

should be taken against him for indiscipline as provided under the Rules.

[English]

MR. SPEAKER: He is no more a member of that party.

...(Interruptions)...

MR. SPEAKER: He is no more a member of the National Conference. Now we take up the calling attention, Shri Mohanty.

[Translation]

SHRIMATI PRABHAWATI GUPTA (Motihari): Mr. Speaker, Sir, it is a very important question, it should be taken up for discussion under Rule 193.

MR. SPEAKER: There is no time.

SHRIMATI PRABHAWATI GUPTA: Many hon. Members wanted to take part in it. It is a burning problem. It is a very important issue.

MR. SPEAKER. There is no time.

...(Interruptions)...

[English]

MR. SPEAKER: Madam, what are you doing? I have got no time. If there is time, I have got no objection.

(Interruptions)

PROF. SAIFUDDIN SOZ (Baramulla): Calling Attention can be converted into Rule 193 discussion.

MR. SPEAKER: It cannot be done if there is no time.

(Interruptions)*

SHRI T. BASHEER (Chirayankil): I also support that, Sir. (Interruptions)*

MR. SPEAKER: Nothing goes on record except Mr. Mohanty's speech. Mr. Mohanty, you carry on.

11.30 hrs.

CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE

[English]

Steep Rise in Prices of Essential Commodities

SHRI BRAJAMOHAN MOHANTY (Puri): I call the attention of the Minister of Food and Civil Supplies to the following matter of urgent public importance and request that he may make a statement thereon:

"Steep rise in prices of essential commodities and the steps taken by the Government in regard thereto."

(Interruptions)

MR. SPEAKER: Nothing goes on record except what Mr. Mohanty Says.

(Interruptions)

MR. SPEAKER: Mr. Mohanty, you carry on.

THE MINISTER OF STATE OF THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI SUKH RAM): Sir, I share the concern of the Honourable Members over the increase in the prices of some of the essential commodities and I would like to apprise the House of the various measures that have been taken to check the rise in prices. I would, however, like to submit that although there has been increase in the prices of some of the commodities like sugar in recent

[Sh. Sukh Ram]

weeks, the overall price situation is not alarming as is being made out.

2. Honourable Members are aware that there is normally a seasonal increase in the prices of essential commodities during the lean season from April or mid-May to September. The prices, however, start declining from the mid of August or early September. In 1989, the seasonal dip has been delayed by a few weeks and the WPI has exhibited a decline in the week ending 23.9.1989.
3. The analysis of the wholesale price index of essential commodities indicates that while index of foodgrains including cereals and pulses was higher by 6.1% over the period of one year as on 23.9.1989, the WPI of sugar, khandsari and gur was higher by 20.7%, edible oils were higher by 6.8%. The increase noticed in the prices of essential commodities in recent weeks is partly seasonal; and the larger increase in the prices of items like sugar and tea has to some extent been due to a decline in production.
4. The Government have been keeping a close watch on price situation and have taken a number of steps to augment supplies especially of rice, sugar and edible oils. In the case of sugar, Government have released an additional festival quota of one lakh tonnes through PDS during the month of October besides the normal allocation of 3.32 lakh tonnes. The quota for free sale sugar was also raised to 6 lakh tonnes. Thus for the month of October, 1989, the total releases amount to a record level of 10.32 lakh tonnes. Despite the fact that

the Government have maintained the releases through PDS at normal levels and of free sale sugar at levels higher than the corresponding period in the previous years a psychology of scarcity was nevertheless created following reports of shortfall in production. Although initially the Government wanted to avoid imports in view of foreign exchange constraints it decided to import 3 lakh tonnes of sugar to create confidence and ensure greater availability. The sugar mills had raised the ex-factory price to Rs. 1000-1100 per quintal in the first week of September was this development which pushed up the retail price of sugar to inordinately high levels. As a result of the efforts of the Government the sugar industry reduced the ex-factory price to the level of Rs. 775 per quintal. Members would appreciate that it was the intervention of the Government at a time when there was psychology of shortages and prices were rapidly escalating that has resulted in a decline in the prices of sugar, which we are confident will continue.

5. In the case of edible oils the Government had consciously followed the policy of movement towards self-sufficiency and cutting down of imports. The total arrival of imported oil during Oil Year 1988-89 is only 2.70 lakh tonnes as compared to 18.19 lakh tonnes during the year 1987-88. The Government had, therefore, announced an integrated policy on oilseeds in order to ensure remunerative prices to the farmers as also fair price to the consumers. Under this policy NDDB was entrusted with the task of market intervention operation. The prices of groundnut

oil generally remained stable at reasonable levels through most part of the year, and started exhibiting a rise only in recent weeks. As soon as the groundnut oil prices started rising, imports of one lakh tonnes of palmolein were effected and bulk of these are being put through the PDS. The NDDB also has been enabled to implement a market intervention operation to bring down the prices of edible oils. Already with the commencement of the arrivals of new groundnut crop in Gujarat, signs of easing of groundnut prices are visible. As far as mustard oil is concerned, the prices generally remained lower than those in the previous year.

6. There has been no abnormal price rise in the case of wheat and rice. The wholesale price of rice have risen only by 5.5% over the year ending 23.9.1989. It may be mentioned that support price for paddy was increased last year by 6.6% in the case of common variety, 10.41% in the case of fine varieties and 14% in the case of super fine varieties. In the case of wheat there is a marginal decline of 0.8% till 23.9.1989 as compared to corresponding period in the previous year. In order to enhance the overall availability of rice through the PDS, the Government have contracted import of 5 lakh tonnes of rice.
7. In regard to pulses the Government have continued to allow imports by private trade under OGL. Till 30th September, 1989 about 2.63 lakh tonnes were registered with NAFED for such imports.
8. It will thus be observed that

Government have been taking necessary steps to contain the rise in the price of essential commodities. As a result of various measure taken by the Government and in view of the bumper kharif crop likely to arrive in the market shortly, the prices have already started showing a decline. Government are confident that in the light of measures taken by them not only will these essential commodities be readily available but the declining trend in their prices will also be maintained to the coming months.

SHRI BRAJAMOHAN MOHANTY (Puri): I have listened very attentively to the hon. Ministers. I would like to take up my last point first so that he should have time to answer to me. There was some sort of an agreement with the Sugar Mills Association that they will sell sugar at the rate of Rs. 7.75 per kg. But sugar was being sold at more than Rs. 14 per kg all over the country. Because of that the common man has been exploited to the tune of hundreds of crores of rupees. Many I know whether you have any mechanism to recover that amount and give it back to the common man?

In your statement you have said that the rise in prices is due to seasonal changes. I would place before you the wholesale price index. If you see the wholesale price index of first 8 months of 1989 and first 8 months of 1988 you will find that the rise is 5.8 per cent. Then how can you say that this is due to seasonal changes? Let us come to the consumer price index. If you take the first five months of 1989 and first five months of 1988, you will find that the rise is 7.4 per cent. You cannot explain away by saying that these are seasonal factors. The Reserve Bank of India has expressed its concern that although the input is there, the stocks are there and the Government has resorted to import, still prices are rising. That is very disturbing feature in the

[Sh. Brajamohan Mohanty]

11.37 hrs.

[MR. DEPUTY SPEAKER in the Chair]

economy. The Reserve Bank has advised that the Government has to take up appropriate fiscal policy so that prices can be contained and there is stability in the prices. It has also advised that the deficit financing which is there to the tune of Rs. 11,000 crores in a year, should be contained. The value of the rupee every year is going down. Today the value of the rupees is 11.93 paise. So, it is a very serious thing. Let us not explain it away by saying it is because of seasonal pressure and this and that. We have to very seriously think of it. You imagine how the bureaucratic pressure, the bureaucratic mischief, is going on. Who did not know that sugar was selling in the market at Rs. 14 per Kg.? But it is only when we took it up seriously, when the matter was reported to the Prime Minister and the Prime Minister took the initiative, that appropriate steps were taken. I myself had told the Prime Minister about this when the last session of the Parliament was coming to an end. So, my submission is that when somebody suggests that the bureaucracy is conniving with the unscrupulous traders who are indulging in misappropriation or who are exploiting the people and accumulating profit, how can you deny that?

Now, I come to the latter part. You have entered into an agreement with the traders but nowhere in the country sugar is available at Rs. nine per Kg. I had sent to you a telegram from Puri, with a copy to the State Civil Supplies Minister. You know, Sir, that in Puri sugar is selling at Rs. ten per kg. The Civil Supplies department also told me that bringing the levy sugar from Madras would cost them Rs. ten per kg. So, selling sugar at Rs. nine is a dream. No doubt, from Rs. fourteen it has come down.

You have given one lakh tonnes of sugar as festival quota but have you given any guideline for the distribution of that sugar?

The rural people are deprived of their legitimate dues. If you take the figures from all the States in India, you will know what is the per capita distribution of sugar during the festival season in urban areas and what is the per capita distribution in rural areas.

Now, I come to the oil sector. So far as oil is concerned, it is not available in the market. Most of it is being sold in the black market. No serious steps are being taken to see that it does not go to the black market. Vigilance is there, no doubt, but you can improve upon it. That is very essential for the life of the poor man. My submission is that the Public Distribution System is not functioning properly and also there have been some discrepancies at the stage of distribution. As a matter of fact, people have been deprived of it. So, this is the situation and I have given you a telegram also about this.

Now, I come to rice. Your explanation is quite interesting. You say that the procurement price has gone up. But what is the percentage increase in the procurement price and in the market price? The price of control rice was Rs. 2.89 per kg. and the free sale rice was selling at Rs. five per kg. The control price has been increased from Rs. 2.89 to Rs. 3.35 whereas the free sale price has gone up from Rs. five to Rs. 5.50. So, how is your increase in the procurement price in tune with the increase in the market price? So, the logic is not helpful to you.

Now, I come to groundnut oil. It is selling in the market at Rs. 30 to Rs. 35.

Then, Sir, regarding the coarse rice, the situation is very very disturbing. That is the poor man's food. Sukhramji please consider helping them. You come from a common man's background and I would only request, appeal to you, that you should consider this request sympathetically. What will happen to them? Every political party and the Government is now preparing for elections and this is the opportune time and some of the bureaucrats and unscrupulous traders will take full advantage of the situation and exploit the people.

Now, I shall come to kerosene. Sir, in Puri and Cuttack in the month of September, for about 15 days kerosene was not available. Sir, I am advocating for the poor people in the country. I do not know whether you belong to upper-class of the society.

MR. DEPUTY-SPEAKER: There are other persons who can advocate of my cause.

SHRI BRAJAMOHAN MOHANTY: If you don't endorse me, then I am helpless. So, Sir, in Cuttack and Puri, kerosene was not available for 15 to 20 days in the month of September, during which period even the world may change. Another point I would like to submit before you is regarding the coarse rice. You have distributed raw rice in Orissa and Delhi. And through the public distribution system you are sending the variety of raw rice which is costing Rs. 3.80 per Kg. I have requested you that you should release coarse rice through the public distribution system in Orissa. Sir, whenever we think of India, we should think of the poorest of the poor. Let us not be influenced by the people around us. We have to think of the poorest of the poor, in the country.

Now, I come to the consumer movement in the country. Your consumer movement in the country is very very weak and that is the reason why all these unscrupulous persons are taking full advantage of. You should know that the Sugar Mills Association has fixed ex-factory price of Sugar at Rs. 775 per quintal. That means only Rs. 1.25 per Kg. is left for retailers. There is transport charge, cartage, etc. Have you examined whether this margin will be sufficient for them? You allow Rs. 1.25 per kg. and the retailers have to take sugar from the mills upto the selling point and they have to bear the transport charges, cartage, etc. That is why they are reluctant to sell it at Rs. 9 per Kg. I want a categorical answer from you, Sir. Will you assure us that sugar will be sold at Rs. 9 per Kg. all over the country and rice will be adequately supplied to the people? One specific measure you should take is that you should augment the supply of the edible oil. You must take very drastic steps against

black-marketeers and unscrupulous traders. Pandit Jawaharlal Nehru had said that all the blackmarketeers would be hanged at the nearest lamp post. I do not want you to hang them, but I want that you should arrest them and take action against them.

My last point is this. Sir, you kindly tell the Income tax people that those who have taken so much money by exploiting the people through unscrupulous, should be made to pay back the money. Let the money be recovered in some way or other. That should be the answer. Thank you very much, Sir.

SHRI G.M. BANATWALLA (Ponnani): Mr. Deputy-Speaker, Sir, let me, at the outset, take a very strong exception to an attitude of complacency on the part of the Government. Sir, it is strange that while the Government had admitted in its statement that there is an increase in prices, at the same time it has been submitted that the situation is not at all alarming. This is the attitude of complacency in the midst of inflationary pressures. The whole situation has been explained away in terms of two factors: (1) Seasonal variations and (2) shortage in production in certain areas like sugar. Sir, this is the attitude that has first to be corrected and without the correction of this attitude, nothing much can be expected. Look at the strange and startling phenomenon that we have. The present inflationary tendencies are in the wake of an overall better performance of the economy. The situation is that there has been an overall growth in the performance of the economy. The overall growth during 1988-89 was 10 per cent in real gross domestic product. Similarly we find that the overall industrial growth is expected to be 8.8 per cent after decline of 7.3 per cent in 1987-88. Similarly, in agriculture there is an overall growth. In the wake of this overall growth we are now having this phenomenon of increase in the prices. It reveals utter lack of management. How many examples am I to place before this House with respect to the fact that there has been an utter lack of management resulting into the situation? Sir, take the question of sugar. We are under the impression

[Sh. G.M. Banatwalla]

at the time of Budget that there is going to be a bumper production. We have even been told of exports of sugar, but now we find the targets were not reached. When did it become clear that there is shortage in reaching the target? I believe, if I am not wrong, in March 1989 itself it was very clear that there is a 10 per cent shortage of 10.2 million tonnes target as far as sugar is concerned. Still there was a sense of complacency, still the talk of exports went on. Still there was no step taken at that particular time to arrange for the import of sugar when the prices were at a lower level in the international market also. So, that is the situation. I, therefore, charge that this price rise is Government-made and is as a result of a total lack of management. Take the question of sugar itself now. The Government must explain to us that sugar has now been bought at the rate of 517 Dollars from the international market at a time when the sugar was available in the international market at 460 Dollars. What a tremendous overpayment it means! How many crores of rupees does it amount to? Shall I say, at least the figure of Rs. 25 crores? What is the suggestion? The suggestion needs to be explained to us. Even the Reserve Bank of India has pointed out that this increase in import costs is also responsible for the present inflationary tendencies. Of course, we are thankful to the Prime Minister. He took immediate notice to the situation. He discussed the situation with the Ministers and with the officials. He pulled them up and asked them to be alert. But do you know how our bureaucracy has functioned? I was myself a witness to the fact that a freedom fighter was speaking on phone to the office of the Commissioner of Food and Civil Supplies and telling them the numbers and addresses of the shops which have the stocks, but refused to sell do you know the reply that he got on the telephone?

[Translation]

"The officer is busy. He does not have time. You speak some other time.

[English]

I was there and I was listening to everything that was going on. Even after the Prime Minister pulls up the officers, we have the sahibs and the freedom fighter, true to his nature, was saying 'Sahibs had left India on 15th August, 1947. Where is the Sahib?' But, that was the situation. So, that attitude of complacency is there and also alertness of the bureaucracy is required. The Government must explain to us to how heavy costs have been paid in the international market for sugar. Then, what will be done in order to make sugar and rice adequately available? We have a host of reasons. Let the Government not dismiss away the whole situation by saying that there was shortage of production in certain areas. If it is so, what are you doing with respect to the increase in the yield per acre? Our yield per acre is very low. What is being done there? The need is for vigilance, for proper monitoring and therein lies the entire slackness. There are various reasons, demand and supply position, uncontrolled expansion of money supply, rise in import costs, increased budget levies, rise in external debt service payments and so many other causes. They all need a re-look in your fiscal policy.

It is your defective fiscal policy that is responsible for the present situation and I hope the Government will have a serious re-look at its fiscal policy as is also demanded by the Reserve Bank of India.

Sir, look at the question of dissavings by the Central Government. It is rising continuously. Subject to correction, I may say that the dissavings now stand as Rs. 8,602 crores during 1988-89. What is being done in this particular respect? It is simply a statement saying that everything will be alright, the situation is not alarming and it is only a seasonal increase, whereas even the Reserve Bank of India has cautioned you of the defects as far as your fiscal policy is concerned. The question is adequate availability of rice. In Kerala, they are rice eaters. So adequate supply of rice has to be there. Otherwise, we are bound to have this kind of

a situation. It is true that our public distribution system is at fault and the supplies are erratic.

12.00 hrs.

This needs proper attention. The Government says steps have been taken. For example, they talk of sugar import. I thank them for the import. But the steps should be timely steps. It was clear that there was going to be shortage of sugar. Still the attitude of complacency went on as far as the Government is concerned.

I, therefore, say that these inflationary pressures lead to erosion of the living standards of the poor, commonmen, of the unorganised labour. Therefore, this attitude of complacency of just dismissing away the whole thing lightly, should not be taken.

Sugar, Khandasari, Gur group has registered highest increase, namely 28% in the year and over 17% in the last 3 months. I request that the various points that have been raised here should be properly explained by the Government. The Government should also have a proper monitoring system, a very continuous monitoring system as far as the prices are concerned. Otherwise, the situation such as this is man-made and Government-made phenomenon, when our economy is performing well.

[*Translation*]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr. Deputy Speaker, Sir, increase in the prices of essential commodities is a matter of grave concern. The Central Government is also perturbed over it, but the situation is of its own making, as it failed to take timely decision regarding the import of sugar. It has been stated, as is evident from the reply of the hon. Minister, that a rumour regarding shortage of sugar was spread by the vested interests. Prices soared because of this phobia of shortage created by the vested interests. I would like to know if the rumour was baseless, why did the necessity of import of sugar arise? I fail to understand

the reason why 3 lakh tonnes of sugar is being imported if there was no shortage of sugar in the country. If actually there was no shortage rumour would not have made any impact on prices. Rise in prices of sugar is indicative of the fact that it was not merely a rumour but there was actual shortage of sugar.

Secondly, sugar factories raised ex-factory price of sugar by Rs. 1,000. Why did they do so? Why did the Central Government not exercise control over it? Three-four months back, sugar was available at Rs. 5 to Rs. 5.50 a kilogram, but now the sugar factories have raised it to Rs. 7.75 a kg. I would like to know why agreement was signed with the sugar factories allowing them to raise its price to Rs. 7.75 a kg. Can it not be lower than this? In the absence of check on bureaucracy and the sugar factories, later are increasing the price. Rise in sugar prices would have been fruitful, had the benefits been passed on to the farmers also. In our country, 75 per cent are farmers who are engaged in the agriculture. Rise in prices has only benefited the sugar mills and the hoarders and not the public at large. The Government is requested to explain all this as the people have been adversely affected. The Hon. Prime Minister swung into action and discussed it with the officials. Release of 10.32 lakh tonnes of sugar has somewhat reduced the prices, but it should be brought down to Rs. 7 as earlier sugar was selling at Rs. 5.50. All efforts should be made to bring down the price of sugar, as nobody can be happy with sugar selling at Rs. 9. By 20th October, 3 lakh tonnes of imported sugar will reach India, but further steps need to be taken.

Thirdly, causes of rise in prices must be looked into. Price of tea has increased by 75 per cent. Prices have increased by 75 per cent, not by 100 per cent as has been stated. Prices soared due to short fall in production. All steps must be taken to remedy the situation and early decision is required to be taken and export commitments of tea should be cancelled.

[Sh. Virdhi Chander Jain]

Fourthly, G.D.P. has increased by 10 per cent, agricultural production by 25 per cent and industrial production by 8.6 per cent. In 1987-88 because of drought, prices increased by 10.6 per cent, but what is the reason for the current rise in prices by 8.6 per cent? Even if it is seasonal rise, why could it not be kept under control? It badly pinches the farmers when they have to purchase the commodities, which they sell at cash prices at the time of harvest at inflated prices during the off-season. Seasonal rise in prices by 10 to 30 per cent must be checked. A policy must be adopted to minimise seasonal rise in prices.

Alongwith inflation value of Rupee is also declining. The present value of rupee, to which has come down to 11 paise, is also a matter of grave concern. In this connection, urgent steps are required to be taken.

With these words, I would like to request the hon. Minister to clarify the point raised by me. Urgent steps need to be taken to control the prices by removing shortages of commodities and strengthening the public Distribution System.

SHRI HARISH RAWAT (Almora): Mr. Deputy Speaker, Sir, I would like to associate myself with the hon. Members who have expressed concern for the rise in the prices of essential commodities. In my view, the Department of Civil Supplies which is supposed to be the friend of the masses is proving itself to be their enemy. The people are suffering today because of the rise in prices of sugar and essential commodities and never before did the people suffer as much as they are suffering to-day.

Sir, the hon. Minister, in his statement, has attributed it to the rumour mongering about the shortage of sugar which led to rise in prices. This is not one day's creation but it would have taken at least 6 to 7 months. For the last 6 to 7 months, the administration is pondering over the issue of import of sugar to improve the stock position so as to prevent

any immediate rise in price. So the question arises as to why so much time was taken to take a decision. This resulted in loss of crores of Rupees of foreign exchange to the country as has been stated by Shri Banatwalla. Not only this, the public also had to buy sugar at high prices during the last two months. Who is responsible for causing this misery? Decline in price of sugar now cannot undo the wrong already done. The Government of U.P. has promised to bring down the price of sugar to Rs. 8.50. Even if the price is brought down to Rs. 8.50, it remains to be explained to the public why delay took place when rise in price was anticipated and the discussions on it were continuing. If the guilty are not brought to book, the public will never forget the current rise in the price of sugar. During the last four years despite all sorts of propaganda launched by the opposition, the common man was behind the Congress Party. But now the common man is disillusioned because of the rise in prices of sugar, tea, pulses, rice and wheat flour. Everything has gone out of hand. Only after the Hon. Prime Minister took the initiative, sugar was imported and availability augmented. Discussions were held with the sugar manufacturers to augment supply and steps were also taken to streamline public distribution system. For all this the Hon. Prime Minister as well as the hon. Minister deserve to be thanked. Not even a single arrest of sugar hoarder though they are the real culprits, has been reported in any newspaper. It seems the Department of Civil Supplies did not feel its responsibility to take action against the hoarders. Everywhere, be it in Delhi or at any other place, the Department of Civil Supplies failed to take action against the hoarders and the this gives an impression that the bureaucracy is hand in glove with the hoarders. In my constituency, the price of sugar shot upto Rs. 18 a kg. and that of tea increased by 75 to 80 per cent. A cup of tea at a road side shop is available at Rs. 2. Quality of wheat flour available is so inferior that one fails to believe that it is really wheat flour meant for human consumption. Fungus infested rice is supplied and the prices of edible oils have also increased. Prices have increased in the areas affected by shortage.

Similarly prices of pulses have also increased. I would like to emphasise that still it is not too late to take stern measures to check the rise in prices. Action should be initiated against the officials responsible for laxity or collusion with the hoarders, howsoever big they may be, whether they are posted at the Centre or in the states, for causing hardships to the common man. If guilty are not punished and prices are not checked, results will be disastrous. I would like to support the demand made by Shri Jain to bring down the price of sugar to Rs. 7.50. In my view, there is only one way to undo the wrong, that is to bring down the price of sugar to the rates prevailing two to three months back. My only submission to you is to take action against the people colluding with the profiteers to create artificial scarcity of commodities, for which the Government is fully empowered and competent.

[English]

SHRIMATI KISHORI SINHA (Vaishali): I would take only a few minutes. The unprecedented rise in the prices of essential commodities like sugar, kerosene oil, edible oil and even the foodgrains has not only caused hardship but also scare. I do see that prices of sugar were brought down a little; but still the prices are very high. I would like to know a few things from the hon. Minister which I have noted down. I would request the Minister to enlighten us on these points.

We all know that the Government had announced a price monitoring committee. But I would like to know whether that Committee has ever functioned. If so, how many meetings of that Committee were held and what action was initiated by that Committee? Did it foresee the rise in sugar prices as it was known that in the last season the sugar production was down by as much as 10 lakh tonnes or even more?

Is the Government aware of the large scale diversion of cane to other uses like Khandsari manufacturers, Gur and even illegal distillation? If so what steps were taken to prevent this? Is the fall in sugar production

last season mainly due to this diversion? What prosecution was launched and what was done to prevent this diversion?

Has there been a strategy for managing supplies? If so what is that strategy? Government should have known that demand would go up due to higher purchasing power of the people due to all round increase in salaries of many organised groups and larger liquidity in the economy. In view of this a supply management strategy was equally important. So, I would request the Minister to throw some light on this.

With the imported sugar coming, will the Government ensure that there is proper spread of this sugar within the country? Many States are suffering heavily and sugar prices have gone up even more sharply in some of them due mainly to lack of stocks. Even in Delhi many shops including Super Bazars are short of stocks all the time and the fair price shops are saying that they do not have sugar to sell at rationed prices. What steps have been taken to check whether these shops are selling all the sugar they get or are not diverting some stocks?

Organisations of private sector like FICCI have promised to hold the priceline. Has the Government started a dialogue with them on this and on how to use their organisation to ensure that stocks are not hoarded?

Government did extremely well, I must say, in controlling priceline in the drought year 1987. What then happened that this tight control got relaxed in the year of good harvest and the prices went out of control? There has to be some introspection on this point and let us know the result of that introspection.

In the last, I would like to say that there should be some concern at the fall in the rupee exchange rate also. The Rupee-Dollar rate was Rs. 13.02 per Dollar in January 1988. It is Rs. 16.77 for a falling Dollar in September 1989. This upsets our export import trade and has, in turn, impact on our prices, particularly when several imported

[Smt. Kishori Sinha]

commodities, components and capital goods affect our cost of production. What has the Finance Minister to say about this, I want to know.

SHRISUKHRAM: Mr. Deputy-Speaker Sir, I am grateful to the hon. Members who have drawn the Government's attention towards the rising trend in prices of essential commodities and expressed their concern for it through this Call-Attention. I am obliged to explain all the points raised by the Members so that doubts could be cleared. As already stated in my statement, I share the concern over the increase in prices of various commodities particularly the increase in the price of sugar. In my statement, I have attributed this to the shortfall in production of sugar. On the basis of production of sugarcane as estimated by the Agriculture Ministry, we had estimated that this year sugar production would be nearly 96 lakh tonnes. The sugar industry's estimate for this year was 102 lakh tonnes. In March and April when we came to know that production was falling, we sent our teams of States where sugarcane is grown. The teams were asked to find out the reasons as to why production has fallen short of the estimated targets. The team came to the conclusion that apart from early flowering of sugarcanes, particularly in U.P., sugarcane was diverted to make 'Khandsari' and jaggery which led to shortfall in production of sugar. Besides, recovery was also very low. In the end, in May and June we came to know that this year sugar production would be less than what was estimated. We had estimated sugar production to be 96 lakh tonnes but the actual production came to 88 lakh tonnes only. But, in addition to these 88 lakh tonnes, we already had an opening stock of 23,000 tonnes. The F.C.I. had this much of sugar stock available beforehand. If we consider the total stock we had enough sugar to meet the country's demand. Compared to the previous year, an additional 5 lakh tonnes of sugar was released for free-sale in the market this year. As soon as we came to know the rising trend in price of sugar, we took appro-

priate steps like making an higher monthly allocation of more than 5 lakh tonnes and making it mandatory for sugar mills to release 20% of sugar every week. They were warned that if they did not abide by the orders, they would be prosecuted and their stocks would be seized. In towns with a population of over one lakh, the stock limit with each sugar dealer was 500 quintals whereas in towns with less than one lakh population, the stock limit was 250 quintals. Now in the former case, the limit has been reduced to 250 quintals and in the latter to 125 quintals. In case of Khandsari manufacturers, we have made it mandatory for them to dispose off 25% of their opening stock in the month of May. Similarly, we have issued direction to the Jaggery manufactures.

[English]

SHRI AZIZ QURESHI: How much sugar did you export?

SHRI SUKH RAM: We have exported only 35,000 tonnes of sugar. That was under contractual obligation. It is fact that at the initial stage there was recommendation that we should export about 3 lakh...

SHRI AZIZ QURESHI: Please also tell at what price you made this export and what is the price that you paid for import of sugar.

SHRI SUKH RAM: At the moment I do not have the figures of the exact price but it is definitely higher than the cost of production of sugar here. (*Interruptions*)

MR. DEPUTY SPEAKER: You try to get the exact figure and pass it on to the hon. Member.

SHRI SUKH RAM: I will supply that information.

[Translation]

Along with this, we have received complaints of smuggling of sugar to Bangladesh and Nepal. I wrote letters to the Chief Ministers and the Home Ministers of U.P., Bihar

and West Bengal. I also went there personally to meet them. As a result, nearly 1000 quintals of sugar that was being smuggled was seized. I do not have information related to other States but we wrote to the State Governments to launch an intensive de-hoarding drive in their respective states so that the hoarded stock could come into the market. Apart from this, upto September we have conducted raids at 2808 places, checked 3027 licence-holders resulting in the cancellation of 77 licences, arrest of three persons and registration of cases against 35 persons. The raids led to the seizure of 10,370 quintals of sugar. We wrote to all the State Governments and they conducted raids in their respective states, although as you said, it was not reported in the Press. Then I noted that the price of sugar was not coming down despite all the steps taken by us. One of the reasons for this was that Opposition leaders, vested interests and our detractors in trade and industry had conspired to tarnish the image of the Congress (I) Government by making this an election issue.

SHRI G.M. BANATWALLA: All these things were happening in the country, a conspiracy was being hatched. Was the Government sleeping all this while? Why were efforts not made to put an end to the conspiracy? Please do not take this issue lightly. This is a serious situation (*Interruptions*).

SHRI SUKH RAM: I have listened to you, now you please listen to what I have to say.

SHRI HARISH RAWAT: Sir, I would like to say that by his saying that they were hatching a conspiracy, nothing but our weakness is exposed. If they were conspiring against us, I would like to ask him whether he make any efforts to foil their conspiracy.

SHRI G.M. BANATWALLA: Mr. Sukh Ram, we are sorry for you as your reply is not going to convince us. This issue cannot be disposed of in such a cursory manner.

SHRI SUKH RAM: They tried to create

artificial scarcity and build up an atmosphere that sugar would not be available in the month of October and if at all available, the rate would be not less than Rs. 15 to Rs. 20 a kilo. This led to hoarding tendency. On the 10th or 12th of September, I called a meeting of the representatives of the sugar industry. At that time, the ex-factory price was Rs. 1000 to Rs. 1100 per quintal. I told them that the price would have to be reduced. Levy sugar is sold on control rates while the Government does not have any control over the prices of free sale sugar except its distribution. We told them that if the prices of sugar were not brought down, large stocks of sugar would be released in the market to bring down the price. At that time, the price of sugar had shot up to Rs. 13 to Rs. 14 a kilo although official figures said that the price was Rs. 12 per kilo. At this juncture, the industry voluntarily agreed to reduce the price and no legal restriction was imposed. It was decided to reduce the rate to Rs. 775 per quintal. I want to declare in this august House that I am personally not in favour of the rate of Rs. 775 per quintal. I want to submit that it is very difficult to manage the sugar economy. It is easy to say but difficult to manage. One one hand, we have to watch the interest of sugarcane growers by giving them remunerative prices for their produce. In Maharashtra, the support price is Rs. 35/- a quintal, Rs. 33 to Rs. 35/- a quintal in Haryana and the Uttar Pradesh it is not less than Rs. 33/- a quintal anywhere. Firstly, remunerative prices have to be given to the growers, secondly, sugar has to be made available to the consumers at the fair prices and thirdly we must ensure that the mills do not become sick. Unless there is co-ordination between these three aspects, the sugar economy cannot be managed properly. Another aspect is related to the consumption of sugar. Last year, the consumption of sugar in the country was 93 lakh tonnes and this year it has increased to 99 lakh tonnes. This shows that the consumption level of sugar is rising very fast in this country. Production has to be increased to match the rising level of consumption. Unless we maintain a balance between these two aspects, we shall continue to face problems.

SHRI VIRDHI CHANDER JAIN: Have we every said that this balance should not be maintained? Has the Government maintained this balance?

SHRI SUKH RAM: Another thing that needs to be understood is that as far as costing is concerned it is the responsibility of the C.A.C.P. and the B.I.C.P As much as 45% of the sugar is sold through levy. A statutory minimum price is fixed for levy sugar. The price of levy sugar is Rs. 5.25 a kilo. The loss incurred by the sugar industry on levy sugar is compensated by comings from free sale sugar. We can release more sugar and bring down the prices of free sale sugar, but it will result in sickness of sugar mills. This aspect cannot be ignored either.

SHRI HARISH RAWAT: We will discuss this matter after six months.

*(Interruptions)**

[English]

MR. DEPUTY-SPEAKER: I cannot allow all the Members. Only the Members who are in the list will be allowed. Mr. Minister, do not Listen to him. You continue your reply.

[Translation]

SHRI SUKH RAM: On one side is the prices of levy sugar and on the other the prices of free sale sugar. We can control the price of free sale through the release mechanism and we have adopted this mechanism this year too. As I said that as compared to last year, an additional 5 lakh tonnes of sugar were released this year due to which we could bring about depression in the prices. As I said that a psychology of shortage has been created that there is no stock of sugar and there would be no sugar for distribution during the month of October. And that is why there has been a rise in prices. When I met the representatives of the sugar industry, they did not tell us that Rs. 775/- would be the ceiling price. I would like to assure this august House that in the near future the price of

sugar will come down. Today, the rate is Rs. 9/- to Rs. 10/-. I visited half-a-dozen States where sugarcane is produced such as Maharashtra, West Bengal, Andhra Pradesh, Tamil Nadu and others. There I spoke to the local administration, sugar mill owners, sugar dealers and those who took on the spot decisions that were causing delays and got a first-hand information regarding the import of sugar. In Maharashtra, sugar is available at Rs. 9/- a kg. But we would bring down the price further. At present, sugar is available at a price of Rs. 9/- to Rs. 9.30/- a kg. but efforts would be made to make it available at a price of Rs. 8/- to Rs. 9/- a kg. keeping in view the interest of the economy of the country, the Government was against import of sugar. Last year also, it was not imported due to foreign exchange constraints. But a phobia was created that the prices would not fall unless sugar is imported. This is evident from the fact that Shri Banatwalla and some other hon. Members just now made a complaint that sugar was not imported in time. I do agree that sugar was not imported in time.

SHRI G.M. BANATWALLA: At what price?

SHRI SUKH RAM: Please have patience, I am coming to the point. Of course, there has been a delay in the import of sugar but it was because the Government was not at all willing to import it and we resorted to it only when we considered it essential for controlling the prices and to satisfy the sentiments of the market. That is why the decision was delayed. I would also like to make one thing clear to the hon. Members that the international market of essential commodities is highly sensitive. Prices in the international market depend on as to which country is the buyer with the entry of populous countries such as Russia or China in the market, prices are affected. The price of sugar in the international market was 350 dollars two months ago. International market tries to get information through its intelligence sources about the anticipated demand from the populous countries such as India, China or Russia of the commodities to be made in the

international market. Therefore, it would not have made a difference of 2 to 5 dollars in prices, if India had put its demand 2 months earlier. I do not think that there has been much variation in prices. Shri Banatwalla has also stated that the Government should have purchased it earlier when the price was 460/- dollars instead of purchasing it at the prevailing price of 517/- dollars. I agree but it could not be done because of some reason. So far as the Ministry of Food and Civil Supplies is concerned, we never purchased sugar but when the Ministry of Commerce expressed their inability to purchase sugar for us, only then a decision was taken to constitute a committee under the chairmanship of the Food Secretary and the representatives of the Ministry of Commerce and STC were made its members. When the tender was first opened, we came to know many things. Then the committee recommended purchase of it from the dealers registered with the S.T.C. When I found that the prices quoted by unregistered dealers were less by 50 to 60 dollars, I could not muster courage to ignore it as we are living in a Parliamentary democracy. We are bound by certain rules & regulations. We cannot follow China which goes to the international market and directly negotiates with the private parties without floating any tender and the deal is struck with them. But we cannot do so. We have to float tenders and the entire world knows that we have floated tenders. We have to face the Parliament and the press. I agree that time factor should have been the main consideration but I could not afford to take risk. Had I decided the matter without floating the tenders, objections would have been raised in this august House and the media would have cast aspersion on the Government, as could be evident from the fact that aspersion are being cast on the Government without any basis. That is why I directed my ministry to take it into consideration. I was told by my Department that the Ministry of Finance have not fixed any parameter for it. I was advised to get the parameter fixed by the Ministry of Finance. But I did not want to be grilled by the press persons or the hon. Members of the House on my failure in purchasing sugar

when offers were there at the rate of 450 to 460 dollars. I could have been taken to task for my failure in getting the parameter fixed by the Ministry of Finance. When I asked them whether they satisfy the parameter, they replied that the parameter was too harsh to be tried. So it was withdrawn on paper. They asked for 2-3 days time. I granted them 2-3 days' time. I wanted to save a sum of Rs. 18-20 crores of the country. That is why the matter was delayed by 5 to 6 days and I am personally responsible for this delay. I held discussions with the officers of my Department on the matter as I did not want to be grilled by the hon. Members in the House on the score that lower tender has been deliberately ignored. Sugar trade is under the control of a handful of persons or parties. Their previous offers had to be rejected. We were to purchase 220 lakh tonnes of sugar. They were ready to meet our requirement of 220 tonnes of sugar for which they quoted their prices. As wanted to have competitive prices, so we invited tenders again. Today, about 60 lakh tonnes of sugar has reached the ports and 2 1/2 lakh tonnes are likely to reach by 20th of this month. As regards purchase of sugar at the rate of \$ 518/- \$ 519/-, opportunities were given to unregistered parties also. I wanted to create an atmosphere of competition. One of the parties furnished 3 per cent bid bond also and gave performance guarantee of 10.7 per cent. That is why the deal could be struck at 480 dollars. It was all due to our attempt to create competition and our bid to save foreign exchange. In such circumstances, we decided to go in for import of sugar. We did not have addresses of unregistered parties who quoted their prices in response to our tender floated second time. That is why they could not be informed. Addresses of registered parties are available in London from where they could be contacted. As regards unregistered parties, the Finance Ministry decided that they should deposit 3 per cent bid money. Upon this, some of the parties stated that they were not aware of it. On their request, we gave them yet another chance. Some of the parties responded to our offer.

THE MINISTER OF ENERGY (SHRI VASANT SATHE): He has purchased it at the cheapest rate for which he deserves to be congratulated by the hon. Members.

(Interruptions)

SHRI SUKH RAM: Our registered suppliers purchase sugar from them. For the first time, I made efforts to purchase it from the parties other than those registered with us. I tried to build up competition. This new avenue would prove beneficial in future also.

My submission is that we have been able to control the price of sugar and monitor it. Today sugar is available at the rate of Rs. 9/- a kilo. I do agree that it might have been sold at rates higher than this at some places. There are still some difficulties. We would soon overcome them. Please have patience for sometime. I assure you that I will be able to make it available at a price ranging between Rs. 8/- to Rs. 9/- a kg.

(Interruptions)

SHRI G.M. BANATWALLA: I would like to recite a couplet of Ghalib for you:

"Mana ke tagaful na karoge lekin,
Khaak ho jayenge hum tum ko khabar
hone tak."

We cannot go on promises only.

SHRI SUKH RAM: Banatwalla ji, both of us are to face the electorate. The thing would be brought under control very shortly. Prices would be kept under control after elections also. It is not merely for the sake of elections but the only intention behind it is to provide sugar at reasonable prices to the consumers.

SHRI RAM NAGINA MISHRA (Salem-pur): Free sale sugar is being sold at the rate of Rs. 730 to Rs. 800/- a quintal. As you know that one quintal sugar is extracted out of 10 quintal sugarcane. They are getting Rs. 200/- extra on one quintal of sugar. On the same analogy, the price of sugarcane should also

be increased at least by Rs. 40/- quintal.

SHRI SUKH RAM: On one hand, demand is being made to increase the price of sugarcane by Rs. 40/- a quintal, on the other, it is also demanded that the sugar should be provided to consumers at the rate of Rs. 5/- a kilogram.

(Interruptions)

That is why I have released 10.32 lakh tonnes of sugar for the month of October. It is a record in itself. This much of sugar has never been released in the past. I would like to make a request to the hon. Member to go to their respective constituencies and find the areas of scope of exploitation. Co-operation of traders and sugar industry will have to be listed. We will have to keep an eye on the persons who are involved in hoarding and black-marketing activities and action should be taken against them. And this is not the responsibility of the Government machinery alone, rather we the people's representatives should also come forward to shoulder this responsibility. We should go to our respective area to identify such elements and assist the law. We are elected representatives. It is our duty to go to the field. Our duty is not confined to the Parliament only. Just now you were referring to public distribution system. About 50 thousands tonnes of sugar was sanctioned for the month of October to each State Government. But the Hon. Prime Minister directed that in view of two major national festivals falling in this month, the quota should be doubled...*(Interruptions)* Half kg sugar is provided to a family of five members. Full quantity of levy sugar is available today but there must be some leakage there and the concerned Department has to check this. Charges have been levelled that the Department of Civil Supplies is totally inefficient. It can be said for the states also, you should also keep a little watch in this respect and...*(Interruptions)*...

SHRI RAM NAGINA MISHRA: When we report against anybody, no attention is paid.

SHRI SUKH RAM: It is not good that you are blaming us for the of the State Government...(Interruptions)....

SHRI RAM NAGINA MISHRA: 95 per cent of the total sugar is cornered by the employees of the Department of Civil Supplies and the dealers. It is not supplied in rural areas. You get the matter investigated...(Interruptions)...

SHRI SUKH RAM: I would like to submit that you should bring specific cases to my notice, I can take up the matter with the State Government. If you want that I should personally visit a particular place, I am ready to do so.

SHRI HARISH RAWAT: You can investigate the matter in every district. Everybody is ready to make complaint. The hon. Minister appealed to bring specific cases to his notice. We will bring such cases to his notice...(Interruptions)...

KUMARI MAMATA BANERJEE (Jadavpur): Hon. Minister, Sir, people don't want speeches, they want only ration...(Interruptions)

[English]

MR. DEPUTY-SPEAKER: He will take everything seriously

(Interruptions)

MR. DEPUTY-SPEAKER: I think the Minister will take not of the concerns expressed by the hon. Members. They are saying that they are getting many complaints. You take necessary action.

(Interruptions)

SHRI SUKH RAM: If they give me, I will take action. We release first to the State Government and the State Government further distribution it through their Fair Price Shops. If they give me some other better alternative, I will definitely consider it. (Inter-

ruptions)

I will take action against them.

(Interruptions)*

MR. DEPUTY-SPEAKER: I am not allowing anything to go on record.

(Interruptions)*

MR. DEPUTY SPEAKER: You reply. I cannot allow everybody.

(Interruptions)*

[Translation]

SHRI SUKH RAM: An hon. Member mentioned about the increase in the prices of rice. The price are not very high. There was about five per cent increase in one year. It is true that we had a record production of 172 million tonnes of rice and prices should have come down, but we have another responsibility also. The Government intervenes on behalf of the growers and provides incentive price and support price to them. Yesterday only, the Hon. Prime Minister raised the support price and has announced a good package for the farmers. When the growers will be provided support price, it will be reflected in the market price also and it is very difficult to stop it. If the Government does not intervene, the prices will fall to such a low level that the farmers will not like to grow rice as it would be unprofitable and consequently, a difficult situation will arise. I would like to submit that artificial scarcity of rice has been created in the market. We have met the basic requirement of the States. There has been a record production. The estimated procurement of rice is likely to be 10 million tonnes. We are going to restore the 20 per cent deduction made in the allotment of rice-eating States due to stock problem.

So far as edible oils are concerned, the production was 178 lakh tonnes of oilseeds. Earlier, 18 lakh tonnes of oilseeds were imported.

SHRI AZIZ QURESHI (Satna): The price should be reduced. What are the prices of edible oils?

SHRI SUKH RAM: Till now we have imported 2 lakh tonnes. We used to distribute 80-85 thousand tonnes of oilseeds to the States every month till last year's drought but now it is only 10 thousand tonnes. There would have been a sharp fall in the prices of oil, if this had not been done. We represent the growers as well as the consumers, so we have to keep the prices at a reasonable level. NDDB was appointed as the marketing agency. It entered the market and purchased mustard and groundnut. Now we are releasing that stock. So far as the civil supplies department is concerned, we are selling edible oils through Public Distribution system at Rs. 16 per kg. to the poor. This is being done to make the country self-reliant and reduce dependence on imports. The price of groundnut oil has increased but I think there will be fall in the prices, as we expect a good crop in Gujarat.

Regarding tea, the Ministry of Commerce is taking suitable steps so that the prices come down. I have conveyed your feelings to them. Similarly, the Ministry of Agriculture is importing pulses through NAFED and OGL. We are not self-reliant in the matter of pulses and oilseeds. For the first time we are heading towards self-reliance in the matter of oilseeds and we hope that we shall make further progress in future.

Just now, Shri Banatwalla raised a point that the value of Rupee has declined. I would like to submit only one thing that so far as inflation is concerned, according to the international standards, inflation upto one digit is not a matter of concern for the developing countries. Last year, there was about 30 per cent inflation in China and there is 100 per cent inflation every year in the Latin American countries but it doesn't mean...*(Interruptions)*

SHRI HARISH RAWAT: Please don't let it reach in that level here.

SHRI G.M. BANATWALLA: The people here do not have the capacity to bear so much inflation. How can you compare the people of India with those of America.

SHRI SUKH RAM: I do not say it should be the same here. When you compare, I would like to submit...

SHRI G.M. BANATWALLA: Your department will make 100 per cent inflation if you say like this in the House.

SHRI SUKH RAM: Banatwallaji, I am trying to say that even in a controlled economy like China the rate of inflation has been 30 per cent whereas we had only 8 per cent. That is what I want to compare. I am not saying that it should be here as well. Instead we are making efforts to bring it down. For this, the Hon. Prime Minister and my Ministry have taken effective steps and we will try to make the essential commodities available of cheaper rates. I know you concern. Even though I am a Minister, I am also a representative of the people like you. I sense the feelings of the people. The Government, the Hon. Prime Minister and myself are making all out efforts to bring down the prices of essential commodities. Now-a-days, some opposition parties are trying to exaggerate the things with the sole aim of giving a bad name to this Government. Their only motive is character assassination and mud slinging whether it be imports or any other thing. They have only one point programme and nothing else. The same is true about essential commodities also. I join you in your concern and apprehensions regarding this issue and I will try to keep your suggestions in mind. I shall try to ensure that there is no shortage of essential commodities and efforts will be made in the coming days to take effective steps to bring down their prices. With these words, I express my gratitude to all of you.

[English]

MR. DEPUTY SPEAKER: Now we adjourn for lunch and shall re-assemble at 2 P.M.