

PREVENTION OF WATER POLLUTION BILL

(i) REPORT OF JOINT COMMITTEE

SHRI SAMAR GUHA (Contai): I beg to lay on the Table a copy of the Report of the Joint Committee on the Bill to provide for the prevention of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of prevention of Water Pollution Boards, for conferring on such Boards functions relating thereto and for matters connected therewith.

(ii) EVIDENCE BEFORE JOINT COMMITTEE

SHRI SAMAR GUHA: I beg to lay on the Table a copy of the evidence given before the Joint Committee on the Bill to provide for the prevention of water pollution and the maintaining or restoring of wholesomeness of water, for the establishment, with a view to carrying out the purposes aforesaid, of prevention of Water Pollution Boards, for conferring on such Boards functions relating thereto and for matters connected therewith.

ESTIMATES COMMITTEE

TWENTY-FIRST REPORT

SHRI K. N. TIWARY (Bettiah): I beg to present the Twenty-first Report of the Estimates Committee regarding action taken by Government on the recommendations contained in their Third Report on the Ministry of Education and Social Welfare (Department of Social Welfare)—General Social Welfare.

STATEMENT re PRICE SITUATION

THE MINISTER OF FINANCE (SHRI YESHWANTRA CHAVAN): I beg to lay on the Table a statement on the price situation.

Statement

It is a little over three months ago that I had occasion to make a statement in the House in response to a

Calling Attention Notice regarding the steep rise in the prices of essential commodities. At that time I shared with the House Government's anxiety in respect of the rise in prices since the month of May this year, which was higher than what would normally have been expected in that part of the year. I had referred then to the late arrival of the monsoon and the subsequent dry spell which, as Hon. Members would know, lasted for a month. Consequently, this year's kharif crop has suffered considerable damage, and it has followed upon a decline in foodgrains production in 1971-72. Last year the output of coarse grains was affected, and this year the paddy crop too has suffered from drought conditions. The Government has initiated a crash programme to rescue as much of the kharif crop as possible, and to increase rabi foodgrains production to an extent which will help to make good the deficit in kharif output. From reports available so far, the wheat cultivation programme is going on as planned in all major producing areas, while other rabi cereals and pulses are also expected to do well in the northern parts of the country. The southern States, too, will contribute in varying degrees; nevertheless, the situation during the next few months will require a careful watch.

The position in regard to agricultural raw materials has also been affected by drought conditions this year, though the impact on individual items may be of varying degrees. The jute crop has suffered substantial damage but, fortunately, the excellent crop of last year has provided a buffer, and the prices of jute manufactures are lower than what they were a year ago. The record cotton crop of last year is, according to present indications, being followed by a satisfactory one this year, and the supply position should, therefore, remain comfortable. The sugarcane crop, which was poor in 1971-72 as a result of a cyclical decline in acreage and damage due to floods, is expected to show a modest recovery despite the

[SHRI YESHWANT RAO CHAVAN]

vagaries of the monsoon. Considerable uncertainty, however, attaches to the oilseeds crop.

As the Hon. Members are aware, there is usually a seasonal increase in prices from the months of May to September. However, the rise this year has been abnormally high. As on 21.10.1972 the General Index of Wholesale Prices stood at 210.9, i.e., 10.2 per cent higher than the level of a year ago. A steep rise in the prices of food articles has been the major cause of an increase in general price level. During the twelve month period ending 21st October, 1972 the index of the food articles group went up by 16.5 per cent, whereas the non-food group recorded only a moderate increase of 4.8 per cent. Fortunately, there are now indications that the normal seasonal decline in prices from September to December, which was not in evidence until mid-October, is at long last beginning to have some stabilising effect on prices of cereals.

The situation has no doubt undergone significant changes since the time I made my earlier statement. As regards foodgrains, we had then with us stocks of a almost 9 million tonnes, and it was deliberately decided to step up releases through the existing fair price shops, as also to raise the number of such shops. Pursuant to this decision, the number of fair price shops rose from 1.37 lakhs at the beginning of August to 1.56 lakhs by the third week of October. The off-take from the public distribution system also considerably increased, and this has helped to moderate the price rise during this period which is usually a lean season. However, in order to maintain stocks at a reasonable level, it is most important that the kharif procurement programme should be implemented with the utmost vigour. The Government has decided upon procurement of 4 million tonnes of rice and 6 lakh tonnes of coarse grains from out of the kharif crop. Procurement prices for the cur-

rent year have been fixed on a realistic basis in order to facilitate the achievement of this objective. Moreover, the State Governments have undertaken to further strengthen the arrangements for public procurement which would greatly reduce the destabilising role played by private traders.

Along with coarse cereals, a substantial part of the pressure on prices has come from the direction of pulses whose output has remained stagnant for almost a decade. Even a marginal decline in their production naturally has significant consequences for the price-line. It has been Government's constant endeavour to develop high yielding varieties of pulses, but so far success has been limited. Recently it has been suggested that bacterial culture and intensive plant protection might increase the output of even the existing varieties, efforts will be made in this direction by a number of States.

Again, while attempts at raising the output of summer groundnut, and of cultivating new crops like soyabean and sun-flower, continue substantial imports of oilseeds and/or edible oils are programmed. 100,000 tonnes of rapeseed are to be imported from Canada; the first consignment has already been received and others are on their way. Import of palm oil for the vanaspathi industry is also being undertaken, and 5,000 tonnes have been obtained from Malaysia. Fortunately, our reserves position is fairly satisfactory to enable us to finance such imports as may be considered necessary.

The sugar policy for the current season aims at increasing the availability for public distribution by raising the proportion of levy sugar from 60 per cent to 70 per cent (inclusive of 3½ per cent for exports). At the same time, a decision has been taken in favour of a uniform issue price throughout the country, and a large section of consumers are already enjoying the benefits thereof. It is per-

haps also worth noting that the entire wholesale trade in levy sugar will soon be handled by Public agencies, like the Food Corporation of India, co-operatives, or other State-level organisations.

Hon. Members would be aware that in order to protect the interests of the weaker sections of the society, there is a scheme for production of controlled cloth which will be distributed at fixed prices. Under the present arrangements a minimum quantity of 100 million square metres of controlled varieties of cloth is produced by the mills every quarter. However, in view of the complaints regarding the availability of such cloth, a revised scheme of distribution has been put into operation under which monthly quotas have been fixed for the States on the basis of population. The maximum retail price of controlled cloth would be 12.5 per cent above the ex-mill price, and it would be distributed mainly through cooperative agencies and fair price shops. Mill-owned retail shops would be allowed to handle only 10 per cent of the production.

The control of speculative activities has formed an important part of the Government's programme to keep prices in check. A tight credit policy has been combined with systematic tightening up of the provisions of the Forward Contracts (Regulation) Act. Last year, action was taken to amend the Act in order to prevent forward trading taking place in the guise of ready transactions. This year, with a view to preventing the misuse of forward contracts ostensibly relating to mahua seed, including its oil, and gram chilka, for conducting illegal forward trading in regulated or banned commodities, forward contracts (including non-transferable specific delivery contracts) in these three commodities were banned from 5th July, 1972. Moreover, in order to ensure more effective regulation and control over forward trading in edible oilseeds and oils, the Government of

India, on 16th August, 1972, effected certain changes in the legal position with regard to forward contracts in a number of these commodities. The actual position at the moment is that forward contracts in these commodities stand suspended. These bans are in addition to those on foodgrains, which have been in force for some time, and on gur which was brought under regulation a year ago.

Finally, there is the question of restricting monetary demand which last year at any rate, was due to the special circumstances connected with the Bangla Desh problem and the December war with Pakistan. Despite the raising of additional resources through taxation, etc., a deficit of over Rs. 700 crores emerged in the Government's budgetary operations. The budget for this year has, however, tried to keep the deficit to the minimum by resort to additional taxation. This is so notwithstanding the increase in the plan provision for 1972-73 by 14.7 per cent over the 1971-72 Budget Estimates.

Again, a decision was taken earlier this year that the State Governments should not indulge in overdrafts, for such were tantamount to deficit financing. The outstanding overdrafts of the States reached a record level of Rs. 642 crores at the end of April 1972, but, after the implementation of the new policy, once these overdrafts were cleared by stages, further unauthorised overdrafts have been avoided, and there were no outstanding as at the end of September, 1972.

It has also been found desirable to reduce liquidity in the economy through increased market borrowings in the current year. As against net market borrowings of Rs. 215 crores proposed in the Central Budget, the actual borrowings have amounted to Rs. 323 crores. To an extent the additional borrowing programme of Rs. 108 crores (net) has been necessitated by provision for the crash rabi programme, as also for increased requirements of relief for natural

[SHRI YESHWANT RAO CHAVAN] calamities. Further, interim relief announced recently for Government employees would involve an increase in the budgeted expenditure. However, Government has constantly tried to effect economies in expenditure wherever possible. Last year a general cut of 5 per cent had been imposed in respect of non-contractual and non-plan expenditures, and maximum possible restraint is being maintained this year as well.

The impact of these measures would be reflected in the fact that, during the current slack season so far (up to the third week of October) money supply has shown a rise of Rs. 121 crores, whereas there had been an increase of as much as Rs. 241 crores in the corresponding period last year. It may also be noted that, during the first half of the current financial year, Reserve Bank credit to Government showed an increase of Rs. 86 crores (as compared to Rs. 327 crores in the corresponding period last year), which shows that, by and large, budgetary expenditures have been matched by buoyancy in tax revenues and additional market borrowings.

The measures to check rising prices would be considerably reinforced if national output were to begin rising at a faster rate than has been the case in the last two or three years. A relative stagnation of industrial output has affected the overall rate of growth of output in the last two or three years. This stage has fortunately now come to an end. Industrial production in 1972 is running 7 per cent higher than in 1971, and this should make for greater availability of goods and services even though there has been some setback in agricultural production. With the rate of monetary expansion being reduced, vigorous measures being now adopted to raise rural production and to further strengthen arrangements for procurement of foodgrains, and industrial output rising, the price situation may be expected to show improvement. In fact, there are already indications of a decline in cereals prices over the last

fortnight, and the coming of the new crop into the market should help to maintain this trend.

It would be appreciated that the expansion of the public distribution arrangements has involved a massive organisational effort, particularly in terms of movement of essential commodities to drought affected and relatively inaccessible areas of the country. Similarly, the procurement machinery in the States has been geared up to ensure fulfilment of the targets laid down. State Governments have been requested to impose restrictions on the movement of kharif cereals, and also to curb speculative hoarding by traders by enforcing vigorously the Foodgrains Dealers' Licensing Order. Now that the administrative tasks have been largely tackled, a smooth flow of foodgrains from the farms to the consumers at reasonably stable prices should be facilitated. Nevertheless, there can be no place for complacency; trends in production and prices will have to be watched carefully for the next few months and further remedial action taken as and when necessary.

SHRI ATAL BIHARI VAJPAYEE (Gwalior): Copies of it may be circulated to the Members.

MR. SPEAKER: I thought after listening to the statement I would announce my decision on the adjournment motion but they are too powerful.

13.2 hrs.

DELHI SCHOOL EDUCATION BILL
EXTENSION OF TIME FOR PRESENTATION
OF REPORT OF JOINT COMMITTEE
SHRI AMARNATH VIDYALANKAR (Chandigarh): I beg to move:

"That this House do extend upto the 15th December, 1972, the time for the presentation of the Report of the Joint Committee on the Bill to provide for better organisation and development of school education in the Union Territory of Delhi and for matters connected therewith or incidental thereto."