularly for those belonging to the weaker sections of society. We have also aimed at ensuring that the fruits of economic growth and social development are reached to all regions of the country as equitably as possible.
Without faster and higher economic growth, without higher broad-based economic growth and without sustained higher, broad-based economic growth, India’s age-old problems cannot be as addressed in any meaningful manner. For three consecutive years 1993/94, 94/95, 95/96, when the Congress was in power, the economy saw a 7% rate of growth which was unprecedented, save for the last full year of Rajiv Gandhi’s regime when the Indian economy grew at 10.7 per cent, the first and only time double-digit figures have been resisted. The momentum generated by Congress policies saw the plus 7% growth path being maintained into the first year of non-Congress governance. Growth then collapsed to under 5 per cent. Never since have we touched 7%, frequently failing to touch even 6 per cent.

Investment and savings rates reached a peak during the Congress regime. But since then growth, savings and investment have all decelerated and the worst casualty has been employment. India needs to generate 1 core jobs a year. That is what we were doing when the economy was growing at 7% per year. Growth must take place in a non-inflationary manner since inflation is the harshest text that can be imposed on the poor of our country. Growth must also come in a manner that is fiscally manageable for it to be sustainable.

The AICC is convinced that the present structure of public expenditure at the Centre and in states needs to be radically readjusted and changed to promote growth and employment, and accelerate the elimination of poverty. If this isn’t done in the next few years, governments will just not be able to significantly step up investment in physical and social infrastructure which the country so very badly needs. Fiscal adjustment must come about through a judicious mix of better expenditure management and additional revenue mobilization.

Growth alone is not enough. There is a vital role for special anti-poverty, employment generation, rural development, nutrition and social welfare programmes fully funded and managed primarily by elected panchayat bodies, targeted at the weaker sections of society, and focused on both the vulnerable and disadvantaged sections of society and on the backward regions of the country. These programmes are not doles or handouts. They are, in fact, the very four BJP-led collations of social capital in our villages, the essential underpinning of the growth process itself. Without such programmes, growth will have only a limited impact and end up sharpening inequalities in our society.

The AICC recalls that the Congress has always been principled but realistic in its economic policy. We have eschewed, and continue to eschew, imported ideologies, economic fundamentalism and dogma of all kinds. Our policies have been tailored to reflect Indian realities and from time to time, have undergone changes to suit the changing needs of the economy and to meet new and emerging challenges in our society. All along our main concern has been to follow policies that are not just economically sound but that also reflect broader social goals and moral imperatives.

The AICC reaffirms the Congress’s firm and unabiding commitment to a mixed economy, an economy that involves mutually beneficial partnerships between government and private enterprise and civil society, an economy in which the skills and expertise of both the public and private sectors are leveraged effectively, an economy in which foreign investment has an important and critical role to play as a source of investment, technology, management and exports, an economy in which public
expenditures are oriented primarily to protecting the poor, alleviating poverty, and expanding social and physical infrastructure in rural and urban India, an economy in which the ingredients of the mix of public and private are subject to constant review in response to the needs of the times, an economy based on participative democracy and participatory development. The role of the government in its relationship to development needs to be reviewed, reoriented and redefined to make it a more effective instrument of economic change and social transformation and people’s participation in their own progress. This is the essence of economic reforms as envisaged by the Congress, the essence captured in what Rajiv Gandhi once said—we must remove controls but not lose control.

The Social and Political Context of Economic Policy

No economic policy can be seen in a social vacuum or independent of its political context. All economic policies are, fundamentally answers to social and political questions. Ultimately, it is a party's social vision and political perspective that lies at the very core of a political party’s existence. It is in this connection that the AICC draw attention to the Congress’s basic social and political thinking which informs its economic agenda.

To the Congress economic growth in the absence of social harmony is both unacceptable and unsustainable. A divided India cannot prosper. A fractured India cannot flourish. Social harmony is an essential pre-requisite for equitable growth. It is only the Congress that accepts, reflects and celebrates the multitudinous diversity of India. India is an unparalleled example of not just unity in diversity but also unity through diversity. India is one and many at the same time. It is only the Congress that can preserve and strengthen the bonds of oneness while allowing every stream of variety equal opportunity for full expression. It is only the Congress that appeals to and derives its strength and sustenance formation every sections of this unusually and uniquely pluralistic civilization. It is only the Congress that preserves, protected and cherishes the legacy of a composite and synergetic culture.

It was Rajiv Gandhi who brought centre-stage to the nation's consciousness the crucial importance of realizing Mahatma Gandhi's dream of Gram Swaraj without which, Gandhiji had said, there can be no Poorna Swaraj. It was at the initiate of the Congress that Parliament amended the Constitution in 1992 to revive panchayats and nagarpalikas. Other parties see panchyats as the third tier of development. The Congress sees them as the first tier of our democracy. Besides reservations to ensure adequate representation for women scheduled castes and scheduled tribes, this major Constitutional initiative indicates the subjects for devolution and directs that the planning and implementation of schemes falling within the ambit of devolution shall be undertaken by the Panchayati Raj institutions and the Municipalities. Although elected local bodies are now in place in all but one two non-Congress states, effective devolution has been only partially realised. To realise it in full, a nexus must be established between functions, functionaries and finances as the framework for devolution.
Moreover, Part IXA provides for planning at the grassroots through District Planning Committees elected in the manner constitutionally prescribed. The Congress urges that such district planning constitute the basis for the elaboration of the Tenth Five Year Plan. The Indian economy is far too complex and Indian society far too variegated to be run centrally or by fiat. There is need to grant greater economic and financial power to the states. There is also need for states themselves to devolve greater economic and financial power to panchayats and nagar palikas, as they are constitutionally obliged to do. The AICC believes that a strong Centre, strong states and strong panchayats and nagarpalikas must all co-exist, reinforcing and deriving strength from each other. This fundamental reform of our policy is essential to support higher, equitable and broad-based economic growth.

Where the Congress’s Economic Policy is Different?

The AICC notes that all governments that have come to power at the Centre since May 1996 when the Congress left office have claimed to follow the essential approach to economic policy pioneered by the Congress during 1991-96. To some extent, this is true. Political parties that opposed us when they were in the Opposition changed their views completely when in power. They owe the Congress and the country an apology for criticising the Congress and then swallowing those criticisms later. This, the AICC would like to record, it unlike the Congress that has always kept the national interest paramount and taken consistent positions on economic issues whether in or out of power. The legislative record of the Congress in Parliament in the past three years is sufficient proof of this when in spite of no effort being made by the BJP-led coalition Government to forge a consensus in a spirit of debate and dialogue, the Congress has extended its support proactively on important economic legislation. When it has extended it support, it has ensured that the interests of the poor are fully protected. For example, it supported the opening of the insurance industry only after extracting amendments to Government’s legislation that expanded the scope and coverage of rural, health and social insurance.

The Congress President has spoken often about the Congress’s attitude of constructive cooperation. The AICC applauds this approach unreservedly and wishes to assure the people of India that as long as it remains in the Opposition at the Centre—which, hopefully will not be for long—it will not play partisan politics with crucial economic issues and always look at economic issues in Parliament only from the point of view of what is in the national interest even if the BJP-led coalition does not deem it fit to consult and take along with it the largest Opposition party, the party that has the single largest vote share all along.

But at a time when the Indian economy is at the crossroads, the AICC wishes to debunk the false impression that is being sought to be fostered that the economic policies of the BJP-led coalition Government are a continuation of Congress policies. They are not. The BJP-led coalition’s economic policies are a parody of Congress policies, and it is the duty of the Congress, as the leading party of the Opposition, to highlight the anomalies, contradictions and lacunae in these policies.

The AICC would also like to refute the false propaganda that it is the WTO agreement entered into by the earlier Congress government which is at the root of the current economic malaise. The WTO is an umbrella agreement under which a series of subordinate agreements are to be hammered out. One
of these related to the phasing out of quantitative restrictions permitted only in situations of serious balance-of-payment problems. Owning to the sound economic policies of the Congress, the nation has now been rescued from the chronic balance of payments weaknesses that had earlier characterised our foreign exchange reserves. Thus it fell to the UF government to negotiate the phase-out of quantitative restrictions on all imports by April 2003. But the BJP-led coalition Government, capitulating to external pressures slashed this time schedule without taking the nation in to full confidence and agreed to bring forward the phase out of quantitative restrictions on all imports by April 2001, a full two years in advance of the earlier negotiated date, thus inexplicably cutting short the adjustment and transition period available to the country. It is this, together with the palpable failure to effectively use the alternative instrument of ratification for the protection of the national interest, as also a lack of effective measures to prepare the Indian economy to meet the challenges of competition which is causing havoc in the economy, both in industry and agriculture.

The current crisis of Indian agriculture has less to do with the WTO than the way the BJP-led coalition Government has mismanaged the agricultural economy. The AICC recalls the example of edible oils where thanks to the technology mission launched by Rajiv Gandhi. India has attained self-sufficiency and farmers in different parts of the country has taken to oilseeds cultivation in a big way. When international rises of edible oil prices crashed, the BJP-led coalition Government sat idly by and did nothing to adjust the import duties. Edible oil then poured into India at 15% import duty. It was only after a flood of imports had already taken place, gravely damaging the kisan and bringing the edible oils industry to the brink of disaster that the BJP-led coalition Government woke up and increased the import duties. Even then anomalies remain. Thus, in the face of a ten-fold increase in imports of raw and refined coconut oil in 1998-99, the effective duty payable on imports in 2000-2001 was not higher but lower than it was. The government themselves have admitted that nearly half of all soybean processing plants have been forced to close down. In the second half of 1998, the BJP-led coalition Government allowed onion prices to rise to astronomical levels before allowing imports. In 1999, wheat imports were allowed for months together while stock were piling up. The import of sugar in the face of mounting domestic production is a scandal writ large. Recently, some highly irresponsible statements by high official of the Food Corporation of India created a grave crisis in the procurement of paddy, a crisis that was taken full advantage of by unscrupulous traders and officials to enrich themselves at the cost of our farmers. If only we follow the right policies and have the right type of political, administrative and scientific leadership in agriculture, as existed when the Congress was in power, Indian farmers can gain immeasurably from the WTO agreement. But in the wake of faulty policies and poor governance, the kisan and the khet mazdoor suffers immense hardship for no fault of his won.

The Congress reiterates that safeguards have been build into the WTO regimes to ensure that it does not adversely affect the national system of food security. It is for the Government of the day to take recourse to these safeguards. It is for the Government of the day to secure any further safeguards needed in the course of the on-going negotiations on agriculture underway in the WTO. If there is any failure on this front, it lies with the government, not with the umbrella agreement signed by the Congress six years ago.
The AICC recalls that it was during the Eighth Plan period, when the Congress was in office that had emerged as a significant exporter of plantation products, horticultural products, dairy pre-cuts, sugar, cotton and cotton yarn and even food grains. But thanks to the BJP-led coalition’s lethargic approach, the country is now finding it increasingly difficult to find markets at home or abroad for its surplus agricultural produce. Inevitably, our farmers are the worst sufferers of this callousness and grows neglect.

How exactly would the Congress be different? The country has a right to know. It would be different both in the nature and nuance of economic reforms. State governments run by the Congress are already demonstrating by practical example what the Congress means by economic reforms and how economic reforms should be formulated and implemented so as to stimulate economic growth while at the same time keeping social concerns and challenges in full view. The AICC reasserts once again that the basic objective of economic reforms is to create a more dynamic economy which will serve as the instrument to conquer mass poverty. The central purpose of the reforms process has to be the raising of the living standards of the most deprived sections of our people. The Congress will, therefore, undertake such mid-course corrections as are needed to give reforms an enduring and direct orientation in favour of the poor.

The Congress’s Economic Agenda

The core of the Congress party’s agenda for the economy is summarised below and further elaborated in the detailed Report of the AICC Economic Introspection Group, as approved by the Congress Working Committee:

1. The Congress would make the restoration of investor confidence the highest priority. Investment is not just an economic act. It is also a psychological phenomena fuelled by seemingly intangible factors such as confidence and sentiment. It is the job of the government to sustain confidence and sentiment by clarity and consistency of its pronouncements, policies and programmes. History has shown that whenever there is a Congress Government, there is automatically investor confidence. This is simply because only the Congress has the expertise, the experience, the energy and the enthusiasm to govern. The Congress would raise the investment rate to at least 30% of GDP in the next three to four years through higher household, private and public savings and increased foreign investment inflows.

2. The Congress would adopt a policy of Kisan and Khet Mazdoor first. The Congress will maintain and strengthen the system of minimum support prices and guaranteed procurement prices which have been put in place by successive Congress governments, a system now under threat from the BJP-led coalition Government. The Congress will further ensure that minimum support prices and procurement prices will be maintained at levels that are fair, equitable and remunerative. There would be substantially enhanced budgetary support for investment in irrigation, research and rural infrastructure like cold storages. Marketing and procurement agencies will be made more efficient and a special focus will be placed to ensure that farmers get support prices in the poorer and backward regions of the country. Steps will be taken to ensure that the present imbalance of over-production in some sectors and under production in some others is avoided. Restrictions on the movement of grain and other agricultural commodities will be phased out quickly.
3. The Congress would adopt a stable long-term import-export policy for agricultural products and processed foods. It would make effective use of import tariff policies to protect our farmers and our system of food security. The BJP-led coalition Government has failed miserably in this regard. This would be consistent with our WTO obligations. The Congress would clean up the cooperative credit system in the same manner as it did public sector banks in the mid-1990s. Primary agricultural credit societies would be enabled to borrow directly from NABARD, thereby ensuring lowered rates of lending to farmers. Regional Rural Banks will be revamped, the process which started in the earlier Congress regime. It would launch an intensive agricultural development programme in 100 of the most arid and semi-arid districts of the country. A new thrust will be given to horticulture and the dairy industry where under the political leadership provided by the Congress India has emerged as the largest milk producer in the worlds. Plantation crops like tea, coffee, rubber and coconut would receive urgent attention. Previous Congress governments had launched massive wasteland development schemes. This was done not just to improve land use but also to generate employment in large numbers. These schemes would be revived and implemented with vigour. Agricultural research and extension services will be expanded and modernised to meet the challenge of modern knowledge -based agriculture.

4. The Congress reiterates the great importance of the cooperative movement in revitalising our agriculture and rural economy. The Congress remains committed to amending the Constitutions enable all cooperatives to function as democratic, autonomous and voluntary association. Cooperatives are to economic democracy what panchyats are to political democracy and both derive strength from each other.

5. The Congress believes that an effective system of Panchayati Raji is a fundamental prerequisite for a meaningful direct assault on poverty. The Congress reiterates its deep and abiding commitment to the scheme of Panchyati Raji set out in the Constitution. All central funds for poverty alleviation and rural development and, to the extent feasible, for the social sectors also would be credited directly to panchayats and nagarpalikas and united as far as possible. All poverty alleviation programmes would focus on the landless poor, small and marginal farmers, artisans including weavers, self-help groups, the tiny sector and the unorganised sector in general. Active involvement of NGOs in rural development schemes and programmes will be actively encouraged.

6. The Congress would also ensure that village panchayats are closely associated with decentralised procurement, community-based storage and localised grain realies. Grain banks would be set up in every village panchayat. Special emphasis will be on programmes of water harvesting and community management of farm forestry. Panchayats will also be helped to draw up comprehensive plans for the sustainable utilisation of local natural resources. Food grain prices would be fixed and adjusted so as to maintain a sustainable spread between open market and PDS prices. Priority will be given, as is being done in Congress -ruled states, to reforming the PDS to ensure that the truly needy families have unimpeded access to food grains and other essential commodities at affordable prices. The Congress would not ask consumers of food grains to bear the cost of governmental inefficiencies. It would expand the PDS particularly in the poorer regions of the country.
7. Accelerated employment creation will be the cornerstone of all Congress economic policies. Jobless growth is unacceptable. At the same times, mere increases in jobs without corresponding augmentation in growth and productivity cannot be sustained in economic terms. There is need to review and revamp such laws and regulations that stand in the way of faster employment generation. Continued growth in agriculture, horticulture, afforestation, livestock and agro-processing with fresh-credit, marketing and technology inputs will generate lakhs of new jobs. A greater thrust on agri and labour intensive manufactured goods exports will also add substantially to local employment. KVIC has a special role to play in expanding rural employment in khadi and a whole range of rural industries. Ecologically sustainable tourism, the services sector and the self-employed sector have significant untapped employment potential. The entire technical and vocational training and education system, in the country will be vastly expanded and thoroughly modernised. Special emphasis will be placed on accelerating the pace of vocationalisation of secondary education so as to create new job opportunities for our youth. The educated unemployed will receive greater and pointed attention through new self-employment schemes.

8. The Congress will set itself a time-bound target to ensure that in all states of India quality of life indicators, such as literacy, education and primary health, reach levels already attained by the most progressive states. For this a special and intensive effort will be needed. Madhya Pradesh is showing the way in new and innovative programmes like education guarantee schemes. Education and health are the primary responsibilities of state and increasingly local governments. Even so, the central government has a key role to play in catalysing increasing investments, supporting non-governmental organisations to take on increased responsibilities and in launching new initiatives. The New Education Policy of Rajiv Gandhi with its focus on Operation Blackboard and Navodaya Vidyalayas to ensure equity in access to quality education for all children was one such initiative that needs to be regalvanised.

9. Disinvestment and privatisation would be carried out in accordance with clear policy priorities and transparent modalities, not as an assault on the public sector but in the interests of ensuring that the Congress heritage of a mixed economy reflects changing requirements and evolving imperatives. Government holdings in public sector undertakings which have an consistent record of making profits will not be reduced below 51 per cent. Nor will Government holdings in nationalised banks drop below 51 per cent. To ensure a vigorous and nation-serving public sector, the Congress will take the required constitutional, legal and administrative steps to ensure that undertakings in the public sector are more autonomous, more commercial and more focussed in its activities. Undoubtedly, there would be chronic loss-making public enterprises that may have to close after an examination of another options. Closure will be done in a humane manner, in a manner that the interests of workers and families are fully protected and in a manner that generates alternative economic activity to smoothen the transition. Public enterprises that are making healthy profits on a continuous basis in a competitive environment will be provided all opportunities for further growth. Wherever, disinvestment or privatisation is the only option to promote efficiency or to raise additional resources, it will be carried out in a professional and transparent manner, and with the objectives of realising full value. In all such cases, steps will be taken to ensure the continuation of SC/ST reservations. Moreover, unlike in the BALCO case, there will be full respect for secured tribal rights before any disinvestment is undertaken. The proceeds of privatisation
and disinvestments ought not to be used to finance budgetary deficits but must be asset apart in a national fund, earnings from which should be earmarked for programmes of public sector restructuring, social safety nets, social development, rural development and poverty alleviation. The thrust of Congress policy would be to strengthen and the public sector, particularly in strategic, energy and high-tech areas and free it from bureaucratic and political interference so that it is enabled to function professionally and autonomously.

10. The Congress recognises that a competitive financial sector is essential for the type of economy we want to build. It was the Congress that took the lead to open the insurance industry so that there would be greater inflow of long-term funds for infrastructure. But it was also the Congress that insisted on legislation to ensure that new private companies also provide social insurance. It was the Congress that insisted on priority being given to liberalisation of health insurance. While the Congress is committed to retaining 51 per cent holding to guarantee the reservation in the public sector of nationalised banks, public sector banks need a whole new work culture. Greater competition in banking has to be introduced. The proportion of non-performing assets of banks must be reduced to global norms and banks must meet globally accepted prudential norms of capital adequacy. The Congress believes that banks must be allowed greater managerial autonomy from government even as they are subjected to regulations imposed by the regulator, namely the nation's central bank. Development finance institutions need to be given a new sense of direction and focus.

11. The Congress would be committed to fiscal discipline and prudence and the elimination of the revenue deficit over the next five years. The Congress would support legislations in this regard both at the Centre and in states. But such legislation must be worked through by both the centre and states together. Also, this should not mean just tight control on expenditure but should also imply aggressive revenue-raising measures both on the direct and indirect tax front. The Congress believes that it is in the national interest that the tax:GDP ratio for the central government increase to at least 18% over the next four to five years at most. Considering that over half the country's GDP now originates in the services sector, the Congress would initiative moves to bring this sector under the ambit of reasonable levels of taxation. The Congress endorses the move to value-added system of taxation in the country in the next couple of years. A concerted national policy which protects the poor and the needy is called for to manage subsidies in a sustainable manner that truly benefits the poor and the deserving.

12. The Congress would certainly enhance public investment in restructuring. But the problem is not just lack of funds. Poor management and uneconomic pricing policies must also be addressed. The management of infrastructure organisations and agencies, be it in, power, railways, highways, roads or water supply, has to be improved a great deal. Public utilities must also be allowed to operate in a commercial manner, with all subsidies for the poor being made explicit and provided for though the budget. Fundamental reform of the power sector is needed to restore it to financial health, managerial strength and technological dynamism.

13. The Congress would launch a massive plan for rejuvenating India's manufacturing industry like steel, capital goods, machine tools, textile and agro-processing. It will continue to accord emphasis on IT with an accent on it domestic applications to enhance productivity and competitiveness. The
Congress would prepare small-sale industry better to cope with the challenges of global competition with the help of specialised banks and financial institutions, as well as technological and marketing support.

14. The Congress would place a higher emphasis on balanced regional development. It was the Congress which launched a special programme for increasing rice production in the eastern region in the 1980s. This yielded dramatic results. In the 1990s, the Congress started a programme for ensuring greater food security in 1750 of the poorest blocks of the country. The Congress has always been sensitive to the issue of regional disparities. Backward states and backward districts need special focus. While the primary responsibility is that of the state governments themselves, the central government has a vital role to play in both investment and management. It was Rajiv Gandhi who had launched a special central programme for the development of the three poorest districts of Orissa. While states need to be given greater economic freedom, the Central government has still a crucial role to play in the accelerated socio-economic development of backwards states of central, northern, eastern and north-eastern Indian. The role of institutions like the Planning Commission and the Finance Commission must reflect these new challenges.

15. The Congress would ensure that all social welfare programmes would be full funded and properly implemented. Foremost among these would be the National Midday Meal Programme and the National Social Assistance Programme that provides old age pensions and maternity benefits launched by the Congress in 1995. The special component plan for scheduled castes and the tribal sub-plans for scheduled tribes started by Indiraji would get enhanced funding. A comprehensive national programme for minor irrigation of all lands held by dalits and adivasis will be launched. This will have a major impact on both the economic and social status of these communities. Special social security and insurance schemes for workers in the unorganised sector like weavers, handloom workers, fishermen and fisherwomen, toddy tapers, leather workers and plantation labour that have been started by earlier Congress governments will be expanded substantially. Social safety nets such as employment assurance on the pattern of the Maharashtra Employment Guarantee Scheme started by the Congress government in the state in 1972 and a national renewal fund to cope with the problems of structural change will figure prominently in the Congress plan of action.

16. The Congress will ensure that there would be a special package of reforms for the weaker sections of society through an E4 policy- Education, Employment, Empowerment and Entrepreneurship. It will encourage private companies to adopt affirmative action programmes. It would foster the development of entrepreneurship with the help of banks and financial institutions. The economic and social status of safai karmacharis will be substantially upgraded and strict action will be taken when labour contracts are misused to exploit weaker sections. Subsidies in khadi which have been cut by the BJP-led coalition government will be restored. The finance and development corporations set up for scheduled castes, scheduled tribes and backward classes as well for safai karamcharis and minorities will be strengthened and made more effective instruments for providing financial and technical assistance.

17. India is urbanising rapidly. This is at it should be. This demands a new approach to urban management. Special emphasis needs to be placed on the development of small and medium towns. In metropolitan areas, slum up gradation and more efficient arrangements for provision of basic services,
sewerage and waste disposal are urgently called for. Our urban areas need to undergo massive renewal. Municipal administration, that provided the nursery for political leadership in the freedom movement, needs to be revived and be made financially self-sustaining. Urban employment, for both educated and less-educated youth, must be a thrust area of development.

18. The Congress will ensure that disaster relief does not suffer from partisan political overtones as it did during the super cyclone in Orissa last year and during the ravages of drought and floods in many parts of the country this year. A well-funded National Calamity Fund which automatically gets triggered in well-defined circumstances will be put in place. A professional disaster management agency will be set up fully equipped to deal with natural calamities of the type that Gujarat, Orissa and other states have, unfortunately, experienced.

19. The Congress views our air, water and forest, indeed our entire biosphere as community resources to be cleaned, protected and conserved for the good of society at large not in isolation, but as an integrated and internalised component of our overall economic development. We look for practical solutions that do not pit people against the environment, but harness their enormous energies in the task of sustainable national development. We call for programmes and projects to be devised in such a way as to achieve the maximum utilization of our rich human resources combined the optimum utilization of our precious natural resources. The needs of tribals and forest dwellers, and the imperatives of industrialisation and employment generation, have to be harmonised with the fundamental requirements of a well-conserved and sustainably managed environment. Piecemeal and erratic efforts - whether to control industrial and urban pollution or to conserve forest and rivers - often result in more complicated problems than they seek to redress. Only a well thought-out master plan for pollution control, environmental conservation, employment generation and economic development offers the chances of success.

The Congress State Governments

To evaluate the Congress Party's commitment to good governance, one only has to compare the record of Congress-ruled states with the performance of non-Congress-ruled states. Today's, the economic and investment momentum is in the congress-ruled states. Today, social innovations are taking place in the Congress-ruled states. Today, good governance is being demonstrated in the Congress-ruled states. Today, Congress chief ministers are in the forefront of evolving a national consensus on vital national issues. Today, Congress-ruled states are showing the distinctiveness of the Congress approach to economic policy, an approach that marries economic reforms with social concerns, an approach that integrates the imperatives of faster economic growth with the challenges of deeper social development, an approach that is all-inclusive in character.

Conclusion

The AICC reaffirms its commitment to the poor and the eradication of poverty. This calls for a much faster level of growth which, in turn, calls for radical reforms in economic policy. Such reforms must focus effectively and directly on promoting the welfare and well-being of the kisan and the khet mazdoor, the workers in both organised and unorganised industry, the scheduled castes and scheduled
tribes and in, general, the poorest sections of society. To this end, the Congress stands unequivocally and
determinedly behind reforms which accelerate growth through growing productive employment
opportunities for crores of our young men and women every year. It is also essential that there be no
doubt about the continuation of food subsidies and subsides for essential agricultural inputs. India needs
less bureaucratic controls and less political interference, but more people’s empowerment and more
people-driven planning and management of development. Rapid progress in infrastructure and industry
calls for unleashing the creative and innovative energies of both managers in the public sector and
entrepreneurs in the public. A sovereign, self-confident and self-reliant India can derive the best
advantage from the closer integration our economy with the global system of trade, technology and
fiancé, provided always we are alert to warding off the risks that are attendant to such a process.

India’s myriad social and economic problems admit of no single mantra as a solution. They
demand a constantly evolving mix of approaches, a mix embodied in the Congress’s economic agenda
outlined above, a mix that combines purposive and effective public investment with vibrant and vigorous
private entrepreneurial endeavour, a mix that integrates faster growth with deeper social development, a
mix that marries increasing globalisation with greater self-reliance and a mix that blends respect of
tradition with an embrace of modernity, a mix of economic growth with social justice. It is such a mixed
economy, flexible in regard to the mix but inflexible in its commitment to democracy, which has
consistently informed Congress economic policy since before Independence and after the historic Avadi
session of the Congress in 1955. The Congress re-dedicates itself to reform ad rejuvenation along this
historic path.
Economic Resolution – V

Since the AICC met last in a plenary session fourteen months ago in Bangalore and passed a comprehensive economic policy resolution and a special resolution on agriculture, there has been no perceptible improvement in the economic situation in the country. In fact, several leading economic indicators point to a sharp deterioration. Our farmers are faced with great hardship. The industrial growth rate in 2001-02 was the lowest in a decade. The export growth rate in 2001-02 was zero. Investment, both public and private shows no signs of picking up. The very first year of the Tenth Five Year Plan has made a mockery of its growth objectives. The BJP-led government’s management of the financial sector has greatly undermined confidence in our financial institutions. Overall the employment situation is grim and is getting worse.

2. Recent events in Gujarat have eroded the confidence of both Indian and foreign business on the ability of the BJP to provide a modicum of basic, even-handed, fair-minded governance which is an essential pre-requisite for equitable and sustained economic growth. The AICC reiterates its commitment to the five point agenda outlined by the Congress President when she said that

- We will strengthen the foundations of Indian agriculture.
- We will focus on accelerating the creation of new productive employment opportunities on a sustainable basis.
- We will revive the investment momentum in the economy, particularly in the manufacturing industry and in physical and social infrastructure, particularly education and health.
- We will make public enterprises stronger especially in strategic areas. Where it is inevitable, we will follow a well-considered approach to privatisation and ensure that it is done in a completely transparent manner.
- We will launch a massive food-for work programme, a national employment guarantee scheme and make sure that the public distribution system provides adequate security to the poor.

We have now the full picture of the 1990s in front of us. And it is clear that the performance of the economy in every important respect was vastly superior in the period 1991-96 when the Congress was in power as compared to the period 1998-2001 when the BJP-led government claimed to have provided economic stewardship. Growth rates have slackened appreciably and the lowest rate of growth of GDP in recent times of 4% was recorded in 2000-01. Savings rates have declined leading to a fall in the rate of investment. The rate of growth of exports has crashed. The rate of poverty reduction has slackened in the late 1990s largely as a result of lower growth. The rate of creation of new employment opportunities

* Adopted at the AICC meeting held at Talkotra Indoor Stadium, New Delhi, on 24 May, 2002.
in the economy has fallen significant short of the annual requirement of 1 crore. Job growth in the
organises sector especially has fallen steeply. India's overall fiscal deficit is back to where it was during
the crisis year of 1990-91 and shows no sign of being restructured in an investment-friendly manner.
India's environment shows an alarming deterioration. It is abundantly evident that the NDA government
has not been able to provide coherent economic leadership.

3. The fact that foreign exchange reserves are rising, current account deficits are under control
and inflationary pressures are moderate are all a direct consequence of the polices adopted by the earlier
Congress government. The management of the external sector, the foundations of which were laid by the
earlier Congress government in 1991, 1992 and 1993 has stood the country in good stead and saved it
from an external crisis.

4. The AICC expresses its grave concern over the slowing down in the pace of agricultural
growth. This has impacted very adversely on rural employment and also increased social tensions in the
countryside. Our farm sector faces desperate situation ever since the BJP-led government came to office.
Downward spiral in farm prices has followed closely on the heels of steep hikes in the prices of critical
inputs like fertilisers, diesel and power. Suicides of farmers have reached alarming portions but even this
has not moved the BJP-led government. Unbridled edible oil imports are destroying livelihood of lakhs
of farmers particularly in dry land areas. Plantation and commercial crops are in crisis. We face today a
paradoxical situation in which a sharp deceleration in food grains production has been associated with
steep rise in food grain stocks with public sector agencies. These seemingly burdensome surpluses are
not a reflection of the arrival of an era of plenty but a indication of the BJP-led government's inability to
increase the purchasing power in rural India and imaginatively use the food grain stocks to expand rural
employment. Dry land farming has been hit particularly badly. The growing degradation of land and
water is threatening in the livelihood of millions of people living on the edges of subsistence. The AICC
calls upon the government to immediately convene a meeting of the NDC with a single-point agenda to
draw up a concrete, time-bound action plan to strengthen the foundations of our agriculture.

5. The AICC expresses its deep concern at the continued investment famine and in the country.
Investment is not just an economic act but is as much a psychological decision and an expression of
confidence in the future. Investment, both public and private, in agriculture remains sluggish. India's
crucial manufacturing industry particularly is not witnessing an investment boom like what it
experienced under the earlier Congress regime is a matter of continued worry. This investment is
required not only to maintain international competitiveness but more importantly to accelerate the rate of
employment generation domestically. It is a matter of the greatest worry that the rate of employment
growth especially in the organised sector has fallen sharply and worse the government has not unveiled
any worthwhile strategy or action plan to reverse this trend and step up the rate of employment growth to
keep pace with the increase in the labour force and to improve the quality of jobs being created. The
AICC calls upon the central government to pay special attention to the growth of rural, non-farm
employment and to the special concerns of the educated unemployed.

6. The AICC is convinced of the need for broad-based economic reforms to expand rural
prosperity. For this, the continued investment and policy neglect of agriculture has to end. Farmers have
to be given access to improved seeds, reliable power and irrigation, adequate credit, upgraded extension and remunerative prices. The research infrastructure has to undergo massive renewal. Most of all, there must be both decentralisation and devolution of funds, functions and functionaries so as to strengthen panchayat bodies and make them viable institutions of local self-governance. Only if panchayats are empowered will rural prosperity be generated. Further, just as panchayats are instruments of political democracy at the grassroots, cooperatives are the instruments of economic democracy. A Constitutional amendment to ensure the voluntary character of cooperatives, provide for their democratic functioning and ensure their autonomy is needed. The AICC calls upon the central and state governments to strengthen the rural credit system, so that the credit is made available to our farmers in adequate quantities at the required times and at affordable rates. New technologies, particularly biotechnology, offer immense potential to raise farm yields and productivity. It is, however, essential that the new technologies are introduced after careful expert evaluation and political consensus. There should be no dilution of the national commitment to procure surplus farm produce at remunerative prices. Our agricultural policies ought to lay special emphasis on solving the problems of small and marginal farmers, particularly those belonging to the scheduled castes and scheduled tribes.

7. The AICC express its concern at the ad hoc and cavalier manner in which well-running rural and social development schemes have been tampered with a complete mish-mash made of them. There is just no clarity any more on wage employment programmes and on the PDS particularly. Instead of consolidating, the NDA government has lost focus and needlessly created confusion in the field. It has yet to put in place an effective food-for-work programme for providing employment guarantee especially in vulnerable areas through the use of the record levels of food grain stocks in our godowns. Funds allocation for anti-poverty and rural development schemes is woefully inadequate, what is budgeted is not spent and when spent there is a mismatch between financial expenditure and the achievement of physical targets. The lethargic manner in which the Pradhan Mantri Gram Sadak Yojana has been handled is shocking.

8. The AICC expresses its concern that the mindless privatisation of the public sector built up over decades with larger socio-economic objectives in view continues. The AICC has repeatedly expressed the view that it is not against privatisation per se and that privatisation has to be an integral part of a policy that aims to strengthen and revitalize the public sector. It also has repeatedly expressed its view that privatisation proceeds must not be used to bridge budgetary gaps, as is happening at present. Privatisation of central public enterprises cannot be equated with privatisation of central public enterprises cannot be equated with privatisation of enterprises owned and operated by the state governments.

9. The AICC applauds the efforts of various Congress state governments to carry out tax reforms, bring about fiscal discipline and restructure public finances so that public investment in essential social and physical infrastructure is enhanced. The heroic efforts of the states must be supported at all stages by the central government. The fiscal powers of states and local bodies must be enhanced. A national consensus on fiscal management needs to be evolved soon and followed in practice by all governments.
10. Recent scams have shaken ordinary investors and the management of the financial sector by the central government has raised many disturbing questions. Confidence in the UTI, which is the main institution where the had-earned savings of the middle classes, of the salaried sections of society, of senior citizens and pensioners are invested has been badly eroded. The health of development finance institutions is precarious. The public image of key tax administration agencies has been severely damaged with several top officials being arrested for corruption and no effort being made by the government to restore morale, integrity and efficiency. The AICC calls upon the central and state governments to collectively strengthen the regulatory regimes for the financial system, including cooperative banks which have been subverted by unscrupulous market operators and promoters.

11. The AICC notes that negotiations mandated by the Doha Ministerial Meeting of the WTO have commenced. It calls upon the central and state governments to work in close cooperation to ensure that the interests of our farmers particularly are fully protected and actually enhanced in the negotiations. It also demands that the patent laws fully protect the interests of consumers in their implementation. It is imperative that our public health system be fully protected in the light of the TRIPS declaration on Public Health, both through negotiations in the TRIPS Council/WTO and the legislation for product patents for drugs, pharmaceuticals and medicines which is to enter into force after 2005. The AICC reiterates its commitment to rule-based, multilateral system of global trade negotiations and to putting domestic legislation in place and working it effectively so as to be able to meet the challenges we will confront in the coming years as we integrate closer into the global economic system. Determined efforts have to be made expeditiously to improve the nation’s international competitiveness to take advantage of the numerous trading opportunities in different areas like textiles, agriculture, services, labour-intensive mass manufacturing, etc. At the same time, effective measures must be adopted to put in place credible social safety nets to protect the legitimate interests of labour and the vulnerable sections. Effective promotional measures ought to be undertaken to realise the vast latent development and employment potential of small-scale, village and traditional industries and the informal sector of the economy.

12. The AICC welcomes the Guwahati Resolve of the Congress chief ministers on development and governance and commends it for close monitoring and follow-up under the aegis of the proposed Council of Congress Chief Ministers. The AICC also calls upon all Congress men and women to take active part in propagating and projecting the achievements of various state government governed by the Congress and in the mobilisation of the people for the purpose of national reconstruction and socio-economic development. The AICC also calls upon the central government to place the highest priority to the economic development of the North-East in areas like agriculture, horticulture, tourism, energy roads, power, communications, etc.
Shimla Sankalp (Shimla Declaration)*

Taking stock and reviewing the current political, social and economic situation in the country,

Being concerned with the state of the nation brought about by the comprehensive and glaring failures of the BJP-led NDA government and its divisive policies,

Responding to the public sentiment against the sharp fall in the rate of economic growth, mounting unemployment, stagnant investment, dire distress of kisans and khet Mazdoors, increasing neglect of rural India and youth, grievous damage to social harmony and amity, growing jeopardy to defence preparedness and national security, rampant corruption and scams and the erosion of the independence of the country’s foreign policy,

Conscious of the uniqueness of the Indian National Congress arising from several basic features of its Congress’s history, its character, its ideology and the legacy of its leadership,

Continuing to be inspired by the life and the message of Mahatma Gandhi and recalling at this critical moment the yeoman contribution to nation building and social reform of a galaxy of remarkable Congressmen and women like Jawaharlal Nehru, Sardar Patel, Rajendra Prasad, Maulana Azad, Subbhas Chandra Bose, Rajaji, Acharya Kripalani, Kamaraj, Lal Bahadur Shastri, Indiraji, Rajivji and many other stalwarts,

Appreciating the successful stewardship of the country under successive Congress governments at the Centre and states that have resulted in economic growth and social transformation,

Acknowledging the support, goodwill and affection of all section of our society, particularly the weaker sections like dalits, adivasis, OBCs, minorities and women,

Taking inspiration from Smt. Sonia Gandhi’s inaugural speech at this Vichar Manthan Shivir in which she has spelt out a comprehensive vision, strategy and action programme for our party, from her relentless efforts to give voice, respect and position to the karykartas across the country,

* Resolution adopted at the Vichar Manthan Shivir, Shimla, on 9 July, 2003
Proclaims the following Shimla Sankalp

Political Challenges

1. The Indian National Congress announces that it stands fully prepared and ready to face the national elections at any time. No sacrifice should be too great for each and every Congressman and woman to ensure defeat of the BJP and its allies in the forthcoming elections. Throughout its annals, the dedication and sacrifices of lakhs of its workers across the length and breadth of this vast country that has sustained the Congress, in and out of power. It will be the dynamism of this committed cadre along with the support of the people that will ensure the victory of the Congress under the leadership of Smt. Sonia Gandhi.

2. The Indian National Congress will launch and sustain a jan jagran Abhiyan across the country to expose the BJP-led NDA government's comprehensive and glaring failures on security, defence, communal harmony, economic growth, social welfare, good governance, foreign policy and probity and transparency in public life.

3. The Indian National Congress re-emphasises its unwavering commitment to fight religious fundamentalism of all kinds. It also reiterates its resolve to combat in as determined a manner as possible the evil and cynical attempts being made by the BJP, the RSS, the VHP and the Bajrang Dal to distort and destroy the liberal and tolerant essence of the Hinduism. It will also ensure that the essence of all great religious and faiths that have flourished for millennia on the soil of our country are protected and respected.

4. The Indian National Congress rededicates itself to strengthening the forces of nationalism that celebrate India's multiple diversities and nurture its many unites. The Indian National Congress expresses its commitment to the people that the communalization of education will not go unchallenged and that the values of our Freedom Movement, of our Constitution and of our culture will resonate in schools and educational institutions through the Bapu Sadbhavana and Shiksha Trust. It calls upon all like-minded, progressive people to participate in this historic endeavor.

5. The Indian National Congress applauds the courage of the people of Jammu and Kashmir who have reinforced their commitment to secular democracy. It was the sagacity and concern for the welfare of the people of Jammu and Kashmir and the concern for the national interest that led Smt. Sonia Gandhi to agree to the formation of a PDP-led coalition government in Jammu and Kashmir. The Indian National Congress accords the highest priority to the success of this coalition and to the formulation and execution of an effective strategy to deal with cross-border terrorism by the Centre. At the same time, the Indian National Congress will forcefully resist all attempts at using the issue of cross-border terrorism to polarize our society on religious and communal lines.

6. The Indian National Congress is committed to the rapid and equitable development of all regions of our vast country. The special challenges and concerns of the people of the northeast will receive our undivided attention. The dangerous and nefarious political game being played by the BJP-led NDA government in
collaboration with various insurgent groups will be exposed and resisted determinedly in the larger interest of our country.

7. The Indian National Congress promises the people of the country an accelerated, time-bound programme for the modernization of defence and a programme for providing full educational and housing facilities to the families of our armed forces and for the welfare of ex-servicemen and their families as well.

8. The Indian National Congress is firm in its commitment to Jawaharlal Nehru’s vision of foreign policy. That framework has in-built flexibility to respond to the dynamics of a changing world keeping our national interests paramount. For the Congress, non-alignment has essentially meant independence in foreign policy. Recalling Rajiv Gandhi’s historic efforts for the establishment of the nuclear weapons-free world, the Indian National Congress reiterates its commitment to universal nuclear disarmament. As part of this process, the Congress Party believes in the need for initiating a dialogue with our nuclear neighbours for confidence-building measures and for managing the consequences of nuclearisation.

People-Oriented Governance, Rural Transformation and Social Empowerment

9. The Indian National Congress identifies the following as the core priorities in its agenda of governance in keeping with its beacon Congress Ka Haath, Garib Ke Saath:

- The assurance of reliable power, cheaper credit, better seeds, assured irrigation and remunerative prices to kisans across the country.
- The devolution of funds, functions and functionaries so as to fully empower panchayats and nagarpalikas and make them vibrant institutions of local self-government.
- The enactment of a national rural employment guarantee by law and making employment growth for educated youth the overriding objective of all economic policies.
- The establishment of food and nutrition security for all at more affordable prices and more particularly for the destitute and vulnerable sections of our society and for those living in the poorer and backward regions of the country.
- The introduction of social insurance and other schemes for the protection and welfare of all workers but particularly for those in the unorganized sector who constitute over 93% of our labour force.
- The acceleration of the implementation of land reforms and the initiation of reforms in land laws and record of rights to enable the conversion from the present system of presumptive titles to conclusive titles guaranteed by the state.
- The launching of major Programmes for the economic advancement, social empowerment, political representation and legal equality of dalits, adivasis, OBCs and minorities.
- The time-bound implementation of the Mahila Sashaktikaran Sankalp adopted by the AICC on October 1, 2002.
• The start of a purposeful dialogue with private industry on how best India social diversity could be reflected in the private sector in different ways like reservations and fiscal incentives, how privatization where inevitable can protect the welfare of the weaker sections of society and how government procurement can promote entrepreneurship among dalits and adivasis.

• The introduction of liberal loan and scholarship schemes to ensure that no boy or girl belonging to the weaker sections of society is denied the benefit of school and college education.

• The deepening of fiscal and other economic reforms to make Indian agriculture, industry and services productive and competitive and to increase public investment particularly in irrigation, power, education and health.

• The functioning of government in a completely transparent, responsive and accountable manner with special focus on major administrative, police and judicial reforms.

10. The Indian National Congress recalls with pride that it was Rajiv Gandhi who brought India into the IT, computer and telecom age. The Indian National Congress also recalls with pride that it was Congress government that launched economic reforms in the early 1990s to consolidate and expand on the gains made in earlier decades. Social mobility and the expansion of the middle class in India is a direct consequence of the Congress's economic policies followed after Independence. The dynamic entrepreneurial base in India is a direct result of the Congress's vision and policies. The Indian National Congress is the only party that integrates pro-poor policies, programmes and perspectives with the concerns and aspirations of the middle classes and entrepreneurial communities.

11. The Indian National Congress fully recognizes that the youth are our country's most precious and productive assets. They will get the Congress's maximum political, social and economic support to realize their aspiration in education, employment and entrepreneurship.

Organisational Reforms

12. The Indian National Congress rededicated itself to a renaissance of the country's political culture along the lines identified in the Congress President's opening speech at this Vichar Manthan Shivir. It renews its commitment to major electoral reforms, among other things, to make party funding more transparent and to combat criminalisation of politics.

13. The Indian National Congress decides to establish a national training institute. Every Congressman and woman will go through an annual orientation course on contemporary political, economic and social issues and constructive work.

14. In keeping with the sentiments expressed by the Congress President in her opening speech at Shimla, the Indian National Congress reiterates its firm commitment to giving grassroots workers across the country a respected place in the party organization.
Conclusion

The Indian National Congress fought for Independence and secured it for our people. We must now fight to preserve it and its time-tested values in their truest form. Our unshakeable commitment is to the politics of principles, to democracy, secularism, economic growth and social empowerment. We now seek the support of the people to bring India back on the path of Progress with Congress under the leadership of Smt. Sonia Gandhi. We invite all progressive-thinking men and women, institutions and political movements who share our understanding of India’s past, our concerns with India’s present and our vision of India’s future to join us in this historic endeavour.