

[Sh. Basudeb Acharia]

Now, there are three categories: (a) runs through the length and breadth of the country; (b) connects foreign highways, state capitals and major parts of industrial and tourist centres; and (c) meets the security requirement of the country. If these criteria are followed strictly, then these areas, the hilly areas, the backward areas, backward regions, forest areas, will not have any national highway. Where there are no railway lines, we cannot have new railway lines and we cannot have national highways. Roads which are a very important infrastructure, if the infrastructure is not developed, there cannot be any industrialisation. So, the roads are very much vital. It is connected with the economic growth of the area. If these criteria are strictly maintained, then these areas, the backward areas will remain backward for ever unless this is liberalised.

After 41 years of Independence, still 67 per cent of our villages are without having any fair-weather roads or all-weather roads. In the Seventh Five Year Plan, the weakness of our roads has been summed up:

"As much as 65 per cent of villages in the country are without an all-weather roads. Only 47 per cent of the road length in the country is provided with a proper surface besides pavement width of most of the road length is only single lane."

Even in respect of national highways, 30% of length has a single lane road pavement. The grid as a whole suffers of serious deficiencies and there is a growing mismatch between traffic needs and the available infrastructure; thus resulting in severe capacity constraints, delay, congestion, fuel wastage and higher vehicle operation cost.

Our vehicular traffic has been increased by 10%; whereas the road surface, the road length has been increased only 5.5%. Thus, there is congestion. Because of the poor condition of the roads, accidents are also taking place. Thirty thousand lives are lost every year. That means one person is killed in every four minutes due to road accidents.

We are spending Rs. 500 crores more for fuel consumption. If the condition of the roads is developed, then the consumption of fuel can also be reduced. We can save Rs. 500 crores. Also the operational cost of the vehicles can be reduced. The road accidents can also be reduced.

Coming to the capacity of the road, our roads are planned for 7.5 tonne axle load. This is the standard capacity. But our lorries carry more than 22 tonnes and even 40 tonnes. Because of this heavier traffic — carrying more than the capacity of the road — the roads are damaged and the condition becomes bad. Unless the capacity of the road is increased, the standard capacity increased, the roads cannot be maintained properly.

Another important factor is that funds are not released in proper time for maintenance of the road, for construction or for the repairs. There are some stages of work like pitching of boulders etc. For that some time gap is also required. As the fund is not released in proper time, the time gap is reduced. For that reason the roads which are repaired, the next year again they require repair. It becomes damaged and require immediate repair.

MR. CHAIRMAN: Are you concluding now?

SHRI BASUDEB ACHARIA: Tomorrow I will conclude, Madam.

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16.00 hrs.

DISCUSSION UNDER RULE 193

[English]

**Rice in Price of Essential Commodities—Contd.**

MR CHAIRMAN: The House will now take up further discussion on the rise in prices of essential commodities, raised by

Dr. Chinta Mohan on the 26th November, 1987. Shri D.N. Reddy...

SHRI D.N. REDDY (Cuddapah): Madam Chairman, I am very happy that you are presiding over the proceedings of the House today when this subject has come up because if at all anybody is able to appreciate the price rise in the recent past, it is you and I do hope the House today will debate the subject in detail and recommend to the Government to take immediate steps.

Madam, this subject was taken up for discussion nearly a year back, and I am sorry to say in the last one year the price rise has been phenomenal if not galloping especially of essential commodities year by year, month by month and day by day. Even the poorest of the poor cannot subsist without the essential commodities. The prices have been going up without government taking any steps to bring them down.

Growth with stability is one of the basic objectives underlying the development process in most countries, both those which are developed and others which are developing. In our country the rich have become richer and the poor have become poorer due to faulty economic policies.

Over the last decade, the leading industrial countries have managed to bring down their rates of inflation to very low levels even at the risk of slowing down growth in national income and maintenance of undesirable levels of unemployment. On the other hand, many developing countries have been unable to control their domestic price situation and keep it within reasonable limits, thus letting inflation undermine both political and social stability. In this category I am very sorry to say that our country though not on the bottom comes very much low in the degree of inflation.

In India, the Five Year Plans always laid stress on price stability as one of the major objectives alongwith self-reliance, social justice and modernisation. But the failure to maintain price stability has defeated the

other objectives of social justice to the extent that inflation accentuated inequalities of income and wealth and imposed very heavy burdens on the poor. The consumer price index shows a nine-fold increase since 1949 and more than seven and a half times the level of 1960. This is a measure of steady erosion of the value of the rupee. There are some sections of the population which have gained more than proportionately to this loss in the real value of the rupee, such as the holders of real estate, precious metal, etc. Those who were rich have become richer and those who were poor have become poorer. It has been found that at the end of every Five Year Plan the percentage of price rise has gone up except in the First Five Year Plan when it was (-) 2.7 per cent. In spite of that unfortunately the Government could not take proper steps to control the prices. In the Second Five Year Plan, it was 6.3 per cent; Third Five Year Plan, it was 5.8 per cent and from 1967 up to 1970, it was 13.9 per cent, 11.6 per cent and so on. As of today, it is nearly 10.6 per cent. Probably in view of the good monsoon year, we do hope that it will come down to a fairly controllable level.

Only during the brief period from 1977 to 1979, when the Janata Party was ruling the country, the only achievement they could give to the country was the control of the prices. I do not belong to that party, nor am I holding a brief for that party. But it is a fact that they controlled the prices though for a very short time. Of course, in the meantime they committed suicide themselves. So, it is up to the Government—even though they belong to another party—to go into detail, what steps were taken at that time. It doesn't matter if they take a few lessons from a rival political party.

The seasonal rise in prices got aggravated when the intensity and dimensions of the drought of 1987-88 became apparent around July 1987. The prices of several essential agricultural and agro-based commodities such as pulses, edible oils, started rising sharply. By the end of August 1987, the wholesale price index had recorded an increase of 9.1 per cent as against 6.3 per

[Sh. D.N. Reddy]  
cent during the corresponding period of  
1986-87.

The analysis of the price pattern during 1987-88 indicates that the wholesale price index showed a 9.1 per cent increase between April-August 1987 and thereafter because of a good monsoon, we do hope that it will come down.

In the urban areas, somehow to the detriment of the interests of the poor, it reached the double-digit inflation in some cities going up to 12 per cent.

The price indices of essential consumer articles registered a growth rate of 7 per cent during the current review period as compared to 10.5 per cent in the previous year. Prices of cereals, such as, rice and wheat, pulses, spices like chillies and sugar and gur came under severe inflationary pressure. The setback in production of wheat was mainly responsible for the spurt in the prices which also led to deflation of stocks. This, in turn, forced the Food Corporation of India to restrict supply of wheat to roller flour mills. As a result, *maida* prices went up by 25 per cent. The sugar prices, which had been stable during the last year, went up considerably despite allocations of increased quota for public distribution system.

Significantly, the only ray of hope is that prices of most of the edible oils have come down recently, especially groundnut oil, etc. It is quite heartening and I hope that it will stay at that rate without any further increase.

The wholesale price index structure touched an all-time record in 1988. The index for all commodities (base 1970-71 = 100) stood at 441.6 in October and later on it went up to around 441. Taking 100 as the index in 1960, it is 800 during 1988. From April 1985 to 1988, it has been slowly going up and up. It was 594 in the year 1985-86, in 1986-87, it was 643; in 1987-88, it was nearly 700 and during 1987-88 (in April) it was 763 and now it has gone beyond 800. This shows that absolutely no steps were

taken to control the price system. It is true that we have consistently been having droughts. But that should not be an excuse for the Government at all to sit idle for so many years and let the price index go up and up gradually. In the recent months it has not been increasing gradually, it has been galloping. You must be aware that the prices of essential commodities, especially chillies, onions, rice, vegetables etc. are abnormally high. Probably it was never so high in the past so many years.

The value of rupee has also gone down. A rise in consumer price index means a fall in the value of rupee and vice versa. Purchasing power of rupee at the end of each Five Year Plan commencing with the Third Plan with 1960-61 as the base year-taking 100 as base was—Third Plan : 71.43 paise, Fourth Plan : 37.04; Fifth Plan : 30.77; Sixth Plan : 17.39 and Seventh Plan : 12.79. These figures are only upto to August; it must have now touched 10 paise. Therefore, one rupee in the beginning of Third Plan is equivalent to 10 paise now. You can well imagine the inflationary pressures on the poor. Even mere existence has become difficult.

The prices of petrol, coal and some other items, were increased at different dates during 1987 to February, 1988. Since January 1985 prices of petrol were raised three times, and those of coal and steel two times. Issue price of sugar was revised four times in line with revision in minimum statutory price of sugarcane and those of imported edible oils twice. The increase in prices of basic essential commodities like edible oils, sugar, coal, steel and petrol was added to the inflationary potential being created by monetary expansion.

Unless adequate supplies of foodgrains are assured, development with price stability cannot be achieved. Domestic supplies can be augmented through net import of foodgrains and through drawing down on the stocks of foodgrains.

At the root of Indian inflation in the last

thirty years has been Government's resort to deficit financing initially, to find resources to finance a part of plan expenditure, and of late to finance a part of non-plan current expenditure as well. In a country where nearly forty per cent of people live below poverty line, inflationary rise in prices will only accentuate the misery of the poor people.

We have demanded several times that the deficit financing should go. And though the Central Government have been advising the State Governments to get rid of that sort of finance, yet the Centre itself has been increasing its deficit financing year by year and we have now reached a stage where we are caught in a debt trap and the interest that we are paying for the external debt, apart from the internal debt, is perhaps more than our defence expenditure.

Budgetary deficit has been rising disconcertingly during the last ten years. It was Rs. 2433 crores in 1979-80, Rs. 3748 crores in 1984-85, Rs. 8261 crores in 1986-87, estimated to be Rs. 6080 crores in 1987-88 and projected to Rs. 7484 crores in 1989-90. That means that it has been increasing every year.

As the Chakravarti Committee noted the increased recourse to deficit financing is a disconcerting development and it is necessary to ensure that deficit financing measured in term of recourse to credit from the RBI does not exceed the safe limits. This implies that the Plan expenditure should be financed in a non-inflationary manner by tapping the savings of the public in a greater measure than in the past, apart from releasing higher savings from the public sector enterprises only. Then the process of planned economic development can maintain its momentum and also ensure that its benefits reach the target groups without being eroded by inflation.

Another important factor is that the Government should reduce its expenditure on the administration. It has reached enormous amounts.

I am told that recently a Cabinet Committee meeting has gone into the steps to be taken to cut short the expenditure. I do hope that they will implement the measures early.

The Government would have to take stern steps to discipline industry if it failed to pass to the consumer the benefits of excise concessions announced in the Central Budget 1988-89.

Contrary to official claims over the projected deficit of Rs. 7,484 crores in 1988-89. General Budget, leading economists have expressed alarm over the deficit and fear it will fuel inflation and push up prices. Thus, in an economy like India, supply constraints are certainly the main hurdles in maintaining prices stability.

The agricultural sector still accounts for a third of the national income and it largely depends upon monsoon. In the industrial sector too, agro-based industries account for 28 per cent of the total weight in the industrial production.

At the same time, if the administered prices are not increased and if deficit financing is not taken recourse to, there will be tremendous growth in internal as well as external borrowing and alongwith there will be further increase in debt-serving burden.

We have landed ourselves in a situation where there is no escape from inflationary mode of resource mobilisation. The study calls for a thorough review of Government's fiscal and monetary policies. The study emphasises the need to evolve a long term pricing policy with the object of using price as a tool for growth and distribution rather than as a measure to raise finance for non-developmental expenditure.

During the last few years, non-developmental expenditure has been on the increase. It is better if it is cut down early. This applies both to the Central as well as State Governments.



[Sh. D.N. Reddy]

The main reasons for increase in the prices of essential commodities are wide-spread drought, fall in production of some commodities, the seasonability factor and increase in administered prices of a few commodities.

Increase in prices of essential commodities has a great impact on common poor people. It has to be met by supplying larger quantities of key essential commodities through the Public Distribution System, supply of cheaper grains to tribal and other poorer sections of society under the National Rural Employment Programme and the Rural Landless Employment Guarantee Programme and taking various steps to keep price increase of essential commodities within reasonable limits. If necessary, the Government should give subsidies to the poorer sections of the societies at least for certain essential commodities.

On the supply side, the Government should take a number of measures to contain rise in the prices of essential commodities and improve their availability. The main thrust of the Government's policy should be to increase production of various commodities, particularly those which are in short supply, import of some essential commodities to augment domestic supplies, regulating export of some essential commodities, strengthening and expanding the public distribution system and strict enforcement of the provisions of Essential Commodities Act and similar legislations against hoarders and blackmarketeers. We have been stressing this again and again in this House. But I am sorry to say that the Government lacks the political will to implement these stern measures which will improve things.

In conclusion Madam, Government should have a continuous watch on the prices and availability of essential commodities in association with the State Governments and the Union Territory Administrations. It should not hesitate to take more measures as and when the situation demands. However, a lasting solution to the

problem of inflation will have to include, apart from such short term measures as the import of essential items, a vigorous crackdown on hoarding, prudent fiscal management and a strategy that will improve the availability of essential commodities by raising the levels of productivity in agriculture and industry.

Madam, there are a few topic on which there cannot be any political differences at all and these are the areas where we have to work shoulder to shoulder to see that things improve in our poor country. And this is one such subject. I do hope that the Government will take these suggestions seriously and take active steps. But unfortunately, most of the ruling party politicians are engaged in elections all the time throughout the year and I wonder whether the ruling party will discuss and apply its mind to see that things become better. I am afraid, of late these things are moving from bad to worse, and probably from worse to worst. I think we have almost reached rock-bottom, because every day when we go to the market, we find that the prices have risen, of ordinary commodities which the poor man requires, e.g. of chillies, onions and vegetables. All of us know, when we go to the market, what the prices of vegetables are. They have been increasing daily, day in and day out. From morning to evening also they are rising. I do hope that the hon. Minister of Finance will take all these into account and take precautionary measures well in advance to meet the future situations also.

Fortunately, we had a very good monsoon; and all of us expected the prices to come down, but on the contrary, the prices are going up, except for oilseeds. So, I request the Government to go through all these suggestions and take very serious steps and see that the prices come down within days, if not hours, because the poor are suffering, and the poorest of the poor are the worst sufferers because of Government's mismanagement of the economy of our country.

Thank You.

**SHRI Y.S. MAHAJAN (Jalgaon):** Madam, This discussion on price rise raised by Shri Chinta Mohan is being resumed after one year. If he had been here, he would not have made the points which he had then made. The scenario has changed in a manner, perhaps, unexpected by the hon. Member who started this discussion. (*Interruptions*)

The situation has changed. The annual rate of inflation measured by the wholesale price index recorded a decline for the fourth week in succession, registering a growth of 5.8% for the week ended 5th November. The provisional official All Commodities Index which stood at 441.6 on 22nd October declined to 436.4 on the 5th of this month, i.e. by five points.

In the first 32 weeks of this financial year, the rate of inflation works out to 4.3% as against 9% in the corresponding period of last year. So, it is clear that there has been a considerable improvement in the situation. Last year, the price rise was the accumulated result of three years of continuous drought. Last year's drought, in particular, was the worst in the century. The loss of agricultural production, combined with expenditure on relief measures, exerted a tremendous pressure on the finances of the State, and on the price level. But still, the rise in prices did not exceed the two-digit level. We could withstand the shocks, because of the increased productivity in agriculture, accumulated stocks and the resilience of our economic system. This year, we are not in such a bad situation. I will not say that we are in a comfortable situation. As I said earlier, the rise in the price level on the annual basis is not expected to be more than 5.8%. The fall in the rate of inflation, I must admit, is partly seasonal; and the fall threatens to be so serious in the case of some commodities, for instance, that the Chief Minister of Karnataka—Madam Chairman, you may be knowing it better—declared this month that his Government would enter the market if the prices of certain agricultural commodities fell below the support prices fixed by the Central Government. This altered situation does not

mean that we are out of the woods. We have to keep vigil on the price front. The Prime Minister himself has uttered this warning to the nation.

The price situation at any moment of time is the resultant of a very large number of factors both economic and political. It is the upshot of the whole economic and political situation.

As regards economic factors, the most important is the budget deficit or deficit financing. Formerly, a balanced-budget was supposed to be the prime object of financial policy. Lately in countries which are trying to develop fast, that is a country like ours, deficit financing has become a regular feature of the annual budget. In our country, budget deficit has gone to the high level of Rs. 7000 crores annually, an astronomical figure compared with the deficit which we used to have 10 years ago. Now, we have reached the level of Rs. 7,484 crores during the present financial year. There can be differences of opinion about the deficit financing as a method of financing economic development. In a country such as ours, which suffers from serious economic constraint, it is natural to resort to deficit financing for this purpose. But I believe it is a resource which has to be used with moderation. I hope the Finance Minister will reduce his reliance on this resource and do his best to reduce the budget deficit.

Another factor associated with it is the extent of the RBI's net credit or lending to the government. This lending not only finances the deficit but makes for a multiple addition to the amount of money in the country through the process of banking. Now the quantity of money does exert a pressure on prices. Nobody can deny this though there can be differences of opinion about the manner and the extent to which the amount of money exerts its pressure. I hope the hon. Minister of Finance will tighten his belt and show enough strength to keep this tendency in check.

Lastly, it is the political climate which

[Sh. V.S. Mahajan] can have a great effect on the economic situation. I would like to cite an extreme example of recent time. As soon as Mr. Bush was elected the President of America, the prices of stocks and shares and dollar began to slide down. There has been no change in the economic condition of the State, but, still the people believe that Mr. Bush will follow a policy which will have an effect of reducing prosperity with the result that in all the stock exchanges the prices of shares and in the money market, the price of dollar have gone down. Hon. Members must have read about this in the newspapers. In our country, everybody wants to avoid inflation; both sides of the House are agreed on this, but political parties and groups often try to ensure a rise in the prices of the agricultural goods and essential commodities. A rally organised by the farmers from UP on the Boat Club about a month ago is an example of this sort; by this ill-advised move, the farmers gained nothing. But without going into the merits of their contention or their points, I would like to point out certain aspects of such an agitation. First, we talk of providing or giving remunerative prices to the farmers, but it is very difficult to define remunerative prices whatever the price fixed, it must not be much higher than what we call optimum or equilibrium price, that is a price which equates demand and supply. It is the economic law which prevails. If you fix a price higher than the optimum price, then the demand falls off; if you fix a price lower than the optimum price, there are shortages. The remunerative price which you fix cannot be very much different from the optimum price dictated by the economic factors.

Then, we generally forget in espousing the cause of the farmer, that most of the farmers are small or marginal farmers. They are the purchasers of foodgrains. When you raise the price of foodgrains it is the few farmers who have surpluses to sell that benefit. But most of the farmers, 70 per cent of them, have to shell out higher prices for their necessities. The best way, to help the farmers is to provide them inputs at subsidised rates.

SHRI BALASAHEB VIKHE PATIL (Kopargaon): But agriculture should not become an uneconomic industry.

SHRI Y.S. MAHAJAN: I am not saying that. I am only saying that the best way is to reduce the prices of the inputs which you provide them, or subsidise them.

SHRI BALASAHEB VIKHE PATIL: But the Government also announces a price and does not stick to it.

SHRI Y.S. MAHAJAN: That is a different matter. (*Interruptions*) I must congratulate our Minister for Food and Civil Supplies for improving the distribution system. He has announced that they will be establishing a shop for every 2000 population. If we improve the distribution system to that extent, we will be able to remove some anomalies in the price situation.

I do not want to dilate on the consequences of inflation. I must say that the consequences of inflation are disastrous. It is clear enough, it makes the rich richer and the poor poorer. It makes the working of the economic system difficult. It makes economic calculations impossible. I would not dilate upon it, I will not paint pictures of the terrible effects of inflation. In Italy and in different countries of the world after the First World War and the Second World War the effects were felt and there is a huge number of books written on the subject. But I must say that the economic consequences are disastrous and in any way the Government should do its best to reduce inflation. In India now, if the Government is strict, keeps the flow of money under control and has a better and more efficient administration, then we will be able to reduce inflation, and it will have a beneficent effect on the whole economic system. If you remove inflation, then we will have less strikes, and more continuous production and the people will be more satisfied with the administration. Inflation which affects into every household makes it politically hostile to the Government. Therefore, reduction of inflation or its elimination will have a general beneficent effect on the

whole economic scene and the political system also.

**SHRI BALASAHEB VIKHE PATIL:** The price rise is there in the whole country. It will affect everybody.

**SHRI Y.S. MAHAJAN:** Finally, I want to say that to fight inflation we have to increase production. Increasing production should be our religion, increasing productivity should be the aim of our Government's policy. In the Seventh Five Year Plan we have said that food, work and productivity shall be the ultimate objectives of our planning. But I am afraid, we have not emphasised productivity as much as we should have done. If we had raised productivity, I am sure, we should have been able to deal with inflation in a more successful manner.

[*Translation*]

**SHRI RAM PYARE PANIKA** (Robertsganj): Hon. Madam, Chairman, an important issue is being discussed in the House today. In spite of our utmost efforts, prices of essential commodities have been gradually increasing for the last several years, as a result of which the lives of the people have become very miserable which is but natural. You might be remembering that Hon. Prime Minister had assured the people previous year that the price index would not be allowed to increase beyond two digits. I feel proud in submitting that with the best management of our economy by the Government even during the period of century worst drought, the price index was contained within reasonable limit. I remember those days of famine that struck only a small part of Bengal in 1940 which took a heavy toll, whereas no was allowed to die in the last year drought though it was a century worst drought coupled with other natural calamities and furry of floods in the eastern parts of the country. Many natural calamities also hit various parts of the country. Some states were hit by drought successively for seven years. Children who born seven years ago in the states of Rajasthan and Gujarat have not so far seen a rainfall. The Govern-

ment boldly faced those crucial days and prices were not allowed to increase as assured by the Prime Minister.

16.36 hrs.

[**SHRI SHARAD DIGHE** *in the Chair*]

Rate of inflation increased in most of the developed and developing countries with exception to India. Economists of the world and many developed countries were astonished to see how could India be able to well manage its economy which helped it in controlling the prices even in such unprecedented situation. I congratulate the Hon. Prime Minister and the Government for this achievement. But that does not mean that everything is well in our economy. Our balance of payment position is not good at present, though the Government have started emphasising upon more and more export by liberalising the policy of export yet due to certain crucial circumstances, the Government cannot afford to decrease the import. Is it not a fact that the total production of foodgrains in the country this year is expected to be 170 to 175 million tonnes? The production of sugar this year is estimated to 101 lakh tonnes. It would enable us to export it to the other countries. Not only this, we see that the production of rice has increased by three times, production of wheat has increased by six times and production of oil seeds has also increased by two times during a very short span of time. In spite of all this, we have to face a stiff challenge. I would like to state that the late Prime Minister had formulated a 12 point programme to control the prices, specially the prices of essential commodities. But I regret to say that despite the repeated directives of the Central Government, the State Governments are not following them. One of the most important features of the programme was to open atleast one fair price shop for every 2000 units. The shops were to be opened in factory areas where the workers come temporarily. In tribal areas, the commodities were to be supplied by mobile vans. Not only this, rice and other commodities of ration were to be provided at cheaper



[Sh. Ram Pyare Panika]

rates through fair price shops to the tribals and other weaker sections. The Government is also considering to implement the same scheme in tribal blocks in which the majority of people belongs to scheduled castes and scheduled tribes. But there is no provision for supplying the foodgrains at concessional rates to the poor and the weaker sections. The foodgrains supplied under the NREP and RLEGP were sold by the officers in black market and they minted money out of it. As a result, people had to buy these things at higher rates. Recently, we have brought about a lot of improvements. The validity of the Essential Commodities Act has been extended for a further period of one year. But it did not yield any result. Though action was taken under that Act, but could the Government succeed even in a single case registered under it? On the one hand, the Government harassed the business community and on the other it posed as if the law were being enforced strictly to provide relief to the common people. But the people were not provided any benefits. So the need of the hour is to open ration shops specially in the interior parts of the country like desert area in Rajasthan to which Shri Virdhi Chander belongs, hilly areas, cyclonic areas, tribal areas and drought prone areas. Wheat is available at cheaper rate in Western parts of Uttar Pradesh, Haryana and Punjab. I do remember that potatoes used to get rotten in these areas. (*Interruptions*) the farmers are unable to get remunerative prices of their produce because their produce is not brought at the appropriate places at appropriate time. It is for this reason that the Government resorted to policy of control but due to policy of control, many other agencies start making money and the consumers again remains deprived of the benefit while the income of the concerned officials or the agents gets increased. So I would not resist to say that the Government met the challenge of drought due to the efficient running of trains and providing transportation facilities even in the remotest areas affected by floods. Even water was supplied through trains. But the need of the hour is to implement 12 point programme launched by the

Hon. Prime Minister properly.

Sir, I want to submit that we are field workers and we know that the margin of profit provided by the Government to the retailers is so meagre that they cannot afford to remain honest. I can say it with guarantee that kerosene can not be made available in any part of the country at the price fixed by the Government. When asked, the retailers say that there is no margin of profit in it, for, they have to pay Rs. 10/- as illegal gratification per barrel to the officers to get it released. In such circumstances they are helpless. Corruption has spread to such an extent that it has become uncontrollable. We can not check it with the help of law only. So the Government should find out some practical way so that it can be in a position to say the shopkeepers in clear terms that if they do not sell commodities at prices fixed by the Government, stringent measures would be taken against them. Today all the officers and employees working in Civil Supplies Departments are involved in minting a lot of money. They are becoming owners of bungalows. Whose interests are they watching? They are watching their own interests and that of the middlemen and they do not care for the interests of the poor consumers who are most needy. So I would like to urge the Government to adopt practical policy. It wouldn't do if the Central Government only makes the law and leave its implementation on the State Governments. If they do not implement it properly, the Central Government should take over the distribution agency in order to get the commodities distributed properly. Quota of sugar for ration shops are released by the godowns of F.C.I. at the fag end of the month. As a result, shopkeepers sell as large part of it in black market. Same is the case with kerosene. There is no scarcity of kerosene, Petrol and diesel in the country, even then farmers have to buy these items in black market. I would like to bring it to the record of the House. When workers like me lodged complaints against the shops, the shopkeepers closed their shops and now no body is forthcoming to get a license for fair price shop. As a result thereof, the villagers complain that though

they were getting kerosene at the rate of Rs. 3/-, a bit more than the fixed price of Rs. 2.85 a litre, now they have been deprived of even that facility. So, the need of the hour is to supply kerosene, wheat and rice through fair price shops to the people in time. The people of cities are getting sugar from their fair price shops but the people living in villages do not get any amount of such sugar because ration cards have not been issued to crores and crores of people in the country. The State Governments do not issue ration cards. In fact, bogus ration cards are prepared and kept by the fair price shop owners with them who sell the entire stock of kerosene oil and other commodities in black market. Government has been importing edible oil to get it distributed through the cooperatives and fair price shops but not a single drop of edible oil reaches to the consumers. Instead of giving it to the consumers, it is sold out in the black market. Even after the realisation of cartage it is not sent to the villages and is sold out in the cities with a double amount of profit on it. I am not referring to Uttar Pradesh only but all this is happening in other States also. In Bengal, it is distributed among the CPM party workers, and is not given to the general public. It is given according to the list prepared by the party head... (*Interruptions*)... Whatever foodgrains are allotted by the Central Government to the Telugu Desham Government of Andhra Pradesh, it is distributed by Shri N.T. Rama Rao to the public at the rate of Rs. two per Kilogram of rice in his own name. What is all this happening. He has not even mentioned it that—

[*English*]

"We have received this from the Central Government."

[*Translation*]

He has not told this fact to the public.

There is one more reason of price rise. There are many State Governments which do not lift the foodgrains allotted to them by the Central Government in time and they

deliberately intend to create such a situation in their State. The Telugu Desham Government did not lift the rice in time. Even the State Governments lead by the Congress, are no exception. I am not accusing the non-Congress Governments only but there are many other State Governments who do not lift their foodgrains allotted to them by the Central Government in time... (*Interruptions*)...

[*English*]

MR. CHAIRMAN: Don't refer to State Government.

(*Interruptions*)

[*Translation*]

SHRI RAM PYARE PANIKA: I am very practical about all these things. What I want to say is that several State Governments do not lift the foodgrains allotted to them by the Central Government in time and resultantly these commodities do not reach the consumers at the proper time. Hence the Central Government is required to take such steps as to ensure that State Governments lift their foodgrains in time in case they do not lift it... (*Interruptions*)... When the question of powers is raised, the opposition in this country will assert to seek more powers for the States but when it is the question of duties, they will simply be moaning that the Central Government is not discharging its duties. This, I am saying on the basis of my personal information that they do not lift the commodities to be distributed through the ration shops in time. Therefore the Central Government should make it mandatory that the rationing commodities must be made available to the consumers by the 15th of every month.

Apart from this, I would like to say that the people belonging to public and private sector are also going on increasing the prices. You see the prices of alluminium have increased and this increase in prices has its bearing on the consumers. If the price of iron goes up, it will also affect the con-

[Sh. Ram Pyare Panika]  
sumer. Some industrialists are creating shortages of commodities by declaring their mills as sick mills. The mills are declared sick not because of strikes but just due to their mismanagement. The persons who are controlling the strings of economy, should be dealt with firmly. Many industrialists produce substandard goods but increase the prices of those goods. They furnish scientifically prepared data before the Government to justify the increase in the prices of their products quoting an increase in the prices of raw-material as well as the increased cost of labour. The Government should take notice of all this.

Any increase in the prices of essential commodities lies within the purview of the government. Their prices should be increased after considering all its aspects and the distributing machinery i.e. the retailers or the middlemen should be attractively paid so that they may not resort to any malpractices and if, even after this, they continue to indulge in such practices, they should be dealt with firmly. I, therefore, demand that arrangements should be made to open special ration shops in the special areas such as the desert areas, hilly areas, the cyclonic ones and the drought prone areas. At present, the Government is supplying rice and wheat at subsidised rates to those tribal blocks which consist of the tribals as 50 per cent of their population. The Government should make arrangements to provide ration at subsidised rates to all the scheduled castes, scheduled tribes, small farmers, marginal farmers and landless people of the country. Only then, it may be the real achievement.

I would like to mention that the economy of our country is in quite a good shape. This year we have fixed a target of producing 175 million tonnes of foodgrains. For this purpose, Shri Rajiv Gandhi has prepared an action plan for agriculture and according to the climatic conditions, he has divided the country into several climatic zones. This portends a happier future for India. I hope that thereby our country will make a great

progress and the farmers and agricultural labourers will jointly increase the agricultural production which will be equally distributed among the masses and tide over the everyday phenomenon of price rise.

I would like to congratulate the Government for showing the world that even in these formidable circumstances our Government under the leadership of Shri Rajiv Gandhi is capable of controlling the inflationary trend and thereby brought it down to the level of 8 percent and at one stage, it was brought down as low as 5 percent while on the other hand the rate of inflation in the industrialized and developed countries had touched the mark of 21 percent. This is such a great achievement of the Government of India that people of this country are proud of it. The Government certainly deserves our congratulations for this. There may be some weaknesses and shortcomings of this Government but still that is a great achievement. The Central Government should direct the Government of Haryana to lift their foodgrains, ration and sugar in time so that these commodities may be distributed among the masses in time.

I would like to ask the Government to provide remunerative prices to the farmers for their produce. Their share of gains is taken away by the middlemen. As I have already stated that in several regions, tomato is being sold at the rate of Rs. 1/- per kilogram while it is being sold at the rate of Rs. 10 to 12 per kilogram in Delhi. The Government should take such steps so that the farmers may get remunerative prices for their produce. There should be no restriction on the movement of their produce, so that they may take their wheat and rice anywhere in the country.

Thank you for giving me an opportunity to speak.

[English]

CHOUHARY KHURSHID AHMED  
(Faridabad): Mr. Chairman, Sir, my friend,  
Mr. R.P. Panika when he ended his speech

on a very happy note. He said, "There should be free movement of all the grains throughout the country. "I welcome his suggestion and if he has any say in his Party, he should be able to arrange it that there is free movement of all the articles of the food throughout the country so that uniform rates of prices can prevail and the hoarders and black-marketeers, who are profiting now by the act of getting the grains hoarded at the time of crops and then selling them later after creating artificial scarcity according to their own rates are eliminated. He has painted a picture that everything prevalent is very satisfactory. But coming to the real fact of life, when we see a poor consumer going to the market, he has to buy at the rates prevalent in the market, whatever may be the statistics, whatever may be the satisfaction of my hon. friends on the other side that the inflation rate has come down in the last 4 weeks and he takes it as a good augury. But what is the guarantee that in the next 4 weeks, it cannot go up and such are the conditions which are prevailing in the market today that it is bound to go up in the next few weeks.

First, about the essential things of life, about the foodgrains which are needed by each and everyone everyday when we look at their rates, they are exorbitant. Till today everybody in India used to say, "Well, I can live with a few ounces of grams". But what is the price of grams in the market? It is Rs. 800 per quintal today. What is the support price which the Government gives to the farmers at the time of crops? It is only Rs. 400. The present price is just double. You take the price of wheat. You gave to the farmer the support price at Rs. 173/- last year and today you cannot have wheat at less than Rs. 250/- for a quintal in the market in Delhi. What to say of Delhi? Even in Haryana and Punjab, from where the grains are supplied to other States, there is the same rate. At the time when the farmers bringing their crops, they are disgusted by a very low rate of support price. They must be assured by the Government of a remunerative price. But when the Government fixes the price, they do not keep proper criterion in view and the Government never realises that if the farmer loses his

interest in producing more crop, then it is the nation which suffers. What is the condition of this nation at the hands of this Government? Instead of paying better price to the farmer and instead of being the friends of the consumers who should get the subsidised foodgrain, we are diverting the subsidies which should go to farmers and the consumers to other different purposes. Just now my friend Shri Y.S. Mahajan said that we should give subsidies only to the inputs supplied to the farmer. If we divert all the subsidies, they go to the organised sector and the industrial sector and the farmer or the consumer is not benefited. The subsidies in the industry sector are always used for the benefit of the industrialist. With the help of statistics, the industrialist will show an inflated price of raw materials, an inflated expenditure in processing of the finished goods, and then he would add up the interest on all his investments. By these methods, the industrialist would always inflate the price of his goods. Whatever subsidy should have been given to the farmer direct for the purpose of more production of grain, it has been diverted to the fertiliser and other factories and about Rs. 3 to Rs. 4 thousand crores flow into these factories but it never goes to the real man who is filling the fields and the net result is that, in spite of all efforts of the Government of India and the States, no proper encouragement is given to the farmer to produce a better harvest. I do not blame the distribution system but I charge the people who run it. If there is dearth of any commodity in the market, then we rush down to the international markets. We start importing. Even today the Government is thinking of importing millions of tonnes of wheat. They are thinking of importing rice. Government is paying more price in the international market for all these commodities than it pays to the Indian producer. This is the inherent defect in the system of this government that we do not care for our own farmer and our own consumer. The consumer is also the worst sufferer along with the farmer Government of India gets its godowns filled up with the grains at the time of crops. The handling and other charges become exorbitant at the time of issue of these grains to the farmer. Thus



[Ch. Khursid Ahmed]

they give very low price to the farmer but they charge very high price from the consumer. Thus the Government is becoming the hoarder or profiteer and is indulging in black market. This inherent defect is not allowing better production in this country. The other side criticised the bureaucracy for inequities in the distribution system and the black-market but say that there appears to be a nexus between the trade and the government which is responsible for hoarding, black-marketing and these sky-rocketing prices. As my friend Shri Ram Pyare Panika has said, some of the edible oils do not reach the consumer even though their stock is increased by imports from foreign countries. But they reach the black-market direct! When the farmer brings the crop, he is given only the minimum price which can be allowed at that time. The moment the stock of grains is finished with the farmer, the prices go on increasing and till the next crop comes, the prices touch sky high. If the Government expects to control prices by this system importing I think it is impossible.

17.00 hrs.

It is the Government which is to control this system? So, whatever the mode you adopt and whatever policy you adopt, you must see to it that the proper price is given to the farmers. when it is given to the consumers, then a reasonable profit may be allowed either to the private trader or to the Government agencies—whether it is Food Corporation of India or any other agency—so that the consumers are not looted and they do not have to pay the exorbitant price which they are paying today. Whoever is responsible, either the State or the Centre, they should also tie up together and protect both the procedure as well as the consumer. Whatever modes are adopted, as has been stated from this side also, most of the time the Government expenditure goes on increasing every year. There are some projects which are unproductive and the amount also becomes unproductive. This situation leads to a galloping inflation from year to year. Today, this Government is giving a budget to this country with an inflation of about Rs.

8000 crores. Where does it lead to? This supply of money goes into a few hands. There are tendencies in this country to concentrate money power only in a few hands. We may boast of having an Act against Monopoly but the fact remains that all this wasteful government expenditure by government, through some channels, flow on to a few families and Lands up in their hands. They are the real controllers of the economy of the State — it is not the State or the Centre that controls fluctuation in the market.

To check this trend, if you do not make any steps at all at the proper juncture, then this thing is to be repeated every year. My submission is that all the edible oils and foodgrains import should be minimised and the production in the country should be got increased through better prices to the farmers and other methods like bonus on production to farmers. Further, the present method of paying indirect subsidy to the industrialists in the name of farmers should be stopped. It should be directly routed to the producers, the sons of the soil and they should get the advantage. Whatever subsidy you give for food should go straight to the consumers and not to the middlemen, hoarders—whether it is in the form of FCI, in the form of private trader, they should be allowed only a minimum profit so that both the producers and the consumers are benefited. Till we do these things, nothing is going to improve—whether it is foodgrain, or edible oil or industrial goods or coal, steel etc., all these things would always find a route to flow into the hands of the blackmarketeers and the hoarders who always rule the economy of this country and the Government would be only a talking-spectator and not a silent-spectator, congratulating itself for moving from one year to the next year with the rate of increase in the price of each and every commodity in the market which is to be needed by the consumers. With these words, I conclude. I am thankful to you for having given me this opportunity. I say that the Government must take some steps to control the prices. Otherwise, they would touch the sky.

[*Translation*]

SHRI VIRDHI CHANDER JAIN (Barmer): Mr. Chairman, Sir, the issue of price rise is a matter of great concern. The hon. Members have expressed their views on it and I would also like to express my views in the House. Two-days ago, the hon. Minister of Food and Civil Supplies has given a statement about the 'vanaspati Industry' and as a result of that statement. The prices of Vanaspati have gone up. The price of a tin of 15 kilogram which was earlier Rs. 345 has gone up to Rs. 355. In view of this outcome of their policy laid down by Government in regard to the Vanaspati Industry, I would like the hon. Minister to make a clarification whether it is a temporary phase and it will have no effect in future.

THE DEPUTY MINISTER IN THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI D.L. BAITHA): You please make clear what do you want to know?

[*English*]

SHRI SOMNATH RATH (Aska): His point is, after the announcement, how the prices have gone up?

SHRI VIRDHI CHANDER JAIN: The import duty on pulses went up from 15 per cent ad valorem to 35 per cent ad valorem from the first week of October..... (*Interruptions*)

MR. CHAIRMAN: Be quick. The hon. Minister will reply at 5.30 p.m.

[*Translation*]

SHRI VIRDHI CHANDER JAIN: It is a matter of grave concern that even after effecting a cut in the import of pulses and edible oils by 30 per cent, the prices of these commodities have gone up. The prices of sugar, oil, wheat, vegetables and fruits have also gone up. It is a matter of concern that there has been a substantial increase in the prices of these commodities during the month of October and November. With reference to the hon. Minister's reply that with a

rising trend in the matter of production, our country is going to produce 17 crore metric tonnes of foodgrains, I would like to seek a clarification from the hon. Minister what are the reasons that inspite of such a heavy increase in the production of foodgrains in our country, the prices are going up. Last year our country faced a severe drought and inspite of that price rise did not show that much of magnitude for which the Central Government deserves our thanks. The Rajasthan and particularly the desert districts of Barmier and Jaisalmer had also experienced the severity of drought but even in that situation we continuously got the supply of wheat and other essential commodities on the subsidised rates which enabled us to face that famine. When the prices were not allowed to increase even in those tough situations, the question arises as to why the prices are now increasing at a time when our economy is in a very good shape and we expect very good crops. Will the hon. Minister be pleased to clarify that even after taking a good crop of groundnut and millet, why the prices are increasing. The price of millet has gone upto Rs. 125/- per quintal even in the district like Alwar. In such circumstances, it becomes the bounden duty of the Central Government to purchase it at the support price. Why was it not purchased? Please clarify it. The farmers had to sell their Bajra at Rs. 125 per quintal only. They would have benefited, had the Government bought that Bajra at support price. However, there has been some increase in its price during the last ten days and it is being sold at Rs. 135 per quintal.

Regarding the public distribution system, I would like to submit that the cooperative societies do not work honestly, because they get very little commission. Therefore, they should get adequate commission and transportation charges in the public distribution system so that the cooperative movement could be encouraged and those associated with P.D.S. could work honestly. Edible oil is not available at fair price shops in rural areas, whereas it is available in the cities. It should be made available in rural areas as well. I can say particularly, about my own constituency that it is not available there.

SHRID.L. BAITHA: Wherever there are P.D.S. shops in rural areas, edible oil is available.

SHRI VIRDHI CHANDER JAIN: Similarly, controlled cloth is seldom available. For the last three-four years, I have seen that it is not available in my constituency. It should be looked into and supply of controlled cloth should be ensured to all shops of public distribution system. The rising prices of commodities now-a-days is a matter of concern. We should think over as to how to check the price-rise.

[English]

SHRI ABDUL RASHID KABULI (Srinagar): At the outset I would like to say that we have given some promises to the people of India that India will be a socialist pattern of society. 50% of people are still living below the poverty line. Besides, there is inflation also. Every year the rate of rupee is decreasing. This is creating problem especially to the working class and also to the fixed income group.

This problem is not creating any difficulty to the haves who are now a very important part of the society in India; but for the have-nots. A good number of people of our population—in crores—are poor and they are not getting sufficient amenities.

As far as foodgrains are concerned, I think there should be evolution of a policy in changed circumstances. The Government of India should come direct to the issues and confront the issues which the people of India, especially the poorer sections of society are facing. The people who are working in the mills, the people who are working in Central and State services, the people who are living in hilly areas and also the tribals besides Harijans this is their problem and Government of India so far could not come to the expectations of these people. Therefore, I feel that basic thing is that instead of revising the pay-scales of the employees in the present conditions the most important thing is that more and more essential commodi-

ties should be made available to them. Therefore, as far as the employees and the working class is concerned who demand revision of pay-scales the best thing Government can do is that they can provide them with basic essential commodities instead of giving them more allowances. There should be a change in pattern. Today in Delhi we find one kg of tomato costs Rs. 16 and a kg of onion costs Rs. 10. This is the difficulty. It has become difficult for a poor man who wants to survive traditionally on vegetables to survive as the vegetables have become very costly. If this is the condition in Delhi market what about the conditions in far flung areas.

I think on agrarian front we must have some evaluation of our policy and we must change the old style of working. Agricultural output has to be increased and for that the farmer should be given more amenities. He should be given more facilities so that he can produce more. He should not be demoralised. The survival of the country depends on farmers. Basically he is the man who is feeding us but we find he is demoralised and is coming to the road-side and speaking about the injustices being meted out to him. If this is the condition of the farmer what will happen to the people who are looking towards him for their survival. Therefore, I feel more remunerative prices and more realistic approach towards the farmers should be adopted. They should be given more facilities in the form of manure and implements and Government should not think of earning in this sector. They should encourage farmers and give them more and more subsidies.

Eighty per cent of the people in this country live in rural areas. The condition has come to such a pass that most of the agrarian workers are leaving their hearths and homes and going to Bombay and Calcutta to seek petty jobs. This is the tragedy. We have to change this outlook. This is possible only when we give them more and more amenities. Here I would like to say that always when budget comes you increase rates of petroleum, kerosene oil, coal and railways freight. There should not be any increase in

these things as these things are basic things. Whenever you increase the price of petroleum, kerosene oil, coal and railway freight it directly hits the consumer. The middleman exploits the situation. Government may earn some money but essentially it is the consumer which is hard hit. Therefore, Government should not think in a way which is like a businessman earning more and more from the masses.

17.20 hrs.

[MR. DEPUTY SPEAKER *in the Chair*]

In this connection, I would also say that we are facing the difficulties as hilly area people. I represent the Jammu & Kashmir State. There are people who have come from Himachal Pradesh, Meghalaya, Assam and other hilly areas. My difficulty is that because of the freight, the prices go up. A thing is available say at Rs. 10 in my area. In Delhi, its price goes to Rs. 30 per kg because Rs. 10-15 are charged as freight. For instance, we are producing apples in Kashmir. In the Srinagar market, it is not more than Rs. 8 per kg. The best quality of apples are available in that market for about Rs. 8 a kg. When they are brought to Delhi market, the price shoots up to Rs. 16 a kg. Who is earning the money? It is actually the middleman who is cheating the farmer. Therefore, this is the main difficulty. The freight rates should be curbed. There should be an appraisal of all these things so that the man in Meghalaya or in a far-flung area of Assam or in Kashmir gets the basic essential commodities at the same rate. There should not be any difference. Otherwise, it is a discrimination against the people living in such far-flung areas and in other backward pockets of the country. If the Government of India really wants to give them justice, this basic facility should be made available to them. There should not be any change in prices at different places, in different parts of the country.

SHRI INDRAJIT GUPTA: (Basirhat): Sir, I thank you for giving me a few minutes. In view of the shortage of time, I only wish to emphasise one or two points. The main

contention I want to make is that the real root of this problem lies in the inflationary policies of the Government. It is that inflationary policy which, starting from the top, is percolating right down throughout all the tiers of the economy, and finally affecting the common man in his relationship to essential commodities which he has to purchase.

Deficit financing is going on on a huge scale. Everybody knows it cannot but have an inflationary impact on the economy. There is no attempt—well, there may be an attempt, but it is not succeeding to reduce this volume of deficit financing. From year to year, we are finding that the budgetary deficit is increasing.

This year, within a couple of months, I don't know what the Finance Ministers is going to have in store for us. But recently I at least got a little bit of encouragement from reading a statement of his in which he has bewailed the fact that as a percentage of the total revenue, the share of indirect taxes is going up all the time. The share of direct taxes is going down. That means that the burden on that section of the community, which is capable of paying the direct taxes, is going down; the burden on the ordinary man who bears the brunt of the indirect taxes, is going up. And if that policy is continued further, it will—coupled with what Mr. Kabuli has said—hike the administered prices. The practice nowadays is for hiking the administered prices of so many goods just before the budget, whether it is coal or cement or petroleum products. Even the rationed foodgrains, which are sold through the ration shops, have been hiked. Postal rates, railway fares, railway freights and all that cumulatively have an inflationary impact on the economy. Then, how can the prices be controlled when there is no system of controlling the prices at all? Wherever this control existed, even that is being decontrolled. Now, what is happening in the case of so many drugs and medicines which in the market have gone beyond the reach of an ordinary man? We have to pay Rs. 5-6 for one tablet, one capsule. I don't know whether its cost of production is even fifty



[Sh. Indrajit Gupta] paise. Who is reaping this profit? Certain people who are in a position to exploit the market because of the total absence of any control and regulation are making the money while the people are suffering. Liberalization itself which is now the doctrine by which the financial and economic policies of the Government are being guided means decontrol. What is the meaning of liberalization? It means decontrol, deregulation and total reliance on the so-called market forces and this is leading also to a further surplus of import over exports. However much you may talk of bringing more imports in order to stimulate exports—I do not have the time to go into the figures—but the figures show that it is the imports which are increasing in value over the value of exports. There may be other reasons also, but the fact remains that the trade deficit is widening and this is also contributing to the inflationary spiral which is going on.

Now, as you know, there is a big tussle going on between the Government and the employees and workers over the question of compiling the consumer price index. As the Minister knows very well, the Government is now determined, it seems, to shift the base year of compiling the consumer price index from 1960 to 1970 and they say that it will make it more realistic, but the trade unions in their dialogue with the Labour Ministry have shown that if a proper linkage factor is not accepted and if the method of collecting the prices is not made more realistic, with this shifting of the base from 1960 to 1970, this will actually mean a loss of about 20 to 25 per cent in the dearness allowance compensation for the workers who get it on the basis of consumer price index. As the hon. Member said it correctly, there are millions of people who have nothing to do with the consumer price index, who are not beneficiaries of any kind of dearness allowance. Only the organised sector gets dearness allowance; others do not know what it means and they are having to depend on the vagaries of the market and that market is completely uncontrolled and unregulated.

Finally, the present public distribution system, as it exists at present, is totally inadequate to meet the situation. It is all very well to tell us that you have increased the number of fair price shops by so many thousands. After all, this is meant to protect the poorer sections of the people from the pressures of blackmarket outside, otherwise what is the use of having the public distribution system? If you go on increasing the prices outside, if the prices are allowed to increase, then the only protection against it with the fixed control price inside the fair price shop is that they should at least ensure a minimum quantity of essential commodities regularly at proper rates to these people. But it is not happening and the offtake from the shops, according to the Minister, has also been going down.

THE DEPUTY MINISTER IN THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI D.L. BAITHA): No, it has been going up.

SHRI INDRAJIT GUPTA: If it is going higher, it is because the total number of shops has increased. But there are so many complaints about the quality of the foodgrains supplied through these fair price shops and there is no system by which this can be checked and verified. A part of the supplies from the fair price shop are being diverted to the blackmarket. These shopkeepers of the fair price shops very often in big cities also put up boards saying that the stocks have exhausted and that there are no supplies, but it is actually being diverted to the blackmarket. The quality supplied is very variable. I have seen it in Calcutta city that the quality of rice supplied through fair price shops is sometimes absolutely uneatable and unfit for human consumption. I do not know where it comes from. Many times complaints have been made. If these fair price shops have to play any part as far as the poor sections of the people are concerned, the supplies must be made regular. Sometimes in the rural areas for weeks together there are no supplies and they say that they have no sugar, no edible oil, no rice and so

on. Supplies must be made regular. The number of items should be increased and the quality should be fit for human consumptions. Therefore, finally I just want to say that I would appeal to the Finance Minister that it is not really a question of fair price shops. I wonder whether the Government has the will or courage now to talk certain measures which will reverse the inflationary nature of its basic policy. As long as the push to the inflationary process goes on, there is no hope of the prices in this country being controlled or stabilised. And prices are bound to go on increasing.

Mr. Kabuli says that there are people who now a days have enough purchasing power. Of course, some people now have enough money. Particularly in the cities and towns, some cash money is generated and no doubt a certain section of the people are enjoying that. But a vast mass of people outside are suffering and they are the people who are the worst hit. Therefore, this policy should be changed.

At least I am hopeful since elections are coming, the Government must remember that a man may not get sugar and oil, but he has got his vote and therefore, if nothing else, at least in the self-interest of the ruling party, they should take some firm measures to see that this high price situation is controlled and regulated so that the people are not driven to absolute desparation. On the one hand unemployment and on the other high prices, these two things together are absolutely creating misery down below among the millions of people. The most discontented lot of the people in this are the housewives. I think the Minister-known it. I do not know whether his wife goes to the bazar. If she goes, she will certainly be angry with him. She must be knowing what is happening.

Sir, those days are gone when a poor man's food used to be roti and dal which has good nourishment in it. Good atta and good dal and nothing else. Roti and dal are the things on which our toiling people always work. They fill their stomachs with roti and

dal. Now, you cannot even get dal with its sky-rocketing prices. And the atta which is supplied now, very frequently, is also inadequate and not of good quality. Here I am not talking of Punjab and Haryana. Therefore, please do something about this. Change your inflationary policy to the extent that you can. Change the taxation policy. Do not put all the burden on the indirect taxes letting the direct taxes to go off under the Long Term Fiscal Policy.

So, this is all I have to say. I hope the Government will think of it in terms of basic policy.

[*Translation*]

SHRI YOGESHWAR PRASAD YOGESH (Chatra): Mr. Deputy Speaker, Sir, a very important matter is being discussed in the House today. Till now, the opposition has only tried to mislead the people and spoil the image of the Government. But today's discussion is very important as it concerns the poor of this country.

Shri Gupta has raised some doubts about inflation. Budget of last year and that of current year was described as 'pre-poll Budget' by the opposition members. They said many other things too about the budget.

Mr. Deputy Speaker, Sir, the percentage of inflation has reduced whereas its increase was expected in view of the terrible drought and floods which resulted in heavy loss of life and property in the major food-grain producing states of Punjab, Haryana, Gujarat, Rajasthan and West Uttar Pradesh last year. Besides, the country had to face other natural calamities like earth-quake etc. In spite of all this, the level of inflation is under control. This is a commendable effort of the Government for which it deserves applause. To some extent, Shri Gupta's opinion about the deficit financing Budget is right. But the Government has made an excellent effort in this regard.

For some time, the trend in price rise will remain as it is, but there are possibilities of

[Sh. Yogeshwar Prasad Yogesh]  
improvement in it later. Due to heavy rains at peak vegetable sowing season, the required production has not come to the markets. It has affected the family's Budget. This was also a cause of concern for the people. But still, the prices of vegetables have not increased that much. As more vegetables will start coming to the market, the family Budget will get some boost.

However, in the case of some commodities, like arhar dal and moong dal, the prices have increased. But the prices of some other pulses such as gram etc. have registered a decrease. One thing to which I would like to draw your attention is that the price of gram in the market is Rs. 8.00 per kg. but when it is parched or is grinded into *Sattoo*, its price shoots to Rs. 16.00 or Rs. 20.00 per kg. in the market. The poor are affected by it, as it is their food.

Regarding the oilseeds, I would like to say that the prices of mustard and other oilseeds have registered a steep fall. There is possibility of further slump in the prices, as their production is likely to go up this year Government should pay attention to it.

Due to the defective distribution of essential commodities like wheat and rice, the prices of these commodities vary from place-to-place and, as a result, people have to face difficulties. Changes should be made in this distribution system. The State Government should have full freedom on the movement of wheat, rice, sugar and other foodgrains in that State. Government should not allow a situation to develop where stocks of essential commodities may lie at one place of a state and another place of the same state may be facing scarcity of those commodities. Free movement of foodgrains will lead to fall in the level of price rise. Besides, it will be convenient for the people. When we discuss distribution of essential commodities like sugar, edible oils and cloth, presence of black-marketeers cannot be denied. The Government should take strong steps to check this blackmarketing.

I would like to draw your attention towards Chota Nagpur area in Southern Bihar. The prices are likely to fall as a result of good production in the whole country this year. But the farmers living in plateaus of Chota Nagpur and other parts of the country do not have that much of purchasing capacity. Attention should be paid to improve their condition. Chota Nagpur region, in particular, has been hit by drought for two years in succession. The required foodgrain are not being made available there. Therefore, plateaus of Palamu and Gaya in Chota Nagpur region and Hazaribagh districts should be declared drought prone areas.

It is the poor who live in the jungle. For some years, there is restriction on Mahua there and a cooperation of Kendu leaf has been set up. This has lead to reduction in the purchasing capacity of the people living there. They are very much worried about this problem. You should pay attention to it. I would request the Government to declare the above mentioned areas as drought-affected areas.

[English]

SHRI N. TOMBI SINGH (Inner Manipur): Mr. Deputy Speaker, Sir, I am grateful to you for giving me an opportunity to participate in this discussion on a very important subject. The price structure is a very important part of an unorganised part of the entire economic structure of the whole country. We cannot discuss it in isolation from the other parts of the country. We have to see the general purchasing power of the people, particularly of the poor people, when we discuss the price rise in the country, particularly of the essential commodities.

Mention has been made of the fact of the increasing inflation and then decreasing the value of the money circulated. We should be more concerned with the fact of those living in the difficult areas. I represent the north-east where people had been since long living in isolation from the main-stream not only in the social and cultural life but also in the agricultural pattern, production of

foodgrains and then food habit. Now, during the last few decades thanks to the generous attitude of the Government of India under the leadership beginning with Pandit Nehru and now currently under the leadership of Mr. Rajiv Gandhi, we see the entire life of the people, that is the food habit, the clothing habit has changed in certain areas; and there this price rise has a very very serious impact because during the last 40 years—I do not know whether it is a long period or a short period; in the history of a nation, I think, 40 years is not a very long period—we have undergone basic changes; and I do not like to join with those who just express their totally negative and pessimistic views; because we have been passing through a very trying time. So, I do not like to give a negative view but want to make a few suggestions in the interest of the difficult areas, mainly north-east. Last year, for instance, during the month of February, we toured, through a Committee, the north-eastern area, particularly the part of Arunachal Pradesh and Meghalaya in the hilly areas of the city as well as the rural areas. The commodities, after the change of the food habit, were brought from outside at a huge cost; only a small quantity was available to selected people; and the people whose life style has changed due to improvement in communications and then so much of expenditure on projects and employment facilities through various departments of the Government, whatever purchasing power has been increased in their part of the country, has not been matched with the increase in the prices of the essential commodities. For instance, when opinion were selling here, say, at Rs. 2 per kg., they were sold there at Rs. 16 per kg. because the production and the agricultural programme have not caught up with their requirements.

Now, in these areas, the north-eastern hilly areas, a mention has been made of the Kashmir and the Himachal hilly areas also. I think they deserve our sympathetic consideration. When we discuss about the price rise and the government assistance through a policy either for distribution or for an increase in the subsidy, special consideration

should be given to the difficult hilly areas of the north-eastern area. With these words, I thank you for giving me an opportunity to speak on this very important subject.

DR. DATTA SAMANT (Bombay South Central): On the 18th of this month, last week, this Government had made a statement in the Rajya Sabha, when there was an unstarred question, and this clearly shows the position of rising prices. These are the figures given by the Government only.

From July 1988 to October 1988 within a span of three and a half months the price of rice has gone up by 75 per cent; wheat prices have increased, because the wholesale price index had risen from 269.7 to 298.7. The wheat prices in the last four months have gone up by 11 per cent. This is according to your statement. *Jawar* prices went up by 25 per cent. *Bajra* went up by 2.5 per cent. Gram or pulses—this is very serious—the whole sale price index in July for which was 673.73 has gone up to 873.73 which means 30 per cent price rise of grams in the last four months! It is really very shocking; rise in the price of *Urad dal* was by 6 per cent, that of potato by 10 per cent, of onion by 3 per cent, millets and meat one per cent each. The whole sale price of chillies in July was 368.4 and in October it has gone up to 535 which means 48 per cent rise in the price of chillies in the last four months.

*Atta*—which is the average common man's food—and wheat have gone up by 10 per cent, *guar* has risen by 10 per cent. Only Vanaspati oil, groundnut oil, mustard oil, coconut, salt and soap, all such items remained stagnant.

Fertilizer prices went up considerably and equally your cement prices by about 3 per cent. This is on 18th November 1988, according to the statement made by this Government in Rajya Sabha.

You see the position of rupee value in the last many years. The rupee value if you take as one hundred paise at the end of the Third Plan, now at the end of the Seventh



[Dr. Datta Samant]

Plan it is 17.89 or the rupee value has now come down to 12.79 paise. Within the last three and a half or four years the rupee value has gone down by 17 from 17.18 to 12.79. Your economy has eroded by 40 per cent. These are all Government's official figures, which I have collected. These are not mine. Therefore, I think we are going in the wrong direction. I do not know what happens the way the prices are rising and the way in which this Government is going. The whole economy is going in a wrong direction, right from the top level. As my friend Mr. Indrajit Gupta has said, your ship—although it should not happen may not dash against stone, the rising prices being what they are, and the economy may break in that case. When the prices rise the poor man of this country suffers the maximum. I have got the figures of these rising prices of all these things, and even the agricultural prices have risen. The farmers are not benefited. As per the survey of the Reserve Bank of India from 1971 to 1984-85 the expenditure on the inputs of the farmers went up by 170 per cent and according to the index the cost of output went up by 33 per cent. Therefore, all the farmers of this country are suffering. They are not getting the prices due to them, whatever may be the indices and the prices which I have described now. And what is happening is the whole economy is being run by the black marketeers, a few wholesale dealers those who are connected with the top leaders or multi nationals.

Therefore, whatever agitation that is conducted by the farmers either in Uttar Pradesh or by Shri Sharad Joshi in Maharashtra are really genuine. Therefore, I appeal to this Government that a time has come when it has to do something to stop the price rise. You have increased the black money to 40,000 crores. What are you going to do for that? It is the sellers' market for all these things. It is not the consumer market. The economy is being run by a few private people or 2,500 multi-nationals in the country because all the consumer items are in the sellers market. Only the top people are taking advantage. Ceat tyres and Modi tyres

control the price of tyres in this country. The price of Colgate toothpaste which is 8 annas or half a rupees is sold for Rs 4/-. They are not controlled by this Government. The consumer cloth which is given to the poor people is not controlled by the Government. Hon. Minister will show me if cheap quality consumer cloth is available in Bombay or Delhi. Thousands of things are sold in black by the black marketeers. What you want to do in this country? Nothing of such type.

Sir, the cost of the basic goods like coal, steel, petrol went up during the last year considerably and this year, they went up by eight per cent. Because of this, all the industrialists are showing it three times, four times and collecting multi-more times from the consumer. The internal loans of this country are, Rs. 1.80 lakh crores and IMF loans have gone up to Rs 50,000 crores. This year, the deficit will go up to Rs 10000 crores.

Our whole economy is suffering from disease I may call it. When the man gets disease like T.B. Cancer, it should be cured. When a disease is fever or headache, it can be cured by Anacin, etc As a doctor who has to treat such has to treat such disease, I appeal to the Government to change their economic policies. You are all going in the hands of few people—multinational industrialists Unless that is done, I do not think such type of discussions here are going to help.

I appeal to the Government to have strict control over the distribution system.

[*Translation*]

SHRI SYED MASUDAL HOSSAIN (Murshidabad) : A lot of discussion has already taken place in the House on price policy. I would like to appeal to the hon. Minister of Finance that he should change the price policy. Price-rise cannot be checked until 14 essential commodities are sold on single price. Unless the dual price policy in respect of cement, edible oil and sugar is done away with, the price-rise cannot be checked. Edible oil is imported from other countries as it is scarce in our country.

A sizeable quota of this oil is provided to the vegetable oil companies but the Government does not charge sufficient levy from them. I will suggest that the levy on sugar mills should be 100 per cent. There has been much discussion in the House on the abnormal rise of petrol price. Shri Panika is not present here. He raised the issue of distribution. He blamed every State Government that they do not release the rationed commodities provided by the Centre. This problem cannot be solved until a correct approach is adopted in the matter of allotment and distribution. The State Government cannot fully meet the requirements because goods are not available in the godowns of F.C. I. at proper time. On the basis of my experience, I am saying that the quota allotted to our State is only on the papers. Commodities are seldom available in the godowns at the proper time. An hon Member mentioned here that like silk dealers indulge in bungling. We should consider increasing their margin. Whatever you said is not right, if they do it knowingly, You have to take steps against them to check them. If the silk dealer is not provided with sufficient quantity of raw material in time, and their quota is not increased, there will be problem to meet the demand.

So far as the distribution of 14 essential commodities is concerned, subsidies on these commodities is required to be increased a little more in the entire country. The Government claims that it is providing a subsidy of Rs 2000 crores for all the food articles, but the consumer is not getting any benefit from it. In fact, the entire amount of Rs 2000 crores is spent to meet the shortage of F.C.I. alone, because it is on the increase year after year. Nothing can be done without checking this leakage of F.C. I. and the subsidy will be of no benefit to the consumer.

I would like to draw your attention towards storage of foodgrains in F.C.I. godowns. Recently, on the first or second of this month, I had an opportunity to visit a F.C.I godown in my district. I found that rice of 1985 is still lying there. Last year also, I

saw that the old wheat which was distributed as relief work for the flood-affected people of my district was unfit for human consumption. When rotten foodgrains are supplied to the people through F.C.I. godowns, they think that it will be good for their cattle. I am afraid that rice of 1985 at present lying in the F.C.I. godown of my district will be released at the time of the next flood. The people do not accept such rotten foodgrains in the market. This is also one of the reasons for off-take.

Shri Panika is not present in the House at present. Had he been here, I would have liked to tell him about it. In the end, I would suggest that the minimum 14 essential commodities such as rice, wheat, sugar, edible oil, cloth etc. Should be made available to the people on uniform rates all over the country. For this, the subsidy will have to be increased a little more, as Rs 2000 crores is not sufficient. It is also necessary to streamline the distribution system of essential commodities. May be you will have to increase the subsidy by Rs 2000 crores more, but more than that will not, perhaps, be necessary.

[English]

MR. DEPUTY SPEAKER : Now it is six O' clock. The Minister wants to reply today. Therefore, I suggest that we can extend the House for another half an hour or till the reply is over.

SHRI BASUDEB ACHARIA : (Bankura)  
: Let the reply given tomorrow, Sir,

MR. DEPUTY SPEAKER : Mr. Minister, do you want to reply today?

THE MINISTER OF FINANCE (SHRI S. B. CHAVAN) : Yes ....(Interruptions)

MR. DEPUTY SPEAKER : He wants to finish it today itself. (Interruptions)

SHRI BASUDEB ACHARIA : You give your reply tomorrow, Sir.

MR. DEPUTY SPEAKER: What about you?

18.00 hrs.

THE DEPUTY MINISTER IN THE MINISTRY OF FOOD AND CIVIL SUPPLIES (SHRI D.L. BAITHA) : tomorrow I won't be here.

MR DEPUTY SPEAKER : Then you reply now. The final reply will be given by the Finance Minister tomorrow.

SHRI BASUDEB ACHARIA: Tomorrow the Finance Minister will give the reply.

MR. DEPUTY -SPEAKER: I think we will extend the time for this discussion by another half-an-hour . Mr. Baitha, you may now speak

[*Translation*]

SHRI D.L. BAITHA : Mr. Deputy Speaker, Sir, I associate myself with those hon Members who have expressed their deep concern over the price-rise. As you know, there is a mixed echoey is our country and in a developing country like ours price-rise is a natural phenomenon. If the prices are really galloping as has been mentioned by you, then it is every serious matter. But if we look at the facts which are before us then we will find that despite unprecedented drought and flood faced by the country, the price rise has not been so high as it was being expected and I think any Government can be proud of this thing. It is because of the fact that the Government was fully vigilant about price-rise. I tell you that during the current financial year, the whole sale price index registered an increase of 4.3 per cent which is less than even half of the increase of 9 per cent registered last year during the corresponding period.

Mr. Deputy Speaker, Sir, the hon. Members mentioned about inflation. The annual rate of inflation has also come down to 5.8 as on 5.11.88 whereas it was 7.8 on 7.11.87 and 10.6 at the end of March, 1988.

Thus the rate of inflation has also come down.

Similarly the consumer price index for the industrial workers has also come down.

SHRI SYED MASUDAL HOSSAIN : (Murshidabad) : The best proof of inflation can be seen from the increase effected in the Salaries of M.Ps by the Government. If there has been no inflation, on what basis these salaries and other facilities have been increased?

SHRI D.L. BAITHA : There are many other things. The Finance Minister will well you about it tomorrow. If I start taking up all these things, I will not get time.

It is hoped that the consumer price index will further decline in the coming months. As I told you, the present price-rise is due to the severe drought and you know it very well that the impact of drought does not remain confined to that year in which it occurs but it continues afterwards also. It takes some time to control the situation created by drought. This has been the reason for this price-rise.

It is true that the prices of pulses, rice fruit, vegetables, sugar and khandsari have gone up but on the other hand we find that there has been 5.5 per cent decrease in the prices of edible oils which registered an increase of 25 per cent during last year.

To safeguard the interests of farmers we have taken steps to see that the prices of groundnut and other edible oils do not go down. Just now one hon. Member said that the farmers do not get reasonable price for their produce. Similarly someone talked about the remunerative price. First of all we try to ensure that commodities are made available to our countrymen on reasonable prices without importing them from foreign countries. That is why you would have seen that the edible oil which was being supplied at the rate of Rupees 15 thousand per tonne to the vanaspati manufacturers, is now being offered at the commercial rate of Rs 19

thousand per tonne. It means that the oil which is produced in our country will be available to them at a low rate and thus the vanaspati manufacturers will purchase this oil and thus the prices of oil will not decline.

According to the latest figures available about prices it can be observed that in view of good prospects of Rabi crop and good arrival of kharif crop in the market during the current year, the prices of foodgrains and pulses are likely to come down. During the fortnight ending on 5.11.88, there has been 1.1 per cent decline in the whole Sale Price-Index of rice, 0.4 per cent in wheat 0.5 per cent in millet and 0.1 per cent in pulses. Similarly during the fortnight ending on 5.11.88 there has been 0.6 per cent decline in the price-index of sugar 3.7 per cent in khand-sari and 12.0 per cent in gur.

The Government has given special emphasis on increasing the production of essential commodities which are in short supply. Besides other things, the Government also makes arrangements for the supply of these commodities. If the price of a particular commodity goes up, the Government remains vigilant and takes steps to restrict it at a reasonable level by resorting to imports, if necessary. That is why we at times import rice, wheat, pulses, kerosene oil etc.

There is a great difference between the production and the demand of pulses and therefore in order to meet the demand, the Government give licences for importing pulses under O.G.L. In 1984-85 the Government had given licence for import of 2.35 lakh tonnes of pulses, in 1985-86, 4.29 lakh tonnes, in 1987-88, 7.57 lakh tonnes and in 1988-89, registration for import has been made for 6.421 lakh tonnes upto 30.9.88. The Government does not want that heavy imports should be resorted to and the farmers producing pulses should not get any incentive so that they may not discontinue growing pulses thinking that it is not profitable. We want that there should be no imports and a reasonable price should be ensured so that the farmers may get an

incentive to produce more pulses.

Several hon. Members have stated that the Public distribution System prevalent in this country is not working properly. As you know, the success of the Public Distribution System depends upon the Co-operation of State Government. (*Interruptions*)

As far as the distribution of foodstuffs is concerned, I do not discriminate whether it is the Congress Government or any other Government. Time and again we have been organising meetings of Chief Ministers and Food Ministers of State Governments and impressing upon them to make the Public Distribution System effective and to take necessary action against the person who violates the law. Not only this, we monitor it continuously and sometimes check it and direct the State Governments to take steps in this regard.

Mr. Gupta just told that though the foodstuffs are allotted to the State Governments but there is no offtake. It is clear from the figures that whatsoever we used to allot to the States, now we are supplying less than that because we have rationalised the distribution system. But the off-take is in excess because the Government has increased the number of shops. The Government is making arrangements to provide foodstuffs to the people in the remote areas where the population of the poor, harijans and Adivasis is more. If the hon members bring to our notice the complaints that they receive we will seek co-operation from the concerned State Governments and try to remove them.

SHRI VIRDHI CHANDER JAIN : The controlled rate cloth is not available.

SHRI D. L. BAITHA : We will look into the matter and try to find out why it is like that.

So, far as the question of taking action against hoarders, blackmarketeers and other anti-social elements is concerned, I would like to tell you that we conducted as many as 75,769 raids, arrested 5,853 persons, prosecuted 4184 persons and pun-



[Sh. D.L. Baitha]  
ished 295 persons during the period 1.1.88 to 21.10.88 and goods worth Rs 1044.27 lakh was also confiscated. *(Interruptions)* If I have said 295 persons have been punished, they must be behind bars. If you want to get specific information in this regard, I will tell you but how can we extend the period of imprisonment for a person upto 6 months, if the court has sentenced him to one month's imprisonment. *(Interruptions)* Not only this, to check irregularities in the forward trading, we conducted 60 raids in 1987 and arrested 228 persons. Therefore you cannot say that the Government is not vigilant in this matter or is keeping silent over it. But as I said earlier, I want the State Governments to take keen interest in the problems and make concerted efforts in removing them.

SHRI SYED MASUDAL HOSSAIN : In which State maximum cases have been registered?

SHRI D.L. BAITHA : Although we have these figures but at present I do not have the details. If you want I will tell you later.

Last time when it was being discussed here the hon. members had expressed their concern that if the rate of inflation and price-rise continue to remain same, the price index will touch two figures. But you will be happy to know that Shri Panika ji and our Hon. Prime Minister Shri Rajiv Gandhi have said that such a thing will never happen. You might have heard during the course of discussion that the rate of inflation has come down to 5.8. Therefore you need not worry about it. The Government is fully vigilant. The Government is fully concentrating on what the Hon. Prime Minister has said and are making efforts to further reduce the rate of inflation so that there could be further further fall in price rise in also.

So far as the question of production of agricultural commodities' and providing in-

centives to farmers" to concerned, I would like to tell you that whether it is wheat, rice sugarcane or edible oil seeds it has always been our effort to provide maximum incentives to the farmers. We do not want that because of lack of incentives he should have an excuse to produce less. But it is a well know fact that the Government cannot favour only one party. Where on the one hand it has to safeguard the interest of the farmers, on the other, it has to protect the consumers also. The Government pays reasonable price and incentives in order to keep a balance between the interests of farmers and consumers.

SHRI SYED MASUDAL HOSSAIN : The Government has increased the support price of sugarcane by 50 paise per quintal whereas the price of sugar has been increased by 25 paise per kilogram.

SHRI D.L. BAITHA : C.A.C.P. works out the price on the basis of S.M.P. I think you will agree that the Government has been successful in checking inflation and price-rise.

With these words I conclude my speech.

[English]

MR . DEPUTY SPEAKER : The Hon. Minister Shri S.B. Chavan will reply tomorrow.

The House stands adjourned to re-assemble tomorrow at 11.00 A.M.

18.21. hrs.

*The Lok Sabha then Adjourned till Eleven of the Clock on Friday, November 25, 1988/Agrahayana 4, 1910 (Saka)*