

17.03 hrs

ARREST OF MEMBERS *CONTD.*

MR. CHAIRMAN: I have to inform the House that hon. Speaker has received the followith wireless message dated 25 February, 1993 from the Additional Commissioner of Police, Headquarters, New Delhi today:

"Today, at 12.55 hours, 200-250 BJP workers, including 10-12 ladies, were detained at Rail Bhawan for violating the police directions and brought to Police Station, Parliament Street. These include the following members of Lok Sabha. Some other persons have been sent to Ram Manohar Lohia Hospital. Intimation about them will be sent later on.

1. Shri Phoolchand Verma
2. Shri Satyanarayan Jatiya
3. Shri Rameshwar Patidar
4. Shri Ramkrishna Kusmaria
5. Shri Sartaj Singh Chhatwal
6. Shri Dau Dayal Joshi
7. Shri Rampal Singh
8. Shri Ram Nagina Mishra
9. Shri Mangal Ram Primi
10. Shri Harin Pathak
11. Shri Kashiram Rana
12. Shri Mahesh Kumar Kanodia
13. Shri Samabhai Patel
14. Shri Pandurang Pundlik Fundkar

15. Shri Ram Kapse

16. Dr. Gunawant Rambhau Sarode

17. Shri Anna Joshi

18. Shri Guman Mal Lodha

19. Dr. Sakshiji Maharaj Swami

20. Shri Shyam Lal Kamal

21. Shri Lalit Oraon

22. Shri Vishwa Nath Shastri."

17.04 hrs

DISCUSSION UNDER RULE 193

RISE IN ADMINISTERED PRICES OF
COAL, STEEL ETC. AND
INTRODUCTION OF DUAL PRICING
SYSTEM FOR LPG AND KEROSENE -
CONTD.

MR. CHAIRMAN: Now, we will take up further discussion regarding rise in administered prices of coal, steel etc., and issue prices of wheat, rice and sugar and introduction of policy of dual pricing system for LPG and Kerosene on the eve of the Budget Sessions, raised by Shri Amal Datta on the 23rd February, 1993.

Shri Debi Prosad Pal. He is not here.
Shri Prithviraj Chavan.

SHRI PRITHVIRAJ CHAVAN (Karad):
Mr. Chairman, I thank you for allowing me to participate in this discussion on rise in administered prices announced by the Government in the past few months.

In mixed economy, all prices cannot be allowed to be determined wholly by market forces, particularly when 30 per cent of our population living below the poverty line does

not form part of the market. The Government, which has a policy of administered prices, intervenes to stabilise prices of critical commodities both vital infrascultural, industrial and agricultural inputs such as coal, steel, diesel, fertiliser, electricity and also essential goods for final consumption such as foodgrains, sugar, LPG gas, edible oil, etc.

The fixation of prices of final goods which forms an essential part of the consumption basket of the poor is important in the wider interest of equity and social justice. The policy of dual pricing essentially ensures that a certain proportion of available supply reaches the target group at fixed lower prices while remainder is supplied in the open market, thus helping in redistribution of income.

The Government also administers prices of commodities manufactured by the public sector, which dominates the strategic sector of the economy, infrastructure, raw material and energy. This is an important tool available to the Government to reduce the budgetary deficit and to help public enterprises to generate a reasonable return on capital employed by inducing efficiency.

The main charges by the initiator of the debate are (1) that these changes were announced only a few days before the budget; (2) that is hidden taxation without parliamentary approval; (3) that since it is not taxation *per se* the state will not get a share of additional revenue; (4) that seeks to subsidise inefficiency in the public sector; and (5) that BICP was not consulted. Also the charges regarding foodgrains were that while procurement prices were increased, the entire increase without not have been passed on to the consumer, and the middle man will make more money than what the farmer will get and also that the issue prices should have really remained constant.

I shall try to answer these charges during the next few minutes. The Government has increased the administered prices of sugar, foodgrains, coal, steel, petroleum products in an attempt at additional resource mobilisation. But in each of these cases, there is no additional taxation involved, and any increase in revenue is incidental. Therefore, the question of bypassing the Parliament does not arise.

As regards timings, this policy of administered prices will be effective only when the Government has the complete freedom to act at the most appropriate time so that they have the least effect on the inflationary pressure. The correct time is towards the end of the financial year when the financial picture starts emerging.

As far as the agricultural commodities are concerned, a signal has to be given to the farmers before the sowing season starts. It has nothing to do with the budget. The argument that instead of increasing the administered prices, the excise duty should have been increased is not tenable because increasing indirect taxes produces a long-term and indirect inflationary pressure, which is far more difficult to control.

It is true that with the exercise such as this, the Government will be able to reduce the fiscal defect and it can actually allocate more funds to States and spend more on infrastructure and social sector. However, one action of the Government that is a change in the Baggage Rules has been specifically done with the intention of increasing customs revenue.

But as it involves a reduction in the rate of custom duty from 250 to 150 per cent, therefore, again it has been done with Executive Rules.

In case of steel and coal increase has been as per the guidelines of BICP, Bureau

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of Industrial Costs and Prices. This has been done primarily to reduce level of budgetary support to these PSEs, in the coal and steel sectors. There is again no taxation and therefore no parliamentary approval needed.

I would now like to take each of the prices increases separately. I will briefly devote time to each of the items and consider what has been done, why it has been done and who has been affected.

First, let me take sugarcane. I come from sugarcane producing area. The statutory minimum prices of sugarcane was increased from Rs.26 to Rs. 31 per quintal, which amounts to an increase of 20 per cent.

Secondly, the issue price of sugar in the PDS has also been increased from Rs. 690 to Rs. 830/ per quintal, which amounts to an increase of 20 per cent.

The third major policy initiative has been to change the ration of levy sugar to free sugar. The ratio has now been changed from 45:55, i. e. 45% levy sugar and 55% free-sale sugar, to 40:60, i.e. 40% levy sugar and 60% free-sale sugar, the mills will now be allowed to sell a larger percentage of their production in free markets.

Let us now review what was the picture in 1990-91. Sugarcane production in 1990-91 was 250 million tonnes which resulted in a record sugar production of 133 lakh tonnes. This makes India the largest sugar producing country in the world. After that during the last two years we had many policy changes as a result of new economic policy which increased the cost of vital inputs to agriculture, like fertilizer, diesel, electricity. What was the result of these things? If you take a look at 1992-93, the picture was very different. There is a fall in sugarcane output from 250 million tonnes to 230 million tonnes. This will result

in a fall in sugar production from a level of record production of 133 lakh tonnes to something like 118 lakh tonnes, a short fall of 15 to 18 lakh tonnes.

In Maharashtra the output trend is also very discouraging. Sugar-year starts in October and after a steep hike in input prices, the Government had promised the agriculturists, that they will be compensated. It was necessary to give a positive signal to the farmers who are continuously shifting away from cane.

17.13 hrs

[MR. DEPUTY SPEAKER *in the Chair*]

Now if this was not done, we would all come to a situation where sugar production would go down beyond our requirement.

Now, as a result of these policy changes, let us see who benefits. Firstly, the farmer benefits directly because as a result of higher statutory minimum prices they will be given much higher prices for cane. Since half the production is in the cooperative sector where the farmer and the mill owners will profit more was not sustainable. But for the remaining 50 per cent which is the private sector, this price increase will help the mills to clear the long outstanding cane arrears in the Northern States.

I have been informed that already last year cane arrears have been cleared as a result of this year crushing. Also at the end of this crushing season there will not be much arrears left as result of this policy. We cannot have situation where private mills are running at a loss.

Sir, as a result of these policy changes, consumer will be burdened. There is no doubt about it. But one has to balance the interest of consumer with that of the producer. Farmers, have to be given remunerative

prices otherwise the downward trend in sugarcane acreage would create a serious shortage of sugar and prices would shoot up to something like Rs. 15 to Rs. 20 a kg, as they had in 1989, a situation which cannot be allowed.

Actually the statutory minimum price is higher than what was suggested by CAPC, but this signal had to be given. Higher sugar production will also give us surpluses for export. Part of the increase in the issue prices will off-set the increase in the cost of the cane and the transportation cost. But part of it will also off-set the Rs. 335 crores deficit in the FCI's sugar levy account.

Now I came to the foodgrain sector.

In the case of wheat the procurement prices were raised from Rs. 275 per quintal to Rs. 330 per quintal, which is an unprecedented rise in procurement price given by this Government. In the case of paddy the prices were raised from Rs. 240 to Rs. 280. In the case of other coarse grains it has been raised from Rs. 205 to Rs. 240 per quintal.

This again follows the philosophy of the Prime Minister to compensate the farmer adequately because we have taken something out of his pocket, in the form of higher prices for fertilizers, diesel, electricity, pesticides, etc. and he has to be compensated.

Let us not forget that foodgrain production has gone down from 176.4 million tonnes in 1990-91 to 167.1 million tonnes in 1991-92, and erratic monsoon is not the only reason. The real reason is unremunerative prices for the farmer which has now been corrected.

Again, only a part of the burden this must be noted- has been passed on to the consumer through higher issue prices of

foodgrains. Even though the issue prices have been raised, they are not raised as much as the entire rise in the procurement price. Higher procurement prices are necessary to procure sufficient quantity for the public distribution system. We had problems last year, when we could not procure sufficient quantity for the public distribution system and we had to resort to panic imports of wheat. Let us not repeat that situation.

The FCI has to be compensated. Otherwise we will have to end up with a higher fiscal deficit which is not again good for the reasons I stated earlier.

Now I come to coal. On the 17th February 1993 the price of coal was raised by 12 to 13 per cent. Coal is an infrastructure constituent, and its prices are controlled under the Essential Commodities Act. The powers to increase the prices were earlier with the Cabinet. They have now been delegated to the Ministry of coal which allows increase in the prices once a year. This increase in price is strictly as per the guidelines of the Bureau of Industrial Costs and Prices. A strict escalation formula was followed.

Coal India Limited, a public sector company under the Ministry of Coal is the main company. It has incurred a huge loss primarily because of large arrears by the State Electricity Boards. In the past it needed large budgetary support both on revenue account and for investment. As a result of the new policy, the budgetary support will be curtailed. Previously in the Seventh Plan 83 per cent of the plan outlay for coal came from budgetary support. In the Eighth Plan, it is pruned to only thirteen and a half per cent. So, Coal India and other public sector companies will have to stand on their own. Partly they are beginning to generate more revenue, through the cash and carry scheme. Their per man output has gone up and the periodic price increases to keep with the input costs has also helped them. The

[Sh. Prithviraj Chavan]

proposed increase in prices will yield about Rs. 900 crore per year and the impact on the wholesale price index will be only 0.32 per cent.

A question is asked whether we are subsidizing the inefficiency in the public sector coal companies by granting them these periodic price increases. I will submit that CIL or the public sector coal companies are allowed a price increase once a year, strictly as per the guidelines of BICP. The last price increase took place in December 1991. They could have increased the prices in December 1992. But they delayed it by a month and a half only because they were discussing with the BICP on account of manpower costs in terms of D.A. arrears.

Can CIL increase efficiency and cut down cost? If you look at these figures, out of the total cost of the coal about 46 per cent comes from manpower, 16 per cent from strokes, 11 per cent from power and transportation, 21 per cent from depreciation and interest. CIL directly controls only 11 per cent of its costs incurred on administration and miscellaneous items. They are trying to improve the efficiency. (*Interruptions*)

SHRI TARIT BARAN TOPDAR (Barrackpore) : What is your point?

SHRI PRITHVIRAJ D. CHAVAN: The point is that we have to give them increases. Otherwise, there will be budgetary deficit. We will have to support them to cut down the manpower cost by modernising. But the money for investment had to come from somewhere. This has to come from higher prices.

In case of steel, prices were increased by about 2-3 per cent. There was really some realignment and rationalisation in prices. SAIL actually reduced prices of some items,

particularly cold reeled strip steel. This is also in keeping with price rise by private sector steel companies. Actually, there was a price rise of about 15 per cent in May, 1992. Present price rise is only a notional price rise.

Steel is also an important constituent of infrastructure. But since January, 1992 steel prices are completely decontrolled and cannot really be called administered prices. It is a price rise by SAIL since the prices are not controlled at all. The reason for this nominal increase is the escalation in power tariff, petroleum prices and effects of change in exchange rate. The net effect on wholesale price index will be only .022 per cent.

Now, I come to petroleum and Natural Gas sector. Continued drop in crude oil production is a cause for major worry. During the first nine months of the year, the output was 1 per cent below last year's output. Due to disturbed social conditions, we may not even achieve 1992-93 target of 28.5 million tonnes which is far below the peak output of 34.1 million tonnes achieved in 1989-90. Today, domestic production is barely above to meet 50 per cent of consumption as against a level of 70 per cent reached during 1984-85. This is bound to put extreme pressures on the balance of payment position.

The main cause for lower production is under investment in exploration and failure of oil companies to generate sufficient investible surpluses. The total deficit in the oil Pool Account was of the order of Rs. 5400 crores. This was the background which compelled the Government to raise prices of some petroleum products by 18 per cent on 16 September, 1992. Kerosene which is an item of mass consumption was left untouched. This increase will wipe out the Oil Pool Account deficit entirely. No doubt, this has put consumers to a considerable hardship. But, looking at shortfall in indigenous availability and Balance of payment difficulties, there was no option.

The new initiative announced recently by the Petroleum Ministry is aimed at increasing the availability of LPG and Kerosene. It is designated as parallel marketing. It is a dual piecing mechanism. This seeks to involve private sector in import of LPG and kerosene for marketing it to industrial and non domestic consumers without disturbing the existing public distribution system.

Again here the Government was compelled to take these measures because there is a waiting list of over 90 lakh consumers for LPG connection, which the oil companies are not able to meet. Industrial consumers today are paying a premium of over 100 per cent for a LPG gas cylinder.

The continued high subsidy of Rs. 2.50 to Rs. 2.80 per liter on kerosene has resulted in its large scale use for adulterate, which has reduced its availability to targeted weaker sections.

An estimate puts kerosene black market as being reasonable for generation something like Rs. 2, 700 crores of black money every year. What the Ministry has done is that they are allowing the private sector in the field of importing LPG and kerosene and marketing of it. This will have to be done from their own foreign exchange and I think the public sector companies will also be allowed. So a dual pricing mechanism is being introduced. At the same time, there is a danger of large private sector companies coming in. Up-till now we had not allowed private sector companies for the marketing of these products. The Ministry has planned some safeguards, such as, colouring of domestic kerosene blue and keeping a different shape of LPG containers and using different regulators. But I have some doubts as to how these safeguards will really stop adulteration and diversion of these products for industrial use. We will have to monitor the

situation carefully. There is an initiative. The only purpose is to make more free availability of these products.

The change in customs duty on 35 items of personal baggage was a step with the intention of raising some revenue. Also, the intention was to avoid smuggling of these goods which was going on a large scale. The duty on these 35 personal items which are white goods, consumer items has been reduced from 255% to 150% as per the guidelines of Chellaiah Committee. Also an upper limit has been imposed on the personal baggage of Rs 1.5 lakhs. With these initiatives, Government expects to gain revenue in a year to the tune of something like Rs. 700 to Rs. 800 crores. Now, why was this done before the Budget? I think the rationale was that everyday was important. The amount of revenue loss on account of Ayadhya crises in the last two months was so much that the Government is facing severe problem of fiscal deficit. This measure will cut down smuggling. There is a protection at 150 per cent for domestic industry. But we will have to see that this percentage of protection is not brought down. Otherwise it will ruin the domestic TV industry and the VCR industry.

We must also be careful that this facility is not used by multinationals to dump these items which are manufactured abroad. If you have substantial protection, it will not happen.

Shri V.P. Singh, our former Finance Minister, while presenting the 1986 budget, said and I quote from his Budget Speech:

"There has been a healthy debate in the country regarding the impact of administered prices on the inflationary situation. When all other prices are changing, some changes in administered prices are necessary and inevitable. But the Government accepts the view that as far as possible, there is need to stabilise the prices of critical commodities."

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He later went on to produce a policy paper on administered prices which was presented to the Parliament, and by and large, we have been following those guide lines as far as administered prices are concerned. Even in 1990, the National Front Government resorted to an unprecedented increase in administered prices amounting over a year to about Rs.5, 806 crores in the case of petroleum products Rs.208 crores in steel and Rs. 638 crores in the case of foodgrains. So, it has been done in the past. It is a very important tool in the hands of the Government to control the economy. It is the legitimate right of the Government in a mixed economy to raise sources and, at the same time, to achieve distributive justice. The timing has necessarily to be decided by the Government as how best to be able to control inflationary pressure. Administered prices do not mean that prices have to be frozen for all times as it would only amount to cross-subsidisation.. (*Interruptions*). We will have to continue the administrative prices for some more time.

Sir, These increases would undoubtedly put burden on the consumers in the short run. The social strife which the country has witnessed since 1990-whether due to Mandal or Kamandal- and now the unprecedented riots by communal terrorists after the wanton distraction of the Babri Masjid has left a deep scar on the Indian economy.

I submit that time for soft options and populist policies is over.

[*Translation*]

SHRI MOHAN SINGH (DEORIA): Mr. Deputy Speaker, Sir, I rise to condemn strongly the untimely increase in administered prices. As a policy matter, we admit that the Government should have a right to control the prices of the essential commodities in the

interest of the weaker sections of the society. The Government should not rely on market prices in this regard. Under the new economic policy, the Government has made a provision to adopt free market policy but the administered price policy is against it and we support that policy; but our objection is that the Government should not fix, increase or decrease the administered prices as per its convenience.

I would also like to express my concern over the modus operandi of the Government in this regard. If the Government wants to increase the administered prices, it should follow the established Parliamentary norms and should make a Statement first in the House to this effect.

This declaration was suddenly made seventeenth while the Session was to be summoned on the 22nd February, 1993. Only such a Government as is not committed to the Parliament or House can make such a declaration. We object to such type of modus operandi.

Secondly, the Government had made an announcement on the 16th January, 1993 that the Wholesale Price Index was stable and the rate of inflation which was stable at 5% but due to increase in prices increased by 2% within a period of one week. It is only due to increase in prices of essential goods; and we object to such things.

Thirdly, I would like to ask as to who is the real beneficiary of this increase. Whenever the Government increases the prices of inputs to be used in agriculture the Government makes an announcement that it would compensate the farmers by increasing the support price of their products. Consequent upon the increase in support prices of agricultural product when the prices of consumers' goods increase, then the Government gives a very unimpressive argument that the farmers are to be paid an

increased support price following the increase in prices of agricultural inputs; hence the increase in prices of consumers' goods.

It is true that this year, the sugar production in the country has increased as compared to the previous year i.e. October, 92. As per Government's estimates, this increase is to the tune of 133 lakh tonnes. What is the reason of this increase? The reason behind this tremendous increase in sugar production is the labour of the farmers. Despite the increase in prices of agricultural inputs, the farmers did hard work and increased the production. But it is a matter of great regret that the Government had increased the prices of sugarcane by Rs. 5/- and at that time when all the sugar mills were on the verge of closure in the month of March.

The Central Government fixes the statutory prices of sugar cane and the State Governments decide the agreed prices of sugar cane. Though the Government has made an announcement for the increase in prices of sugarcane but nothing has been mentioned about the date from which it would become effective and from which date it would be payable to the farmers. Similarly the Government has not made any mention about the proportionate increase in agreed prices. No directive has so far been given by the Centre in this regard. At least, I have not read anything in this regard in the newspapers. I have a strong objection against such type of functioning of the Government because the farmers are not going to get any benefit this year from these support prices.

Secondly, I would like to state that the Government has not only increased the administered price of sugar but also has changed the existing policy, and that too has been done when the Parliament Session was to be convened. Sir as per the previous policy, 40% sugar was used to be released for open market and 60% sugar was used to

be meant for administered price. Later on this ratio was changed to 45:55. Now the previous ratio has been reversed and 60% sugar is being released for open market., you have allowed almost 75% of total consumption of sugar being used in the country for open market. The Government has not given any thought about its far open market. The Government has not given any thought about its far reaching consequences as to what extent the prices of sugar will increase in open market.

If 1 crore 33 lakh tons of sugar has been produced during the last year by October, 1992, then you can easily find out its percentage at the rate of 60% which accrues about 78 lakh tons and the same 78 lakh tons of sugar has been released in open market. The mill-owners had been making a complaint that the Government increases the administered prices of sugar but it does not increase the prices of open market sugar and as a result of it they are unable to earn much so the Government has released 78 lakh tons of sugar in open market. You can observe from the newspapers reports that as soon as you have increased the price of sugar, the rates of sugar in open market has gone upto Rs. 10/- or 11/- per kg. You must think about it.

The Government has taken one more decision which also shows a change in the existing policy. As per this new decision, the new installed sugar mills are not required to supply the levy sugar to the Government on controlled rates for 10 years from their installation. They will be allowed to sell their all produce in the open market. The Government has given licences to 90 mills and with the adoption of new policy, there is least possibility of setting up sugar mills in cooperative sector or Public Sector because all these incentives are being given to the private sector and these new sugar mills will not supply sugar on controlled rates for 10 years in pursuance of the new declared

[Sh. Mohan Singh]

policy of this Government.

The Government has also declared a change in its policy that no sugar would be bought on the control rate from those 127 sugar mills for five years which will be rehabilitated or renovated and if necessary, these mills will be given a further exemption of five years more from the sugar levy. The newspapers have published such reports. So I would like to seek a clarification from the Government in this regard.

All the old sugar mills of the country end assistance because their machinery has been worn out, that is why their production has been lowered. The old public sector sugar mills need assistance badly. But instead of given assistance to those old sugar mills, the Government has allowed to set up new sugar mills. The hon. Minister will have to clarify the position in the House in this regard.

That is why, I would like to state that the Government has insulted the House by making a policy change in the name of increasing the administered prices of sugar, because this policy change has been made at that time when the House was to be summoned. I would like to state that the Government had no right to do so. Thus the Government has by-passed the Parliament and tried to please the people having their vested interest. These steps are not going to benefit the poor farmers and the poor consumers who are in bad need of financial assistance and facilities. Therefore I condemn this policy and the declaration made by the Government.

SHRIMATI MALINI BHATTACHARAYA (Jadavpur): Sir, I rise to protest in very strong terms against the rise in administered prices. I do not know whether I should be sorry or whether I should be glad, but I notice that we are having this discussion on a day when the

major Opposition Party is not present in this House.

May be, they do not consider this discussion to be important enough, I do not know. But, we have been noticing for the last few months, that there is a great craving for visibility having all the spotlights on themselves and thus detracting the attention from some of the very basic issues with which the majority of the people are concerned. This concern for big things has also affected our Government so that they do not have an eye for the distress of the ordinary man, the employee with a limited income, the agricultural labourer and the industrial worker. When the prices of certain essential commodities rise, what do these people do? They cannot get on to the newspapers; they cannot get on to the television; all that they do is, they silently reduce their consumption. Not perhaps their consumption of wheat or rice initially, but if they were having two teaspoons of sugar a day earlier, now they have reduced this to one teaspoon of sugar a day if they were having two eggs a week earlier, now they have reduced it to one egg a week. It does not come out in the newspapers; it does not come out in the television. But, in the meantime, the Government is concerned with big issues like international trade and global credibility or what Mr. John Major would say about us or what Mr. Helmut Kohl would say about us. Therefore, the Government do not have an eye for these small things.

Sir, in this way, when the consumption of the ordinary man in the street gets curtailed, it is not even visible to us. I protest against this lack of visibility. Why is the consumption of the ordinary man getting reduced? As Mr. Prithviraj Chohan has very candidly said, it is because the Government is committed to reduce the fiscal deficit to five per cent of the GDP in the current year and things do not look very good for the Government. There is

likely to be a gap of about Rs. 3, 500 crores in the revenue collections. Is this only because of the Ayodhya incident? Certainly not. We find that there has been a Sharp decline in the collection of direct taxes and the black economy has not been touched at all. Import duties have been slashed on consumer durables on the things that the ordinary people do not use. So, in all these ways, the Government has reduced its own chances of collecting more money to make for its fiscal deficit and the only way in which Mr. Manmohan Singh can now show himself to be a good boy to his creditors, to this monitors is, by curtailing the entitlement to basic necessities of the vast majority of our people, 30 per cent of whom live below the poverty line as Mr. Chavan has pointed out. So, that is the only way which the Government has found out to make up for the fiscal deficit. This is what we deplore.

Sir, it has been said that procurement prices have gone up and so, naturally to offset this, there has to be an increase in the prices of food articles sold through ration shops.

It has been said also that the procurement prices has to go up because of increase in the price of inputs. When we look at this year's Economic Survey, we find the Government saying on this increase in administered prices, "While price stability in such item is important"— even the Government admits that the price stability in such items is important. It says, 'it is however, counter-productive to delay price revision. Later, adjustment process becomes difficult and creates shocks in the economy; depressing administered prices artificially through subsidisation only alters the sources of price rise. It does not remedy the malady. "This is the excuse the Government gives for hiking administered prices.

Again the ethics of inevitability, some kind of nitty-gritty realism is being preached.

We should be realistic. We should release understand that unless prices are hiked now, later they will have to be hiked any-way. It is head I win-tail you lose. It is inevitability of the price rise that is being enforced into our stomachs. However, I would ask the Government if this realism is to be preached, why does it have to be preached to the ordinary people, to the poor people? Why is it not for a change, to be preached to the sugar barons, to the big traders, to the big producers, to the big mill owners? They also need a lesson in realism. If the belts are to be tightened, I am sure, they who have enough girth should have their belts tightened.

SHRI OSCAR FERNANDES (Udupi): I am talking on behalf of the farmers. The farmers have got to be paid for their produce. How do we develop mechanism whereby the farmers get the money.

SHRIMATI MALINI BHATTACHARAYA: I do not know which farmer Mr. Oscar Fernandes is talking about. But there are farmers and farmers. I am thinking of marginal farmers, small farmers who are the people who are forced to make distress sale. Will this money reach them at all? It would not reach them.

I will give just one instance from sugar. Why is it that there is this dual pricing in sugar— enhancement of free quota in sugar side by side with enhancement in the price of rationed sugar? It is not in order to compensate the losses of the farmers but to enable the big sugar barons to make bigger profit still. Simply free sugar quota has been increased and then if the prices of rationed sugar remained the same, then the profit would not reach the same margin. This is why, they would not agree to that. Why has Mr. Kalp Nath Rai to yield to this unlimited hunger for profit of the big sugar barons. I do not know. (*Interruptions*)

The price in the P.D.S. is brought closer

[Smt. Malini Bhattacharaya]

to market price so that sugar is also priced out of reach of even the people who buy sugar on ration or they have to pay higher price.

I do not know why. Perhaps we all remember that in 1989 just before the election, there was a big hike in the price of sugar and everyone was then saying that because the elections were round the corner, the sugar daddies had to be kept pleased. I do not know whether the Government now is having the bogies of another election round the corner and whether they again want to please the sugar daddy's. We can conjecture on that. It is being said also that the effect of this increase in the administered prices on the whole sale price index, would be minimal. The rate of growth of inflation of the wholesale price index which would have decelerated to 5 per cent, has been raised to 6.8 per cent because of this structure in administered prices. This does not take into account at all the effect of this on the consumer price index for the industrial workers, and the agricultural labour. Even if I admit for a moment that there has been a slight deceleration in inflation, the improvement created by this in the condition of the ordinary man is being eaten up by this hike in administered price. Also this hike would have a chain reaction like in coal.

It has been said that its effect on the wholesale price index would be only minimal. However, we have already seen in yesterday's railway budget, there is further increase in freight charge as a result of hike in coal. Of course, if freight charges are raised, then the price of consumer commodities would have to be increased. This chain reaction is not being taken into account.

Thirdly, I think when it is said that the effect on the wholesale price index would be minimal, you are not taking into account the

total economic situation today, the acute industrial stagnation, wage stagnation and widespread unemployment. What is the effect when you take this price rise against this total economic context? What is the actual, the real effect of this price rise on the ordinary man? Can you contemplate it?

We also find that there is, side by side with this rise in administered prices, a gradual decontrolling of prices this is the other side of the picture— like decontrolling of the prices of potassic and phosphatic fertilizers and then a mere pittance has been offered as Rs. 340 crores to the State Governments. What would they do with that, I do not know. It is not going to have any beneficial effect on the marginal and small farmers. Dual pricing of LPG and kerosene may enhance supply for the time being but at higher price and, of course, in spite of blue, red, whatever colour you may add, whatever design you may add, I share Shri chauhans fears that it would not prevent these supplies being diverted from the lower priced channels to the higher priced channels, also, or the time being, there has been no hike in the price of kerosene available on the PDS. But can we rule it out? Our experience with sugar tells us that may be one cannot rule it out, maybe, very soon the price of kerosene to be available through the PDS or the LPG available through the Government channels, Further due to decontrol, would also be hiked to come close to market prices. There is going to be a substantial drain in our foreign exchange because import of these supplies are being liberalise.

Further, there has also been an increase in the prices of medicines. This is something which no one has mentioned so far. But this is very alarming. There has already been an increase in the prices of a large number of medicines through a hidden, a secret kind of de-control. We have not been told about it. But we find the prices of medicine, particularly of life-saving drugs, are rising in the markets.

Already, in the price of Vitamin 'C' hike has been allowed by the Government at least three times. Why? Once again, in spite of the fact that we know that the companies are making very good profits, in order that they may make more profits than before, they have been allowed to hike to prices of drugs.

Now, I will come to my last point. As this sugar phenomenon and as this dual-pricing system in LPG and kerosene has demonstrated very clearly, Shri Chauhan, I think you should shed some of your illusions and you should understand that this is not just a rise in administered prices but this is a step towards further and further de-controlling which would mean further and further abdication of Government responsibility from those areas where up to this time, they had, in some way or the other, to some extent or the other, intervened with the market forces. They are gradually giving up their will to intervene in the market. I think that is what is being suggested by this rise in the administered prices. This is very clear. Also, this becomes very clear when we look at the gap between the procurement targets on the PDS and the actual procurement. This has been going down for some time, for the last few years in wheat, in rice in particular.

On April the 1st, 1992, the opening stocks of rice were 1.3 million tonnes lower than last year and of wheat 3.4 million tonnes lower than last year for which reason wheat had to be imported. Instead of trying to procure, you paid a higher price by importing it.

Up to January, 1993, the procurement of wheat has felled. The procurement of rice has gone slightly up. But it still may not touch the 1990-91 levels at all. when we look at this

import of wheat, we can ask: is this laxity in the procurement of wheat due to the obligation to import because you had someone breathing down your neck and telling you that you must import? Is that the reason why, instead of procuring, you had to import. You know it. (*Interruptions*)

18.00 hrs.

In the Economic Survey, we are told that - this is very alarming - while the PDS has to be continued to help the poor, the burden of subsidy on the Central Budget must be restrained. Who are imposing this burden? I will ask the Government: Is it the poor people who are imposing this burden on you? Is it not rather the unscrupulous traders, mill-owners with their unlimited desire for profit imposing it? Restrain them instead of restraining the subsidy in the Central Budget. And you will find that you can have a more balanced economy.

I would urge upon the Government not to abdicate their responsibilities and give over our countrymen to the depredations of the market forces. (*Interruptions*)

SHRI A. CHARLES (Trivandrum): I want to make a point. Most people of the capital were in the grip of fear. I want to congratulate the Government the way in which the law and order situation was kept. The whole nation was in anxiety. This is our appreciation of the Government and the Home Ministry the way in which the whole thing was performed.

18.01 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Friday, February 26, 1993/
Phalgun 7, 1914 (Saka)*