

[English]

MR. CHAIRMAN: Now, we take up another Discussion under Rule 193 that is Discussion on Rise in Price in the country. I call upon Prof. Saifuddin Soz to initiate the discussion who has a reputation for being brief.

15.28 hrs.

DISCUSSION UNDER RULE 193

Rise in Prices in the Country

[English]

PROF. SAIF-UD-DIN SOZ (Baramulla): Thank you, Mr. Chairman, Sir, the country is facing a very difficult situation, that is, the price spiral. It is also known as inflation. But, Sir, I find myself in agreement with Nani Palkivala. I feel that it is a great privilege for me to pose a question to one of our very dearest colleagues whom I have known for the last one decade. I have the privilege of putting a challenge to him which, I see, is also a very great opportunity for Prof. Madhu Dandavate. But first on this very difficult question of Price, where there is no hope that the price will come down, although the Finance Minister and the Prime Minister have assured us I must pay a tribute to Prof. Madhu Dandavate and I agree with Nani Palkivala. I have the opportunity of seeing a small booklet called "The Union Budget 1990-91" and I quote from that booklet:

"Throughout his public life, Prof. Dandavate has proved himself to be totally dedicated to national good. He is concerned not so much with public relations as with public principles; his reciprocity integrity and sincerity are beyond question."

"...the goals he has set out for the nation in his budget speech are unexceptionable."

I agree with him.

There is another observation of Nani Palkiwala; I will come to that later. But, Sir, why I say this is—he is a very eminent person, there could not be a better Finance Minister for this country and we are safe with Madhuji. And I say this is a great challenge to him, but this is also an opportunity to him and I will explain that very briefly when I close this speech.

Sir, these prices are spiraling, it is the situation for the last two decades. Prices have characterised themselves as the eye of gathering storm on the economy God forbid, that storm is yet to come. The process has been continuous for two decades, I agree. There is nothing nor in it. Price increases have often been explained in terms of inflationary pressures in the economy and different interpretations have been given regarding, say, for instant money supply, the velocity of circulation and deficit financing and large scale borrowing by the Government and in the meantime the previous government and this government that followed the previous government have added one more dimension to this spiral by levying taxes, often indirect taxes, and those taxes have added fuel to the fire, and now if we say 'what are the causes?'—and I will be coming to causes more often in my very brief speech—he will say, money supply is enormous, the prices are high, he will say, quality change in the goods, that may also be a factor; indirect taxes, yes. There are also simple forces of supply and demand. Now inflation is there, price spiral is there, perhaps I may not be able to express the agony of the nation; all sections of the society are concerned with these prices. Here, in this House, all the political parties who were here, protested against levies of these taxes this year—the Bharatiya Janata Party, both the Communist Parties and the Congress Party. When there was increase in petrol, diesel and other prices, we made a hue and cry and Madhuji had taken note of that. But briefly I would like to give, let me try, as a layman, to measure the inflation. I think, it would not be possible and I do not believe in the jargon of figures.

But this is the situation, this is a very important subject in which figures cannot be avoided because we have to come down through a situation, to a particular figure and say. 'This is the rate of inflation, this much is the price increase'. And he being a very able Finance Minister, will correct me when he rises to answer my questions.

Now, let us see what is the rate of inflation in this country? In terms of wholesale prices, the rate of inflation during 1988-89 was contained at 5.7%, compared with 10.7% during the drought year, and drought year could be a very bad year, that cannot be the basis, that cannot be a comparable year with us. And I have selected the smallest number of figures because I cannot bore this House with these figures. During 1989-90, that is the year we are passing through, the wholesale price index, up to February—let me be precise, up to 17th February, 1990, the inflation in terms of wholesale prices has worked out to be 7.7%. And compare it to the earlier year, which was 5.3%. Now, this 7.7% is up to 17th February. That means, we are coming closer to the drought year so far as the wholesale price index is concerned or so far as the rate of inflation is concerned and this is very horrible.

Briefly I will invite the hon. Finance Minister's attention to two situations. I will compare very important items of expenditure. When I gave the notice, I did not say about the food items or essential commodities. Many items are essential commodities. So, I have selected only 11 commodities. If you compare January, 1989 with January, 1990 taking 1981-82 as the base year making it equal to 100, rice has increased from 158.1 to 164.0; fish from 159.8 to 163.0, mutton from 192.7 to 206.4; tea from 201.3 to 299.2; atta from 164.1 to 174.7; sugar from 126.5 to 141.0; salt from 131.8 to 156.2; vanaspathi from 182.6 to 190.8; cotton cloth from 134.5 to 153.1; cotton cloth powerloom from 139.5 to 166.1 and cotton cloth handloom from 156.6 to 164.0. This shows that this January was not comparable to earlier January. My hunch is that once the price index goes up, it does not fall down. This is

Madhuji's experience and also my experience. I never knew that the ballot would show that I have to initiate the discussion. But, as a layman, I had a question in my mind. How does the Prime Minister and the Finance Minister say that the prices will come down? Prices do not seem to be coming down. I have avoided all these figures and indices. I have been a humble student of economics and I tried to draft a family budget myself. Per capita is misleading and that is not the parameter for measuring the health of the economy. I will invite Madhuji's attention to the Third World authority, an economist called Mr. Mehboobul Haq. He wrote a book and proved that per capita income or the rate of growth is totally misleading because when refer to per capita income, we forget the million who are living below the poverty line. Above the line, there is a big strata of population who have only less than subsistence per capita income. I hope he will not come down to per capita because he will give us the exact figures as to how the people are living below the poverty line.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): I agree with you that per capita is not the index.

PROF. SAIFUDDIN SOZ: Above the poverty line, I tried to draft a family budget for a family of five members which includes three children. This family has got Rs. 1,000 per month. I tried to measure how many kilograms of rice can be allowed and that is also one of the lowest and poorest in the world. I allowed Rs. 270 for rice or wheat which means around 65 kg. for a month; Rs. 80 for vanaspathi; Rs. 90 for kerosene because they do not know anything about cooking gas; Rs. 200 for vegetables even though one kg. of tomato costs Rs. 10; Rs. 150 for pulses; Rs. 50 for spices, salt etc. and Rs. 200 for house rent although one cannot get even a room in Delhi or in any other big city for Rs. 200. It is a deficit budget because the total is Rs. 1045. This family budget show that this family had no provision for anything. There is no question of luxury, no question of comfort, no question of recreation. This family had no provision for

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education, no provision for health care. This family does not have anything for the rainy day. I have earlier said that inflation is there in the last two decades. But recently something happened which calls for pointed attention by the Government. There is imbalance in supply and demand of some essential items, particularly pulses, tea, sugar, Gur, edible oil and textiles. I feel even though they are monitoring these things in the Finance Ministry and they have Cabinet Committee also, I do not think that supply and demand has properly been analysed or supply has been controlled or demand has been properly projected and analysed.

Then, the second thing is money supply. It has continued to rise. Then, I come to Madhuji's Budget. His Budget this year had an impact on prices. The impact of budget levies pushed up the official wholesale price index for all commodities, taking 1981-82 as base, to 170.3 which is now high. This happened during the week ending 24th of March. As you know, the Budget was presented on 19th of March and within a week, the index moved 170. Now, if we measure this inflation on point-to-point basis, this increase in the index over the like week last year, had worked out to be 8.5%. I do not know whether he will accept this figure. Now what did Madhuji do in his Budget? When he levied taxes, at that time, there was 17% increase in the prices of high speed diesel and 16% increase on petrol. We have expressed our hunch at that time that imposing tax on petrol and diesel would have a demonstrating effect on the prices of so many commodities all over the country, not necessarily connected with petrol and diesel. Therefore, 17% increase on diesel and 16% increase on petrol lifted the index for fuel, power light, lubricant group by 3.7% in a week. he must be knowing the latest figures.

It has been estimated that the post-Budget price rise was 10%. Mirdhaji may kindly note down that the figure of 10% has been accepted throughout the country. Even the economists and competent people like

Shri N. Palkhiwala accepted this figure that the post-budget increase in prices was 10%, although the lubricant sector had registered only 3.7% increase. It happened because of the demonstration effect. When you increased the price of petrol and diesel, as we expressed the hunch at the time, it has increased the price line by 10%. Here, as I paid a tribute to Shri Madhuji earlier, now I will tell him that Shri Nani Palkhivala disagreed with him so far as the misery index is concerned where he does not pay a tribute and where he disagrees with the Finance Minister and says that because of this year's Budget, there has been an increase on the price index and I quote:

"The Budget is not likely to have any salutary effect."

Now Shri Palkhivala says and I read his book, it is a small booklet but meaningful and very well-written and I accept it.

Now I quote another paragraph in which he does not agree with the Finance Minister.

"The Budget is not likely to have any salutary effect on the misery index."

It is misery for the people because the prices have gone up.

"that is, the index covering inflation, poverty and unemployment. There can be no doubt that with the cascading effect of increased levies, inflation would be higher, in the next 12 months than in the past 12".

This was the real question with Shri Madhuji that he and the Prime Minister has been assuring us of late that the prices will come down. Naturally they must convince the countrymen that the prices would be coming down. But here is a study that the prices would not come down. At least these 12 months will not be comparable to earlier 12 months. So, prices might increase a little, if not more, and already they have increased and there is no mechanism. They did not tell us how they will bring down the prices.

Market quotations show this.

"Any analysis of the market quotations show that edible oils",

I have come down to commodities because the Prime Minister has also been quoting prices of certain commodities. For instance, he said about cement, sugar and tea.

"As far as the market mechanism is concerned, quotations show that edible oils, vanaspathi, sugar and pulses registered increases during the post-Budget fortnight. Once these registered a hike, the prices did not come down. The price rise was undesirable and unprecedented."

Shri Mirdhaji also understands that this falls within his domain.

"Vanaspati price soared up by Rs. 7/- per tonne during the last three months and mustard oil shot up by 10%".

This is a new hike indeed because you cannot show us any comparable position earlier.

[Translation]

THE MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI NATHU RAM MIRDHA): You must be reading the newspapers daily. If you go through the list of prices given in the newspapers of the last 3-4 days, you will find that the prices of sugar and edible oils have come down. Shri Palkhiwala has his own outlook. I would not like to say anything in this regard. Do not talk of the past, just look at the figures of the last 5-7 days.

PROF. SAIFUDDIN SOZ: That you should tell us. I am giving you the latest position. If you go through the editorial of today's 'The Times of India' you will realise that I am relating the latest and factual position. Sugar price might have come down.

[English]

What about pulses and vanaspati?

[Translation]

SHRI NATHU RAM MIRDHA: The price of Vanaspati has come down by Rs. 3/- per kg. The price of one kg. Pack which was selling at Rs. 30/- to 32/-, has come down by Rs..3/-

[English]

PROF. SAIFUDDIN SOZ: Shri Mirdha has given us new information. If that is correct, the Finance Minister will quote him. I welcome him and I congratulate him for this.

MR. CHAIRMAN: It is excellent that the Minister also gives the running commentary.

SHRIMATI GEETA MUKHERJEE (Panskura): That is something new. It is a wrong statement.

MR. CHAIRMAN: Are you provoking? Making wrong statements is one of the birth rights of M.P.! Please don't worry.

PROF. SAIF-UD-DIN SOZ: I am not misusing any privileges. I am giving him the latest figures that are available with me. Prices keep changing. Prices have shared. There is a hike in prices. My experience is that prices will not come down. Their contentions is that prices will come down. I say you generate a hope which you should sustain with us. Otherwise, this will be a horrible situation.

Mr. Mirdha also knows that there is speculation. They must pay attention to that. There is increase in speculation. This must be a price factor for pushing up prices. Now the prices of cotton-seed, soyabean oil and sugar have risen purely on speculation. What is the punishment there for those who indulge in speculation? I am asking this question because speculation is based on hoarding and hoarding is indulged in by profiteers. What programme is there with the Government for punishing those people who indulge in speculation? What programme has this Government got for punishing those profiteers who may profit at the cost of the

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nation and the poorest of the poor? We have not seen any White Paper, any Blue-Print with the Government. If the White Paper is there then we would rest assured that these hoarders, profiteers and blackmarketeers would be punished.

Industry is very important. The industrialists are experts. The industry circles feel that prices will not come down. Now Prof. Dandavate is also there. In his absence I had gone through a paragraph where Mr. Nani Palkhiwala does not agree with him because the hon. Finance Minister allowed a 10 per cent increase.

MR. CHAIRMAN: Prof. Soz, you have already consumed some time.

PROF. SAIF-UD-DIN SOZ: I will not go back to that paragraph. I will take care of the time. I come to my point. Industry circles feel that prices will not come down as the consumption will also increase and will be equal to production.

MR. CHAIRMAN: Do you agree with them also?

PROF. SAIF—UD-DIN SOZ: This phenomenon is very important. When Mr. Mirdha tells that prices have come down, may be it is a temporary situation. But over a period of time, the same mechanism will apply i.e. the market situation, the situation between supply and demand. The other factors are money supply, deficit financing, public borrowing etc. There are so many other factors. But the market situation is important and they do not have the hand on the market people, they do not have the group on such people. Therefore the issue of speculative practices, the market quotation, the industry circles of expressing apprehension that prices will not come down—these are the questions which I would like to pose to the hon. Finance Minister.

Sir, the prices could be brought down if there is a strong action against the specula-

tors, profiteers and the blackmarketeers. I have already mentioned about them. Further, the prices could be brought down if the Government just come before the Parliament with a plan of action so far as distribution is concerned. I have not come across any action so far as the distribution system is concerned. The entire distribution system is in disarray. About all, I have given you the broad spectrum of the price situation... (*Interruptions*) Above all, I am worried about the contradiction in the National Front Government itself on the question of price. I am giving you this information. There is no question of politics involved in it. I am speaking as a student of economics. I heard the Prime Minister expressing his concern. I will come to his concern later. He is equally concerned with the price rise and so also the hon. Finance Minister.

MR. CHAIRMAN: Mr. Soz, you may not have time unless you are brief and quick in making your points.

PROF. SAIF-UD-DIN SOZ: The point is that the hon. Deputy Prime Minister has substantially increased to prices of wheat, gram, bajra and sunflower. On the other hand, the National Front Government represented by the Prime Minister and the Finance Minister have been assuring the people that it would bring down the prices. The Commission on Agricultural Costs and Prices had fixed the support price for wheat at Rs. 200/- per quintal as against Rs. 183/- last year. Those recommendations have been ignored. Last year it was Rs. 183/-. This year the Commission on Agricultural Costs and Prices recommended Rs. 200/- per quintal. These recommendations have been ignored and Shri Devi Lal Ji has now proposed to enhance the price to Rs. 215/- per quintal. He has said that this has been done to offer remunerative prices to the farmers. I want a balance. Hats off to Shri Devi Lal Ji for his concern for the farmers... (*Interruptions*). This Government should also strike a balance between the interest of the farmers and the interest of the Janata which has neither land nor jobs. Most of them are unemployed. They are below the poverty-

line. They are below the subsistence level or they are around the poverty line. Somebody should think about it. Wheat does not concern only the richer classes. All of us are concerned about the rise in price of wheat. This is the fate of the nation. What for have you instituted this Agricultural costs and Prices Commission? Why have its recommendations been by—passed. You can do it in a fit of emotion. And sometimes, Devi Lalji is prone to do such things in a fit of emotion. You may do it as an appeasement to the farmers. But you cannot forget the millions who are not the farmers. Yet they are the poorest of the poor. It touches their skin also. When you give remunerative price to the farmers, you have to keep in view other also.

MR. CHAIRMAN: You have already consumed half an hour. I know you are the Mover. But the initial schedule for such discussions under Rule 193 is two hours. Suppose you extend it by another hour, would you agree that is justified to take more time?

PROF. SAIF-UD-DIN SOZ: Inflation and the price rise has crippled the power of Janata. And this is the Janata Dal. Time for such discussions should be six hours.

MR. CHAIRMAN: But you kindly consider that when it is such an important discussion, many speakers would like to speak on it. Be kind to the Chair.

PROF. SAIF-UD-DIN SOZ: I will definitely try to close within five to ten minutes. Now please allow me to proceed.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): Give him the wind-up charges.

PROF. SAIF-UD-DIN SOZ: Last week, the Finance Minister said that the prices of sugar, tea and edible oil would come down. When he rises to answer, he must kindly tell us about the mechanism. Unless we know the mechanism, we cannot believe him. This is not an easy situation that we should believe him keeping our eyes closed. He can-

not tell us that the Cabinet has decided it and so on and so forth. I know there is a Cabinet Committee. I know the Finance Minister is the Chairman of that Committee. You are going to give special attention to edible oil and sugar. When you say that the prices will come down of these three commodities, we want to know how are you going to bring down the prices?

I want to bring in very briefly a mention about the Reserve Bank of India. The Reserve Bank of India has a very good Governor this time, Mr. Malhotra. He is a very capable man. The other day he was talking to the Chief Executives of the scheduled commercial banks. He said that the basic objective of monetary policy in the current year would be to bring about a sharp reduction in the pace of overall monetary expansion from the extremely high level of 19.4 per cent in 1988-89. He pointed out that the villain that generated inflation was the disproportionate and persistent growth in money supply with the public. They call it 'M-3'. That is, they want to bring down the money supply. But I raise a question. He can be trusted. He is a very capable man. My question is that the Reserve Bank of India is not an autonomous body. The Reserve bank of India is not free. It is just an affiliate of the Finance Ministry. The Reserve Bank of India has to dance to the tune of Madhuji. I do not think that the Reserve Bank of India by itself can reduce inflation.

16.00 hrs.

God willing we shall be living together and I will remind the Finance Minister after six months that the RBI Governor had made a tall talk. He has talked tall before his executives because he is not free, he cannot control this. But he can control; he has so many methods to control the credit.

MR. CHAIRMAN: I am going to call the next speaker. Would you agree?

PROF. SAIF-UD-DIN SOZ: I am concluding.

MR. CHAIRMAN: But you are not concluding.

PROF. SAIF-UD-DIN SOZ: I am closing within two minutes.

I will come to the Prime Minister's concern for reducing the prices. The Prime Minister said recently that the prices of cement, tea, cloth salt and sugar will come down within a month. If these prices could come down within a month, these prices can come down today if the Prime Minister so resolves. He was talking before the National Front Parliamentary Party; there was a general concern and he said that prices should come down. How does the Prime Minister propose because he did not spell it out and assure the nation that prices of these commodities will come down?

I am not concerned with the Finance Ministry; I am not concerned with the Reserve Bank of India because they say they will control inflation....

MR. CHAIRMAN: But you be concerned with the time of the House.

PROF. SAIF-UD-DIN SOZ: But I am concerned with Madhuji because he is the representative of the people. I want to raise a question with him. I would like to know whether he will streamline the public distribution system. If he wants to commit himself that he will improve that, good enough.

Secondly, as for black-marketeers, profiteers and speculators do they have some action plan to control them? Will they rise to the occasion? Will he commit himself to control that situation? That is the problem.

[*Translation*]

SHRI HARIBHAU SHANKAR MAHALE (Malgaon): Mr. Chairman, Sir, prices have been soaring day by day. However, the Janata Dal Government have taken many good decisions during the last four months. The radiance of moon is there for a period of thirteen days but a dark spot is always visible

on it even in that duration. It is true that the present Government have taken certain commendable steps. However, the menace of price-rise continues to haunt them. The Government should try to get rid of it. This is my submission to the Government.

At the time of elections, the edible oil was selling at the rate of Rs. 25/- per kg. After the elections, it came down to Rs. 22/- per kg. and remained stable at that level for one month. During that period, sugar prices also registered a slump. But later on the prices showed constant rising trend to touch the highest ever mark which is not something good. The prices of these commodities should come down. Recently, when we visited the tribal areas and talked to the people, they said that they were the least concerned about the Bofors issue but they only wanted the prices to come down. Through you, I would like to submit that our Minister of Finance is a man of socialist ideology, he is a gentle man and a renowned person. During the last two-three months, prices of various commodities have, undoubtedly, gone up, and the Government must take measures to check it. 80 per cent of the people have the impression that the Government have done nothing to check the price-rise and prices have been increasing constantly. However, political leaders of both the sides should voice the woes of the common man. I am a common man and that is why I am speaking in that way. Through you, I would like to request the Government to take certain measures against the persons, engaged in forward trading and the black-marketers. (*Interruptions*)

Every person should be provided at least 10 Kg. of foodgrains from the ration shop. But he does not get more than 2 kg. and sometimes not even that. Through you, I would like to urge upon upon Shri Mirdha to give this matter a serious thought.

The price of sugar has gone up these days. The price of tea has also increased from Rs. 72/- per Kg. to Rs. 75/- per Kg. Also the price of cement bag has increased from Rs. 75/- to Rs. 107/-. My submission to you

is that in this august House the hon. Minister should tell us about the steps proposed to be taken by the Government to control the rising prices. I hope that he would certainly take steps to control it. That is my submission.

[English]

SHRI VASANT SATHE (Wardha): Sir, I am sure the hon. Finance Minister himself must be quite concerned about the increase in prices in the country, some of which seem to be inherent in the very structure. I would straightway like to come to the point which has been made by one of the eminent economists of our country, Prof. Bhramanand. He has pointed out the main cause of this malaise. He has pointed out that whatever we may talk about inflation, hoarding etc.,—a student of economics which you are and so we try to be there is no doubt the key factor causing prices to go up, happens to be 14 to 15 per cent annual rate of expansion in narrow money and 16 to 18 per cent rate of expansion in broad money. If production of commodities is generally going up at an average rate of say, even five to six per cent and money supply is going up at 14 to 15 per cent, a eight to ten per cent annual rate of rise in prices is inevitable, hoarding or no hoarding. Therefore, I said, "It is inherent, in-built." The money supply keeps on growing if we cannot contain the dearness allowance because we have to agree to give wages, as demanded—increased wages under various agreements—because the wholesale price indeed keeps on moving up. Because of this, if money supply grows in the market—add to it—whatever deficit control you may try to do in the meantime and non-planned expenditure keeps on growing,—I am afraid with all the efforts that the hon. Finance Minister may try to make by some demonstrative measures like, as my friend said, trying to curb hoarding, etc., I do not think, in the long run or in the coming years, this price index will be controlled. This is in spite of the fact that unlike a drought situation 1986-87, we have no excuse today. There has been a record food crop. Even this year, it has been

said that the procurement of all the basic cereals including oilseeds would be a record one. And I hope some day, the hon. Finance Minister in this Government will be able to come out of the phobia of: "This is what we have inherited. You had done this. "This was left to us." While addressing the other day in Bombay, the hon. Finance Minister is reported to have said, "We had achieved an inflation rate of 8 per cent." This is not correct. According to the *Economic Survey* issued by the Ministry of Finance, they say that the inflation was contained at 5.3 per cent whereas the wholesale price had already come to 7.7 per cent when they took over. According to the reports published in *The Times of India* and *The Economic Times* and the graph shown, it has reached 8.7 per cent. It is already going towards 10 per cent—double—digit figure.—and that too under these favourable circumstances of having excellent food crop. We must examine what are the inherent causes. One of the causes, whether we like it or not, is the first shot of the indirect tax increase that was imposed by the hon. Finance Minister by increasing the prices of diesel and petrol. The railway Minister also increased the tariff. Added to that, the hon. Finance Minister said, "He is not imposing direct tax, but an indirect tax on items like diesel and petrol." The analysis made by certain economists shows and I quote:

"According to economic experts, the increase in the prices of diesel and petrol and triggered off a chain reaction."

The vegetable ghee was the first to be adversely affected. Sugar, which was selling at Rs. 9 per kilogram in February, is now available at Rs. 9.50. This was the report on 25th April. Similarly, the prices of mustard oil, tea, cement and pulses have substantially increased.

You do not need an expert to say this. After all, every item is transported. Even to the last village in this country, these essential goods reach only by transportation. First, they are transported by railways, then by

[Sh. Vasant Sathe]

trucks and then by bullock-cart. The trucks and the railways are everywhere. Ultimately, the transportation cost is bound to go up. If the transportation costs go up, then, of course, they are not going to pay from their pockets but they will be passed on to consumers. To say that price hike of such infrastructural goods or commodities will not affect people really shows that one betrays his ignorance about the basic economic factors. This very question was asked to the Prime Minister. He was also the Finance Minister earlier. So, one cannot say that he does not know finance. The Prime Minister was pointedly asked, "Is it true that the prices had shot up due to the snowballing effect of rise in petrol and diesel prices?" Mr. V.P. Singh replied, "This is incorrect. Traders were only indulging in jugglery." I would really like to know as to what is jugglery in this. If the hon. Minister also agrees with the Prime Minister that traders are indulging in jugglery, then he can take strong measures against those jugglers and see that jugglery and the price hike arising from this jugglery are eliminated. Let the consumers be benefited. If this happens, then, it would become very simple. But you cannot call it as a jugglery at one breath and at the same time say that this will also have an impact, as any man with elementary knowledge would say. Prof. Soz has already given so many figures as to how price rise has taken place. I would like to submit that in the ultimate analysis, you have to increase the supply of wage goods. Who suffers most? The working class or that class of society which gets the dearness allowance, according to the wholesale price or consumer price indices, is protected to a certain extent although they do not get the full benefit immediately. But they get protected. But what about 80 percent of that working class in this country who are not indexed, who do not get dearness allowance and who have fixed income? Not only this. What about people living below the poverty line? Even a person earning Rs. 1000 per month with a family of five members cannot make both ends meet. Even the necessities of life cannot be met. 90 per cent and more people of this country

are below this line. How many families are there in this country with monthly income of Rs. 1000! Therefore, this class gets affected immediately by price rise of wage goods and essential commodities. Therefore, to say that the prices which have gone up by Rs. 70 has been reduced by Rs. 3 will not help and will not hold good. The affected man is not assisted by this.

A promise was made by the Janata Dal Government throughout India at the time of elections that they will bring down the prices. This was the main theme of their plan and manifesto. Unfortunately, whatever arguments may be advanced, the fact is that prices have been going up quite steeply. One of the observers said that it has been unprecedented in this period. Therefore, everyone of us would like to know. I am sure even the National Front Members would like to know, as to what is that concrete plan. Is there a plan of some austerity drive when you can take the whole nation into confidence and say that the expenditure on the Government employees, non-Plan expenditure in the Ministries or anywhere would demonstrably be curbed, so that inflationary pressure is curtailed? I know that this by itself will not help the last man, because as far as he is concerned, what good it is whether you reduce a little bit on luxury goods or you reduce expenditure in the Ministries, that is not going to affect him immediately. But is there any concrete plan to improve things immediately? I can only think in terms of improving the supply wage goods, making them available at proper prices through the public distribution system to the poor man. Is it possible? Can you get these wage goods immediately? Can you have them released, whether it is sugar or food items?

On the one hand, we want the farmers to get the remunerative prices, but eighty per cent of the people are those who by goods without producing them themselves. They are the wage earners, agricultural labourers, other labourers, contractual labourers, all of them are working and they are consumers only. There you have to see how you are

going to balance this and ensure that the poor people of this country get the consumer goods at least. I would not talk of luxury items, but as far as the wage goods and some other essential items are concerned, they need to be supplied at reasonable prices. That is the need of the hour.

I have not brought in or injected in this any party approach. This not a matter on which one should try to score debating points this way or that way. We are very much concerned that the prices should be controlled and I hope that the Finance Minister would be able to evolve a policy and programme of action which will achieve this objective.

One word about tyres. You must have heard about this also. There was a BICP report. According to that report, some manufacturers had Rs. 800 to Rs. 1000 margin on certain tyres and they had recommended that action be taken to make those manufacturers to bring down those prices, because that was illegal. I would like to know from the Finance whether something is being done about that.

MR. CHAIRMAN: But Government have no control over tyre prices.

SHRI VASANT SATHE: Secondly, the Government gave certain concessions in the customs duty for imported tyres. We import a tyre by spending our scarce foreign exchange so that the imported tyres could compete with the indigenous tyres. But what happened? Earlier the exchange rate for a dollar was Rs. 12, now, it is Rs. 17. Therefore, the imported tyre has become costlier than the indigenous tyre. What are you going to do? Either reduce the customs duty or find some other way so that the imported tyres become cheaper, if you want to continue to import the tyres. But basically, indigenous tyres prices have a very important bearing as far as the transport is concerned, because it adds to the cost of transport. I hope, you will kindly consider it.

[*Translation*]

DR. KIRODI LAL MEENA (Sawai Madhopur): Mr. Chairman, Sir, the way, the prices have been soaring high in the country, has badly affected the common man. The Government has promised in their election manifesto to bring down the prices. A Cabinet Committee under the chairmanship of the Minister of Finance has been constituted and the Government have been thinking seriously as to how the price rise could be brought under control. These rising prices have been giving rise to resentment among the people. Some factors which have contributed to the price hike, were already existing and still exist. Instead, they are constantly increasing in number. Corruption is one of the major factors responsible for it. It has reached at its peak and is prevalent every where. It has shattered the economy of the country. It has completely ruined this poor country. The people have thrown the previous corrupt regime out of power replacing it by a new one but Government machinery remains the same. Hence the need of the hour is to streamline the administrative set up with a radical change in the character of the people holding the responsible positions in that structure to eliminate corruption which is the main contributing factor of price rise and can be controlled. If we can strike a balance between our demand and supply, there will be no inflation. The gap in supply and demand has increased, sharp increase in demand in disproportion on supply has ultimately resulted in price-rise. Besides, the population explosion has also added to the gravity of the situation. It has also affected the prices. Also the Government did not take adequate measures to mobilise more resources and increase their production to strike a balance between the demand of the ever increasing population and the supply of consumer items and the net result is that the prices have touched new heights today.

[SHRIMATI GEETA MUKHERJEE *in the Chair*]

There is no dirt of hoarders and profiteers in this country. I would like to urge upon

[Dr. Koridi Lal Meena]

the Government to keep a watch and check on such elements. Hoarding is also one of the factors that contributes to price-rise. That way black money has been playing a vital role in India.

According to an estimate of the National Institute of Public Finance at present there is total amount of about 48 crores of black money in the country, which is the very base of parallel economy in this country.

The Government, therefore, should take steps to unearth the entire black-money and annihilate the parallel economy.

Madam Chairman, besides all this, our public distribution system is also defective which is causing undue price rise and the inflation at the rate of 18 to 19 per cent is also contributing to it. I would, therefore, urge upon the Government to take effective measures to keep the inflation under check. It is extremely essential. The Government will have to formulate a long term permanent scheme to check price-rise. For that purpose, they should lay stress on the production of consumer items. In case this aspect is given adequate attention, it will have its long term gains. Just now, we were discussing the point of industrial perspective under the prevailing circumstances. If the Government comes forward to encourage the setting up of medium and small scale industries along with big industries, it would definitely control the price situation. Japan has made a big stride particularly in the field of plastic and electronic industries. Instead of setting up large electronic industrial units, they preferred to promote small scale industries for the manufacturing of electronic and plastic goods. However, big industries are there only to assemble the various parts. That is why small scale industries were promoted in Japan which eradicated unemployment. It also brought an end to the monopoly of big industries. But in our country such a monopoly continues to persist to this day. Here more of the big industries have become sick, which has resulted in the increasing unem-

ployment. However, the system they have adopted in Japan to promote small scale industries for the production of electronic and plastic goods to be ultimately assembled in big industries has proved to be beneficial in the sense that it has not only increased the production of these commodities but also enabled them to reduce the prices of other commodities with an improvement in their quality. Today, Japan is reigning supreme in this regard. Therefore, I would like to urge upon the Government to follow in the footsteps of Japan to take effective steps to check the price-rise. Lackadaisical attitude of the Government is also responsible for all these things to a great extent. Some-times, the Government takes over the trade in their own hands while on other occasions, they hand over the charge to the traders. At times, certain commodities are covered under the public distribution system and at other times, they are kept out of the jurisdiction of the net work. Lack of a clearcut policy tend to increase the prices. So the Government shall have to adopt a clear-cut policy and move ahead in a particular direction so that prices can be checked. The entire country is concerned about it. We have heard a lot from the hon. Minister of Finance and many things have appeared in the Press also in this regard. Yesterday also, our Hon. Prime Minister said that strict action will be taken against those who raise the prices of sugar and cement. I would like to submit to the Government that we are also their allies. I have just returned from my constituency. At the time of elections, we told the public that we will control the prices of essential commodities if this ineffective Government is changed. But, today, when we go to our constituency, people ask us why prices of the commodities have escalated so much and when will the Government control it. What steps the Government is going to take in this regard. The prices of all the commodities came down within one month, when Shri V.P. Singh took oath of office as the Prime Minister of this country. There is constant increase in black money and hoarding and a parallel economy is being run in the country. I would request the Government that it should take strict action against such hoarders even

if they are influential. Action should be taken against the guilty and the Government should not hesitate in this matter. We came across a number of speeches of the Hon. Prime Minister in the Press regarding prices and today also, we came across a similar statement by him. Our Finance Minister is also very strict in this regard. He is an expert in economics. I would urge that he should use his knowledge for the welfare of the people and control the increasing prices so that we can tell the people that the Government has checked the prices, which was the main issue in the elections. I would like the hon. Finance Minister to give a commitment in this regard in particular. He should inform the House whether there is a proposal to bring about an effective scheme to control the increasing prices. I hope the Government will pay attention in this regard. Several parts of the country are severely affected by this price-rise and we are unable to convince the public there. I hope the hon. Finance Minister will bring some proposal before the House regarding the steps to check the increasing prices so that after ourselves, being convinced we can convince the people in our constituencies.

[English]

SHRI SUSANTA CHAKRAVORTY (Howrah): Madam Chairman, perhaps the most disturbing development in the Indian economy today is the resurgence of inflationary pressure. The whole of India has now been afflicted with the inflationary disease. Of course, the storm of spiralling prices started two decades back. But it had gained momentum in 1983—84. Thanks to the achievement of the previous Government, the whole-sale price index, taking 1970-71 as the base year, rose from 316 to 443.3 in March 1989 and to 473.3 in September 1989. This has happened despite a bumper harvest of both food and cash crops for the second year in succession.

It was against this, among other things, that the people of India raised their voice of protest. All the left and democratic parties including the Janata Dal waged a relentless

battle and succeeded in overthrowing the Government which was responsible for this. The Janata Dal in its Election Manifesto promised that it would give priority to the resistance of spiralling prices. But unfortunately, the measures adopted by the National Front Government has failed to make any impact upon the price rise. In spite of the laudable claim made by the Opposition leader in the first Budget session that no Prime Minister has left an economy more strong than what he has left for Mr. V.P. Singh, the fact remains that the National Front Government inherited a ruined economy.

The total deficit as on December 1, last, when the National Front Government took over was to the tune of Rs. 13,790 crores. The foreign debts amounted to Rs. 84,000 crores. The rate of inflation was nearly eight per cent while the foodgrain stock had dwindled to 11 million tonnes.

Still, the alibi of a difficult legacy will not wash up the grim reality that the Wholesale Price Index for all commodities, base 1981-82, was 170.3 during the week ended March 24. In the previous week, the Index was 169.5. Again it reached another peak at 171.6 during the week ended April 7. It was 170.7 for the previous week. Inflation on a point to point basis, that is, the increase in the Index over that for the like last year, worked out to be 8.5 per cent. There has been increases in the prices of fruits, vegetables, edible oils, tea, sugar and cement. The bulk of this rise was after March 19.

During the discussions on General Budget, we expressed our apprehension that the increase effected in the prices of petrol, diesel, motor spirit and railway fare and freight will result in hike in prices of consumer goods. It will hurt the poor most. Even the middle income group will find the going very hard. Uncertainty will prevail in the economy. Stabilisation will be a far cry. All our apprehensions have come true.

Madam, the question is—whether the Government is at all serious about the magnitude of inflation? It seems, they are

[Sh. Susanta Chakravorty]

not. In an answer to a short notice question in this very House on 18th April regarding price hike of edible oil, there was an attempt to show from the side of the Government that there has been no substantial rise in the oil prices. Now, why does one think that prices are not rising too fast? It is because it is not rising faster than in the past year or past month or past week? "Not faster, therefore not fast" is not a very good logic. The prices are rising less rapidly than before does not *ipso facto* imply that they are not rising rapidly.

It is for the Government to think deeply why there has been such increases in prices. They are to admit the reality that the present situation whether in the economic front or in the political front is the contribution of a Government run so far in the interests of the bourgeois and landlords. A people oriented policy alone can save the economy from the disaster. Various factors—factors of inflationary pressures in the economy, increase in the supply of both broad money and narrow money, deficit financing by the Government to large extent—have been referred here. Other factors such as upward revision in the administered prices, increase in hoardings, speculation, under utilisation of capacity, faulty distribution system, supply-demand imbalances, the rise in important-costs, budgetary levies, etc have also contributed to price hike.

But persistent inflation over several years is due to the expansion of liquidity. The Reserve Bank of India in its Annual Report observes:

"During the past 4 years, not bank credit to Government nearly doubled from Rs. 48,900 crores at the end of March, 1985 to Rs. 96,867 crores at the end of March, 1989. A net Reserve bank credit to Government was more than doubled from Rs. 29,774 crores to Rs. 60,018 crores. The large growth in liquidity has to be viewed against a little over 5% growth in real income during the period. The persistence of such a large li-

quidity growth cannot but be reflected in pressures on general prices."

Deficit financing has been taken as a panacea for financing development. A year goes by and the amount goes up. More money comes in the market. Thus too much money chases too few goods, what can be the result except inflation? Then, there is a parallel economy run by the owners of black money. Some 50,000/- crores of unaccounted money runs in the Indian money market making the situation more difficult.

Government have taken recourse to indirect taxation. 86 per cent of total tax revenue comes from indirect taxes. In 1951 the situation was just the reverse. This decline in the direct taxes is quite in contrary to the practice practised in the developed countries of the West as well as Japan. The common man is hit hard because of this policy, because of price occurring as a result of the incidence of indirect taxes.

Indian economy is marked by inflation on the one hand and stagnation on the other. The result is optimal utilisation of the productive capacity has been impossible. Therefore, full costs including costs of unused capacity is sought to be recovered from the prices charged. Thus, increase in the average cost of production on account of failure to produce the capacity output owing to decline in demand resulting in a shortening of the market base has resulted in price rise. Now, there is one more factor—the marketable surpluses do not reach the market. It is our experience in the Indian economy. The hoarders keep them confined making, our economy a heaven for the black marketeers and speculators. On the one hand there is distress sale by the farmers and, on the other there are the people who earn double profits. The producers do not get the price. It is the middleman who is benefited at the time of purchasing the commodity and at the time of selling it in the market. The National Front Government, of course, have taken certain measures. The Reserve Bank of India has tightened the selective credit control and taken certain measures to mop up excess

liquidity. Proportions of direct tax have been increased. On the supply side, the Government is trying to increase the supplies of food-grains and other essential materials through Public Distribution System. Even the possibility of limited imports of edible oils in view of the short fall in production has been hinted at by the Prime Minister himself. Export of tea to Soviet Union is being reduced for the time being. But all these measures have failed to make any impact on the market till date. We feel that to fulfil its promises, the Government needs sufficient money for the purpose. We are of the opinion that without imposing any burden on the people and even after giving sufficient relief to the people and awarding support price to the farmers, it is possible to secure necessary resources by restructuring of the tax structure. By tightening of the tax collection machinery and by an increase in direct tax.

In the rural areas, sixty per cent of the rural resources are concentrated in the hands of ten per cent of the rural people. These people do not pay any tax. If these people could be just drawn into the arena of taxation, some thousands of crores of rupees could be earned by the Government. What I want is a well-planned, coordinated campaign against the black money, with the cooperation of the people.

Public Distribution System needs to be improved. Since long, our party and the Left Front Government of West Bengal have been demanding the distribution of fourteen essential commodities at fair prices to the public through the Public Distribution System. The previous Government did not pay any heed to it. If it would have been done, the ordinary people would have enjoyed certain relief and the game of hoarders and profiteers would have been checked to a large extent.

We have witnessed during the past regime that in spite of bringing the hoarders to book and taking them to task, they were rewarded. They were given the opportunity to drain out money from our country to Swiss banks or elsewhere. It is these people who

should have been hanged they were at the helm of affairs. The National Front Government, pledged to develop a clean atmosphere, not like the one nurtured by Mr. Clean himself, is expected to take stern action against these people. We sincerely believe that unless the monopolistic control of a handful of rich industrialists and rural rich over production and distribution is dispensed with, no essential commodity at fair price would be supplied to the market.

Unless the market base is broadened by increasing the purchasing power of the people in general, most of whom depend for their livelihood on agriculture, through honest implementation of the land reform measures, they cannot generate forces for combating inflation.

There is no need for resources in our country. What is needed is a political will, a strong determination to combat this evil. We hope the National Front Government would realise the need of the hour and fulfil the expectations of the people.

With these words I finish my speech.

MR. CHAIRMAN: Shri P.R. Kumaramangalam.

SHRI P.R. KUMARAMANGALAM: (Salem): Madam, Chairman, it is rather very kind of you to have given my friend Mr. Chakravorty, the hon. Member from Howrah, so much of time. I hope I will also get the same indulgence.

SHRI NIRMAL KANTI CHATTERJEE (Dum Dum): Is that an observation on the Chair?

SHRI P.R. KUMARAMANGALAM: No, no. I want the same indulgence. I am seeking the same indulgence.

MR. CHAIRMAN: Whoever will be in the Chair will be impartial. You need not worry.

SHRI P.R. KUMARAMANGALAM (Salem): Madam Chairman, unfortunately we

[Sh. P.R. Kumaramangalam]

had warned during the Budget discussion that the Budget brought forward in this House by the hon. Finance Minister was very inflationary and we are all reasonably certain that there is a definite fall out inevitably to the extent that we would have price rise. He had assured us that that would not happen, if I recollect rightly, and steps would be taken to ensure that it does not happen. But unfortunately the immediate history of the past few days has established that the hon. Finance Minister was wrong and the rest of the House was right.

Madam Chairman, if one takes the whole-sale price index, as of 17th February 1990 vis-a-vis 17th February 1989 and see what was the percentage increase, this year it was 7.7% and last year it was 5.3%. My friend from Howrah categorically went on record to state that it was the previous regime which did everything to bring in, if possible, this unfortunate situation of increase in prices. If he really wants to touch upon history, then I would like to remind him and the House that the highest inflationary figure that we have ever seen was when the Congress was not in power. It was when the Janata party was in power and in that period it was as high as 21.7% or even 33%, if I could recollect it correctly. That was the highest figure. I do not know whether the Guinness Book of record are willing to take it in. But I am sure they would if rightly approached. Of course, Prof. Madhu Dandavate was then in charge of Railways, not in the Finance. (*Interruptions*)

Madam Chairman, what hurts the most is to see that in the last few months what has gone down in prices is chillis and what has gone up is things like salt, edible oil and even bajra. All of us are aware that the poorest of the poor use 'bajra' as a staple food. It has gone up by as high as 7.4% in terms of its price, that is, between November 1989 and February 1990. And if one takes the March and April figures, it will be even higher. If one takes salt—I am sure the hon. Finance Minister would agree, salt is a very import

commodity and unless all of us have to be struck by arthritis to ensure to keep off salt—the price of it has gone up. Much worse is gingily oil which is the staple edible oil to all Tamilians; that has also gone up in terms of its price, by 23.9%. This sort of discrimination on your part is not understood. Its price has really gone up to such an extent. The misfortune is that even in controlling prices it looks like that there has been discrimination. But Prof. Madhu Dandavate, I am reasonably certain coming from across the region of Vindhyas would not resort to such discrimination and this must have happened by an accident of fate or may be because the whole-sale trading community which normally tries to whatever indulgence they can, attempts to draw benefit from the ruling people, that is, the ruling party is restricted to North and therefore, the South need not be paid much attention.

17.00 hrs.

However, without going into that, I would like to bring to the notice of the Minister that Governments including his Government at one time had fallen essentially because of prices, and we had come back to power because of prices, when the price of onions had gone up to Rs. 12 a kilogram—if I recollect—or something like that, and it is relevant to point out that such a situation can arise even now. The rate at which prices are increasing, it is no longer joke, and I do not think it is any longer an issue between party and party or this side of the House and the other side of the House. If prices increase at this rate, I think, all of us would become non-entirety, the people would not tolerate a system which hurts the majority.

17.02 hrs.

[SHRI NIRMAL KANTI CHATTERJEE *in the Chair*]

If one looks at the price increases, one would notice that staple food for the poor has become costly, minimum bare necessities like cheap cloth have become costly, gur has become almost unapproachable, rapeseed,

musturd oil, even castor seed, even ground-nut—why go into oils at all, let us look at the rupee value. I one looks at the rupee value, one would be shocked to know that the value of the rupee vis-a-vis the 1960 level when it was supposed that a hundred paise was hundred paise if we take the purchasing power of the real value of the rupee in 1960, today we weighed down to 11 paise, according to your own statistics, not mine. There are the statistics given in reply to the unstarred question in Rajya Sabha. It is relevant to point out, therefore, that if one takes the per capita income in 1960 being around Rs. 1200 and today being around Rs. 3000 and odd, the actual per capital income in real value has gone down by 75 per cent if one just uses the calculation formula.

MR. CHAIRMAN: Would you kindly repeat for the benefit of the Chair? I am taken a back by your statistics.

SHRI P.R. KUMARAMANGALAM: Definitely. According to the Ministry in reply to an unstarred question in Rajya Sabha, they had said that if one takes the consumer price index in mind, and the value of the rupee in 1960, a hundred paise is equivalent to hundred paise, what is the value of hundred paise today? In those terms, they had said it comes to 11 paise today in terms of 1960 prices. That is the consumer price index which we all use for dearness allowance, which we are all familiar with.

17.03 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

If the hon. Deputy-Speaker will now permit me to clarify to the Chairperson, I would like to clarify that the per capita income was around Rs. 1200 in 1960 and today it is supposed to be Rs. 3000 and odd. This is their own figure. If one uses the equation and does the calculation the per capita income has come down by nearly 70 per cent. This is important for us to note because we keep ourselves in an illusion, we have pushed the poverty evaluation from Rs. 3000 to Rs. 5000 and said that we have

raised the poverty line limit keeping inflation in mind. Actually, we have done no real compensation and today if one takes that amount of Rs. 3000 and put the calculation, it should become Rs. 12000. The number of people who should rise above the poverty line have not risen as claimed by all the statisticians and economists and economists of the Finance Department of the Ministry and the Politicians who reel out normally whatever is given to them in terms of statistics. Today, the poor has become poorer and the rich is becoming richer. The inequities here increasing. In an atmosphere where the inequities have increased, you are hitting at the very base of livelihood and at the very base of basic necessities. After all a person who cannot afford rice or wheat goes for bajra. All of us are aware of it. The prices of bajra are going up. People who cannot afford vanaspathi resort to edible oils today. This is a fact. The price of edible oil has increased. It is admitted in this House by the hon. Minister Mr. Mirdha both in Starred and Unstarred Questions. One can understand the increase in prices of essential commodities, but the prices of other essentials have also gone up considerably. Everyone of us stand up in public dias and say that food, shelter and clothing are very important essentials. Food has become definitely dearer and there is not dispute about it. Let us talk about clothing; it has also become so much dearer that unless today you are one of those who have a dearness allowance to compensate or other methods by which you can compensate, you will certainly find that you can wear only half the cloth of what you could afford exactly five years ago. If one could afford one length of cloth five years ago, today he can afford with the same amount of money, only half of that length. If we see the way the economy is going, one would be wearing a fraction of the cloth he would require to cover his body. Not only that; let us take shelter. Shelter is something that does not come within your control hundred per cent. But the prices of cement and steel have shot up by 30 per cent within three months. Today, cement has become as dear as one may ever say gold. There was a lot of show a made about removing the Gold Control Act

[Sh. P.R. Kumaramangalam]

and they were saying that this will immediately bring the price of gold crashing down. I can assure you, there were indications of that in the beginning, but then the upwards swing had started. Ultimately, in reality today, the situation is that within just in a month and not even a half—if one takes 19th March the date on which the Budget was presented and today's date—of the budget, the prices have increased by more than 10 per cent already. What is going to happen? We are going to have a mammoth double figure inflation this year. I only hope ambitions are not on the part of the Treasury benches to achieve triple figures. We will soon be carrying money in baskets on our head as it was stated to be done in Brazil sometime ago.

Mr. Deputy Speaker, Sir, I speak not from any political point of view or political party point of view; I speak on this issue as an individual Member and plead with the Finance Minister who, I am sure, will ultimately assure us that he has got wonderful plans of how he will curb the prices and ensure that the poorest of the poor gets the best deal that he can have. It is no use having plans and programmes on paper. Ultimately, the proof of the pudding is in the eating. We would like to know specifically—not in vague terms, as vagueness has become the past method of system by which they have become masters. But today I would plead with him that this is not politics. Let us not have vague ideologies; let us not have vague presentation of niceties. We would like to know specifically how is it that you are going to control the wholesale price index; how is it that you are going to control the retail price; how are you going to ensure profiteers and blackmarketeers do not get away with murders. How is it that you are going to ensure basic necessity for the poor man whose staple food is Bājra and salt. How are you going to ensure that he gets them cheaply? How are you going to ensure that the public distribution system which my friend, the hon. Member from Howra was praising too high heavens, functions efficiently? Even in Bengal we are aware that every kg. that is

given in the public distribution system, 15% of it easily goes on payment to certain Party personnel who control the Government. Now this is a known system. At least, in Bengal, I give the credit that it goes to some political party system. But in other places, it goes to real corrupt officials, and goondas. The public distribution system not only needs to be streamlined but needs to be cleaned up, if one has to make it effective. In my own State, even in my own constituency, through you, I would like to bring to the notice of the Finance Minister that we have actually seen that on day-to-day basis, the sugar that is meant for poor man does not reach the poor. On the contrary, it is taken from the ration shop and sold in black by those who have the authority of the State behind them whether it is the ruling Party or the ruling Party candidates or their hence men or other persons. We have seen this happened and this irrespective of which political party comes to power. Public distribution system has become now one of the best methods of creating black money and generating black money. That does not mean one does away with the public distribution system. I always believed that this is the system by which you can control these profiteers, hoarders and blackmarketeers, especially in the field where essential commodities are sold in retail outlet. However, attention has to be paid not only in terms of policy but also with the intention. There must be the intention. I am afraid, however much the hon. Finance Minister may want to ensure, his partners or rather crutches as we sometimes jovially say, are backed by very strong trading community. I would like him to be a little cautious there and realise that remaining in power, for the sake of remaining in power, would become irrelevant because ultimately the people will definitely sweep them out if they are unable to control the price.

[*Translation*]

SHRI HARI KEWAL PRASAD (Salem-pur): Mr. Deputy Speaker, Sir, Shri Madhu Dandavate and Shri Mirdha have violated the sanctity of the election manifesto of Janata Dal particularly in respect to the promises

made to the poor to curb prices. With your permission, I would like to sue them in this House for price-rise. Recently, I visited my constituency. Everywhere the villagers were complaining of only thing and that was price-rise. They said that prior to elections, steel was selling at Rs. 800 per quintal but now it is Rs. 1200 per quintal. Cement was Rs. 62 per bag, and now it is Rs. 105 per bag. Dalda has shot up to Rs. 500 per tin from Rs. 350 per tin. Similarly bricks have gone up from Rs. 350 per thousand to Rs. 700 per thousand. Fuel wood is selling at Rs. 100 per quintal now instead of Rs. 50 per quintal. Sugar has gone up from Rs. 8 per kilogram to Rs. 9 or Rs. 10 per kilogram. Salt is selling at Rs. 2 per kilogram instead of Re. 1 per kilogram. Kerosene was Rs. 3 per litre, but now it is Rs. 5 per litre. Similarly, the prices of all other items, whether it is zeera, edible oils, medicines and or cloth has increased tremendously and price-rise is being discussed everywhere.

Mr. Deputy Speaker, Sir, as this is the marriage season, the farmer are facing lot of problems. They need sugar, dalda and other items for their son's or daughter's marriage. As these commodities are in short supply, there are long queues outside shops. On the one hand, the prices of sugar, salt, dalda and edible oils etc. are increasing, whereas on the other hand, diesel, which is most important for harvesting the crop, has disappeared from the markets. There are long queues for it also. Diesel, petrol and sugar everying has disappeared from the markets and prices have sky-rocketed. With your permission, I would like to submit that all the Members sitting in this House are to be blamed for this pricerise.

In this discussion, I do not want to say anything about the previous Government. Why should we blame the previous Government for rising prices and hide our sins. I feel that it is a matter of concern for the Janata Dal Government and all the elected Members here.

Mr. Deputy Speaker, Sir, there can be two reasons in so far as price-rise is con-

cerned. The hon. Finance Minister and the hon. Food and Civil Supplies Minister may give us some datas and say that the prices have increased due to these reasons, but I feel that although there is change in the Government the system has remained more or less the same. When some Member asks whether there has been price rise, as I had asked, the stock reply of the hon. Minister is in the negative. Today, everybody is in distress because of price-rise, but here we are told that there is no increase in the prices. The hon. Minister merely signs on the reply prepared by bureaucrats. Same is true of corruption also. There is no let up in corruption. Only the Government has changed. Corruption has remained.

I am very much disappointed about the distribution system also. In rural areas, 130 grams of sugar is being provided per unit, whereas in urban areas, 1 kg. sugar is being given per unit. Similarly 2 litres of kerosene oil per head is being provided in the villages whereas 4 litres per head is being provided in the cities. This is the arrangement of the Janta Dal Government. I would like to submit that earlier, we used to fight, when commodities were not available and now essential commodities are not available even during marriage season or on the death of a person. whenever there was non -availability of sugar, dalda and other commodities, we used to gather people and tell them to gherao the Collector. But, today, it is our own Government and I would like to ask the hon. Minister whom should we ask them to gherao now. I will obey your orders. But, I would like to submit to the hon. Minister that the big businessmen as well as the high officials are also responsible for this price-rise. We will have to expose the nexus between the black-marketeers and the officials in the same way, as we brought about the fall of the corrupt and dishonest Congress Government. Only then this issue can be solved.

Sir, on behalf of the people, I would like to demand from both the hon. Ministers, through you, that the increase in the price of diesel and petrol should be reduced and prices should be controlled. Effective steps

[Sh. Hari Kewal Prasad]

should be taken so that all the commodities starting with sugar are made available to the people, as it was available during the Janata regime. Common man was all praise for the Janata Party Government. I hope that Shri Dandavate and Shri Mirdha will make announcements in the House today that those businessmen, industrialists and big officials, who are responsible for increasing the prices should be beware of it. The Government should try to make the commodities available on the prices, they were available just before this Government came to power.

With these words, I hope that the Government will check the price rise.

[English]

MR. DEPUTY-SPEAKER: Hon. Ch. Dhankar wants to say something.

THE DEPUTY MINISTER IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (CH. JAGDEEP DHANKAR): Sir the Japanese Prime Minister is addressing the Members of Parliament in the Central hall a little while after six p.m.

MR. DEPUTY SPEAKER: At what time, exactly?

CH. JAGDEEP DHANKAR: At 6.15 to be exact. To enable Members to participate in that function, a similar request is made in the Rajya Sabha also. So, if the House could rise at 5.30 p.m. today that would enable the Members to participate in that function. That is what I am submitting. That would enable the Members to participate in the function in the Central Hall at 6.15 p.m.

SHRI Y.S. MAHAJAN (Jalgaon): What is your suggestion?

CH. JAGDEEP DHANKAR: My Suggestion is for seeking the adjournment of the House at 5.30 p.m. today.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): Rajya Sabha is also adjourning at 5.30 p.m. today.

CH. JAGDEEP DHANKAR: Yes, Rajya Sabha is also adjourning. Further, I would like to say that this discussion would continue. It will be taken up day-after-tomorrow i.e. on the 2nd.

MR. DEPUTY SPEAKER: Would you like the House to rise at 5.30 p.m. or a little later?

CH. JAGDEEP DHANKAR: At 5.30 p.m.

MR. DEPUTY SPEAKER: Mirdhaji would you finish your reply within five minutes? Hardly there is time.

[Translation]

THE MINISTER OF FOOD AND CIVIL SUPPLIES (SHRI NATHU RAM MIRDHA): It does not make any difference if I take two three minutes more.

[English]

MR. DEPUTY SPEAKER: I was trying to understand your view.

SHRI NATHU RAM MIRDHA: If you allow me, I will finish at 5.30. If you all agree, I will try to finish. (*Interruptions*)

MR. DEPUTY SPEAKER: Half-an-hour may not be required. Let the Minister reply and then let us go.

SHRI NATHU RAM MIRDHA: I will finish within 15 minutes. (*Interruptions*)

MR. DEPUTY SPEAKER: Let him finish. What do you do sitting there? Immediately after the Minister's speech is over, we will rise. (*Interruptions*)

SHRI RAM NAIK (Bombay North): Sir, I am on a point of information. Hon. Members have already given their names.

MR. DEPUTY SPEAKER: We will take it up day after tomorrow. He is intervening now. He will speak for 5 minutes.

SHRI RAM NAIK: His speech will not be over.

MR. DEPUTY SPEAKER: He is going to complete in five to 10 minutes. It is his intervention. Finally reply will be given later on.

(Interruptions)

MR DEPUTY SPEAKER: I think, let us not pull on the discussion. Let the hon. Minister speak for five, ten or fifteen minutes. Immediately after his speech is over, we will go to the Central Hall. And the rest of the Members on this subject will speak on Wednesday.

(Interruptions)

[Translation]

MR. DEPUTY SPEAKER: Joshiji, I am solving your problem. Let the hon. Minister speak.

[English]

MR. DEPUTY SPEAKER: I think, let him speak.

[Translation]

THE MINISTER OF FOOD AND CIVIL SUPPLY (SHRI NATHU RAM MIRDHA): Mr. Deputy Speaker, Sir, the hon. Members have expressed their concern over price rise. It is quite natural on their part to express concern over it as they are expected to raise voice of the people who are suffering from price rise. As regards statistics put forward by the hon. Members, they gave their own statistics. However, I am not going to furnish any statistics in support of my argument or contradict those statistics. Ours is a vast country and despite every attempt made by the Government to promote family planning, population of the country is increasing and

every year 15 million person are being added to our population.

SHRI GULAB CHAND KATARIA (Udaipur): This trend should be checked. Has the population increased during the last three months to the extent that led to steep increase in price rise?

SHRI NATHU RAM MIRDHA: You should also work for this. We are also making efforts. I am putting my view-point just as you have put yours. If you do not want to make effort in this direction, you may not do so. The food production in the country has increased considerably. The production at present has touched the level of 178 lakh tonnes as against 50 lakh tonnes at the time of independence. Therefore, it is three times increase and by no means it is a small achievement. Production of pulses has also registered an increase. Last year their production increased by 10 millions tonnes. However, it has decreased this year. Our agriculture still depends on rainfall. In the absence of good rainfall, water level of wells and reservoirs goes down, as a result of which water is not available for irrigating the fields. The cost of irrigation also goes on increasing. Oilseeds and pulses are mostly cultivated on non-irrigated land in our country. Again, percentage of irrigated land has increased in our country. However this increase is not uniform in the country as somewhere it is more as compared to others. In spite of increase in production we have not been able to reach a point of stability despite signification increase in irrigation facilities in the country. At present, there is a shortage of pulses and oilseeds in the country. We have a shortage of 8 to 10 lakh tonnes of oilseeds and 6 to 7 lakh tonnes of pulses as compared to our needs. We meet the shortage by resorting to import. However, we imported only 2 lakh tonnes of edible oil last year as against an import of 18 lakh tonnes earlier. Even this year, we propose to import edible oils to the barest minimum so that farmers could get remunerative prices for their produce. We have to strike a balance between farmer's and consumer's interests. The Government have to watch

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the interest of farmers also. If we fail to do this, the production of foodgrains will be adversely affected. It is for this reason that we have fixed a support price of Rs. 215 a quintal for wheat as against the recommended price of Rs. 200 a quintal. Therefore, the price of wheat has been increased by Rs. 32 a quintal. The price has been increased taking into account the increased cost of production. Similarly, support prices for mustard seeds and sugarcane have also been increased from Rs. 510 to Rs. 575 a quintal and from Rs. 27-28 to Rs. 40 a quintal respectively. At the time of elections, sugar was available at a price of Rs. 12 to 14 a kilo and now it is available at Rs. 8 to 9 a kg. If you make a comparison of the price of sugar vis-a-vis support price of sugarcane, you will find that when support price of sugarcane was Rs. 27 to 28 a quintal fixed by the previous Government, price of sugar was Rs. 7.50 to 7.75 a kg. which later on increased to Rs. 9 a kg. While we are concerned over a marginal increase of price of sugar by 50 paise or rupee one only, we made efforts to bring the price down, as a result of which prices of sugar against came down to Rs. 8 to 9 a kg. all over the country. I would like to point out that price of sugar can not be brought down further because while we have to pay Rs. 40 a quintal to the farmers as support price. This year we expect a record production of sugar, i.e. 107-108 lakh tonnes as against 91 lakh tonnes in 1988-89. This gives us a surplus of 4-5 lakh tonnes of sugar as our requirement is not more than 102 lakh tonnes. This was possible because of cooperation of sugar mills to produce more and more sugar despite late start of crushing season. For this they were given concession also. Farmers were also given better prices so that production of foodgrains and sugar could be brought to the level of our requirements. At present production of oilseeds is short of our requirements. We have to increase their production. I would come to cement and iron as well. Shri Madhuji will tell you about them. He is present here. It is not necessary that I speak on all matters.

Mr. Deputy Speaker, Sir, I would like to submit that most of the members sitting here have come from rural areas with the support of farmers. They have expressed their concern over price-rise. In this connection, I would like to submit that there has been a general tendency to increase the prices with the presentation of central budget every year. The Government is taking strict measures to check price rise. You will also like the Government to take such measures. The Government has taken strong action against hoarders and black-marketeers which have been brought to book. The Government has reduced the limit of stock-holding of various commodities and raids are being conducted so as to bring the prices down. The price of cement come down from Rs. 100 per bag to Rs. 80 per bag. I was saying... (*Interruptions*)

As I listened to you, you should also listen to me. You have given us the responsibility to run the affairs of the country, it is your duty to listen to us.

SHRIKALKA DAS: Mr. Deputy Speaker, Sir, I fail to understand his point, that on the one hand he gone on repeating that production has increased, on the other, prices have also increased. How could it be so? What sort of policy is it?

SHRI NATHU RAM MIRDHA: There has been no increase in prices of cereals such as wheat rice and other grains. (*Interruptions*)

SHRI KALKA DAS: You go to your constituency, you will know the reality. (*Interruptions*)

MR. DEPUTY SPEAKER: It won't do like this. Mr. Kataria, please take your seat. You should speak only when your turn comes. Please do not interrupt. What are you doing there?

(*Interruptions*)

Mr. Minister, Just wait for a minute.

(*Interruptions*)

You cannot be allowed to speak like this. You can make your point when your turn comes. Let the hon. Minister elucidate the Government's policy and his views. You should not interrupt like this.

(*Interruptions*)

SHRI KALKA DAS: He too should address the chair. On the one hand there has been unprecedented rise in prices in the country on the other he is adding insult to injury by his statement. (*Interruptions*)

MR. DEPUTY SPEAKER: Kataria ji, please sit down. As per the parliamentary procedure, no one is allowed to make his point when Minister or an hon. Member is speaking. Unless he resumes his seat, no one can be allowed to speak. Hon. Minister has not resumed his seat and you started interrupting him. This is not a proper way. Let him first make his point.

SHRI NATHU RAM MIRDHA: Mr. Deputy Speaker, Sir, I was submitting that consumer prices have also increased with the increase in support prices of foodgrains. But there has been price rise due to this. Again the prices of pulses have been more or less stable except a few like Arhar and Moong whose production in the country falls short of demand. We have to import them to meet our demand. That is why they are being sold at a bit higher rates. As regards 'moth' and other varieties of pulses, there has been nominal price rise. As regard sesamum oil, we have exported sesamum oil valued at Rs. 150 crore as against Rs. 40 to 50 crore earlier. As a result, farmers got a higher price of this oil in the market. This year farmers got a price of Rs. 1400 a quintal. This has encouraged our farmers to grow more oilseeds. That is why we could be in a position to export more. The Government formulates policy taking into account the interests of all concerned. The growers too have to be cared for. Interest of consumers alone is not our concern. However where we see the

prices unreasonable high, we intervene in the matter. Take the case of cement, there was no justification of increasing its prices. We intervened in the matter and the prices of cement began to fall. Prices of pulses would be brought down to the previous level and sugar price would be stabilised at the present rate of Rs. 8-9 a kilo. We have decided to import some edible oils prices of which have gone up due to shortage. Their prices will also come down. You will see that their prices, be it vegetable oil or any other oil, will steeply come down in the near future. We are importing edible oils as also taking many other steps such as controlling forward trading in oilseeds. The Government is taking all possible steps to contain prices. In addition to it, we are arranging raids on business establishments. We are also looking to the complaints of arbitrary increase in prices by some trade organisations. The Government has no soft corner for any one. No leniency will be shown to anybody in the matter of raids. These measures have begun to yield result. There has been a sharp decline in prices of sugar, oil and cement recently. Prices of some commodities have increased due to hike in freight charges as prices of petrol and diesel have been increased in the budget. But despite all this, as Madhu ji would explain to you in details, rate of inflation has been contained this year. Inflation is not increasing at the rate as it was increasing previously. We are fully seized of the matter and making every effort to contain price rise to mitigate the sufferings of consumers. We are taking steps to stabilise the price. It is an established theory in economics that price stability exists only in case there is harmony between supply and demand of a commodity. But we are facing shortage of many commodities.

Mr. Deputy Speaker, Sir, we will have to make planning to increase the production of coal, steel diesel and petrol. In order to do this we have to explore additional resources. Therefore, we should take an overall view of it and move forward accordingly. Hence, when members express their concern over price-rise we also feel concerned and take steps to contain them so that our economy

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could be managed in the best suitable manner.

Therefore, as far as my department is concerned, I told you that the prices have either come down or have shown a declining trend.

SHRI RAM NAIK: Mr. Deputy Speaker, Sir, hon. Minister has just said that the prices have declined but I would like to submit that the fact is contrary to it. Therefore, in such circumstances, will hon. Minister form a Committee of 5-6 Members of the House to see as to what were the prices two months earlier and what are the prices today? It would also held the hon. Minister to know the reality of his information with regard to prices.

You should go to the market and gather information. I will also follow suit. Then let me know the fact. I have no objection, if a committee is set up for this purpose.

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): I would like to assure Shri Ram Naik ji that we would try to do something in this connection in the light of the views expressed by the hon. Members and give him full details about it after discussion. And if even then the formation of a committee would be felt necessary, we would be the last person to oppose that.

17.42 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, May 2, 1990/
Vaisakha 12, 1912 (Saka)*