

DR. G.S. DHILLON: I bet to move:

"That the Bill be passed".

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

The motion was adopted.

13.38 hrs.

DISCUSSION RE: CONTINUING PRICE RISE IN THE COUNTRY

[*Translation*]

SHRI HARISH RAWAT (Almora): It would have been better if the hon. Minister of Civil Supplies was present here.

SHRI BALWANT SINGH RAMOOWALIA (Sangrur): Today we are having a discussion on price rise. Women are the first sufferers of this price rise who have to make the budget of the house. They make budget of one year or a month. They found that prices of many items have increased considerably in a month or so after the budget which they prepared for the recent month, for their houses.

[SHRI SOMNATH RATH *in the Chair*]

The rising prices have imbalanced their budget greatly. As a result, there is a great resentment in the country against this price rise. The price of Vanaspati has increased by Rs. 50 on a tin. This price has increased in just 25 days. In Delhi onion is selling at Rs. 7 Kgs. at one place and at another place it is selling at Rs. 8 and at some other place it is being sold at Rs. 8.50 Kg. Similarly, the price of tomatoes, pulse, pulse, mustard oil and soap are all increas-

ing. Today, the position is that the whole country is feeling concerned about it. Our some of the sisters staged a dharna outside the Parliament House against this price rise and led a protest march. They had some kitchen items used for cooking meals etc in their hands. They were drawing the attention of the Government towards their difficulties. It is very unfortunate and I condemn it that the Government adopted a different attitude. Those sisters led the protest march in front of the Parliament House so that the representatives of the people may consider the problem which the country is facing. Women joined the Anti-price rise Joint Women Front irrespective of their party affiliations. Shrimati Promilla Dandavate, Shrimati Saifuddin and Shrimati Sukharde were leading those agitating women... (*Interruptions*)

PROF. MADHU DANDEVATE (Rajapur): All of them are not our sisters... (*Interruptions*) ...

SHRI BALWANT SINGH RAMOOWALIA: Dandavateji has rightly said, but we will have to address them like this ... (*Interruptions*)....

DR. G.S. RAJHANS: Please repeat what Dandavateji has said.

SHRI BALWANT SINGH RAMOOWALIA: You may read from the record tomorrow. Those sisters, who are agitating against the price rise irrespective of the party affiliation were all arrested. We have just got the information that they are being sent to jail. They have not done anything anti-national. They were simply expressing the hardships of the people due to price rise. It is said that we have given instructions. (*Interruptions*) ...

KUMARI MAMATA BANNERJEE (Jadavpur): It is a very important issue. Kindly call Shri Bhagatji in the House.

SHRI HARISH RAWAT: The hon. Finance Minister can only say about the overall economy, but there are a number of such items about which reply can only be given by the Minister of Civil Supplies.

SHRI BALWANT SINGH RAMOOWALIA: On the day when the session started, the hon. Minister of Food had given a statement in the House that the Government had issued instructions to all the States to keep a check on price rise. I do not know as to what is happening in Hyderabad, Madras, Kochin or Bombay. But in Delhi, inspite of the instructions, the prices have increased by 22 per cent. People of the country are not interested in instructions. It is not sufficient to issue instructions, but the people of the country want that these instructions be followed and there should be some concrete results. If you see the survey report conducted by the press and journals, you will find as to what extent these instructions are followed and what are their results. According to their survey report, the situation is very grim. A newspaper has written in an editorial that at present people go to market with purse and a basket to buy things but if this situation continues like this a day will come when people will go to market with money in the basket and bring things in the purse.

SHRI HARISH RAWAT: You have exaggerated too much

SHRI BALWANT SINGH RAMOOWALIA: I am not saying this. I am quoting what has appeared in the newspapers. If the hon. Minister assures that the Government will not allow this thing to continue than it is all right. I would like to draw the attention of the House to the way the prices are increasing. Festival season is approaching and the prices may rise even further in those days. Prices tend to rise during festivals. The prices are rising high in such a way that the people have reduced the consumption of red

chillies when they use to consumed more earlier and its price has increased by 100 per cent. In sweets, even an ordinary ladoos are selling not less than Rs. 30 to Rs. 32 kilo. Vegetables have now become luxury. A Paper has written!

[English]

"There has been no let up in the high cost of vegetables. Tomatoes have gone upto Rs. 20/- a kg. from Rs. 16/- in the last one week. potatoes are selling at Rs. 4/- and onions at Rs. 7/- per k.g."

[Translation]

The shopkeeper has put up sticker of price of Rs. 4 or Rs. 4.50 on the item which was being sold earlier at Rs. 3. As regards ghee, if the MPs go to the canteen in the Parliament House to purchase ghee, they are asked to get their names registered and they would get ghee after two to three days. In my view the reason is that speculative hoarding is increasing, because the tendency of making profit is increasing. In the coming days, the people will require our help. The need of the hour is that the Government should tighten their control over prices. Some days back the Food Minister had warned the traders to behave, but it seems that inspite of this warning the prices are going on increasing. Four days back, I had heard the hon. Food Minister giving warning in a telecast. The Government is sleeping and it should wake up. Measures should be taken to save the consumers from the free traders. I think from today onwards you will come heavily on the petty shopkeepers. Only some days are left for the conclusion of the session. Discussion has started on this subject also. The Government will arrest petty shopkeepers if prices of vegetable ghee are increased. But the every one knows that big companies produce vege-

[Sh. Balwant Singh Ramoowalia] table ghee. Earlier, the price of a tin of vegetable ghee was Rs. 205 which has now gone up to Rs. 220. Its profit will go to all the companies. The petty shopkeepers will not get anything from it. Therefore, I want that you should set right the Public Distribution System on the one hand and on the other it should be seen that the small shopkeepers are not unnecessarily harassed and not made the targets of your fury.

Nobody in the country can remain unaffected from the challenges that the country is facing at present, but the Government must consult the Opposition members before taking any step. The prices of various commodities have gone up so much during the past two months that demonstrations are held daily in one part of the country or the other. Although, directions have been issued by the Food Minister, but we have never been consulted on so important matter. We do appreciate that consultations are held with us on all major issues, but we were not consulted on this important issue.

A few days back, a statement was issued by the Food Minister stating that they had sufficient stocks of foodgrains. In this House as well as in Rajya Sabha, it was claimed that our godowns were full of foodgrains. I agree that your godowns are full of foodgrains, but on the other hand, the farmers of Punjab were forced to sell their water-soaked wheat due to untimely rains at Rs. 120-125 per quintal. In spite of all this, the price of wheat in the market is increasing continuously. If your godowns are full, why sub standard flour and rice are being issued from the fair price shops. I want that you should pay attention to it also. Sometime ago, you had said that there was shortage of oils in the country and as such we were going to import edible oils. But when this oil reached India at a cheap price, Government started making ghee from that oil as a result

of which its price started going up. It was like an insult to consumers' infury. Now it is for the Government to see why the people who were supplied imported edible oil at a cheap price increased its price. I would like to tell you what direction we are heading towards:

[*English*]

"From Desi Ghee we came down to using refined oils and now to Palmolein.

Dhals have also become dearer. What will be the health of such a nation? What will our future generation do?"

[*Translation*]

I would like to tell you about Delhi. In some markets of Delhi, such as, Khan Market, Gol Market, loose ghee is sold cheaper whereas packed ghee costs more, but the problem is that there is a lot of adulteration in loose ghee. When a common man purchases that ghee, he falls sick and he has to pay to the doctor twice or thrice the saving he did in purchasing loose ghee. Therefore, I would like to bring to the notice of the Government that whereas the price of edible oil on 10th July, 1987 was Rs. 161, it has increased to Rs. 195.55 today. I do not want to pass on the entire blame to the Government. The Government has to take action. Apart from that, a big problem like drought is before us. The supplies of imported oil, perhaps, reach cities first. But our main resentment is that why did not the Government think it proper to consult us on so important an issue. The prices increase with every statement issued by the Minister. I would like to draw your attention to a news report which says that the Government has spoiled the very structure of the use of vegetable oils. The Government must give its clarification. The price of mustard oil in wholesale market was Rs. 23 per kg. which has now gone up

to Rs. 26 per kg. The price of cotton seed oil has increased to Rs. 24 per kg. and that of soyabean oil Rs. 28 from Rs. 24 per kg. The price of oils which are used in soap, such as *mahua* oil has also gone up. Similarly, the price of rice bean oil has also increased. Thus, the prices of all types of oils are showing upward trend. Vegetable oil is being used in making soap in Uttar Pradesh, Haryana, Delhi and Punjab. Why is it being used in the manufacture of soap? If such reports are correct, the Government should check its use. Therefore, my submission is that the Government has not taken any action. When the prices started rising, we remained inactive. The prices are rising steeply, whether they are wholesale prices or consumer prices.

[English]

The official wholesale price index for all commodities in 1970-71 was 100 and now it has touched a new high of 402.7.

[Translation]

Therefore, in this connection, I would like to submit to the Government and to the Finance Minister since he is present in House that

[English]

It is a recognition by the Government that there is a problem of inflation in this country.

[Translation]

Here I would like to quote what the Chief Minister of West Bengal said while addressing the Bengal Chamber of Commerce and Industry:

[English]

The Centre has put the economy in disarray.

[Translation]

The policies which we have framed in regard to the economy are not correct. Therefore, we should review our policies so that inflation could be checked.

Other thing which I want to tell the hon. Finance Minister is that our annual rate of inflation in 1987-88 would be 15 per cent. Therefore, I would request him to pay his attention to it. If the present trend of price rise continues and if we are not able to check it, we shall have a large deficit budget next year which will disturb many areas including production and industrialisation.

One more thing I want to bring to the notice of the hon. Food Minister, Shri H.K.L. Bhagat. A large quantity of foodgrains is lying in godowns in Punjab. Wheat and rice of 1984 and 1985 are lying in godowns. I have been raising this issue in the House time and again, but these foodgrains are not being lifted from there. The Central Government pays Rs. 20 crores annually as demurrage. Therefore, I would request you to lift those stocks from there. You have informed me through a letter that the movement of the foodgrains is being accelerated, but this is not a fact. The foodgrains are lying in godowns and the prices are rising. Kindly give it top priority to ensure that the wheat and rice that have been lying in Punjab for the last three-four years is moved from there.

Thirdly, I would like to submit that agricultural production would fall considerable due to drought. As a result thereof, agricultural income too will fall, because market arrivals will go down leading to price rise. Therefore, on the one hand, you have to control the prices and on the other something will have to be done to set right the droning economy.

The major function of the *M.R.T.P.C.* is

[Sh. Balwant Singh Ramoowalia]

to assist and guide the Government in controlling prices. I am subject to correction by the hon. Minister if I am wrong. M.R.T.P.C. has almost ceased functioning. Therefore, M.R.T.P.C. should be activated. Arrangements for easy availability of commodities should be made during fivestival season. The people say that last year's Deewali was the costliest of the past 20 years. I would request the hon. Minister that he should see to it that the price during the coming Deewali festival are kept low so that the people could feel that the Government has taken some action and the prices have gone down. I would suggest that the Government should draw up a long term plan in respect of edible oils and oilseeds. Such a long term plan is essential for the states of Punjab, Haryana, Andhra Pradesh and Uttar Pradesh so as to give incentive and encouragement to the farmers of these States. If it is done, ghee, soap and other goods will become cheaper. It has been seen that once the price of ghee goes up, the prices of sweet-meat and other eatables are also affected.

The Government can go for timely import of items whih are in short supply. I think the whole House will support the Government in this regard. It will be better if these items are imported early.

[*English*]

Vigilance Committees to control and regulate distribution and check of hoarding should be formed.

[*Translation*]

A need was left for such vigilance committees. Shri Lal Bahadur Shastri and Rafi Ahmed Kidwai too had suggested the setting up of such committees in the wake of such crisis. I have no intention of making seathing attack on the Government. I want to

awaken the Government at this difficult hour and that is our duty too. I would request both the hon. Ministers that they should formulate some concrete programmes to control price rise with the consent of this and in consultation with the economists. It would help a lot if you involve the consumers associations and voluntary organisation in this endeavour.

14.00 hrs.

With these words, I conclude and express my thanks for giving me an opportunity to speak.

[*English*]

SHRI B.R. BHAGAT (Arrah): Mr. Chairman, Sir, the price situation is causing concern. This is the least that can be said because on this matter the whole House is agreed. It has been the effort of the Government as was evident from the last few budgets and the budget debates in the House that the strategy was to contain the price rise, and keep it within a reasonable limit. Although the budgetary or the other expenditure was mounting, in order to fulfil the land development the development desires, the anti-inflationary financing and the various other measures so as to increase the production resulted in containing the price rise within a reasonable limit.

But this drought, an unprecedented drought came-some say it is one in one hundred years the intensity and the extent of it-almost three-fourths of the country is involved in this. And similarly in the north East portion, Bihar, Bengal, Assam, Nagaland, Meghalaya, in all these areas there are also unprecedented floods. Never such a flood visited this area in the last fifty years. This serious drought situation and the floods will result in a very heavy fall in our agricultural production. It will also likely to dislocate our energy production, which affect both the

agriculture and industrial production. This has naturally put a pressure on the price. It is a matter of great concern.

So far as the Government is concerned, the Prime Minister on a momentous and historic occasion, from the Red Fort he pledge that he has spared nothing to fight the drought situation. The Government is not only conscious of the seriousness of the situation, but also is determined to gird up its loins. The Government is taking all the measures. Cabinet Committee has been formed and they are trying to tackle this on a war footing.

Let us now analyse the price situation. If you see the last three years Wholesale Price Index, the index was coming down. In 1983-84, the Wholesale Price Index rose at 9.5 per cent. In 1984-85, it came down to 7.1 per cent. In 1985-86, it came down to 5.6 per cent. In 1986-87, it was expected that it will be the same figure of six per cent. It is always debated by the economists and others that the Wholesale Price Index is not always the correct index so far as the real inflation is concerned. The Labour Statistics provides Consumer Price Index. If you go by that, the calculation is that the increase is nine per cent. If you analyse further the components of the rise, you will notice that the situation is even more disturbing because it is the items of essential commodities, which go to mass consumption. They are rising fast and that will inevitably mean a heavy burden on the poorer section or even the middle class section. The Government is monitoring the price rise from week to week. I have the list of the prices for the week ending 25.7.87 and the previous week. If you see, the overall rise is only 0.6 per cent. If you see the other items like foodgrains, in one week, it is one per cent. If you see the pulses, the rise is 2.4 per cent. In fruits and vegetables the rise is .8 per cent. In non-food items the rise is 2.1 per cent. Oilseed is a very important item. The hon. Member, who preceded me,

spoke about it. There is a rise in that also. Therefore, you see that there is a general rise. There is not a single item in which there is a fall in prices.

DR. DATTA SAMANT (Bounbey South Central): The rupee value has fallen.

SHRI B.R. BHAGAT: Yes, the value of the rupee has fallen to 14 paise. Obviously the drought and the prospects of a dwindling crop have affected the price rise. The most important point is that it has affected the poor man. Actually, everybody is affected, the middle class, the poor class and the people who are living in rural areas where the supply may not be that much regular, particularly in the flood affected areas. The Prime Minister came only yesterday after having an aerial view of some of the drought affected areas. I am told that people there are without food for 13 days. The situation is really grim. This is the position at the moment.

We should not ignore the economic factors that are operating in the economy. If there had been a situation where there was no rise in prices and prices were steady and this rise has come now only, then probably people can bear it and governmental measures are able to tackle it. But if you take the last decade, the money supply i.e. M1 has risen by 13 per cent and the production is 4 per cent. M-P or 13-4 is 9. That means, inflation rate is 9 per cent. If the situation had been somewhat more promising i.e. the money supply would have been less—instead of 13, it would have been 8 per cent and production 4 per cent, then the rate of inflation would have been 4 per cent. Some people may accept it some may not accept it. But this is the general theory that the money supply and the demand factor in the present situation is more important and is playing a greater role in determining the prices. The pressure of the prices is because of the money supply. You know the money supply in relation to production. The quantum of

[Sh. B.R. Bhagat]

goods and the quantity of money have a bearing on the prices. The pressure will be more if you see the fall in production of certain agricultural commodities due to drought conditions. This is the present situation. Then I come to the deficit in the Central Budget. During 1987-88 the Budget deficit has been forecast as Rs. 5688 crores. That is there Rs. 5688 crores. The Prime Minister promised that he will not allow it to rise. It should not go higher than that. A special Expenditure Committee of the Cabinet has been formed right after the Budget so as to keep Budgetary deficit to this figure. But see what was the deficit in the previous years. In 1986-87 it was Rs. 8285 crores. The budgetary deficit was much less. But it has gone up. If you compare and see the total expenditure of the Budget-Rs. 95,000 crores or it was 35% of the gross domestic product as against Rs. 83498 crores i.e. 34% in 1985-86. You have a situation in which a very rise in expenditure, large deficit and then the sudden prospect of fall in production-is bound to put pressure on the prices. The formula I gave is the resultant in equation. It is going to be high. This is the force of demand factor and we have to control it. We must apply. This is a long term measure.

I come to the urgent measures that are required. Some of them have been recounted here. When the house is on fire, it is our duty to first put out the fire. And there the Government is conscious of that and we are trying to do everything in that process. More suggestions are coming. They are welcome to the Government. But the point is, in the background of the basic situation in the economy, when the inflationary spiral is built into the economy, inless you do something, it is impossible to totally negative this short term measure or the supply measure-the supply measure we call productive measure. On the supply side it is impossible to fully negative the situation of spiral. Therefore, I am not one of those who believe you cut

down the expenditure, cut down the plan there, because that will end up in the situation of stagnation. In the stagnant economy and rise in price, we should not fall into that trap of cut by a stroke, cutting down the development projects and bringing down the level of expenditure without any rhyme and reason. We have to go into it scientifically. What can be postponed should be postponed, but it should be made more cost effective. The point is that we must eliminate waste. The point in this matter is that we have to make every rupee more cost effective. Rupee value is falling. It has already become 14 paise. But every rupee we are spending, it must be made more cost effective. Cost benefit ratio should be there and waste should be totally eliminated. It is a very big tall order for the Government. But the Government has to face it. They have to face it and whatever is redundant expenditure, that has to be postponed, because otherwise it will be counter productive.

(Interruptions)

Another reason for the price rise or the rise in inflation is what is called the system of administered prices. Mainly the public sector items like steel, cement, energy, transport, etc., are responsible for 1/3rd of the rise in prices. It has been calculated so. I am happy that the Government has risen to the situation. They have set up two committees for going into the administered prices, one for the public sector items, industrial products and another for the agricultural produce prices. Let us understand what should be our approach in this. I am dealing with some of the long-term aspects, without which short-term measures will not do. It has been complained that in the past, in order to meet the losses in the public sector, quite often, prices have been jacked up and losses made up. This has made these products costly and has introduced the phenomenon which is very well-known in our country, what is called, cost-push inflation. The prices of

the products which are being raised happen to be inter-mediate goods which go into the production of finished goods, there is a general rise of all the products and this leads to a phenomenon of cost push inflation. Our economy is already suffering from demand inflation as a result of the rise in money supply and all this. Our economy is also suffering from the cost push inflation. I know the Government have taken and are taking certain steps. This particular committee is charged with the duty to bring down price, i.e. how to make production of these items more economic and things are produced more efficiently so that it reduces the cost of production and makes goods more competitive and one does not have to recourse to administered prices, just to cover up losses in the public sector.

Similarly, the agricultural price is a very important item. It is a very vital thing because it concerns the vast rural sector which is the progressive sector and most productive sector. Our approach should be to provide incentives to the farmers and to the producers. Two aspects are very important. One is, the agriculturist, the farmer must be given enough incentive by way of assuring reasonable prices to his produce, so as to make it worthwhile to produce. Secondly, the cropping pattern should be scientific. Now, the commodities produced by the farmers have become more competitive. If they make profit in one crop, they go to that crop. If they incur loss in that particular crop, then they switch over to some other crop. Therefore, the prices of agricultural commodities should be such that it provides for the desired cropping pattern. For example, it has been said that we must give more emphasis on the production of oilseeds and pulses. Apart from the package of giving other incentives, pricing of these commodities is also very important. Therefore, as a long-term measure, we must provide these things also. Ultimately, it is the supply side which is very important. At present, the demand propelled

inflation or cost-push inflation is stronger. But ultimately, it is the production that would give the answer. In the last Five Year Plan, in the Seventh Plan, we reached 5% growth and we maintain that 5% growth now. We have come from a lower growth to 5% growth. If we increase our rate of growth to 6% at the macro level, it would be better. At the micro level, there is a lot of pressure on the essential commodities today. If we are able to raise production in oil seeds, edible oil, the pulses and fibres and other commodities, it will be the real answer to maintaining the prices at a level that is desired or at a level that is fair.

With this I come to immediate questions. It is necessary that the Government, having accepted to tackle the present situation on a war footing, they must do more to achieve the desired results because the situation is very difficult. I am happy that the Food Minister took a decision that he will increase the area of the public distribution system. PDS should be enhanced and strengthened more particularly in the rural areas. It is rural areas which supply more because there is irregular supply and the whole area is not covered. He has announced—If I am not right let him correct me—that 6,000 more PDS Units will be opened.

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS AND FOOD AND CIVIL
SUPPLIES (SHRI H.K.L. BHAGAT): 6,000
were added. Now we have written to the
State Governments and asked them to add
more. Any number they want more, accord-
ing to a certain criterion, we can do that. They
had got units in the sense that we are pre-
pared to increase wherever considered
necessary.

SHRI B.R. BHAGAT: You have at the
moment 3,37,000 outlets. More additions,
mainly in the rural areas, should be there.
(*Interruptions*). They cover foodgrains. Ear-
lier a decision was taken that other essential

[Sh. B.R. Bhagat]

commodities should also be covered in the public distribution system like kerosene, drugs, fuel and others. This is necessary because if you want to cater to the needs, the effect of the drought is not only felt this year but it will last for another year, at least for two years and we are going to face it. Therefore, in this period we should evolve a lasting system. It should not be that for these two years you evolve a system of public distribution and just wind them up in the later years. This country must have a system of public distribution on a lasting basis covering all the 14 to 15 essential items. They were categorised to meet the requirements of the weaker sections, the poorer sections and even the middle and the urban and rural poor and the vast majority of the people.

SHRI H.K.L. BHAGAT: I would like to make a clarification. During the last two years, we have added 19,000 new shops.

[*Translation*]

SHRI NARAYAN CHOUBEY: It is all right that the number of shops have increased, but all the commodities are available there or not?

SHRI B.R. BHAGAT: The commodities must be supplied, otherwise, what would be the use.

(*Interruptions*)

[*English*]

The Government has taken a very important decision in matters of the Consumers Protection Act. and Consumer Councils. The idea is to have it not only at the Central level but also at the district level and at the State level as well. This is very important because the consumers are helpless. It is said that in other countries, the consumers may be the kings but not in this country. The

consumers are at the receiving end and, therefore, this Council needs to be properly strengthened. The complaints received by them should be disposed of speedily to give real protection to the consumers.

The most important thing is, a situation like this-and this is the last point I am making-creates the climate for the unscrupulous elements and anti-social elements to indulge in profiteering- because of the commodities being scarce. It happens in foodgrains and also drugs. There are spurious drugs. The prices charged are also enormous. There is hoarding and then there is profiteering. This has to be curbed. The Government should review their administrative set-up. The Minister of Food should get in touch with all his counterparts in the States and make them aware of enforcing strong anti-hoarding measures, strong anti-profiteering measures, about implementing all these Acts. The powers they have should be exercised. At one time there used to be the practice that the prices of goods, the essential goods in particular, were marked and the prices had to be displayed in the shops. I do not know whether this practice is there. All these things should be enforced. The administration should be made more efficient. This is very important. Administrative efficiency and incorruptibility is the key to the successful implementation of this. Since this affects everybody, it is necessary for the whole Parliament, for everybody- it should be our common effort-to fight out hoarding, to fight out profiteering and to check the anti-social activities in this country.

14.33 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

SHRI H.M. PATEL (Sabarkantha): Mr. Chairman, Sir, I was very heartened by the remarks which Shri Bhagat made towards the end. In the early part it seemed to me that there was an attempt to run away from the

problem, but towards the end, I think, he realised that the situation was indeed serious, as Mr. Ramoowalia has said. We are really faced with a serious situation. The Finance Minister—that is why I am saying that there is this tendency on the part of the Government to run away from the problem—has said, "There is no difficulty at all; there is undoubtedly drought, but we shall overcome it because we have large stocks of foodgrains" as if the only thing that matters is the foodgrains. It is forgotten that there are other essential commodities also like oilseeds, sugar, pulses, vegetables, kerosene, etc., and there is shortage of so many of these essential commodities. The prices are rising in respect of all these commodities. So far as foodgrains are concerned, you have the stocks; it is good; it means that there will be no starvation deaths. But so far as the other commodities are concerned unless the matter is taken very seriously, we will be in difficulties. I refer to the Finance Minister's statement made in Bombay a few days ago when he has said, 'We have the situation well under control.'

I do not know what exactly is meant by the situation "well under control"? Prices are rising. It has risen very steeply during the first three months of the current financial year prices have risen extraordinarily steep. I think, I can give you certain figures. In March, the All India Consumer Price Index was 686, in April, 691, in May 703 and in June 715. And it will go on rising still further. The Finance Minister as well as the Govt. keep on repeating and I think, Mr. Bhagat also that the wholesale price index is the one that we have got. What they refer to wholesale price index is of no significance so far as consumers are concerned in a situation like this. It is only the consumer price index which matters. The wholesale price index include commodities like cotton, jute and it influences the situation very considerably. That is why, it appears, as if, inflationary pressure is of a negligible order. But, in fact, it is a

consumer price index which you should see. The consumer price index during the last decade has been rising at the rate of 9.3%. This has hit the people very hard. You may say that the various compensations were given like dearness allowance etc., which are being given. It means some adjustment in so far as consumer is concerned. But how many people in the total population of this country receive these dearness allowances and other financial benefits which result in some compensation. You take the rural labour.

I think, some time back, there was reference here in this House that the minimum wage which is offered to the rural worker is Rs. 10 in some States and Rs. 15 or Rs. 16 in others.

AN HON. MEMBER: In Maharashtra, it is only Rs. 6.

SHRI H.M. PATEL: If it is of that order, just consider, how far that sum would go to keep the family going? What is the adjustment with the price rise? Inflationary pressure is of a very very significant nature and that is completely ignored. If you remember, in the last Budget presented, the Economic Survey, for some reason, the Government has been under-playing this inflationary aspect of the whole situation. It says and I quote from the last year's Economic Survey:

"Based on the present trend, it is likely that 1986-87 will end with an inflation rate of around 6.5% according to the wholesale price index."

you see, emphasis is on the wholesale price index. This is considerably below the average annual price increase of 8% over the last decade and suggest that the overall price situation in the economy is within control. I am afraid, this tendency must have to be given up if the situation is to be improved. I think, it is necessary that the Government

[Sh. H.M. Patel]

realise that there is hard core of inflation under the present price situation. It is not merely a question of supply and demand but very many other things. It must also not be forgotten that when there is a situation where you see clearly that there will be shortages, price will rise for very many other reasons. There will be speculative hoarding, there will be an attempt for increasing the profit margin by traders. There is one fact. Also, the ordinary citizen, whoever can afford it, will also buy a larger quantity than he would normally buy. Therefore, these are the two types of pressures which will accentuate the shortages even more.

Merely to say that there should be a strong administrative action against hoarders, against profiteers and so on, is not enough. I hope that the Government will decide to take strong action in this direction. But I also am apprehensive of the success in this direction. The administrative machinery is extremely poor. That it is poor is clearly seen from the food adulteration and adulteration of other things that are taking place.

What is being done? You look at it today. There is any amount of adulteration in all kinds of commodities. What action has been taken by the Government, how successful have they been in this regard? We must be careful about the situation which we are going to face in future. There will be an attempted adulteration in food stuffs, foodgrains and other commodities. I think that it is a good thing to see that all of us, irrespective of party considerations, are seriously concerned about the problem of price rise which has already taken place and which will greatly accentuate in the weeks to come. It is necessary, therefore, that the Government takes this problem very seriously and does not think that it is something which it will be able to contain without much difficulty. The problem is of great seriousness and I think they must apply their minds

so as to evolve a policy, a plan of action rather than even a policy, to see that whatever we have is so utilised that the poorest person suffers the least.

As it is, those who have other resources will somehow manage. It is the middle class, the lower middle-class, the salaried class and the people in the rural areas who will suffer very seriously during the period of droughts and floods that we have been passing through and we still have to pass through for some time more. During all this period I think we must gear up our administrative machinery. You seek the cooperation of voluntary agencies to the maximum extent possible and try to see that the price rise is contained.

For instance what has happened in the city of Delhi? It must also be remembered, I really have mentioned this, that price rise is caused by very many other factors also. We are faced with the teachers salaries problem, i.e., the University and College teachers. So far as the school teachers' are concerned, their salaries were raised recently under the 4th Pay Commission. What was the consequence? The privately run schools had also to raise their fees because of the increase in salaries that had to be paid to teachers. Inevitably that leads to further inflation. So this indirect type of inflation is having snow-balling effect. Although there may be a fair and legitimate demand yet its consequences in so far as inflation is concerned will be of a very serious nature. So, I think, in this case it is not just the economic consideration alone which will increase prices, namely, shortages will increase the prices but it is also the inflationary pressures which will also result in the price rise being accentuated.

I do not wish to take more time of the House on this issue. Since all are agreed that there is a serious problem of price rise of essential commodities and it is something

which will cause great hardship to the large mass of people it becomes our duty to see that everything possible is done and in that we can only assure the Government that all cooperation will be offered by the Opposition parties. It is not a party matter. It is a matter which affects the entire population and what I would urge upon the Government is that they discuss matters with the Opposition and all concerned and formulate both a long-term and a short-term plan of action. With these remarks I conclude.

SHRIMATI GEETA MUKHERJEE (Panskura): Sir, with your permission I want to inform the House with great chagrin that thousands of women who were demonstrating against the price rise have been lathi-charged. Several of them have been seriously injured. Eight bus loads of them have courted arrest and taken to the police station. I was there. What were their demands? Their demands were to streamline the public distribution system. They were wanting statutory vigilance committees to be attached to public distribution system with women organisations representatives. They are wanting black-money holders to be eliminated from the economy. Like that they gave a series of suggestions to the Government. Instead they have been faced with lathi-charge.

(Interruptions)

SHRI SAIFUDDIN CHOWDHARY (Katwa): Sir, You call for the Home Minister. Let the Home Minister come. Women have been lathicharged.

(Interruptions)

SHRI BASUDEB ACHARIA: Sir, the Home Minister should come and he should apologise as to why women were lathi-charged.

AN HON. MEMBER: The demonstra-

tion was very peaceful.

(Interruptions)

THE MINISTER OF PARLIAMEN-
TARY AFFAIRS AND MINISTER OF FOOD
AND CIVIL SUPPLIES (SHRI H.K.L.
BHAGAT): Mr. Chairman, Sir, I am really
very sorry to know from the Hon'ble Member
Shrimati Geeta Mukherjee that women, who
have come for demonstrating against the
price rise, have been lathi-charged. I am
sorry to know that. I do not know the circum-
stances under which it has happened and
why it has happened.

I will bring it to the notice of the Home
Minister to take action which he considers
necessary and also keep the House in-
formed.

Now, Sir, I must say I had the privilege
of hearing very enlightened speeches....
(Interruptions).. from three Hon'ble Mem-
bers-Shri Balwant Singh Ramoowalia, Shri
B.R. Bhagat and Shri H.M. Patel-during
discussion on price rise.

SHRI BASUDEB ACHARIA: Without
hearing us.....(Interruptions)....

MR. CHAIRMAN: He is intervening.

SHRI H.K.L. BHAGAT: Now three
Members have spoken before me. I must
appreciate the spirit with which they have
raised the points. I also feel enlightened by
them.

DR. DATTA SAMANT (Bombay South
Central): What are you going to do?

SHRI H.K.L. BHAGAT: Will you listen to
me?

DR. DATTA SAMANT: Sir, discussion
is not going to help.

(Interruptions)

SHRI H.K.L. BHAGAT: Whatever I might say, you are not in any case going to be satisfied. Will you listen to me at least?

(Interruptions)

MR. CHAIRMAN: Order, order please.

SHRI H.K.L. BHAGAT: Prices are going up. Therefore, your shouting must go up!
(Interruptions)

Please let me have my say.

Sir, Hon'ble Member Shri H.M. Patel was absolutely correct when he said that the question of prices is not a party affair and it must be given serious consideration. I entirely agree with him that the price rise is an issue for the whole nation. It has to be dealt with objectively, firmly and realistically.

Now I would just make a submission that it is not that the Government thinks that the whole situation is very easy or that it can be easily faced or that we do not know that it is not only a question of foodgrains. It is a question of other essential commodities. We also know there are shortages of edible oils and pulses. We know that there is an increase in the prices of vegetables. We know about the increase in prices of many essential commodities.....*(Interruptions)*.....In some cases, the increase in prices is extraordinary. There is no room for any complacency on this point and we are not complacent. However, I feel that by all of us cooperating with each other and with the cooperation of people.....

(Interruptions)

SHRI VIJOY KUMAR YADAV (Nalanda): In what way you want cooperation from the Opposition parties? We are ready to cooperate.

SHRI H.K.L. BHAGAT: I will tell you

what cooperation.....*(Interruptions)*..... Sir, I think the situation is difficult indeed. It has been made more difficult by the drought. But no one need to take any panicky view of it. I am very confident that with all the resources at our command, at the command of the nation, all of us together can face the situation. We will be able to face it.

(Interruptions)

SHRI THAMPAN THOMAS (Mavelikara): What action are you taking. People have started hoarding things.

SHRI BASUDEB ACHARIA (Bankura): People are dying of starvation.

DR. DATTA SAMANT: Your public distribution system people are corrupt.

(Interruptions)

SHRI H.A. DORA (Srikakulam): Four hundred people have died of starvation.

SHRI H.K.L. BHAGAT: You will have your opportunity to say what you like.

(Interruptions)

MR. CHAIRMAN: No interruptions please. You listen to the Hon'ble Minister.

SHRI H.K.L. BHAGAT: Sir, let me say frankly and I will show you that I will not defend things for the sake of defence. I will not indulge in any jugglery of figures. I will be straight-forward with you. *(Interruptions)* Let me tell you.....*(Interruptions)*. Patience is becoming very scarce with you.

SHRI BASUDEB ACHARIA: How can there be patience when the prices are rising?..... *(Interruptions)*

SHRI H.K.L. BHAGAT: I would ask you a few questions at the appropriate time. Now

you are angry. I would ask you when you cool down.

When we say that we have enough foodgrains in our stocks, we are not wrong and if we do not say that, firstly, we will not be telling the correct position. Secondly, in a moment like this, in a situation like drought, as the hon. Member, Shri Patel said, because of the psychology of scarcity, the tendency of cornering more and keeping more even with ordinary consumers, leave aside the speculators, blackmarketeers and profiteers comes about. Therefore, when we say that we have enough foodgrains, we do not say anything wrong.....(*Interruptions*) I would beg of you Dr. Datta Samant to have a little patience.

A number of very useful suggestions have been made and I will now come straight to the public distribution system. I do not say that the public distribution system does not suffer from any deficiency. I do not say that everything is O.K. with the public distribution system. I do not say that it is as it should be, nor will I try to shift the responsibility from the Centre to the States or from the States to the Centre. I would be straight-forward. It is not a matter for shifting the responsibility. This is a matter where responsibilities are common and action has to be taken by both the Centre and the States in order to solve the difficulties of the people.

So far as the public distribution system is concerned, I wish to submit that during the last two years 19000 new shops were added. The question is whether the shops are working or not, whether timely supply is available to the people or not, whether there is leakage or not, and what are we going to do about that?

We have taken up this matter with the State Governments. In fact, this morning itself I had a meeting before the session started. In between I am writing to all the

Chief Ministers. Fortunately for you and fortunately for us also, we have now State Governments by almost all the major parties in different States. The party which my hon. friend Shri Acharia represents has the Government in West Bengal, Kerala and Tripura. Now, they have Governments in these three States. Similarly, the party which Shrimati Geeta Mukherjee represents is a partner in these Governments. Similarly, Janta Party has a Government; BJP and Lok Dal are partners in a Government. Of course, Shri Ramoowalia has lost his party's Government. I would sympathise with him. Shri Ramoowalia is correct that I should have consulted the opposition leaders in the Parliament. I accept that. But it is not that the opposition is not being consulted in the functioning of the Civil Supplies Department. If you do not treat your Chief Ministers as you party men, then you can blame me. Almost on all matters relating to my Ministry all the Chief Ministers are being consulted; State Governments are being consulted.....(*Interruptions*). Ramoowalia Ji, I have accepted your point. You do not have your Government; I accept that I have not consulted the Parliament leaders. I should have done that. I have accepted that.

15.00 hrs.

[SHRI ZAINUL BASHER *in the Chair*]

Sir, with regard to the expansion of the distribution system, the yardstick is one fair price shop for every 2,000 persons. We are following this yardstick though in some places we have deviated from this. Due to pressure in the open market, the prices of the consumer goods are bound to rise. There is an upward tendency even in the prices of rice and wheat. Some upward tendency is there in the open market. Therefore, we want that the poorest of the poor should be able to get advantage of the distribution system. The system, therefore, must not only be improved but it must also be ex-

[Sh. H.K.L. Bhagat]

panded. We can have mobile shops and such other things like Open Bazar, Weekly Bazar, and so on. All possible measures to improve and expand the distribution system should be taken by the State Government. We have assured them that sufficient quantity of food grains would be supplied to them. For that matter we have supplied foodgrains to Bengal and Kerala as they do not have their own arrangements like Civil Supply Corporation. So, we are taking the trouble of carrying the foodgrains to the places where there is no infrastructure. And our relations are very healthy with them. As far as the food is concerned, our relations with the States are very cordial. I have received a number of letters from the Chief Ministers, both from the Congress (I) and Non-Congress ruling States and they all are very happy with our stand. Their problems are attended to immediately. I can assure you that we do not at all have any difficulty so far as the supply of foodgrains to different State is concerned. As far as the supply of wheat, rice and edible oil is concerned, we absolutely don't have any difficulty. We take every care to see that no inconvenience is caused to any State with regard to the supply of foodgrains. I have myself talked to the Chief Ministers and they have responded well. They have all praise for this distribution system. Whatever you might say, but their impression is that the system is working very good. Although, to my mind the distribution system is not working as it ought to work, but to call the distribution system as useless or totally meaningless is quite unfair. It is a unique system.

[Translation]

SHRI VIJOY KUMAR YADAV (Nalanda): Go to Bihar and see.

SHRI H.K.L. BHAGAT: I am ready to visit Bihar and you will accompany me. Mr. Vijoy Kumar, I am telling you that it is not Bihar alone, I myself feel that distribution

system needs improvement in many places. Pilferage too takes place. I myself feel that what would have been the situation had this distribution and procurement system not been there in the country and had the foodgrains production increased? You can say that there is mismanagement in the Food Corporation because there is scope for such allegations. But how can a farmer say that he is not getting reasonable price when a subsidy of Rs. 2000 crores is being given to the distribution and procurement system? Had this system been not there, neither the farmer would have got the price which he is getting today for his product nor the consumer would have been able to purchase at this price.....(Interruptions)

DR. DATTA SAMANT: You are giving Rs. 165 to the farmer and selling at Rs. 450.

SHRI H.K.L. BHAGAT: They will not get even this much even in the event of a bumper crop if the Government does not undertake procurement. Which private trader will give this much? You tell me, will he give you this much at this price; no, he will not. Therefore, I say that we should be realistic. It is not fair to criticise the public distribution system day in and day out. Its shortcomings should be brought out. The more you involve the people in this system and trust them, the better it will function. Basudebji, I have asked the State Governments run by your party several times. They have done something. But what I have just said has not been done so far. I have suggested them to set up a Consumers Vigilance Committee each at every fair price shop and let sisters like Geeta Mukherjee be associated with them.

People like Shrimati Geeta Mukherjee who have been demonstrating today, should be associated with this work. Such lady Members should be entrusted with the task of ensuring the proper distribution of essential commodities through Fair Price Shops.

SHRI BALWANT SINGH RAMOOW-
ALIA: Sir, in Punjab.

SHRI H.K.L. BHAGAT: Please, sit
down. We have written to your Chief Minister
Shri Barnalaji also.

[*English*]

SHRI BASUDEB ACHARIA: In West
Bengal, the elected Gram Panchayats take
care of these things, They are entrusted with
this work.

SHRI H.K.L. BHAGAT: Very good.
Then, I take it from you that the public distri-
bution system works very well in West Ben-
gal. I am happy to know this. Let me tell you
that I do not want to be partisan. Who gains
the most from this subsidy given by the
Central Government? Of all the States, West
Bengal gains the most because it is the most
deficient in the production of foodgrains. You
are gaining the most.

SHRI BASUDEB ACHARIA: That was
the agreement after Independence. Deficit
States should get..... (*Interruptions*)

SHRI H.K.L. BHAGAT: I was glad to
know from you. You enlightened me on this
issue by giving me an impression that your
public distribution system is working very
well

(*Interruptions*)

SHRIMATI GEETA MUKHERJEE: No,
no.

SHRI H.K.L. BHAGAT: He says so. Are
you contradicting?

SHRIMATI GEETA MUKHERJEE:
What he intended to say
was.....(*Interruptions*);

SHRI H.K.L. BHAGAT: My own opinion

is that there is considerable scope for im-
provement in every State including the State
of West Bengal, as far as public distribution
system is concerned.

SHRIMATI GEETA MUKHERJEE:
That is true Sir. The state of affairs varies
from State to State. Basudebji was probably
saying that it is comparatively better in West
Bengal.

SHRI H.K.L. BHAGAT: Are you satis-
fied with the public distribution system or
not? She is not answering. Why is she evad-
ing the question?

(*Interruptions*)

SHRIMATI GEETA MUKHERJEE: We
do want improvements in our PD system.
You just see the conditions in Bihar, Rajast-
han, Madhya Pradesh and see what is hap-
pening even in Delhi. Compared to all these
places, we are a little better.

SHRI H.K.L. BHAGAT: I am sorry to
hear this from you Geetaji. I will not like to
bring politics into it. You may. I am not saying
that Rajasthan or any other State is
better.....(*Interruptions*)

SHRI H.M. PATEL: Can I suggest one
thing please? You please concentrate your
observations on what we should do hereaf-
ter in order that our objective is achieved,
price rise is contained and continues to be
contained. Whatever be the shortages, we
should see to it that essential commodities
are most fairly distributed. That is what we
have to see. We have to see the positive and
constructive proposals. On the part of the
Opposition, there will be complete coopera-
tion.

SHRI H.K.L. BHAGAT: I must say, hon.
member Shri H.M. Patel is very positive. I am
trying to be as positive and practical as I can.
Now Sir, let me tell about this public distribu-

[Sh. H.K.L. Bhagat]

tion system. We have helped even the distant and most inaccessible areas and we have given assistance to certain States to purchase vehicles. In certain States we have given help to the tribal blocks also. We have given even transport subsidies. Our Prime Minister and this Government are extremely keen that people should get the best advantage of the distribution system. And whatever may be its deficiencies, we should try to remove them with the cooperation of the people. It can certainly be done.

So far as the three commodities-sugar, wheat and rice -are concerned, there is no serious problem in terms of availability. What is needed is distribution. We must ensure proper distribution and improvement in the infrastructure, so that these commodities are available to the people at the rates fixed. We should see that there are no leakages, I wrote to the State Governments on this aspect earlier, and today also we have discussed it in a meeting with the representatives of the State Governments. It has been decided in the meeting that very sustained campaign on dehoarding will be carried on in all the States, by their respective Governments in cooperation with the representatives of the consumers.

DR. DATTA SAMANT: For the last so many days you have not done anything. The same statement you had also given in the Upper House.

SHRI H.K.L. BHAGAT: You also join that campaign. That will give you some more work and more popularity.

[Translation]

(Interruptions)

MR. CHAIRMAN: Let him speak. If you interrupt him all the time, how will he make his statement?

[English]

SHRI H.K.L. BHAGAT: I am coming to a very ticklish problem. It is really a ticklish problem, i.e. of edible oils. It is an item which is troubling all of us. It is troubling me. It is troubling the citizens. At present the question is of its availability and its price.

Unfortunately for us, there is a wide gap between demand and supply. Regarding the crop, of course, it is the Agriculture Ministry which can tell you in detail. They have made certain plans for the better growth and development of edible oil. They have a plan and all that. I need not go into it. But I can say that the gap between production and supply has become still wider because of the drought, with the result that the prices of edible oils have gone up. The Agriculture Ministry in the beginning felt that we should not import too much of oil because that will depress the prices of indigenous oilseeds and oil. Therefore, sometimes the interests of the farmers have to be reconciled. With a view to help the farmers, sometimes the consumers have to bear a little burden. We should happily bear the burden. It is not that we should always think of ourselves. No, the burden is becoming unbearable. It is becoming very difficult. Therefore, the Government decided to import more oils. We have increased the supply of edible oils for the Public Distribution System. The States have asked for it. We have given them. They have appreciated our move for giving them more edible oils in the distribution system. In fact, in the latest letter which I received from the West Bengal Food Minister, Two days back, he had appreciated what we have done.

Now Sir, the prices of *vanaspati* also went up. We were thinking what to do with *vanaspati*? At one stage we had controlled the prices. Here control means, so many things. Say corruption and all that. As you say, the administrative Ministry has number of problems. Now, we wanted that the prices

should be brought down. We were thinking of what to do. We have discussions with the representatives only today. Today myself and my colleague Shri Ghulam Nabi Azad had a discussion with them. Now the price of *vanaspati* had crossed the limits of say Rs. 370/-. So, we were thinking what to do. I am glad to inform the House that in the meeting which we had with them today, we have agreed on our part to give them 15 per cent more imported oils and they have agreed that the prices, with immediate effect of a 15 kg tin will be brought down to Rs. 335/- by giving a benefit of Rs. 2/- per Kg. to every consumer. This has been in case of *vanaspati*.

DR. DATTA SAMANT: it is not going to the consumers. you have allowed lot of things but for the consumers the rates have gone up.

SHRI H.K.L. BHAGAT: It seems that you are not happy with the reduction of prices.

DR. DATTA SAMANT: First you have allowed them to import and simultaneously the prices have gone up. This is my observation.

(Interruptions)

SHRI H.K.L. BHAGAT: This is the decision. We will have to see its impact. They have assured us. if we find that they are not keeping their words and the prices are not kept down, then we are free to take our own decision and we will take that. Stringent possible measures will be taken to see that the prices are kept at the level to which they have agreed.

Hon. Member, Shri Ramoowalia has said that in Punjab huge stock of wheat is lying. We have speeded up the movement. He had written to me that good number of stocks are lying. It is not that they are lying in

the open. There is a system known as 'cap system'. We have some in the godown. You have yourself said move them and get the godowns vacated. on the other hand you say they are lying in the open.

SHRI BALWANT SINGH RAMOOWALIA: Not all. Some of them.

SHRI H.K.L. BHAGAT: According to my information we have a system regular godown. And we have a system known as 'cap system' under which they are lying. But we have moved it. I have letters from the former Chief Minister, and your Food Minister also, appreciating our efforts. We will do our best to see that the stocks are moved further, so that unnecessary inconvenience is not there.

Another thing was said, viz. that sub-standard stocks were supplied. Let me make it clear that the Food Corporation is supposed to supply stocks which are according to the prescribed standards under the Prevention of Food (Adulteration) Act. If they do not adhere to it, in any case, it is wrong. They are even liable for prosecution. Even a consumer can take a sample. Now the Consumer Protection Act says that even one consumer can go, take a sample from a shop and file a complaint. What I am saying is that our clear instructions are: 'Don't give sub-standard products. The State representatives can check each bag. Joint samples are taken, so that they should display them on the stock. Yet, if there are some stocks which are below the standard, and they are issued and brought to our notice—we have taken back the stocks, we have taken action, punished the officers and taken action against them.

I wish to assure the hon. House and the Members of this House that no stocks below the standards of the Prevention of Adulteration Act fixed in regard to food articles will be issued, and in case they are issued by mis-

[Sh. H.K.L. Bhagat]

take or deliberately anywhere, action will be taken, if it is pointed out to me.

Now we come to the question of festivals. It was pointed out to me. Keeping the festivals in view, we are giving and we will give more edible oils. We will also give more sugar. As you yourself know, the sugar allotment for each State was raised. We are pumping enough sugar into the market also. Sugar prices have remained stable in the market. Therefore, festival requirements of various States also we should take care of, to the best of our capacity.

Now a word about the consumer protection. It was this House which did it, and it is your achievement. You passed the most progressive Consumer Protection Act during the last Session. In between what has happened? In between you said that rules would not be passed for two years. The rules were approved and laid on the Table of the House. During this Session, the rules have been laid on the Table. Secondly, a Consumer Protection Council has been formed at the Centre. In some States it has been formed. I have taken two meetings for a further chase-up. The question whether it should be a Plan scheme, or not a Plan scheme, was taken up with the Central Government, and the Central Government agreed to take it, as it is one point in the 20-point programme, to treat it as a Plan scheme from next year onwards. I have discussed with the Ministers, and they have assured me that the setting up of the Consumer Interests Forum means choosing a Judge, two other members, finding places, locating offices and so on. They are taking a bit of time. In the Centre also, I have written to the Ministry of Urban Development to get an office for the National Consumer Commission. I am trying to chase it, to see that whatever you passed under the progressive legislation, is created without any unnecessary delay. But I want to make one

thing clear, viz. my view as a ground worker. You are all ground leaders. I am also a ground worker. My feeling is this: no law, howsoever good, howsoever progressive and beneficial it may be, will bring the desired results, unless people are involved in it. Therefore, the country needs a very strong, well-organized, disciplined, responsible consumer movement from the village level to taluka, tehsil, district, State and National levels. That is required. That alone will give you better results. Probably, in that case, people may not have to go to law.

I admire a number of consumer organizations which are doing good work. Some of them are doing good work. One of my friends sitting there, Prof. Dandavate knows about his own. So, a number of consumer organizations are doing good work. Still, the consumer movement in the country is not what it should be. No Government can and, in my opinion, should sponsor any consumer movement. It should not be a politically-sponsored or Government-sponsored movement. No such movement would ever succeed.

I mentioned this point to the Prime Minister once, viz. that some people say that Government should do this for the consumer movement. The Prime Minister said: 'Mr. Bhagat, you must have confidence in the people of India. They will be able, in due course, to develop a consumer movement which will be able to take care of the national interest.' It is developing. Every day I get a letter from a village or a town saying: 'We have formed a consumer committee; we have formed it.' It will take shape. It is bound to take shape.

To give a suggestion is an important thing. I welcome it; I appreciate it. But I would request all of you to take an active interest in the development of a consumer's movement in your areas. This morning I told the State Governments about what the hon. member

Shri H.M. Patel has said and all of you also said. I told all the Ministers not to have a partisan approach at all in their committees' meetings. Do not have one party approach, Do not make it a mere combination of all political parties. Have representatives of the citizens who are interested and make them real citizens' organisations so that better result can follow.

Shri Ramoowalia said about MRTP. There is a procedure and it takes some time. The procedure is very simple. A man sitting in any corner of the country can send a complaint. A very radical thing has been done by you that now the complaint is not left with them. Any one, any consumer in India can write a letter and file a complaint. There will be no fee and nothing of the kind. I need not repeat it. It is a question of implementation; it is a question of educating the consumer about it about the use of media, use of press and so on. We are making some arrangement about it. For example, in one country a soap company raised the price of a particular brand of soap. The residents of a small town decided that they will not purchase the soap for one week. Within one week, that company had to come down on their knees and they restored the price. Should we not create an atmosphere of this kind? You think that by appointing an Inspector the government can solve this problem; government should do this and government should do that. I can frankly say that no government by itself can achieve the result which you want; whether it is my government or your government or some other government. The problem is whether they may accept it or not. The problem of the consumers are the same in Bihar, in West Bengal or any other State; they are common; they suffer common; their misery is common; their difficulties are common; their trials and tribulations are common. Let us try to avoid this partisan consideration and build up a very powerful consumer movement. (*Interruptions*) That is the real question. Other-

wise, if you go on blaming me, I would go on blaming you. You feel happy that you have crossed the point. Let us give up this habit of saying I have done it or he has done it or you have done it. Let us not try to create scare city out of drought, floods relief and other things. Let us not think, that we have got something to beat we have got a stick to beat; let us forget it. The real thing for us to do is to cooperate and try to fight this situation with honesty, with the integrity of purpose and by working together. I assure you that the full cooperation of my Ministry is at your disposal. Whenever you have got any difficulty, you are welcome and I will certainly consider your suggestion. Wherever you want me to go with you I am prepared to go with you.

[*Translation*]

SHRI SHYAM LAL YADAV (Varanasi):
Mr. Chairman, Sir, we just heard the speech of hon. Shri Bhagat ji on the current price-rise. He has given certain very good clarifications and has presented the steps which are being taken by the Government very clearly. Therefore, I think my work has become much lighter but I want to make a few points.

So far as the price-rise is concerned, the previous speakers have provided many of the figures and I will not like to repeat them. The price-rise this year is a cause of grave concern. The increase in the consumer price index has been specially on account of the drought situation. With the on set of drought, certain commodities in the market begin to be in short supply and the traders tend to hoard them and indulge in profiteering. Due to the drought condition, people are despairing that Kharif crop may fail which will create a serious crisis and I believe that people, the representatives of the people and Government are paying attention to it. I have complete faith that Government's efforts will be, as the hon. Minister has stated, to ensure that price rise is contained. There are certain

[Sh. Shyamlal Yadav] measures which are in the hands of the Government and which it should take effectively to control rising prices. In the beginning of this year, the rate of inflation was 4.8 percent and last year (i.e. 1986-87) it was 5.4 percent and year before last, it was 4.5 percent. Therefore, efforts should be made to check inflation. I think the Finance Ministry should take steps to ensure that excess money is not available in the market and it is not advanced especially to the brokers and big traders by banks and other financial institutions, because they would purchase essential commodities with this money in bulk and hoard them. Government should exercise strict control on it.

Secondly, Government should take steps to arrest the continuously decreasing purchasing power of rupee. In 1970, the value of rupee was 54.35 paise and in May 1987 it has decreased to 14.22 paise. It is essential to check it and also to avoid deficit financing in the Central Budget. In the Budget of 1987-88 deficit was estimated to be of the order of Rs. 5,688 crores whereas in the Budget of 1986-'87 it was Rs. 8,285 crores. Deficit financing directly affects prices and increases inflation. Our hon. Finance Minister is Shri Narayan Dutt Tiwari who is very competent. He has stated in his statement that efforts will be made to check deficit financing. Central Government alone cannot tackle this problem. For this purpose, State Governments should also cooperate with the Centre and mobilise their resources. Unproductive expenditure should be avoided so that deficit does not increase. If deficit financing escalates in the State Budget, it has adverse effect on the price level. In order to earn cheap popularity several State Governments release much money in the market which results in inflation, they do not try to make up the losses by imposing additional taxes and thus do not mobilise their own resources. Therefore, if deficit financing is not checked, it will in-

crease inflation and I think the responsibility for this state of affairs is more of the State Governments than the Central Government. If States do not take measures to control deficit financing, and do not impose additional taxes to mobilise resources and keep on increasing the expenditure instead, then deficit is bound to go up. During the period of natural calamities, the States in place of mobilising their own resources pressurise the Centre to provide assistance to tide over the crisis and this money also adds to the already existing deficit at the Centre. Therefore, Government should take effective steps to control the system of deficit financing.

Again, Government expenditure is increasing. Efforts are being constantly made to check it. According to the figures of 1986-'87, Government expenditure was 35 per cent of the G.D.P. that is, Rs. 95 thousand crores. In 1985-86 this expenditure was Rs. 83,498 crores that is, it was 34.5 per cent of G.D.P. So we see that Government spending is constantly increasing. These expenditures are also essential. But the Government in order to economise has stopped certain kinds of work temporarily. This is not proper. A ban has been imposed on fresh recruitment. Similarly, development works are not being taken up afresh. The Posts and Telegraph Department cannot open any new office or agency. The Information Ministry cannot set up new radio stations or T.V. studios. Women's education is being encouraged as a matter of policy, but permission is not being granted for the opening of new schools or new classes in the States. Grants are not being given for opening new schools for girls. The teachers are being recruited on the basis of daily wages in the States. Such wages are much less than those of the regular teachers. It is also creating a lot of discontent. So you cannot exercise control on expenditure in every sector of economy. For example, education. Spending in this sphere will constantly increase

and which will result in price-rise. If we try to economise, then many developmental work will be Stalled as they being stalled at present. We have to establish a balance between them. I agree that the situation is very difficult. Of course, the prices are rising. We have on other choice, but to face the grim situation. We will have to put up with difficulties.

Sir, just now hon. Shri Bhagat ji has stated that the prices of certain commodities have definitely increased. The unprecedented price-rise of many essential items during the last one year has very badly affected the poor people, the middle class, the labour class, the small farmers etc. For example the prices of pulses have gone up by 80 per cent. In our area, pulses are being sold at Rs. 11 for per kg. in retail. It is an essential food item for our people. Edible oils have also become costlier. Mustard oil is being sold at Rs. 30/- per kg. The prices of rice and wheat have not increased, because they are being distributed by the Fair Price Shops. But the prices of other commodities are galloping. The prices of vegetable oils have also gone up. It has registered an increase of 9 per cent during the last three months. Although this increase is not much as compared to that of the last year, the people are expecting that the prices will further escalate on account of the drought situation.

In this connection, my suggestion is that the import of non-essential items should be stopped at once. You should not waste foreign exchange on non-essential items. Instead essential commodities like mustard oil, rapeseed, palmoil etc. should be imported. Pulses should also be imported. The 'Arhar' variety could not be sown this year. This will result in a further increase in the prices of pulses. Therefore, this item should be imported. Nowadays the pulses are not being distributed through the Public Distribution System. I request that the pulses and

edible oils should be distributed through the Public Distribution System.

So far as Vanaspati is concerned, the hon. Minister has just made an announcement. I think it will have a good effect. The rates at which the Vanaspati Corporation of the Government imports edible oils is much lower than the rate at which these are distributed after refining. If the same is made available to the Private Companies, then I think they will supply refined vegetable oils at cheaper rates and you can also enter into an agreement in this regard. It will be beneficial for us. You supply oil to 3-4 private companies in Calcutta. But oil is not being supplied to one unit in my town. I request you to supply oil there also. You can enter into a contract with this unit. The private people say that they will charge atleast Rs. 4/- less than the Government and they are prepared to undertake such an agreement. In view of the functioning of the Government sector, I think you should offer contract to the Private refining units.

Another step in the direction of checking inflation would be to control administered prices. The cost of the items produced in the Government factories should be controlled. The pay and allowances of the employees in the public sector units are being enhanced and new agreements are being entered into with them. I am afraid that the Government on being put under pressure for higher scales may increase the administered prices. The hike in administered prices will have direct influence in the market and result in price-rise. For such a situation, Government alone will be responsible. Therefore, I want to request you to exercise absolute control on the administered prices. These should not be increased on any account. Price rise will have several other effects.

Government should take steps to maintain supply of power at present level. The State Electricity Boards, the National Ther-

[Sh. Shyamal Yadav]

mal Power Corporation, the Hydro Electric Corporation should be geared up to generate more power and for this purpose the Central Government should get the cooperation of the State Governments so that power can be available to the farmers and industries. I think that it will help in checking price-rise as well. If the farmers get a continuous supply of power, then they will grow more vegetables and other items. Today onion is being sold at Rs. 8/- per kg. and potatoes are being sold at Rs. 5/- per kg. The green vegetables are not available in the market because they are not being cultivated and it is not possible to grow them due to drought situation. Therefore, people are compelled to buy these expensive vegetables. I request you that it is essential to pay special attention to the generation, production and distribution of power so that the farmers are able to get sufficient power with which they can grow all the essential food items and industries can also function properly. This will ensure that the people get all their daily requirements. More kerosene should also be made available to the people. The Government has supplied kerosene oil in the flood affected areas. In the drought hit areas diesel should be supplied in addition to kerosene. I want that the farmers should be supplied with diesel at subsidised rates. The farmers can utilise diesel to draw out underground water for irrigation purpose and they can grow more vegetables and foodgrains which will help in checking price-rise. Sufficient diesel is being distributed to the farmers. You can enhance the supply if you want. But it should be at subsidised rates so that he can grow short duration crops. Several shops under the Public Distribution System have been opened in the towns and cities. In my State most of this work is entrusted to the Cooperative Societies and some of it is in the hands of the private people. The cooperative societies lack funds and as a result they are not able to lift the essential consumer goods. The commodities lifted by the Private people

are not of a standard quality or proper weight. The Food Corporation of India should be issued strict instructions to ensure that full quota of foodgrains and sugar is supplied to the retail outlets. It is alleged that FCI is not supplying the full quota. If someone is to get 100 kg. of a certain commodity, the actual supply is 10 kg less. How will that be made up? The rampant irregularities in the Food Corporation of India can be tolerated to a certain extent, but when the Fair Price Shop dealer is given short supply of rice and wheat, it cannot be tolerated. The Fair Price shops are under the State Governments, but the Food Corporation of India is under the Central Government. If the Fair Price shop is to get 100 kgs. of wheat, the Food Corporation of India should be asked to supply 100 kgs. and not 90 kgs as is the common practice. The shortfall is very frequent. What happens is that 100 kgs is recorded on paper, but actually 100 kgs. is not supplied. Where the state agencies are distributing, they fleece the Fair Price dealer at every level. The dealer gets empty bag as his profit. Who will continue to be a Fair Price dealer if there is such a state of affairs? That is why they have to resort to malpractices. The State Government should look into it. If the Government can mend the employees, it is alright otherwise let their salaries be stopped and let them work only on commission basis. The dealer has to shell out money wherever he goes, whether it is S.D.O., Civil Supplies Office, or RFC. If he goes to the FCI Office he gets short supply. If even after spending so much of money he gets foodgrains and sugar in short supply, how can he distribute it properly. By merely delivering a speech and going through the papers will not serve the purpose. Everything is in order on paper, but he gets short supply. The supply does not reach the villages. Yesterday, in a T.V. report we saw the Prime Minister touring villages and everywhere the womenfolk raised their hands and said that they do not get any supplies. These dealers are very smart and they quickly change their

affiliation as soon as the party is out of power. Previously, when the Janata Party was in power they were on its side and now when congress is in power, they have joined its ranks. These dealers support the party in power in different States. There is no check to this. Therefore, Sir, as the country is facing severe drought, the Public distribution system is under heavy pressure. Therefore, the vigilance committee that has been suggested, should be immediately set up, but if the Inspectors are asked to conduct an enquiry, it will be of no use. The Vigilance Committee should take a decision on its own. If it does not want to award punishment, it is all right, but the Inspectors should not be asked to conduct enquiry, because they connive with the dealers and the very purpose is defeated. Complaints do not matter. I am now afraid of making complaints, because the person against whom the complaint is made is immediately transferred, but the dealer again connives with the new incumbent and the malpractice continues. Therefore, the vigilance committee should be set up at the Panchayat level and instead of filling a suit against the dealer his licence should be cancelled.

Sir, I am mentioning very important things. There are mobile vans in Delhi which provide essential commodities at cheap rates to the general public. such vans should be introduced in our cities also. There are no such vans in Varanasi. I am not aware whether they are in Kanpur or Lucknow, but they are definitely not in Varanasi. I therefore request the Government to introduce at least four such vans in Varanasi so that essential commodities could be supplied to all the areas in the city.

Sir, in the end, I would like to say that we should encourage farmers. If we can provide electricity, seeds, fertilisers and diesel to the farmers at subsidised rates, he can still produce short duration crops. Sir, the farmers are under heavy debt. Many State

Governments have deferred the repayment of loans from farmers. But this wil not serve the purpose. Now the farmer's debts are being written of throughout the country by various States Governments. Therefore, the Government should think in this direction and provide seeds, fertilizers, water and diesel and also loan to the farmers to alleviate their miserable condition. They had been given loans earlier, but today they are not in a position to repay it. Therefore, I urge the Government to provide fresh assistance to the distressed farmers.

DR. CHINTA MOHAN (Tirupati): Sir, I am very happy that we have got a very experienced and very knowledgeable Finance Minister who can try to do something for the inflation today. But yesterday, we heard some 400 starvation deaths in the Eastern part of India, Kasipur, in Koraput district. Every day we are hearing so many starvation deaths. The reason for all these things appears to me that there is treble alliance - one is rich section of the farming class, second is the rich urban industrialists and the third is, the rich organised labour force and also high-salaried people. They group together as a tunnel and swallow all the fruits of development. With a force of political clout, they are taking all the bank credits and at the same time, enjoying the lion-share of the fruits of development in various areas. 90% of the people are not able to get their food, get their body clothed and get other minimum requirements. When we compare to 1960, when the rupee value was 100%, it has come down to 14% today in 1987. When you look at essential commodities like rice and edible oil, there is at least 300% rise. When you look at the price of wheat and cotton, there is 250% rise, When you look at this state of affairs, it is very clear that the Government is going to face the economic disaster. We have reached the red signal. We have to be very alert. Here, I warn the Government that this time, you have reached the stage of no-return. I wish

[Dr. Chinta Mohan]

the Government should bring in some sort of structural changes. Otherwise you cannot improve the economy of the country. Recently, there was a Conference of Economists in Tirupati. They have brought out some resolutions. They have said, if you go and improve on these aspects, the prices can be brought down. I do not want to go deep into the details. I would like to throw some light on some of the few points where the Finance Minister is directly involved here. (*Interruptions*).

I would like to say some-thing about the industrial production. The main aspect of the industrial production today depends on the public sector undertakings. There is no accountability in these public undertakings. Some of the Ministers who are sitting on the top are privately supporting the private sector and publicly supporting the public sector here. Public sector is in rotten shape today. I do not want to go into the details because I do not have much time to say.

Yesterday, I was trying to emphasise one point in this House. So far the Government has given 8,53,000 licences and out of them, 3,25,000 small scale units have become sick. 2,500 large industries have also become sick, and with the result, an amount Rs. 20,000 crores is wasted by the sick industries and consequently, the economy is in bad shape and there is inflation today.

THE MINISTER OF INDUSTRY SHRI J. VENGALA RAO: Yesterday he said that the amount is less.

DR. CHINTA MOHAN: He said about this. I do not want to contradict him. Yesterday he said that only Rs. 4,000 crores. But exactly when you go back to the sick industries starting right from independence, Rs. 20,000 crores is wasted in sick industries. I would like you to make a note of this.

A very important point is the black-money. There are two parallel lines running here. One is black-market. Another is white market. Here they are mingled with each other with the result they are producing some income. With the income velocity of these people who are holding this black-market money, they are trying to pin down the poor people in the society today. As a result of this income velocity, they are overriding the poor people here. I would like to quote some of the figures of this black-money as per International Monetary Fund statistics:-

In 1975-76, about Rs. 1,870 crores of black-money was there in India.

In 1980-81, it was Rs. 20,678 crores. In 1983-84, it was Rs. 36,787 crores. In 1987, it was Rs. 46,000 crores.

Your predecessor also said recently, some time back, in Hyderabad that Rs. 40,006 crores is going outside India. I do not know. The Minister should come out frankly with the figures.

The Economic Survey Report says that 50% of the money is only black-money in this country.

As regards agricultural production, I do not want to go deep into the matter. I would like to make two points. First is Waste Land Development Society. I am very happy that you have got this Society. Your emphasis is on 20-Point Economic Programme. Your thrust is on Land Ceiling Act. You brought out many resolutions. Your great leader Madam Indira Gandhi brought Land Ceilings Acts. I am very happy about it. But recently your Cabinet has taken a decision to give thousands of acres of land in Gujarat to very big industrialists. I want to know your policy. This goes to show that you are pro-rich and you are not trying to help the poor.

As regards agricultural production, the projects are pending. There are many people in this country who do not have food. Every Member mentioned this in this House. We have a drought-prone area in Rayalaseema. The Government of Andhra Pradesh, with the cooperation of other Chief Ministers, wanted to bring Telugu Ganga Project. Instead of helping it, you had a political vengeance on this issue and you tried to delay it. I do not want to go deep into it. But unfortunately the poor man in Rayalaseema and in the drought-prone area is suffering but not the man who is sitting on the top. I want you to understand the problems of the poor. You should have a clear policy, clear concept, and clear idea before you do anything.

As regards deficit financing, you said deficit financing is also causing inflation. You said that during 1985-86 it is Rs. 3,349 crores. But it has reached Rs. 7,000 crores.

During 1987-88, I believe the deficit financing may reach about Rs. 14,000 crores. This is the shape of things to come here.

Coming to the trade policy, you have lot of trade deficit. I am very happy that you have the reins of administration of the Ministry of Commerce also. You are trying to reduce the trade deficit. You are issuing export and import licences. You are trying to boost up the export and reduce imports. You are giving export licences to some people to USSR. You are giving them only to some private people. Why can't you publicise it openly that such and such order has come from USSR and that interested parties can take this? Why can't you come out very frankly? The people outside are not able to understand your policy. You should have a clear export policy. You should have a clear trade policy. Then only you can reduce the inflation.

Coming to the credit policy, you should

have a very clear and clean credit policy. Otherwise, the poor people in the society have to suffer. Here I would like to say that whereas a rich industrialist in this country can take a loan of Rs. 100 crores in a day, a rickshaw puller cannot get even Rs. 100.....

MR. CHAIRMAN: Please try to conclude.

DR. CHINTA MOHAN: I will conclude in two minutes.

A rickshaw puller, for getting a loan of even Rs. 100, has to mortgage his wife's wedding sarees, *mangal-sutra* and household utensils. What sort of credit policy is this? These are the things which are causing price-rise and inflation.

I want to know something about government expenditure. There is no accountability at all. Some friend was saying here some time back that one Minister spent about Rs. 41,000 in a day in a 5-star hotel. I want to know whether there is any accountability at all in the Government. You have appointed so many Chairmen in the public sector. I want to point out here that they are only concentrating on three things, three 'S's—they are concentrating on the South Block, on Star hotel and on Scotch whisky bottle. They do not have any concept, they do not have any principle, they do not have any ideological background. When you are having such people, how can you expect the things to improve in the public sector?

Coming to the Reserve Bank report, they should go in for micro level analysis. We have given them a lot of powers to improve the economy, but the Report goes to show that they are going in for inflationary economy. Sir, you are a very enthusiastic Finance Minister; I hope you will bring about some change.....

SHRI SAIFUDDIN CHOWDHARY (Katwa): Sir, may I help in substantiating what my friend has said about the expenditure of Rs. 41,000 in a day?

MR. CHAIRMAN: He does not need your help.

SHRI SAIFUDDIN CHOWDHARY: I have a copy of this. May I give it to the hon. Minister?

THE MINISTER OF FINANCE AND MINISTER OF COMMERCE (SHRI NARAYAN DATT TIWARI): Yes.

DR. CHINTA MOHAN: I am very happy that my friend has supported me in this. I hope the Minister will try to give a reply to this.

Mr. Bhagat was trying to say about the public distribution system. He said that he wrote letters to all the Chief Ministers, to this person and to that person. I am very happy he is trying to bring in a consumer movement in the country. I congratulate him, if he can do that. At the same time, I would like to make this suggestion. People say that a lot of black money is going outside. This is a very important thing. I want to know how you are going to reduce this black money and what is your policy in this regard. You are the new Finance Minister. Therefore, we want to know something about it. Is there any plan to bring back the money that has been taken out? You can at least say that the black money left outside can be brought and spent here for housing; you can give them liberal concession in the matter of housing and see that these people spend that money here. Instead of the money remaining outside, it can be brought and utilised to improve the economy of this country. I want to know clearly what exactly is the credit policy of this Government.

Another important thing that I would like

to emphasize here is this. You should bring in some sort of a campaign for not wasting things. People are wasting so much money, so much of food materials and other things. Please try to bring about some change in this regard.

Coming to the final point, you have spent on subsidies about Rs. 5,025 crores in 1985-86. Is there any accountability for that? You are giving one per cent for social concessions. I am very happy about that. But you are spending the rest of the money on fertiliser, transport, foodgrains, etc. And there is no accountability in this regard. I want you to go deep into the matter and see that inflation comes down.

With these words, I conclude my speech.

SHRI Y. S. MAHAJAN (Jalgaon): Mr. Chairman, Sir, the price rise during the last four and a half months, since the presentation of the Budget, has been a cause of great anxiety to the people. It has upset the budget of everybody. The housewife found that every week she had have to pay higher prices than before for the essential commodities, higher prices than before, such as edible oils, fruits and vegetables. During this period, the price of tomato shot up by 233% from Rs. 6 a Kg. to Rs. 20 per Kg. Today, however, it is a matter of relief to find that the price of tomato has come down to Rs. 10. During the same period, potatoes increased by 100% and onions by 66%. Mustard oil, ghee, washing soap have all registered a price increase of 20 to 40%. It is true that the price of all these necessities are not the same in all the markets in Delhi. They vary from city to city of this country also. But the tendency is unmistakable, that is, the tendency of steep upward rise is disquieting. Rising trend is higher this year than during the corresponding period in the last year and the year before. Compared with the indices of June 1986, i.e. during the last 12 months,

the price of cereal and products have recorded a steep increase of 9.5%, oils and fats by 13.8%, milk and milk products by 15.1% and meat, fish and eggs by 7.1% and condiments and spices by 19.6%. That is the rise of these commodities over the year. The official index of wholesale price has increased from 380.6 to 404.8 by August 8, i.e., within a period of three months the rise was 6.4%. But let us look at the rise in the consumer price index which is a better indicator of increase in prices. The wholesale price index which we use usually, in this connection, is not a proper indicator because it underrates the increase in prices because of its comprehensiveness. And secondly, because the wholesale prices always lag behind the retail prices. Between March 1987 and June 1987, later figures are not available, that is during the three months, the consumer price index has registered an increase of 4.2%. As a result, these price increases, as pointed out by some Hon. Members in the House, the purchasing power of the rupee has come down to 14.2 paise. It was 100 paise in 1960 and 44 paise in 1970.

As regards, yesterday's position, among the critical items, price of pulses have been steady because of the satisfactory imports of various items such as grams, Moong, Urad, green peas and other pulses. Then, secondly, in the oils, oilseeds market, a downward tendency was visible recently because of the large release of imported edible oils.

So far as Vanaspati is concerned, the prices are rising because we have not allowed some Vanaspati factories to work. We are importing more edible oils. Why not distribute it to the factories which are not working? I have an instance in my own district whereas one factory is closed and 750 workers are likely to be unemployed. I have been pressing the Government to re-

lease the oil. They have a complaint against management. Let the management be sued, prosecuted, let management be punished but why punish the workers? They will lose their job by next month.

Then, Sir, sugar prices have tended to decline due to the Government's release of large free sale quota of 4.75 lakh tonnes for the next month in addition to 3.82 lakh tonnes of levy sugar. It is a matter of satisfaction that foodgrains prices have ruled steadily for some time. This is due to the comfortable stock position. Our godowns are full and this will enable us to tide over the difficult position created by the drought.

Much of the rise in prices of fruits, vegetables, milk and milk products is due to seasonal factors. During the months of July, August and September these prices always rise. But partly it is also due to the failure of the monsoons. The whole position has been complicated and made difficult by the worst ever drought during the last hundred years. Drought has affected most of the States and a few states that remained unaffected have suffered from floods.

The losses inflicted on the economy are terrible. It is estimated that foodgrains worth about Rs. 2000 crores have been lost. This loss is enormous. 262 districts out of 407 have been adversely affected. The Prime Minister's assurance that nobody will suffer for want of foodgrains is highly reassuring. He has further assured the country that finance will be no constraint on the relief measures which are necessary to keep up the people's purchasing power.

The Government has taken the necessary steps to deal with the situation. We have been suffering from drought for the last three years and many of the States have the expertise to deal with such a situation. So, they are ready to deal with this situation in advance.

[Sh. Y.S. Mahajan]

The Prime Minister has asked the States and the Union Territories to step up the anti-hoarding drive to maintain the price level and to ensure availability of essential commodities. In an urgent communication to the States, they have been urged to closely monitor the foodgrains stocks, to review and strengthen the distribution system. This has been pointed out by the Hon. Minister also. The States have been urged to open up fresh outlets wherever necessary.

You may have thousands of more shops; but they must be given supplies also. The supplies must not fall short. Improving the distribution system will not by itself maintain the price level or reduce the prices. Particular attention has to be paid to ensure adequate supply of essential commodities like edible oil, control cloth and salt to the vulnerable sections of the society. Much of the work of controlling the price rise will overlap with the work connection with drought. It is not wonder, therefore, that the States have been asked to act simultaneously on a number of fronts including the crop production, provision of employment, irrigation, drinking water and supply management for essential commodities. All these measures should not deflect our attention from financial or monetary policies which have a tremendous effect on the price situation.

Our first speaker Hon. Shri B. Bhagat referred to the increases in the amount of money i.e. M. I. He also referred to the deficits in the budgets. We have entered an era of large and increasing budget deficits. We have also begun to have large increase in the money supply. For the last many years, increase in money supply has been 13% to 15%. May I point out that economy always bring to our attention the quantity theory of money undoubtedly there is substantial truth in it. There should be some relationship between the increase in money

supply and increase in the quantity of goods and services.

Our production has been increasing by 5% every year and the money supply has been increasing at the rate of 15% per annum. There should be some balance between the two.

Financial provision has to be made for drought relief, to provide employment in order to keep up people's purchasing power. Care should be taken to see that durable assets are created through this expenditure to build up the capital base of the commodity. Care should also be taken to see that there is no wastage of resources and that the monitoring system is so geared as to prevent leakages. May I point out even under the Employment Guarantee Scheme there is lot of leakages to the tune of crores of rupees are taking place? If this situation can be improved and if we can also increase productivity in industry then it will be possible to prevent a price rise or reduce the potential increase.

SHRI BASUDEB ACHARIA (Bankura): Mr. Chairman, Sir, while intervening in the debate on price rise Mr. H. K. L. Bhagat did not spell out with concrete steps Government have taken to contain the rise in prices of almost all essential commodities. The situation is indeed a grim situation. The prices of essential commodities especially foodgrains and vegetables have increased. This is what we apprehended when the Budget was presented for the year 1987-88. An uncovered deficit of about Rs. 6000 crores was kept in the budget. We expressed our apprehension that this huge amount of deficit would surely have an impact on prices and inflationary situation. This has come true.

The official figures for whole-sale price index which stood at 399.1 for the second week of July registered a rise of 0.6 per cent

and stood at 401. Now it is 408. There has been an increase of 5.9 per cent in the average index of primary articles during the first two months of current financial year. In January 1987 it stood at 379.6. In February it was reduced to 376.6. Again in March it increased to 378. In April it again increase to 380.6. In May it was 388.8 and in June it became 392. In July it stood at 401.5 and, whereas now in August it is 408.05.

The all India average of consumer price index for industrial workers has also touched a new height. During May last it jumped by 12 points over the month of April. In April it was 691. It went up to 703 points in May. The increase in price of essential commodities indicates that the annual rate of inflation in consumer price index will be around 15% : 1987-88 which will be an all-time high.

Sir, if we say that the abnormal increase in the prices of essential commodities is due to drought or natural calamities like floods this year-it is rather unprecedented this year-it is not so. These are not the only factors which contribute to increase in prices of essential commodities. The Government tried to explain that this increase is seasonal. But it is not so. It is also a fact that when production increases, prices do not fall. Drought may be one of the reasons. Natural calamities may be one of the factors. After the presentation of budget, the increase in prices is due to the faulty policy of the Government. While intervening, he has not spelt out what concrete steps Government has taken or is now contemplating to contain the price rise. The prices of all essential commodities have already increased. Now sky is the limit. The Government is now considering to take some measures. He has not spelt out what measures he has taken. He said only that he has increased the number of fair price shops under the public distribution system.

Sir, the public distribution system exists

in our country. No doubt it has to be strengthened. But merely by increasing the number of fair price shops, the rise in prices cannot be contained. We must consider the purchasing power of the people. After 40 years of Independence, 50 per cent of our population is still below the poverty line. The tribal people or the scheduled caste people cannot purchase the foodgrains which are supplied under the Integrated Tribal Development Project scheme because they have no purchasing power. The purchasing power has, therefore to be increased. But you cannot increase this purchasing power unless there is a flow of money in rural areas, unless there is proper implementation of the poverty alleviation programme in the rural areas. People have no work, specially the agricultural workers, the poorer section. They get work only for 100 days maximum in a year. So, you have to provide for work in the rural areas under the NREP, under RLEGP and under various poverty alleviation programmes. You have to revive food for work programme which was very much successful. Fifty per cent of the rural population are below the poverty line. They have no purchasing power. You have to think about them. How will they purchase foodgrains and other items from the public distribution system, from the fair price shops when they have no money? You have to increase the purchasing power of agricultural workers, the poorer section. Unless you do this, only increasing the number of fair price shops, having one fair price shop for every two thousand of population will not solve the problem.

You have not only to strengthen the public distribution system you have also to include other items. Why only wheat, rice or sugar? Why not other items also? In this House for the last several years, we have been demanding that fourteen essential commodities should be supplied through the fair price shops. These fourteen items include items like rice, wheat sugar, edible oil

[Sh. Basudeb Acharia]
clothes kerosene, coal etc. All these items are not available in every State. The Central Government should procure them and then supply to the States with subsidy. You are spending Rs. 2000 crores on food subsidy. Why can't we increase it to Rs. 2500 crores? This increase of Rs. 500 crores was estimated about 3-4 years back; it may be now Rs. 700 crores. That means, by spending Rs. 2700 crores, you can include fourteen essential items. These can be procured by the Central Government; it is only possible for the Central Government to procure them and then supply those items to the States. These fourteen items can be supplied at a cheaper and one uniform rate throughout India through fair price shops.

[MR DEPUTY-SPEAKER *in the Chair*]

16.25 hrs.

You are spending Rs. 2000 crores already. If you spend Rs. 2700 crores, Rs. 700 crores more, sixty to sixty-two crores of population will be benefited and they will be able to get these items through the fair price shops.

There are a number of laws.

SHRI OSCAR FERNANDES (Udupi): On a point of order, Sir. Newspapers are being distributed in this House. It is not a proper method.

AN HON. MEMBER: These are not being distributed.

SHRI AJIT KUMAR SAHA (Vishnupur): On a point of order. He is not in his seat.

SHRI OSCAR FERNANDES: I am in my seat.

MR DEPUTY SPEAKER: Please conclude now.

SHRI BASUDEB ACHARIA: There are a number of laws and in the last session, this House passed unanimously and we all supported the Consumer Protection Bill. The rules have been framed and we are told that the same have been laid on the Table of the House. But will these laws be able to contain and control the prices, the spurt in prices? I doubt, Sir. What is necessary is the political will to implement those laws. The Finance Minister will tell this House how many black-marketeers, hoarders have been punished.

You have got a bufferstock of 23 million tonnes of foodgrains, but for what purpose? You are maintaining such a huge amount of bufferstock. Four hundred scheduled tribes of Kalahandi and Korapur died of starvation. What is the use of our maintaining the bufferstock? (*Interruptions*). I personally visit that place. I went there. I went village after village. I saw the condition of the people.....(*Interruptions*)

SHRI CHINTAMANI JENA (Balasore): That is not correct..... (*Interruptions*).

SHRI JAGANNATH PATTHNAIK (Kalahandi): It is politically motivated..... (*Interruptions*).

MR. DEPUTY-SPEAKER: No interruptions. Only Shri Acharia will speak; nobody else is allowed.

(*Interruptions*)**

SHRI BASUDEB ACHARIA: I went to village after village. I saw the condition of the people myself.... (*Interruptions*).

MR. DEPUTY-SPEAKER: Please wind

up.

(Interruptions)

MR. DEPUTY SPEAKER: Order please. Mr. Acharia, you please conclude.

SHRI BASUDEB ACHARIA: Land reforms have not been implemented in the State of Orissa even after 40 years of Independence.....

(Interruptions)

MR. DEPUTY SPEAKER: I request the members to take their seats. What is this? Is everybody shouting like that? Mr. Acharia, you please wind up. Time is over.

SHRI BASUDEB ACHARIA: Shall I have the permission to continue later, Sir?

MR. DEPUTY SPEAKER: No please. Nothing doing. Time is over.

SHRI BASUDEB ACHARIA: They disturbed me Sir. If the time is over, I can continue later.

MR. DEPUTY SPEAKER: No. You cannot continue even later. I have to give a chance to so many other members as well. In the beginning itself I asked you. You replied at that time, that you would complete by 4.30. You should have finished. I cannot allow you.

(Interruptions)

SHRI BASUDEB ACHARIA: I will take just five minutes Sir. I was disturbed by them. My time has been wasted by them.

MR. DEPUTY SPEAKER: So many members keep on disturbing. On that, please

I cannot go on giving more time to every member.

(Interruptions)

MR. DEPUTY SPEAKER: Please take your seat now. You are not going to continue. That is all.

*(Interruptions)**

MR. DEPUTY SPEAKER: Nothing goes on record. Please take your seats.

SHRI BASUDEB ACHARIA: Sir, I am on a point of order.

MR. DEPUTY SPEAKER: What is it?

SHRI BASUDEB ACHARIA: What I was concluding, I was disturbed by those members. My time was wasted. So, you allow me to continue later or give me just five minutes. I will complete my speech.

MR. DEPUTY SPEAKER: No, no. We will take up 193 discussion. Prof. Madhu Dandavate.

SHRI BASUDEB ACHARIA: I will complete in 5 minutes. Sir I hope Prof. Dandavate does not mind it.

MR. DEPUTY SPEAKER: No, no. Afterwards he would say that the discussion was scheduled to be started at 4.30 but it was delayed and so on.

MR. BASUDEB ACHARIA: Then I will continue later.

MR. DEPUTY SPEAKER: No please. There are many members who are yet to speak. That is why I am telling you.

(Interruptions)