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Title : Further discussion regarding rise in prices of essential commodities, raised by Shri Basudeb Acharia on the 22nd May, 2006 (Discussion concluded).

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): Sir, this morning I began by replying to the debate...(*Interruptions*)

14.01 hrs.

(At this stage Shri Rakesh Singh and some other hon. Members
came and stood on the floor near the Table)

SHRI P. CHIDAMBARAM: Sir, this morning I began by replying to the debate on Essential Commodities. This is an important issue. I am surprised that the Opposition does not let us talk about an issue which concerns everyone, rich or poor, old or young and urban or rural. Having raised the issue, Government must have an opportunity to tell people how this issue is being handled and what steps are being taken to contain inflation...(*Interruptions*)

Let me point out, Sir, in 2001-02, the average WPI inflation was as high as 7.1 per cent. Last year we moderated inflation substantially...(*Interruptions*) Last year the average WPI inflation was contained to below five per cent. This year, so far, the average WPI inflation is contained to below four per cent. The CPI has also been contained to less than five per cent. All this has been possible because of a number of steps taken by the Government.

Gross investment in agriculture has improved. We have not hesitated to import, wherever necessary, to augment availability of stock. With respect to sugar, we have followed a dynamic policy. We have sharply increased the free release of sugar. We have not hesitated to import pulses from wherever it was available.

Our concern is that while there must be economic growth, some inflation will be inevitable. This inflation must be contained. In essential commodities we will use every power in our hand to ensure that goods are not only available, they are available at reasonable prices.

Sir, I wanted to speak about the role of State Governments. Our State Governments have to cooperate in taking strong action against anyone who hoards or indulges in black marketing. The Central Government would only ensure that public investment takes place...(*Interruptions*) That investment is augmented in irrigation, water bodies and in seeds and fertilisers so that all the inputs that go to make up higher production are maintained. When foodgrains, wheat and paddy are made available, the Government steps in to procure. The price of sugar is controlled through the Sugar Control Order.

All this has been done by the Central Government. The State Governments have to cooperate by ensuring that the supply channels are not choked. Black marketeers and hoarders do choke the supply channels. The State Governments must cooperate and use their power under the Essential Commodities Act

This Government has maintained high growth and low inflation. The earlier Government had lower inflation but had lower growth. Inflation control without growth is meaningless. We are committed to high growth and low inflation. This Government will take every step possible to maintain the prices of essential commodities.
