

In the circumstances, I request that in the interest of the people of the country, the Central Government should immediately come forward to remove the aforesaid deficiencies in the public distribution system and ensure adequate and regular supply of 14 essential commodities at subsidised rates throughout the country.

13.12 hrs.

DISCUSSION UNDER RULE 193

Rise in Prices in the Country—CONTD

[*English*]

MR. DEPUTY SPEAKER: Now, we will take up further discussion under Rule 193 on rise in price in the country raised by Saif-ud-din Soz on 30th April 1990.

THE MINISTER OF INFORMATION AND BROADCASTING AND MINISTER OF PARLIAMENTARY AFFAIRS (SHRI P. UPENDRA): Sir, I have a submission to make. Already two hours were allotted for this and we have discussed this for three hours and six minutes. Enough discussion had taken place, only the reply is due. The Finance Minister is abroad and he would like to answer this himself because he would like to announce a number of policy matters during his reply. He wants to reply next week as soon as he returns, maybe Monday or Tuesday as soon as he returns. We can postpone this and take up the Demands in the meanwhile.

SHRI Y.S. MAHAJAN (Jalgaon): Do you also want to postpone the discussion, Sir?

MR. DEPUTY-SPEAKER: Do we postpone the discussion on this?

SHRI P. UPENDRA: Only the reply, Sir. Discussion is already over.

MR. DEPUTY-SPEAKER: No, there

are some Members who would like to speak."

SHRI P. UPENDRA: Sir, we have already consumed three hours and six minutes against two hours.

MR. DEPUTY-SPEAKER: I think we will do one thing. We will have a compromise. We will allow 4-5 speakers to speak on this today and we postpone the reply till the Minister returns and is present here, and after the speeches of these 4-5 Members we will take up the Demands.

(*Interruptions*)

SHRI AMAR ROYPRADHAN (Cooch Behar): Sir, we would like to know the exact date when the Minister will reply.

SHRI P. UPENDRA: We will communicate.

PROF P.J. KURIEN (Mavelikara): Sir, I would like to react on this. Of course, I agree to your Ruling.

MR. DEPUTY-SPEAKER: It is an important issue.

(*Interruptions*)

PROF. P.J. KURIEN: One thing I have to say here. Three or four Members will speak and the reply will be postponed to next week. But the point I am making is that if the hon. Minister is saying that we can take up the Demands immediately, well, it is good if he could have informed us a little earlier so that we are also prepared for that. (*Interruptions*) We agree to your Ruling. But about such things he should also inform us earlier so that it is easier for us to prepare. That is why I am saying this. (*Interruptions*) The Demands of the Ministry are taken up immediately. But our speakers are not ready. (*Interruptions*) Suddenly he comes up with a change in the list of Business.

MR. DEPUTY-SPEAKER: Prof. Kurien, the Demands of the Irrigation Department are already slated for discussion today. So,

immediately after the reply, those demands could have been taken up. Now, the position is, we allow four or five Members to speak and immediately after that we take up demands. By that time, the Ministers also will be here.

PROF. P.J. KURIEN: Can the Minister tell us as to when the Finance Minister will reply?

SHRI P. UPENDRA: He will reply on Tuesday next. I have got one more submission. The Demands of the Ministry of Water Resources and the Ministry of Agriculture can be discussed together and the replies will be given separately by the Ministers, because many Members may like to speak on both the subjects.

PROF. P.J. KURIEN: Sir, we agree for that. But what is the allotted time?

SHRI P. UPENDRA: "The time will be three days.

MR. DEPUTY-SPEAKER: So, the demands of both the Ministries will be discussed together.

[Translation]

SHRI K.D. SULTANPURI (Shimla): Mr. Deputy-Speaker Sir, due to rise in prices, poor people and people living in remote areas of our country are facing a lot of problems. The prices have risen ever since the Budget was presented. It is not easy to estimate the amount of problems being faced by the people in this situation. I come from Himachal Pradesh and parts of my constituency of Shimla do not have motorable roads. Rations are transported to these areas on mules. Therefore, a rise in prices causes a lot of hardship to the people living in these remote areas. The Government announced that prices would be brought down. At two or three places the hon. Prime Minister mentioned in his speech that prices would come down within a month. Day before yesterday, it was mentioned on the T.V. that the prices of commodities would be reduced by 0.80

paise in all the markets. But I do not think this has happened in the Delhi, Bombay, Calcutta and Madras markets which were mentioned. Which are the commodities whose prices have been reduced by 0.80 paise? M.Ps are buying wheat from the ration shop in North Avenue at Rs. 2.48 per kg. There has been no increase in the wages of the poor people rendering them helpless. They have no hope of rising above the poverty line. This Government had said that after their coming into power, sugar would sell at Rs. 5 per kg. The B.J.P. even said that in Himachal Pradesh salt would be sold at 0.25 paise per kg. wheat flour at Rs. 1.50 per kg. and rice at Rs. 2.50 per kg. How is the Government going to fulfil. These promises? If the Central Government cannot fulfil these promises the State Government certainly would not be able to do anything in this matter. There is a general feeling that this Government has come into power by giving false assurances to the people. Harijans and poor people are being exploited, their jhuggies are burnt be it in Delhi or other cities. They have not been given any compensation for it. Today these people feel that they are not getting any support from the Government. If the Government really wants to help the people, the first step it should take is to fulfil the promises made during elections. The Government says that it is the Congress (I) which has created the problem of terrorism. How many times will you repeat this untruth? Can you escape responsibility by hiding behind such illusions?

The Budget speech of the hon. Finance Minister clearly stated that there has been a marked increase in rice production. But there has been no reduction in prices. The Report of the F.C.I. godowns clearly indicates the current state of affairs. The hon. Minister went to the extent of saying that the Government is unable to solve the problem of rising prices. But the Government did give an assurance that prices would be brought down. The Annual Report of the F.C.I. godowns shows that thousands of tonnes of foodgrain were pilfered from the godowns. Pilferage of foodgrains has been highest in West Bengal followed by Bihar and Tamilnadu. I have

gone through the reports of F.C.I. godowns in all States. I had raised a question also in this regard and its reply contained all relevant details.

Five Star hotels charge Rs. 500 for a meal. If someone wants to eat a banana in a 5-Star hotel, he has to pay Rs. 10 per banana. Why is a meal in a 5-Star hotel out of reach of the common man? The rates of meals in 5-Star hotels should be reduced so that poor people also can eat over there. If we go to an ordinary hotel, the same meal can be had at much lower rates. In villages black-marketeers are openly selling commodities on the black market. Iron rods, which are used by the poor to construct their huts, used to cost Rs. 650 per quintal but now the cost has risen above Rs. 1,000 per quintal. This will make it very difficult for the people in remote areas to construct their houses. Similarly the prices of cement have also increased. During the time of the previous Government, a bag of cement cost Rs. 60 but now the same quantity of cement costs Rs. 100. Today the Government is unable to control cement prices. Diesel which is used by farmers has become dearer. In such circumstances, how will the farmer grow more foodgrains and bring their produce to the markets. Today farmers do not get remunerative prices for their produce. How can the farmer get good quality seed in such a situation? The Government has announced Rs. 215 as the support price of wheat for the current year. The Agriculture Prices Commission has fixed Rs. 200 as the support price. I think Rs. 215 is too lower a support price. May I know what steps are being taken by the Government to uplift the backward classes? I do not think the Government is making any efforts in this direction. Members of the C.P.M. and B.J.P. who always express concern over the plight of the poor are diverting the attention of the people away from the important issues. The Government should do what needs to be done, otherwise there will be a revolution leading to the downfall of this Government. The Government should first of all fulfil its promises to the people if it cannot do so, then it should express its inability to do anything.

There is no point in repeatedly criticizing the Congress (I). This Government can succeed only if it brings down prices and leads people on the path of progress. The Government has no right to remain in power if it cannot bring down prices.

With these words I end my speech.

PROF. PREM KUMAR DHUMAL (Hamirpur): Mr. Deputy-Speaker Sir, the rise in prices is a burning issue for this country. During the last few days there has been an extraordinary increase in the prices of essential commodities like flour, rice, pulses, salt, sugar and tea leaf. One of the reasons for this price rise is the Budget presented by the Government.

The prices of all articles have gone up as a result of increase in prices of diesel, petroleum and rail freight. On 1st February, the price of 5 kg. tin of refined oil was Rs. 197.71 which went up to Rs. 212 in the end of April. The cost of Vanaspati ghee has also been increased from Rs. 25.00 to Rs. 31.00 per kg. The price of tea has gone up to Rs. 32 which was available at Rs. 18.50. The prices of sugar reached Rs. 9.50 and Rs. 10.00 per kg. The Government has not so far taken any concrete steps to check price rise. The common man feels that some product manufacturers have come to some understanding. For example different companies manufacturing cement have decided that at a time only a particular company will sell its cement in the market and then it will be done by rotation. In this manner artificial scarcity is being created in the market and people are being looted. Today the cost of cement bag is Rs. 90 to Rs. 100 per bag. This is the situation even after the statement made by the Minister of Food and Supplies. It is noticed that sometimes situation is deteriorated and prices go up in spite of decreasing after the Minister's statements. As he said last week that prices of sugar will not come down. The business themselves conclude that there is no chance of prices coming down. They took it as an indication. I want to remind the Government that there was tremendous rise in the prices of essential

[Prof. Prem Kumar Dhumal]

commodities before election, and it was a major factor of Congress defeat. If the present Government also does not make any effort to bring them down, it can also become the cause of the defeat of the present Government.

One should learn from the history that when prices of the essential commodities do not come down, Governments have to go. The essential commodities for the common men are rice, flour, salt, tea, sugar, cement and steel. The Government should take immediate steps to bring down the prices of these articles:

The employees get a little amount of D.A. with the increase in price-index. This D.A. does not neutralise the increased prices fully. It becomes vicious circle. Even the entire salary proves to be inadequate because of rise in prices. Members of the all parties have expressed their views in this regard. They have drawn the attention of the Government towards this problem. I do not want to take more time of the House but want to warn the Government that they should take immediate steps to bring down the prices of essential commodities. The Government should adopt stringent measures against the people creating artificial scarcity by forming pools. The Government should also take concrete steps against the hoarders and black-marketeers so that prices of essential commodities come down.

With these words, I conclude.

[English]

SHRI Y.S. MAHAJAN (Jalgaon): The nation is reeling under the impact of steeply increasing prices since the presentation of the Budget. Inflation is almost endemic in our society. During the year of the greatest drought, prices rose by 10.7% during the next year by 5.7% and during last year 1989-90 about 8.7%. But this story has been going on for the last 40-50 years excepting some few fortunate years. There has been con-

tinuous degradation of money in our country. Prices have been rising almost without any let off. There is no relief. The situation now demands special attention because after the presentation of the budget, price rise has been very sudden, persistent and more than during any corresponding period in the past. Things which are of daily importances such as pulses, tea, oilseeds, sugar have risen steeply. Manufactured goods like textiles, paper, paper-boards, beverages, tobacco, basic metals, leather and leather products have also been responsible for rise in the general price level. This has been quite clearly due to the bad management in the supply and demand position in the short run. Government has not been alert in the matter. They have taken things very lightly. They did not manage the supply and demand position with sufficient alacrity. Apart from this, there are certain other durable long-term factors which account for the upsurge in prices. These factors have not yet been dealt with by the Government. Unless the Government takes serious steps to deal with these long-term factors, price rise cannot be controlled.

Sir, the Prime Minister and the Finance Minister have reacted to the present situation. They have stated that they would take serious steps against blackmarketeers, hoarders etc. For instance, in the case of sugar, there is no reason why the prices should increase. Sugar cane crop this year has been a bumper crop. We expect the highest production of sugar. It is clear that the manufacturers of sugar have been responsible for holding the stock back from the market. The same point holds good in the case of cement, in the case of many other commodities. Therefore, I hope the Government will take steps immediately and see that prices are brought down.

Just before the election the Government said about prices. I am going to quote their words. I am translating their language. They have said: "Prices which have reached sky-high will be brought down." I would like to say that even if they do not bring the prices down, at least they can stop them from going up further. But they have not succeeded in

this direction. Therefore, the promises they have made have not been fulfilled. The long-term factors which need to be taken into account are: deficit financing, monetary expansion, existence of blackmoney, imposition of heavy indirect taxes etc.

MR. DEPUTY-SPEAKER: Please wind up.

SHRI Y.S. MAHAJAN: I will wind up. I have still got much more to say.

MR. DEPUTY-SPEAKER: I would have very much liked to give you time, but for the time factor. You are the person who can speak on this subject.

SHRI Y.S. MAHAJAN: I would like to make one thing clear. People often talk about budget deficit being responsible for increase in prices. It is really deficit financing which is responsible for increase in prices. Deficit financing is due to the budget deficit. Deficit financing is usually more than the budget deficit. Deficit financing takes place because of the Government's borrowing from the Reserve Bank of India. It is usually much more than the deficit in the budget documents. The existing blackmoney has a tendency to push up prices. We have to understand that blackmoney is not a stock in the hands of individuals. It is a flow of money. Yesterday's black money is turned into white money today. Sometimes, white money also becomes black money. Therefore, black money is not some stock which is lying in the hands of people. What is important is stopping generation of black money. Generation of black money can be stopped if the Government has control over its expenditure, if Government sees to it that it reduces the discretionary element in Government administration particularly in giving licences, in income-tax matters, in dealing with the company matters. The less discretion the less scope for giving favours to individuals and less scope for corruption. Therefore, if the long-term factors are considered and managed, then only it will be possible to reduce prices. I want to say that inflation is not an economic problem. It is also a political

problem. It requires tremendous will on the part of the Government to control this. You have to deal not only with money but also with individuals, traders, manufacturers and also with their attitudes towards economic matters. I hope, the Government will do its best in this matter. Unless it deals with it, successfully if the Government is bound to suffer in the political field.

[*Translation*]

PROF. RAMGANESH KAPSE (Thane): Mr. Deputy Speaker, Sir, there should not be any contradictions in the statements issued by the Prime Minister and other Ministers so far as the prices are concerned. The Prime Minister promised to bring down the prices of sugar but Shri Mirdha said that it is not possible to bring down the prices of sugar. In such a situation people will naturally say that they are facing hardships and the Government is taking the situation so lightly. My question is that on one hand, the Prime Minister pleads for stringent action against sugar manufacturers and on the other hand, Shri Mirdha is pleading their cause. How far the statement made by him is considered justified?

While taking part in the discussion, Shri Mirdha said that price rise was natural as a result of presentation of the Budget, but today he is saying that in fact there is no relation between price-rise and the Budget. I feel that such utterances by a responsible person is just to add insult to an injury. Therefore, I demand that we should discuss this issue in all seriousness that how these articles can be made available to the people at low cost considering the things available with the small shopkeepers without going into the jugglery of figures. The prices have gone up in many countries in the world, but the figures of 25 countries are available with me at present. Out of these in 17 countries percentage of price-rise is less than ours but in 8 countries it is higher than ours. Among these countries, Japan is the country where price rise is minimum viz. only 0.1 per cent. The things which is very important for me is whether we want to adopt the ways of Brazil

[Prof. Ram Ganesh Kapse]

or Japan, in the prevalent situation I feel that there is some mistake on our part also. I admit that some mistakes have been committed by the Congress Party, but today you are ruling the country and therefore, people will ask you that what are you doing for them? Today, you bring down the prices of sugar from Rs. 9, but people will ask, it was less than Rs. 7 per kg a year before. When will you be able to bring the price situation to that level

This question is controversial as to why prices are going up despite increase in production. You should not increase our sufferings by quoting whose-sale prices. It is totally your job to bring down the prices for common man and in this regard the only result we want to see from the efforts made by you that we may forget the bad days of Congress regime. It was made possible by the Janata Government in 1977-78. People had not to use their 'Ration cards'. They wish that those days should come again. Today the people want that hoarders should be brought to book and all essential commodities should be available on fair-price shops at reasonable rates.

I am placing a price list of a shop in Delhi before you from where I purchased some articles yesterday. These rates are as follows—Groundnut oil—Rs.30—Rs.32 per kilogram, Arhar Rs.10—Rs.11—prices of every article have increased. In this regard, Government is contemplating to constitute a Committee of Members of Parliament. Now our experiences and Government figures have become obsolete. It is my submission that the Government should take decision about constituting such a Committee without any hesitation at the earliest. I would like to know whether quantum of cereals, sugar, etc. etc. available in all the Fair Price Shops in the country is the same. Whether it is available in the same quantity in small villages as it is available in Delhi and Bombay. You should think about the life of the low-income people living far away from the capital. This Committee should be constituted at

the earliest to see the adverse effect of price-rise on the people living in remote villages and to check the price-rise in consultation with the State Governments.

KUMARI MAYAWATI (Bijnor): Mr. Deputy Speaker, Sir, I think there are two main factors responsible for rise in prices in the country. The first reason is the weakness of the National Front Government and the other is the current year's budget. By weakness of the National Front Government I mean to say that when the National Front Government was formed, it was not in absolutely majority and therefore could not run on its own. Therefore, National Front Government came into being with the support of various political parties, Bhartiya Janata Party gave full cooperation to the National Front Government. But Bhartiya Janata Party gave support while remaining outside. I think that after independence, the Vaish community has its hold in the field of Industry and Trade in the country. Vaish community is connected with Bhartiya Janata Party...

SHRIDAU DAYAL JOSHI (Kota): What are you saying? Casteism has no place now.

KUMARI MAYAWATI: I have got figures with me. The data collected from all over the country clearly show this thing. I am addressing the Deputy Speaker, you need not interfere in between. Truth is always bitter. Bhartiya Janata Party has been giving support only from outside and the business community of our country is closely linked with Bhartiya Janata Party. The leaders of the Bharatiya Janata Party tell the industrialists and traders that the Government cannot function without their support and whenever they like they can topple the Government. Therefore prices of articles are increasing tremendously. Therefore, I said this thing because had the National Front Government got full majority and stood on its own feet, it would have checked the rise in prices. Hence weakness of the National Front Government is the first main reason of price rise. The reason is the current year's budget of our country. When the budget was presented in the House and the prices of petrol

and diesel were raised, the whole thing was projected in such a manner that the common man of the country may feel that the budget is for the poor. The masses do not know this thing that the rise in prices of petrol and diesel have a direct bearing on price rise. In this scientific age farmer is inclined to use such techniques by which he can get maximum production. If he uses scientific techniques, he also needs tractors and other equipments and diesel is required to make use of them when the prices of diesel has increased, it is natural that when he will go to the market to sell his agricultural produce, he would also like to get higher rate because he should get more prices than his cost price. Secondly the price of petrol has also increased. The business men and industrialists have to use petrol to run their industries and for transportation purposes. The rise in prices of petrol will affect all essential consumer goods. Therefore, it can be said that the main reason of rise in prices is the rise of prices of diesel and petrol and it affects the common man.

Mr. Chairman, Sr, I would like to submit that the National Front Government has made a commitment before elections that if their Government is formed, all types of facilities would be provided to the poor and essential consumer goods will be made available at reasonable rates but the Government has failed to fulfil there commitment. If steps are not taken to check rise in prices and the Government continued its dependence on Bhartiya Janata Party, then this National which is in minority may fall. Therefore, I request the National Front Government to check rise in prices, otherwise the public will not forgive them.

SHRI YUVRAJ (Katihar): Mr. Deputy Speaker, Sir, I would like to express my views on the price situation. The absence of firm policy of the Government has caused rise in price. Prices have risen due to increase in the duty on diesel and petrol in the current budget. Therefore, on one hand the prices of diesel and petrol have increased in the budget and on the other hand it has caused adverse effect on essential com-

modities but do not consider it enough. I would like to say that inflation has increased on account of deficit financing and black money. Due to this the value of rupees has gone down. Unproductive expenditure has also increased during the last 4-5 years. When we go to the villages, we find that there is public distribution system in the villages. Salt is available at Rs 1/ per kg there but the rate of Tata's salt is Rs. 2 per kg. So the consumers will continue to suffer as long as this dual policy remains in vogue. Either Tata's salt should be made available and the price of the same should be fixed at Rs. 2 per kg. or iodized salt should be made available in plenty and the price of the iodized salt should not be more than Rs. 1 per kg. Similarly in the case of kerosene available on ration cards the people who have ration cards get 2 litre kerosene and only 30-35 per cent people get kerosene in a month but the poor people cannot get that kerosene oil. The poor people have to purchase the kerosene at the rate of Rs. 5-6 per litre from the open market and in this manner they suffer on account of rise in prices. At present 2 litres kerosene is supplied per ration card in rural areas and 3 litres in Urban areas. I would like that at least five litre kerosene should be supplied in rural areas. Besides, cement is also an essential commodity. Levy imposed on cement has been withdrawn by the Government. Consequently, the levy cement which costs Rs. 40 per bag was made available at Rs. 55 per bag and in the open market it was available at Rs. 60/- or Rs. 78 per bag or more than this rate. The Government have withdrawn levy on cement. Had the Government fixed the rate of cement at Rs. 75 per bag then it would have been appreciated. Now the Government have withdrawn levy and given relief to the cement producers but consumers are not getting cement at less than Rs. 95 or 96 per bag. At one time the rates of cement had touched Rs. 110 or 115 per bag but even at present it has not reasonably come down and now it is available at Rs. 96 per bag. In spite of all this there is shortage of cement in the market and available at very high prices. Same is the case with other essential commodities also. I would like to say something about Soda because

[Sh. Yuvraj]

the poor people use soda for washing their clothes. A packet of 50-70 kg of soda is available in the market but no one has even tried to find out the rate of soda. None of the Hon'ble Members who took part in the discussion has referred to the price of soda. Today the situation is such that the poor people in the villages cannot afford to buy a cake of soap for Rs. 4. He is facing a lot of hardship. About 70-80 per cent population of our country live in villages and maximum number of people live below poverty line. These poor people need soda for washing their clothes. Besides other essential commodities such as salt and kerosene is also required. I would like that the Government should adopt such measures that poor people may be able to get essential commodities at reasonable prices easily. Same is the case with mustard oil. Even in Delhi markets, mustard oil is available at not less than Rs. 24 per kg. and even then it is not guaranteed that to which extent the same is pure or adulterated.

I want to tell you that in 1977 the then Prime Minister Shri Morarji Desai had, God only knows with whose cooperation, convened a meeting of all the industrialists of the country and had them agree to prevent price rise. People still remember those days. Then too prices were rising rapidly but due to the consultations undertaken by the Government, the prices of essential commodities could be stabilised. People say that this was one of Morarji Desai's practical and effective steps. I was just going through the statement of the Minister of Food and Civil Supplies Shri Mirdal which he stated that the rates of all commodities have come down considerably. I do not know what method he adopts to collect data about rates or whether he has to buy goods from the market or not. But whenever we go to the market to buy goods, even coarse cloth is not available in the shops whether in the cooperative stores or any other place. Everybody is indulging in black marketing. When a poor man goes to buy coarse cloth, he does not get it. My request is that you should either do away with the

public distribution or improve it. You should make arrangements to involve the Gram Panchayats also in this matter so that there is people's participation. It should not be that only the Mukhiya and a chosen few are involved and their signatures obtained in the register and all goods sold in the black market. At my place, which is a border area, salt finds its way to Bangladesh and Nepal and people have to suffer untold hardships due to its scarcity because it is necessary that the prices of all essential commodities should be fixed and a system should be evolved in which fixed income groups, small farmers daily wage earners may get relief. Prices should be controlled and the distribution system should be improved. With these words I thank you very much for providing me time to make my submissions.

[English]

SHRI PETER G. MARBANIANG (Shillong): Mr. Deputy Speaker, Sir, we find that the prices have really risen all over India. It is the primary duty of the Government to bring the prices down. However, I want to make it known to the Minister who is here that prices in the North-Eastern Region—be it Assam, Meghalaya, be it Arunachal Pradesh, be it Mizoram, be it Manipur, be it Tripura—have gone up by more than 25 per cent from the last year. The immediate reason for this is the rise in the prices of diesel, petrol and other products which are needed to run the trucks and other vehicles. This has been a great burden on the people. In Meghalaya, sugar is sold at Rs. 12 per kilo now and in villages which are 40 to 50 miles away from Shillong, it is sold at Rs. 14 a kilo. Not only this, but even the costs of building materials have gone up. People are crying all over the State due to the rise in prices of petrol and diesel. Therefore, the immediate need now is that the Government should reconsider reducing the prices of these two products which are very important. I am sure that the prices will be controlled not only in the North-Eastern region but also all over the country.

With these words, I conclude.

SHRI SUDHIR GIRI (Contai): Mr. Deputy Speaker Sir, price rise has hurt all sections of people barring a few sections, namely, the top-class community people. There are many factors of price rise. I am not going into the details of all the facts. Some of these factors are very important. Heavy investment has been made by the Government in various fields. Due to this public expenditure has increased to a great extent. Deficit financing, to a great extent, has been created by the previous Government and the present Government also. I am fully aware of the internal and external debts which have been inherited by the Government. I am not blaming the Government for price rise as this Government has assumed power only six months back. The present Government has inherited heavy deficit financing and a difficult foreign exchange position from the previous Government. These factors definitely contribute to price hike. Due to high consumption expenditure level, price rise has gone up to such an extent that the poorest of the poor people are very much strained. They resent very angrily at the present Government for not making efforts to control price hike. I admit that production has increased to a great extent. Increase in production should have reduced the prices of commodities. But I find that prices have also increased along with the production. There is another factor causing price hike, namely, hoarding. The business community people are raising the prices to the extent which is beyond the limit of the purchasing power of the poor people. The Government should adopt selective credit control measures to control prices. The previous Government tried such measures to some extent. The hoarders approach banks to borrow money. So, I would suggest that the banks may be advised to increase their rate of interest so that hoarders will hesitate to borrow heavy amount of money from the banks and thus hoarding will come down. Hoarding is an evil in our country. Measures to control hoarding are very difficult to be followed in a State like West Bengal as some law-enforcing agencies or machinery act in collusion with the hoarders. So, there is a very thin possibility of controlling hoarding. So, on one occasion

we allowed our people to participate in the de-hoarding measures, but we found that these people were got involved by the police and the hoarders in some criminal cases.

I suggest that the indirect taxes should be decreased and direct taxes increased.

Black money is a very influential and contributing factor to the price rise. The Wanchoo Committee had prescribed some measures for the elimination of black money in the market. We all know that there is a parallel economy of black money and to eliminate this, the Government should take effective measures to curb the black money holdings.

Then, the price of the essential commodities, at least for fourteen items, including food cereals etc. should be fixed and these essential items including food, cloth, salt, vegetable oil, kerosene etc. should be distributed to the people through the public distribution system. Fair price shops should be opened in the villages and in the towns where the poor people live and through these shops, all the essential commodities should be distributed.

On account of increase in the remunerative prices declared by the Government of India recently, the prices have also increased to some extent. I would suggest that the Government should subsidise the prices of those items which are being purchased by the poor people, who are below the poverty line. That would certainly benefit these poor people to a great extent.

Further, the public distribution system should be strengthened. We find that while in the urban areas, vegetable oils are being distributed through the public distribution system, in the rural areas, this is not so. Why? Majority of the poor people live in the villages, but unfortunately they do not find an opportunity to purchase their requirements through the public distribution system in their own village. They are not in a position to purchase their requirements from outside their area. Therefore, the public distribution

[Sh. Sudhir Giri]

system in the villages should be so strengthened that the rural people are able to purchase vegetable oil etc. from the fair price shops in their villages.

I would also suggest that an amount of Rs. 1500 crores should be earmarked for import of those items which are not available in our country. These items should be imported and export should be stopped in respect of those items of material which are very scarcely available in our country and which contributes to the price rise.

Lastly, I would ask the Government to decrease the prices of the petroleum and diesel products. I would also suggest to the Government to decrease the railway freights and fares. With these words, I request the Government to take effective measures to check the price rise.

SHRI GOPI NATH GAJAPATHI (Berhampur): Mr. Deputy-Speaker Sir, Notwithstanding the assurance offered by the hon. Finance Minister in the announcement in his Budget Speech for 1990-91, the wholesale price index has risen considerably for the last three months ending 31st March, 1990. The run away hike in prices of essential commodities has been mainly due to the Budgetary levies especially with respect to indirect taxes. These observations assume considerable significance with the country-wide concern over the rise in prices of essential items and the hon. Prime Minister's summoning of the Cabinet Sub-Committee on Pricing on the 18 April, 1990.

As many as 150 essential commodities have become dearer. These items include Steel, Sugar, pulses, Fish, Coffee, raw Jute, oils, seeds and cakes, cigarettes, handloom cloth, powerloom cloth, refrigerators, Aviation turbine fuel, tyres, Petrol, kerosene, cement and a host of other commodities. Some of these items are not even available for a that price and seem to have just vanished.

With this backdrop of the national scenario, I wish to draw the attention of this honourable House to two specific issues of my constituency of Berhampur including my Home Town of Parlakhemundi in Ganjam district of Orissa State, which I visited very recently. Firstly, the price of cement has gone up to Rs. 115 per bag, causing all construction work to struggle to completion. Secondly Kerosene prices have touched a new high of Rs. 8 per litre. At least 7 litres per month is the basic necessity per family. Now, there are 10,000 ration cards in the said town. Hence as against the monthly requirements of 70,000 litre of petrol, hardly 25 per cent of it is made available to the public.

As the unabated price rise of essential commodities is a matter of serious nationwide concern, I urge the Government to recall their election manifesto and take urgent, concrete steps to halt forthwith this highly undesirable and crippling social malady.

[Translation]

SHRI HUKUMDEO NARAYAN YADAV (Sitamarhi): Mr. Deputy Speaker, Sir, when I stood up to speak, my old socialist leader and Minister Shri Upendra Nath Verma started looking in my direction. Both of us used to raise slogans like "Mehangai roko, bandho dam, nahin to hoga chakka jam". But we cannot do so now because we are in the ruling party. We are neither in a position to raise the slogan nor can abandon it because we came to power on that very basis. If we raise this slogan after assuming power, people will ask us against whom we are agitating now? My request is that prices should slightly be brought down till the finalisation of price policy. Call all industrialists and capitalists to Delhi and request them politely and persuade them to reduce prices of their products as they have gone up so high that the situation has become ridiculous. The hon. Minister should state in his reply as to what is the cost of production of a bag of cement, a match box, one litre of kerosene oil, 1 kg. salt and one yard of cloth. As long as we are unaware of production

cost, we will not be able to find out as to how much profit is being made. First of all, production cost should be determined and for this purpose a price commission should be set up which should study and determine the production cost of goods. Only then can we find out how much profit is being made.

The prices fixed by companies include expenses incurred on marriages, holidays of children, honeymoons, breakfast-lunch-dinner etc. of the owners. The expenditure incurred on their families, friends, relatives fashions and for maintaining the extravagant life style is counted as company expenditure. All these items of expenditure should be separated from the price. We used to raise a slogan : 'Anaj ke daam ka ghatna barhna aana ser ke andar ho, derh guna ki legat par karkhania mal ki bikri ho'. At the time when the farmer produces his crop, its price remains low. Having sold his crop in March-April when he goes for purchasing seeds in October, November, he buys the same produce at 3 to 4 times the original price. When we sell, the price remains low and when we buy, the same increases by 3 to 4 times. A uniform policy should be adopted in this regard. The difference in the prices between the buying and the selling price for farmer should not be more than one anna per kg. You should draw a line to limit profits. Goods manufactured in factories should not be sold anywhere in India at a price more than 1 1/2 times their production cost. If the Government accepts this policy, it will not have to face the situation or bow down before any industrialist. Prices will not rise. But as long as price policy is not formulated, prices will continue to fluctuate.

Finally, everyone is aware of the process of extending grants. Demands are made for providing subsidies. The Seed Corporation prepares and ever since—it came into existence, several hundred crores of rupees have been given as subsidy. The FCI is under Government of India. To make up losses, it has been given Rs. 25 to Rs. 26 hundred crores. The business is owned entirely by the Government. It buys as well as sells. When the Government transacts

business, it also earns profits. The rare at what it sells to us, includes profit which is allowed by the Government. Then how does one account for these subsidies? If the subsidy provided to the Corporation is given to farmers in the form of higher prices for their products, the farmers will be benefited and they will also get adequate remuneration. The Government should bring an end to this process of manipulation in the name of subsidy. The Government should declare a price policy. When the hon. Minister replies to the discussion, he should state cost of production of the essential commodities, which have been mentioned by the hon. Members. Unless the Government calculates the cost of production, it will not succeed in holding the price line, it will be proper for the Government to maintain silence on this issue.

[English]

PROF. K.V. THOMAS (Ernakulam): One of the popular slogans of the National Front Government during the last election was: "You give us your votes and see how we can contain inflation and control galloping prices." After five months of the rule of the National Front Government, everybody will agree that the prices of all the commodities have gone up at the rate of 20-25 per cent — even from the common salt to *kaajal*. The price of every item is going up.

Immediately after the election, The Prime Minister, Shri V.P. Singh, went to Jalandhar in an open jeep.

MR. DEPUTY-SPEAKER: This is not relevant here.

PROF. K.V. THOMAS: If he goes to villages, the house-wives will greet him with rolling pins and coking spoons. It is a problem of the house-wives. I am not accusing the Government.

MR. DEPUTY-SPEAKER: You can do so if you like.

PROF. K.V. THOMAS: What are the

[Prof. K.V. Thomas]

reasons? What action has to be taken? a question was put to the hon. Finance Minister. The question is: "Don't you think your budget, especially the steep hike in petrol prices, is largely responsible for the spiralling prices?" He agreed that the increase in the prices of petroleum products is bound to add to freight charges, etc. He also agreed that it would have a cascading influence on a number of items.

A similar question was put to Mirdhaji. He also agreed that the increase in rail fares and freight charges had led to a little rise in prices. So, if the Government is serious about all these things, are they prepared to bring down at least the price of diesel? Are they also prepared to bring down the fares and freight charges at least in the movement of essential commodities?

Everybody agrees that there is hoarding. If the Government is serious about it, are they prepared to enforce the provisions of the Essential Commodities Act? Are they prepared to arrest at least a dozen hoarders in Delhi? If they are bold enough to enforce the provisions of the Essential Commodities Act, the prices will come down. Will the Government ensure that the maximum retail price should be marked on the end-product? If it is done, then the prices can be controlled. In our country, we have got more or less an efficient public distribution system. If the Government is prepared to include more consumer items in the PDS, then at least we can control prices of the essential commodities.

Sir, my one more suggestion is that when you come to the Public Distribution System, in a State like Kerala it is functioning very effectively. The Public Distribution System is there both in the villages and in the cities. But when we go to other States it may be functioning effectively in the urban areas, but it is a total failure in the rural areas as well as the tribal areas. Will the Government put some money on this to see that this system can function more effectively both in the

tribal areas and the rural areas also?

Lastly I may say that many people may question the actions taken during the Emergency. But one action taken by Indiraji was that all the wholesale the retail shop owners should publish the prices of the essential commodities and the stock they have got. Is the Government prepared to enforce this decision and the action taken by Indiraji during the Emergency?

[Translation]

SHRI RAMESHWAR PRASAD (Arrah): Mr. Deputy Speaker, Sir, at the time of the presentation of the Budget fear was expressed that there will be price rise. We were expecting an increase of 30 per cent but the price rise has crossed 30 per cent. If we look at the Janata Dal Manifesto, it speaks of arresting price rise on the one hand and of giving remunerative prices on the other. These two things are contradictory. You cannot stop price rise in this way. If you give remunerative prices to the farmers, prices will definitely increase. Attention is not being paid to the increase in population and the increasing number of mouths which have to be fed.

Secondly as regards resource mobilisation which is very necessary for the prosperity and governance of a country, what should be the process of this resource mobilisation? We are aware that 82 to 85 per cent of resources are being mobilised through indirect taxation which has an adverse effect on the price line and the common man. It is necessary to change this process. Resources should be mobilised by imposition of direct taxes so that the effect on the common man is reduced.

Mr. Deputy Speaker, Sir, I wish to state clearly that today's price rise is the result of our old policies. The policies through which the country is administered and prices and the system of public distribution is determined should be changed. If the Janata Dal follows the policy of the Congress Party which resulted in rapid price rise, inflation

cannot be checked, prices cannot be brought down and the common man cannot be provided any relief. If this policy is continued it is being predicted that by June-July there will be a massive movement involving the entire population of the country.

[English]

MR. DEPUTY-SPEAKER: This discussion on Price Rise has taken place for double the time allotted for it. I think no hon. member would speak now. The reply to the debate will be given next week on Tuesday by the hon. Minister.

14.24 hrs.

DEMANDS FOR GRANTS (GENERAL)
1990-91

**Ministry of Water Resources
and
Ministry of Agriculture**

MR. DEPUTY-SPEAKER: As suggested by the Minister of Parliamentary Affairs and agreed to by the House today, the House will take up discussion and voting on Demand No.78 relating to the Ministry of Water Resources for which four hours have been allotted and also Demand Nos. 1 to 5 relating to the Ministry of Agriculture for

which 11 hours have been allotted.

Hon. Members present in the House whose cut motions to the Demands for Grants relating to the Ministry of Water Resources and Ministry of Agriculture, have been circulated may, if they desire to move their cut motions, send their separate slips for each Ministry to the Table within 15 minutes indicating the serial numbers of the cut motions they would like to move. Those cut motions only will be treated as moved.

The lists showing the serial numbers of cut motions moved will be out up on the Notice Board shortly. In case any member finds any discrepancy in the lists he may kindly bring it to the notice of the Officer at the Table without delay.

MR. DEPUTY-SPEAKER: Motion moved:

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the fourth column of the Order Paper be granted to the President, out of the Consolidated Fund of India to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1991, in respect of the heads of Demands entered in the second column thereof against Demand No. 78, relating to the Ministry of Water Resources."