

on the Table a copy each of the following papers (Hindi and English versions) under sub-section (1) of section 619A of the Companies Act, 1956.—

(1) Review by the Government on the working of the Pyrites Phosphates and Chemicals Limited, Dehri-on-Sone, District Rohtas (Bihar) for the year 1977-78.

(11) Annual Report of the Pyrites Phosphates and Chemicals Limited, Dehri-on-Sone, District Rohtas (Bihar) for the year 1977-78 along with the Audited Accounts and the comments of the Comptroller and Auditor General thereon  
[Placed in Library See No LT-4300/79]

REPORT ON THE WORKING OF THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION FOR THE YEAR ENDING ON 31-12-78

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ZULFIQARULLAH): I beg to lay on the Table a copy of the Report (Hindi and English versions) on the working of the Deposit Insurance and Credit Guarantee Corporation for the year ended the 31st December, 1978, under sub-section (2) of Section 32 of the Deposit Insurance and Credit Guarantee Corporation Act, 1961. [Placed in Library. See No. LT-4301/79]

SOME HON. MEMBERS rose—

MR SPEAKER: I cannot even hear you. What is the use? You can come and meet me, and discuss with me. I have no objection. Nothing will be recorded.

SHRI VAYALAR RAVI (Chirayinkil): On a point of order, Sir.... (Interruptions)

MR. SPEAKER: Every day, you raise a point of order and make a speech.

SHRI VAYALAR RAVI: Sir, Yesterday, in your wisdom, you directed the Home Minister to make a statement regarding the incidents at Jamshedpur. The statement has not come.

MR SPEAKER: He will be making a statement tomorrow. He has gone again to Jamshedpur. I have directed him to make a statement tomorrow.

SHRI VAYALAR RAVI: The discussion is also tomorrow.

MR SPEAKER Yes. (Interruptions)

THE MINISTER OF PARLIAMENTARY AFFAIRS AND LABOUR (SHRI RAVINDRA VARMA): I understand from the hon. Members that they want to have a discussion on the Report of the Commissioner for Scheduled Castes and Scheduled Tribes. The Government will find time, as soon as the financial business is over, during the session to have a discussion on this Report.

12.11 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

REPORTED CONTINUING RISE IN PRICES OF ESSENTIAL COMMODITIES

SHRI CHITTA BASU (Barasat): Sir, I call the attention of the Deputy Prime Minister and Minister of Finance to the following matter of urgent public importance and I request that he may make a statement thereon:—

Reported continuing rise in prices of essential commodities despite the assurances that the price increase would not exceed one per cent following the budget proposals and the steps taken by Government to check the rise in prices.

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI CHARAN SINGH): Mr Speaker, Sir, as the House is aware, and as has been pointed out in the Economic Survey for 1978-79, there has been a remarkable degree of price stability since the new Government took over in March, 1977. The Wholesale Price Index

[Shri Charan Singh]

(1970-71=100) which stood at 182.9 for March, 1977 fluctuated thereafter within narrow limits and stood at 183.5 for February 1979. For the week ending February 24, 1979 the index stood at 183.6, but in the subsequent four weeks it has advanced by 3.2 per cent to 189.4. There is no doubt that this is a substantial increase considering that it has taken place over such a short period, and I share the concern of Hon'ble Members in this regard.

However, I must clarify the position in regard to what Shri Basu has referred to as an assurance given by the Government that the price increase on account of the Budget proposals would not exceed 1 per cent. It is, perhaps, insufficiently realised that, whatever may be the extent of rise in the price of an individual commodity, its impact on the general price level will be determined by the importance which attaches to it in the context of the totality of wholesale transactions.

The current wholesale price index covers a large number of commodities and quotations. The primary articles group, which accounts for about 42 per cent of the total weight in the index, is not affected by the Budget proposals, except in the isolated case of raw tobacco on which the excise duty has actually been removed. Yet, this group alone has contributed 31.6 per cent to the price rise.

As regards manufactured goods, it has to be noted that only a certain proportion is affected by the present Budget levies. In fact, about one-fifth of the Index (by weight) has been affected by the excise levies proposed in the 1979-80 budget. And of this one-fifth of the Index, the petroleum group alone will be found responsible for a figure of as much as 15.9 per cent in the increase, while sugar, khandsari and gur and non-ferrous metals though unaffected by the budget levies have together contributed 22.8 per cent. In the case of sugar, con-

#### *Commodities (CA)*

trolled releases by industry have been responsible for a rise in prices, while in that of non-ferrous metals prices were raised by the M.M.T.C. at about the same time as the Budget. Prices of imported vegetable oils have also gone up as a result of higher prices prevailing in world markets. It is thus evident that items affected by the Budget have not contributed much to the price rise, and there should be no reason to doubt that the direct impact of Budget levies on the wholesale price index will constitute only about 1 per cent out of the total increase of 3.2 per cent. As is usual, factors other than the Budget also begin to play their part about this time of the year.

In defending the estimates made by my Ministry I do not intend to belittle the hardship caused to certain groups of people by the rise in prices of the particular commodities used by them. What I wish to say is that, even though the price increase in the case of one or more commodities may appear to be appreciable, overall price stability has so far not been endangered. On the other hand, price stability has been substantially maintained in the face of significant increases in money supply in the last two years. But the very fact that money supply expansion is running ahead of growth in real output cautions us about the possible dangers which may lie ahead. Government have always been alive to this issue, and appropriate measures have been taken from time to time in order to ensure that undue price increases do not take place. The credit policy continues to be restrictive, consistent with the needs of increased production, and at the commodity level the various Ministries, and the Department of Civil Supplies in particular, keep constant watch on the situation. As Hon'ble Members would be aware, in the case of packaged commodities it is not easy for traders to over-charge their customers as prices are marked on the container. Off-season increases in prices, as, for example, in the case of fruits and vegetables at the present

moment, are inevitable, and should not be confused with the effects of Budget proposals merely because the two happen to coincide. In fact, the Government owes a responsibility to farmers to ensure that prices do not fall to uneconomic levels because of an increase in production, and supply running ahead of demand.

I know that, currently, manufacturers and traders of some commodities, taking advantage of temporary shortages, are trying to push up prices. I would urge them to desist from such anti-social behaviour. As the House is aware the public distribution system in the country is going to be strengthened with effect from July this year, and the most pressing needs of the common man catered to in a manner which will result in minimum of hardship for him. I may also assure the House that Government will not hesitate to take whatever other steps are found necessary to preserve reasonable price stability. Anti-social elements should be under no illusion that Government will remain a helpless spectator while they continue making undue profits at the expense of the common man.

My statement is not yet complete. After I had sent a copy of this statement to you, Sir, information was received from the Delhi Administration, of which I will read out only one paragraph to make things still clearer.

The Delhi Administration has the following comments to offer for answering this question. This is how it runs.

I will read only one paragraph.

"A recent survey of the various markets of Delhi revealed that soaps and matches are easily available in the market and there is no shortage of these items. ....

**SHRI JYOTIRMOY BOSU** (Diamond Harbour): At what price?

**SHRI CHARAN SINGH**; .... "It has also been ascertained that these items

had not disappeared from the market after the presentation of the General Budget on the 28th February 1979. So far as toilet soaps are concerned, these are reported as being sold at the trade prices. However, in case of matches of specific brands of Ship and Witco, dealers are charging 15 paise per box instead of 13 paise which is the marked price on the match box. This attracts the provisions of clause 6 of the Delhi Display of Prices and Stocks of Scheduled Essential Commodities Order 1977 and necessary raids are being organised by the Department and action shall be taken against the defaulters under the existing law."

What I meant to say by reading out this paragraph is that the Government is not complacent in this regard.

**MR. SPEAKER**: Mr. Venkataraman, what is your objection?

**SHRI R. VENKATARAMAN** (Madras South): I want this statement be circulated to all the members as it contains a lot of information.

**MR. SPEAKER**: I will consider.

**SHRI JYOTIRMOY BOSU**: Matches are being sold at 20 paise per box.

**SHRI CHITTA BASU**: I have carefully gone through the statement read out by the hon. Deputy Prime Minister and the Minister of Finance.

At the outset I am constrained to make the comment that he has chosen to resort to diversionary tactics in order that this House cannot really understand the real issue at stake. I am really sorry for this kind of tactics taken by the most respected leader of the Janata Party now functioning as the Deputy Prime Minister of the country.

Mr. Speaker, Sir, as you know the Finance Ministry after the presentation of the Budget on the last day of February 1979 made a public statement saying that the new levies would have an imperceptible impact on the price front. They were of the

[Shri Chitta Basu]

opinion that the wholesale price index may go up by 1 per cent and the Working Class Consumer Price Index may go up by only 0.5 per cent. I am sorry that the hon. Deputy Prime Minister is still sticking to his gun. That is, throughout his statement he means to say that there has been no rise in price by more than 1 per cent in essential commodities.

SHRI C. K. CHANDRAPPA (Cannanore): Wholesale, not the retail prices.

SHRI CHITTA BASU: I am coming. Please don't disturb.

But what is the actual situation in the country to-day, particularly, in the price front? The official index shows, as I have got in my possession, that the prices continued to rise ever since the presentation of the Budget on February 27. This is an important point to be taken note of. In order to prove this contention or allegation of mine, I would like to quote the following information, namely:

(1) In the week ended March 3, the immediate period after the Budget, the wholesale price index rose by a massive 1.7 per cent. An increase of this magnitude in a single week has never been registered since the inflationary pressures were contained three years ago.

Sir, even after that, in the subsequent week ended March, 10, the wholesale index rose by another 7 per cent. In the next week ended on the 17th March, which is the latest figure available with me, the index rose by another 3 per cent.

Now, if you add these up, it will be clearly evident that this increase has been of the order of 2.7 per cent during these three or four weeks. But all this happened after the presentation of the budget on the 28th of February last. Now it has to be remembered and taken note of by the House itself that before 20th of Feb-

ruary, before the budget was presented, the wholesale price index was actually falling and it was lower than that of the same period last year. This is another important point to be taken note of.

Therefore, Sir, the conclusion is very irresistible and you cannot resist that conclusion arrived at by me that the increase in the wholesale price index by about 2.7 per cent according to my calculations, cannot be attributed directly to the new imposts. This is an important aspect of my argument placed before you. We should also remember that the increase in retail price is all the more higher. This 2.7 per cent increase that I have shown is the wholesale price index. But the retail price is all the more higher to which I shall come. I have got certain documents in my possession to show how the price of sugar has increased. You should give me a little more time to-day, Mr. Speaker.

MR. SPEAKER: Of course, you being the only speaker I shall give you a little more time. But, there is a limit for that.

SHRI CHITTA BASU: Sir, I want some time. He has given an analysis of the rise in prices as to which are the items which have registered an increase in the price. I have also got an analysis with me and so he should listen to me. The price in the group under the head 'Fuel, Power, Light and Lubricant' rose during these four weeks by 5.1 per cent. Is this not due to the budget imposts? This is my question.

The price of the manufactured products also went up. Really I am not in a position to say in which of the items of the manufactured product the price has gone up and to what extent it is. I am not in possession of these figures. But the price of the food products went up by 1.4 per

cent The price of the tobacco products also went up by 8.3 per cent; the price of paper and paper products went up by 1.7 per cent; the chemicals registered an increase by 1.4 per cent. These rises are entirely different according to me, and I suppose, to the entire House, due to the massive tax efforts of Rs. 604 crores mainly through excise levy.

Sir, protests had been made throughout the country; the protest had been made not by only the ordinary people on the street but it had been made by one of our colleagues, Shri Mohan Dharia, the Minister of Commerce, Civil Supplies and Cooperation. In a written statement in the Rajya Sabha which he made on the 17th of March, he says:

"He did not agree with the Finance Ministry's official recording and calculations and forecasts".

Sir, protests have also come from the Chief Minister of West Bengal. The State's Chief Minister writes to the Prime Minister saying that the new imposts will create conditions for the rise in prices which will ultimately lead to the law and order situation all over the country. The Chief Minister writes to the Prime Minister to revise the decision of the Government in this regard.

Sir, next I come to certain concessions. As you know, on the 17th March last, the hon. Deputy Prime Minister and Minister for Finance announced certain concessions.

MR. SPEAKER: Mr. Basu, you should not take this as an occasion to make a budget speech.

SHRI CHITTA BASU: Only four or five points I want to make.

SHRI SPEAKER: You may have them. After all it is a calling attention. Please take another two to three minutes.

SHRI CHITTA BASU: Sir, he has raised certain points. I have also to make certain points. I am only contesting his points.

SHRI SPEAKER: Please take another two minutes. The rules provide for only four minutes for this. But I have given you more time.

SHRI CHITTA BASU: The rule also does not provide that the Deputy Prime Minister should go with his statement without that being contested. Allow me a few more minutes. I shall not take much time. Sir, some concessions have been announced. I will quote in this connection the Hindustan Times dated 18th March as to the effect of these concessions:

"The concessions announced by the Finance Minister in Parliament have not any visible impact in the retail market as per the statement of the Delhi Administration."

New, I would only like to refer to certain opinion given by the National Institute of Public Finance and Policy:

"An increase in the general price level of about 6 per cent can be expected. The major portion of the burden of additional levies falls on the poorer expenditure groups, rural households with a monthly per capita expenditure below Rs. 100 have to bear 69.35 per cent nearly 70 per cent of the additional tax burden while higher expenditure group in rural areas have to bear only 30.56 per cent of the burden."

Therefore, Sir, you would understand this budget has affected adversely both the urban people as well as the rural people. In his statement the Finance Minister has mentioned that there has been no inflationary pressure as a result of the budget proposals. In this connection I again quote the opinion of the Institute of Public Finance and Policy:

"Inflation rate would range from 6 per cent to 12 per cent and this

[Shri Chitta Basu  
inflation if it ranges from 6 per  
cent to 12 per cent is bound to  
create condition for higher price  
rise."

MR. SPEAKER: Please conclude  
now.

SHRI CHITTA BASU: I will only  
now put him one or two questions  
First, having taken into account the  
various factors mentioned by me,  
would the government kindly revise  
the budget proposals and drop some  
of the imports which directly affect  
the common mass;

Whether it is also not a fact that the  
proposal of expansion of public dis-  
tribution system for the distribution  
of essential commodities has been put  
into cold storage. It has again been  
referred to a committee of the Cab-  
inet or officers. It will not come into  
effect on July 1.

Whether it is also not a fact that  
the distribution system cannot be of  
any benefit unless the prices of essen-  
tial commodities are statutorily fixed  
In order to prove this I only want to  
show you cash memo of 1 kg sugar  
purchased by me from Super Bazar  
Cooperative Store, Connaught Circus  
today. The price of 1 kg sugar writ-  
ten there is Rs. 3 10 paise whereas the  
policy of the government in regard  
to sugar is that if the price of sugar  
goes beyond Rs 2.75 then the govern-  
ment will intervene. May I know  
from the hon'ble Finance Minister  
whether the government will revise  
the decision of decontrolling sugar or  
take up the policy of procurement of  
essential commodities and expansion  
of public distribution system so that  
the price rose can be curbed?

SHRI CHARAN SINGH: I made a  
plain and unvarnished statement ab-  
out the truth of the economic situa-  
tion as it exists today. But my hon.  
friend Mr. Chitta Basu has not been  
able to controvert a single statement  
which I made about the statistics or  
the facts of the situation. None.  
Actually I was afraid of a better per-  
formance from him but I have been

disillusioned. I want to say this poin-  
tedly. I may, Sir, with your permis-  
sion tell the House that the Calling  
Attention Motion refers only to the  
price increase as a consequence of the  
Budget proposals. The hon. Member  
has referred to the increase in the  
price of sugar or of steel or some  
other thing. He has also quoted a  
statement of some Institute of Public  
Opinion etc. Facts are there; figures  
are there. We can draw our own con-  
clusions from them. We need  
not refer to any body else or any  
other institution for drawing our  
inferences or forming an opinion. As  
I have said in my statement, Govern-  
ment is alive to the situation. Nothing  
has happened to lead to any distress  
to the common people. As I said,  
Government is going to see that the  
prices do not rise unreasonably.

SHRI VASANT SATHE: (Akola):  
He has not answered his question ab-  
out the Public Distribution system.

MR. SPEAKER: He has already  
said in the main statement.

SHRI VASANT SATHE: He asked  
about the Public Distribution System.  
There is a Committee appointed. This  
is not a dialogue between the hon.  
Deputy Prime Minister and Mr.  
Chitta Basu.

MR. SPEAKER: Nor is it a dialogue  
between you and others. Order please.

SHRI VASANT SATHE: I only  
want to ask him, what has happened  
to the Public Distribution system. Is  
it going to be started or not?

SHRI CHARAN SINGH: I cannot  
go into the details now. What I  
understand from the Commerce Minis-  
try is that they are going to constitute  
the Public Distribution System, as the  
position stands today, with effect  
from July next. That is all that I can  
say.

SHRI VASANT SATHE: You will  
put it in cold storage.