

former Member of Parliament of Sri Lanka met me and he was requesting on behalf of Tamils with folded hands, 'We want only security. Please request your Prime Minister to ensure at least the security of our people.'

MR. SPEAKER : That is what she wants also. I talked to her. She is also agitated about the same thing.

*(Interruptions)*

MR. SPEAKER : Mr. Mayathevar, please be calm. Why are you getting agitated ? We listen to you.

DR. SUBRAMANIAM SWAMY : (Bombay North-East) : When Tamils are being killed, naturally he feels agitated.

SHRI SUBHAS CHANDRA BOSE ALLURI (Narasapur) : In Hyderabad, there is one place called Ramakrishna Studios where there were many Legislators under arrest. The family members of the arrested Legislators have approached for the protection of these Legislators.

*(Interruptions)\*\**

MR. SPEAKER : I have nothing to do with that. I did not allow them. How can I allow you ? I am not going to allow this. This is a State subject. No question at all.

Shrimati Patnaik.

SHRI INDRAJIT GUPTA : We were to have a discussion on Sri Lanka rather than a statement from the Minister on the 21st. I do not know whether you, in your wisdom agree that it should be advanced.

MR. SPEAKER : As you like.

SHRI INDRAJIT GUPTA : In any case, whether it is earlier or on the 21st, I am requesting through you that because of the seriousness of the situation, the Prime Minister should also make a statement. She should be present and take part in the discussion. Normally she does not do that.

MR. SPEAKER : Last time she was here. She had been here.

SHRI INDRAJIT GUPTA : The Prime Minister must be present and she must take part in the discussion.

*((Interruptions)\*\**

MR. SPEAKER : Nothing goes on record. Mr. Mayathevar, I cooperate with you and you cooperate like this ! We shall deal with it. Shrimati Patnaik.

12.27 hrs.

*(At this stage, Shri Mayathevar left  
the House)*

12.27 hrs.

CALLING ATTENTION TO MATTER  
OF URGENT PUBLIC IMPORTANCE

Unabated Rise in Prices of Essential  
Commodities and Steps taken by the  
Government

SHRIMATI JAYANTI PATNAIK  
(Cuttack) : I call the attention of the  
Minister of Finance to the following  
matter of urgent public importance and  
request that he may make a statement  
thereon :

"The unabated rise in the prices  
of essential commodities and the  
steps taken by the Government in  
the matter."

*(Interruption)\*\**

12.28 hrs.

[MR. DEPUTY-SPEAKER *in the  
Chair*]

MR. DEPUTY-SPEAKER: We are in the next item. Now the Minister of Finance is replying on the Calling Attention. Only the Finance Minister's reply will go on record. No other thing will go on record. (*Interruptions*)

There is no order in the House.

(*Interruptions*)\*\*

MR. DEPUTY-SPEAKER: Don't record anything other than the Finance Minister's reply.

THE MINISTER OF FINANCE (SHRI PRANAB MUKHERJEE): Mr. Deputy-Speaker, Sir:

Prices have a vital bearing on the welfare of the common man. I, therefore, share with the Hon. Members the concern about the behaviour of prices and welcome this opportunity to have a discussion on this subject. As the Hon. Members will recall, I made a statement on the price situation on 18th August and again on 22nd November last year. The subject was also discussed during the Budget Session. The present motion provides us with an opportunity to make a review of the developments since then.

2. During the seven month period October 1983 to April 1984, the price behaviour was highly satisfactory. The wholesale price index increased from 318.5 on 1st October 1983 to 324.2 on 28th April 1984, or by 1.8%. Behaviour of the Consumer Price Index (CPI) was even more remarkable. During these seven months, CPI increased by only one point, i.e. from 558 in October 1983 to 559 in April 1984. However, from May onwards there has been an acceleration, and the wholesale

price index has increased by 5.8% during the last 3 months, and CPI increased by 2.7% in May and June 1984. The acceleration since May largely reflects the impact of seasonal factors as, during these months, supplies and market arrivals of a number of commodities such as fruits and vegetables, milk and milk products, cotton, gur and edible oils tend to decline leading to an increase in prices.

3. The seasonal element in the price rise can be seen from the fact that during the three month period May to July, wholesale prices recorded a rise of 8.2% in 1979-80, 8.4% in 1980-81, 4.2% in 1981-82, 6.1% in 1982-83 and 3% in 1983-84. It is also interesting to note that there is no definite correlation between the extent of price rise during this period, and the behaviour of prices for the year as a whole. For example, in 1981-82, prices during the three month period May to July increased by 4.2%, but the annual rate of inflation at the end of the same financial year was only 2.4%. Similarly, in 1982-83, the increase during May-July was 6.1% but we ended the year with an inflation rate of 6.4 per cent.

4. In respect of essential commodities, the price increase during the past three months has been particularly sharp in the case of pulses, potatoes, fish, coffee, gur, and certain edible oils. On the other hand, reflecting the impact of the good crop last year, prices of other foodgrains have, by and large, behaved reasonably well. Thus, in the last three months, prices of rice and wheat have increased by 2.7% and 2.6% respectively. It is also noteworthy that the wholesale prices of rice and wheat at the end of July 1984 were significantly lower than a year ago. I am also happy to inform the House that market reports for the last few days in respect of prices of groundnut oil and CTC tea show that prices of these items are also softening.

5. As the House is aware, the

\*\*Not recorded.

Government has been closely monitoring the behaviour of prices in general and that of essential commodities in particular. Our success in keeping the foodgrain prices under check last year as well as this year reflects the success that has been achieved in increasing production of foodgrains through concerted efforts to increase the area under irrigation and use of fertilisers as well as other inputs. Remunerative prices have also been provided to farmers so that there is sufficient incentive to take advantage of the potential for higher production.

6. In respect of edible oils and pulses, we face a longer term supply and demand imbalance, and the Government has given high priority to expansion of production of these commodities. Thus, as part of the 20-Point Programme, higher outlays have been provided in the Annual Plans for improving the productivity of pulses and oilseeds. The Government has also substantially stepped up the allocation of imported edible oils through the public distribution system and for production of vanaspati. The behaviour of coffee prices this year reflects a severe fall in domestic production. Steps have been taken to step up supplies in the domestic markets in the lean months until the arrival of the next crop. Sugar releases are also being carefully monitored, and despite a fall in production this year, sugar prices have remained relatively stable. The Government is also keeping a careful watch on credit and monetary trends in order to ensure that there is no undue expansion of the aggregate demand in the economy.

7. On present indications, the prospects for khariff crop this year are reasonably bright. It is hoped that a good combined with the measures taken by the Government will bring about on the price front before too long. However, once again, I would emphasise the need for utmost vigilance on price front. In our situation, there can be no room for complacency as even a small decline in the availability of sensitive

items, or an unanticipated change in the domestic or international market can easily disturb the price situation.

**SHRIMATI JAYANTI PATNAIK :**  
Mr. Deputy-Speaker, Sir, I have gone through the Statement made by the Hon. Finance Minister. I am very much thankful to him for the Statement in which he has explained about the price situation and also how the Government is going to control price rise and tackle the situation by the monitoring system.

But I have got a few points, which I would like the Hon. Minister to clarify.

The rising prices continue to worry the people, poor as well as the rich. There are disquieting trends on the price front. In spite of the bumper harvest of 1983-84, and hopes for a similar bumper harvest in 1984-85, the price index has been rising fast. The wholesale price index of all commodities touched, as it came in the newspapers, 342.9 by the end of 3rd week of July, 1984 as compared to 322.2 in February. The Hon. Minister has also indicated that the price rise from May reflects the impact of seasonal factors. It is true, there is the seasonal factor and every year, there is a seasonal variation and rise from February to July is attributed to the Seasonal Variation. But this year, it is more marked compared to the last year.

The prices of common food articles like fruits and vegetables, grams, and pulses are fast rising. The same is the trend in respect of non-food articles like oilseeds etc. In the manufactured products like sugar, khandsari etc, as also edible oils, the prices have risen by one to two per cent in the week. The rise in the prices of these items has mainly contributed to the wholesale price index jumping by 0.9 per cent in a single week. This has been given in the newspaper reports.

I would like to congratulate the Hon. Finance Minister that we have witnessed

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ed in the previous year conditions of price stability, for which the Government won appreciation from the World Bank and the International Monetary Fund. But that condition no longer exists. While up to July 14, 1984, the increase in the official wholesale price index is the same, as in the corresponding period of 1983-84, we have seen some kind of a spurt in the week ended 21st July, 1984. But the most important thing is that there has been a steady increase in the food articles and agriculture-based primary articles. This is naturally reflected in the consumer price index which has during April-May registered an increase of 0.7 per cent over the same period last year.

It is true that during the last three-four months, the wholesale price index and the consumer index have steadily moved up. There might be certain causes, but I would like to draw the attention of the Hon. Minister to these facts and ask some questions.

Prices have certain relationship with trend in monetary expansion. Monetary supply had expanded even in the past. You have seen that in 1982-83, it had expanded upto 15 per cent, whereas growth in the national income did not exceed more than 1.3 per cent. If we come to the bank credit to the Government, it has increased from 3704 crores to 4569 crores as on July 6, 1984.

Sir, if we come to the expansion in currency, with public it has also increased from Rs. 1500 crores to Rs. 1870 crores. If we come to the commercial sector, bank credit has also increased in the same period, i.e. July 1984, from Rs. 1550 crores to Rs. 2467 crores. I would like to ask the Finance Minister as to how do they account for this expansion of bank credit.

Sir, there is also an increase in the Plan expenditure of the State Governments as well as the Central Government, whereas we see that there is a shortfall

in achieving the physical targets even. Will this also account for the price rise? Will this also influence the price rise?

Then, Sir, circulation of large amount of black money is pushing up inflation, invariably affecting the price rise. Sir, in addition to the artificial monetary factors, we should also identify the institutional and structural factors that are responsible for this price rise in an economy like ours.

When we see domestic output in our country and foreign credit, I feel that there should be a balance between the two. Otherwise it will lead to adverse influence on internal price rise. We have got some controls and regulations, but if we do not have any efficient enforcement measures for these controls and regulations, this will also cause some price rise and that is why parallel economy is encouraged, making monetary and fiscal measures less effective.

Sir, is not the fact true that the pressure on international inflationary situation also affects price rise in our country? Another point I want to say is about private distribution. Though we are having a public distribution system, the private distribution network tends to create a sellers' market and step up inflation artificially.

Sir, there are some suggestions and I know that the suggestions are being carried out by the Government, but I want to know the details. To improve supplies, we are importing scarce commodities like edible oils, but still we are facing scarcity and price rise. Supplies to both Vanaspati industry and also to public distribution system has been stepped up. Still we are facing this problem of non-availability of edible oils as well as increase in their prices. While we are importing edible oil, should we not at the same time, popularise certain other edible oils? Because I feel that soyabean oil is not being popularised so much as other

edible oils. So, my point is whether we could popularise it more.

Sir, larger releases of foodgrains and sugar for internal market are also required. I know that the Government are taking action in that line, but still I would like to know as to what was the quantity of foodgrains released in this period, i.e. from February to July and also the supply for the last year. Government Cooperative Agencies should play a greater role in public distribution system of basic consumer goods. We are having a public distribution system, but we must strengthen it.

I would say that there must be special considerations shown for opening fair price shops in tribal areas, because we need such shops there. I would like to know how many fair price shops have been opened in such areas during 1984-85.

We are investing our capital, but we are not getting productive use of it. we are not having a productive use for the capital employed. Full utilization of capacity of existing productive units should be there, instead of financing or funding new units in the same line of production, because if you go on funding in the same line of production without funding the existing ones, production will not start. At the same time, prices will go up. That is why I say that the existing ones must be encouraged.

Similarly, emphasis should be placed on ongoing projects, before investing in new ones.

I said that there should be a curb on the expansion of bank credit. I suggest curbing the expansion of bank credit to unproductive and wasteful items like luxury goods not meant for mass consumption.

Subsidies are the most important thing for production, and for productive and economic activities. But I would like to know from the Hon. Minister whether any expert analysis of the scheme of subsidies by the States and

the Central Government has been made, in order to ensure that unproductive subsidies are eliminated. If not, is Government going to consider this ?

Is there any in-depth analysis of the distribution system, to identify the reasons for the consumers' price index not following the rate of fall in wholesale price index, so as to eliminate vested interests in the distribution of mass consumption items ? Sometimes, we see that even if there is a fall in the wholesale price index, the consumer price index does not follow it. So, I would like to know whether any in-depth analysis of the distribution system has been made, so that we can eliminate vested interests in the distribution system.

Enforcing tighter control over circulation of black money is also required.

Now about the grant of dearness allowance. I am not against dearness allowance being given to Central Government employees, but it sometimes creates double the price rise. Sometimes when the trading community hears that DA is going to be sanctioned, they raise the prices ; and when the instalments are actually given, they raise the prices once again. As it is this costs serious burden on State Governments. What steps will Government take in this regard ?

SHRI PRANAB MUKHERJEE : At the very outset, I would like to congratulate the lady Hon lady Member. She has identified—I underline the word 'identified'—some of the basic reasons for price rise, and the inflationary situation. At the same time, she has pointed out certain corrective measures which, in fact, we are pursuing.

As I have explained in my statement itself there is an element of seasonality as I have quoted three years' figures with reference to this period, that, is May to July ; and where you will see that rise of whole-sale price index during this period is varying from 8.2 per cent

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to the present trend of 5.8 per cent and in between it was 8.1 per cent, 8.4 per cent, 4.2 per cent, 6.1 per cent and 3 per cent upto 1983-84; and if we make a little detailed analysis then we will find, just to underline the seasonality element of it, that nearly low groups of commodities which have nearly 54 per cent of the weightage in the overall basket of the commodities, account for 82 per cent rise in the present prices. Obviously that does not mean that it is not causing suffering to the people. But what I wanted to point out is that the seasonality factor is there.

The second point is that sometimes we try to just generalise the whole issue. For instance, attempts are being made that with three months' price rise 5.4 or 5.8 therefore the annual rate with this trend would be 15 per cent, 16 per cent, 18 per cent; it is not so because we ourselves have noticed. For instance, take the case of 1981-82, in these three months, the price rise was 4.2 per cent and as per that average, the year should have ended with the rise of more than 12 per cent, but, actually, we ended at 2.4 per cent in 1982-83. I wanted to point out that there is no specific correlation between the rise during this period and the annual rate of inflation and particularly this year the Hon. Members have noticed that there has been somewhat unusual trend on the price front. If I remember correctly, the whole-sale price index was 319 in September 1983 and up to March the curve was almost flat and the increase was 322 in April, and from April to last week of July, we are finding that this is 345 and 346. One explanation is the delayed impact of monsoon during this period and it has helped us to some extent. As there was no seasonal decline, there was no seasonal rise also from the month of January onwards and to that extent it is balanced. But I would like to impress upon the Hon. Members that no doubt it is a matter of concern, but, at the same time, one need not be unnecessarily panicky. We shall have to

be vigilant, we shall have to take corrective steps and at the same time we shall have to ensure that it remains within the management limit. We are trying to manage the situation both from the supply side and from the demand side. The Hon. Member referred to money supply and quoted certain figures. It is true that during this period there has been expansion in the credit from the banking sector both to commercial sector and to government; and it is bound to happen in a situation like this when we are stepping up our procurement substantially; and as the Hon. Member is aware, the food procurement both in respect of wheat and rice is substantial compared to last year; during this period, the procurement is 9.2 million tonnes and 7.6 million tonnes respectively; in wheat and rice compared to 8.2 and 6.9 in the last year. The total food production is 21.5 million tonnes—17 million tonnes of wheat, and 4.5 million tonnes of rice against 16.9 million tonnes during the previous year. And secondly if we want to have more procurement, if we want to maintain a buffer stock, more money is to be injected and it has been done so.

Thirdly, the Hon. Member wanted to know, and so far as the credit policy is concerned, as the Hon. Members are aware, by resorting to increasing C.R.R. at different instalments of half a per cent on the one hand we have to ensure that we can mop up the excess liquidity. On the top of that, ten per cent incremental deposits have been mopped up by the Reserve Bank so that the liquidity in the banking system is not beyond manageable limits. At the same time we have to take note of the genuine credit requirements of industry and commerce. And, as Hon. Members have noticed, after a long spell of stagnation in the industrial sector, industrial activities have picked up and I am expecting that this year we will have a reasonable growth in industrial sector, both on the manufacturing and infrastructure side and it may be anywhere near seven to eight per cent, and for

that purpose we have to provide adequate credit facilities. So, in our credit policy we shall have to ensure that on the one hand there is no excess liquidity putting pressure on the industrial front and on the other hand genuine productive sector does not suffer for non-availability of liquidity. On the supply side, we have ensured, by releasing larger quantity, the availability of certain essential commodities. The hon. Mem' er wanted to have the figures also. I can give some figures which will impress her that through supply management we are trying to ensure an effect on the prices. For instance this year the sugar production has come down from roughly about 82 lakh tonnes last year to 65 lakh tonnes. But by and large we have been able to maintain the record prices by increasing the releases. I will give the figures.

Last year in April the release was 440,000 tonnes, that is 4 lakh 40 thousand tonnes; this year in April the release has been increased to 6 lakhs and 40 thousand tonnes. In May against 465,000 tonnes it has been 620,000 tonnes; in June against 524,000 tonnes it has been 653,000 tonnes and in July against 554,000 tonnes it is 6,53,000 tonnes. Similarly in respect of the allocation of edible oil...*(Interruption)*

**SHRI INDRAJIT GUPTA** (Basirhat) : Is it levy sugar or free sale sugar ?

**SHRI PRANAB MUKHERJEE** : It is total, both levy and free—total.

**SHRI INDRAJIT GUPTA** : How much is levy and how much is free ?

**SHRI PRANAB MUKHERJEE** : For that you have to do your own arithmetic, it is 65 per cent levy; or two-thirds and one-third.

Allocation of imported edible oil, roughly, has been, the release, has been continuously for April, May and June,

all the three months, 75,000 tonnes. In July it was 85,000 tonnes and in August it was 87,000 tonnes. You will notice one peculiar feature in respect of cereals. Actually the offtake of cereals has been less from the public distribution system, because in the market cereal prices are much less than those in the public distribution system in certain areas.

**SHRI INDRAJIT GUPTA** : What about rice ?

**SHRI PRANAB MUKHERJEE** : Rice prices have gone down a little bit. Otherwise, how do we explain ? There has been a decrease for instance, in April, 1357 thousand tonnes cereals were obtained; that was the off-take. And this year it has been 956,000. In May against 1288 thousand tonnes it was 913 thousand tonnes; in June against 1231 thousand tonnes it was 940 thousand tonnes, and I am told that in certain markets the wheat prices, in the open market, are lower.

My colleague in the Ministry of Food has assured the State Governments that whatever would be their requirements, they will be provided with adequate supplies because there is no dearth of them.

13.00 hrs.

The Hon. Member has referred to one very basic question. To some extent, definitely it contributes to inflationary pressure. If we inject money and it does not get reflected in actual production, definitely it will lead to inflation. And in certain areas both in the public and private sectors, our low capital output ratio and particularly our inability to reach the physical targets has caused such a problem. But that is the overall general impact on it.

Similarly, black-money is also causing pressure on it. I have no doubt

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that the money which is left with the people as during this year, as the Hon. Member has noticed herself, that the liquidity with the people, that means, currency with the people is little more. On earlier occasions also I referred to that even normally what we expect after procurement is that the deposit in the areas where procurement takes place in a big way, should go up. But it has not gone up to that extent. That means, a part of the money is left with the people. It may be quite possible that a part of it is being used for speculative purposes.

In regard to the lag between the wholesale price index and the consumer price index, from time to time studies have been made and always there is a timelag. In my statement itself I have given the figures of 558 in October, 1983, and 559 in April, 1984. But whatever be the study, in our system there would be a timelag and that timelag cannot be avoided totally.

In regard to DA instalments, in reply to an Unstarred Question I have already said that the matter is under consideration. But in a situation like this, more releases of DA also lead to addition to the money. Apart from that, whenever we release dearness allowance to the Central Government employees, there is a tremendous pressure on the State Governments to release that. After all, their position is no better than ours and simply they resort to overdraft. And ultimately it recoils in the whole system itself.

MR. DEPUTY-SPEAKER : But she wanted that the Central Government should pay the DA to the State Governments.

SHRI PRANAB MUKHERJEE : After all, the money is the same whether the State Government pays it by resorting to overdraft or the Central Government provides for it. Before

we take the decision we shall have to take the totality into picture. And it would not be possible for me to commit in any way on this subject.

Another question has been raised that despite the bumper crop, there is no impact of it. The impact is there. If you make a comparative study between the rise of prices in wheat and rice you will find that there is a declining trend and the price rise is much less compared to the earlier year when there was no impact of it. I do not say that there has been no rise. There has been a rise. But it is of lesser magnitude.

SHRI INDRAJIT GUPTA (Basirhat) : I am sorry that ultimately it has not been found possible to have a full scale discussion on this very urgent question of prices in which the whole House could have participated. Anyway, now we are reduced to this calling attention motion, which is supposed to be a substitute for a discussion on prices and the Hon. Minister in his statement has also stated in the first paragraph that he welcomes this opportunity to have a discussion on this subject, meaning the present discussion that we are having.

Therefore, you will appreciate that it is not possible just to ask one or two questions and leave it at that, nor can we have a full-scale discussion as we could have under some other rule. What I want to say now, to begin with, is that the best way to avoid paying Dearness Allowance to all the Central Government employees is to bring down the prices or to hold the price-line. Then you would not have this continuous escalation in the index figures which makes the Government liable to pay additional instalments of D. A. So, if you really want to avoid that burden, obviously, the best way is to hold the price-line and to bring down the prices. Then there would be no question of paying higher dearness allowance. Anyway, that is an incidental point. I am sorry to say that

though the Minister has said here that we should not be complacent and so on and so forth, I know it is a very difficult question which he is trying to grapple with, but actually this statement is nothing but an exercise in complacency, if I may say so. It is not a question of arguing about some statistics, we are concerned with the end user, that is to say, the ordinary consumer, the people who are engaged in production, who are working with their hands in the fields, in the factories. I am not mentioning the people who are below the poverty-line, they are, of course, in conditions which cannot be described. But here, in this statement, we have found, as usual, that the Government is trying to take shelter, naturally behind the movement of wholesale price index figures, and, as you know, in the case of statistics it is very easy to build up an argument by excluding a certain period or including a certain period, by adding on two months from the previous period or extending the period, so that one can suit one's own argument. He may say that he is doing the same thing. I would say that after all he is a Minister of Finance and the financial year begins from first April. I have also studied and brought a few figures along. After all, we are towards the end of the Sixth Five-Year Plan and towards the beginning of the Seventh Plan. This is something which is very vitally affected by the whole question of prices and inflation. Nobody in this country denies that the physical targets of our Plans are being frustrated every time mainly by the fact that there is so much inflation and the money value of the financial outlays gets distorted by this inflationary process which is galloping, and as a result of that we cannot reach the physical targets also. So, it is not just a question of poor people suffering, that is a very important question, but it is also something which is distorting and frustrating the entire planning process because if you cannot control inflation, then all these figures of outlays and targets, and so on, really have no meaning when it comes to actual implementation.

If you take the first quarter of this financial year 1984-85, that is, April, May and June, what do you find? Of course, the Minister is at liberty to say he would not be tied down to this period when discussing this question, he can drag it further back to October last year or November last year, he is free to do that, but if we take the first quarter what do we find? I am now dealing only with the wholesale index though actually the impact on the people does not come from the wholesale index but from the retail index figures which are much more acute and much more aggravating the situation than the wholesale index figures. On April 7, as I think he also said, the wholesale index stood at 322 points. On the 30th of June this year, it has increased from 322 to 366.

It means that in the first three months of the present financial year the index has gone up by 44 points. He may say it is nothing to be alarmed about, but I find that almost every prominent paper in this country, economic journals, national dailies, are expressing their concern at the fact that the wholesale price index is going up in this year of record harvest. It is not a factor which can be lightly brushed aside. He said "the bumper harvest had some effect, you cannot say it had no effect." These are all philosophical statements. Every economic commentator, every journalist is writing that in a year of bumper harvest, record harvest, record procurement also—the procurement has reached an all-time high—the buffer stocks and the stocks with the Government are higher than they were ever before, and the country is passing through what is called a grain surplus, which is a good thing in a way—from a country which could not at one time meet its food requirement and had to import from abroad, we are now suffering from the problem of grain surplus, we do not know what to do with the surplus; we will have to think of exporting to people who are willing to buy from us in such a year—in such a situation, it has to be explained why the wholesale price index is going up so

[Shri Indrajit Gupta]

much. Because, the philosophy of the Government has always been that the more you produce, the more plentiful the available supply of foodstuffs and other commodities, then only the prices will begin to come down. That is their basic philosophy. But the society in which we are living, the society over which they are presiding, the regime over which they are reigning, perhaps is witnessing the opposite, that even if the production goes up, even if the output has increased, even if the available supplies are more plentiful, it does not necessarily lead to a decline in prices, because there are other factors operating, and those factors are not at all being tackled or controlled by this Government, partly because perhaps it goes against their philosophy and partly, of course, because they do not have the will, the political will, to do it.

In the short time, I want to point out only some of those factors which, in my opinion, are distorting the whole situation. However much you talk about production, output and all that, as far as prices go, you will not be able to do much, because it is outside your control, the whole situation is going outside your control.

I may also add that in the first quarter, from April to June this year, for articles of foodgrains the index has gone up from 280.3 to 298.9, of food products and things like processed milk, biscuits, gur, sugar, khandsari and so on from 299.7 to 331.9; in the month of May, the vanaspati prices were raised by the Government itself; the textile prices have gone up; the index of textiles has gone up from 162.2 to 265.9, which means an increase of 64 per cent. He has made some reference to the price of tea, CTC tea, and said that the price is softening. I do not know about CTC tea. I do not drink CTC tea. Ordinary people have to go to the tea shops, which are selling loose tea. They cannot buy 5kg or 10 kg at a time. The ordinary people I am talking

about, for their daily consumption in the house, they buy a little quantity a day from the shops and for that I think the prices of tea are higher now than they were ever before. Somebody connected with one of the big tea companies in Calcutta—I do not want to mention the name; he is a good friend of the Finance Minister—I was travelling with him the other day in the plane and he said to me 'Mr. Gupta, I am really surprised the way the tea market is being sustained with such high prices'. He said "We ourselves were thinking the market would collapse, it cannot stand such high prices; we are surprised, but we are very happy, that even at such extraordinarily high prices, the market is booming". The market may be booming with large-scale purchase and sale of tea in the international market, auctions and all that but, as far as the poor retailer or consumer is concerned, the tea prices now are really exorbitant, higher than they were ever before.

Then I must say that one cannot avoid looking at this—and I hope the Finance Minister will take note of it—that in January 1980, when you came back to power this whole-sale price index was 224.2. It means that it has increased in four and a half years by 50.3 per cent. In roughly 50 months it has gone up by 50.3 per cent. This is a fact.

As far as retail prices are concerned, well. I am not going into it with lot of figures, but for example, the *Economic Times* has published a detailed Survey which was conducted in the Bombay City. It finds out the increase in the same periods—the first quarter of the financial years. In 1982-83, there was a monthly increase of 2.6 per cent. In 1983-84 it went up to 3.3 per cent and in 1984-85 i.e. the first three months of this year, it has gone up to 4.1 per cent. These are the *Economic Times*, findings. And it is the result of all this that 80 per cent of average citizen's income has to be spent on essential commodities leaving him hardly with any margin for things like education and medical care

and such other things. Some how or other he has to survive. It has really become a question of survival for him.

I agree with him that there is a declining trend visible in the off-take from the public distribution system. It is a strange thing. It is like a paradox that while in January this year 1.4 million tonnes was the off-take from the public distribution system, in April it has gone down to one million tonnes. Logically it should not be so. Logically with prices going up in the open market, the people should be more and more dependent on the public distribution system. He explains this phenomenon by saying that it proves that the prices outside, in the open market are also low and that is why people can buy from outside instead of buying from the public distribution system. I am afraid I cannot agree with him on this at all. All the facts and figures do not indicate that there is any such thing at all. But what it can indicate is, to some extent, that the purchasing capacity of a vast section of people of our country is shrinking.

Sir, the Hon. Minister comes from the same State as I do. I do not know if he ever eats the rice which is supplied from the ration shops in Calcutta, but I do. I can tell you that sometimes there is no alternative but to go and buy rice at higher price from the open market. It is uneatable rice. Sometimes my family circles ask me a question: You are supposed to be a Member of Parliament. Can't you find out and explain where they manage to get this rice from, which is supplied in Calcutta? It is not fit for humans to eat. That is the reason why people, in spite of everything, have to supplement their purchases by going to the open market, although they have to pay more for it. Otherwise it is not possible to maintain health.

Sir, I now want to ask the Hon. Minister specifically three or four major factors responsible for all this. Are they or are they not frustrating all this talk about increase in the output and

increase in production so that the prices may be stabilised? First of all, there are the administered prices of a wide variety of commodities. This has become another weapon of tax-gathering, not in that name, but for getting revenues for the Government. But what is its effect on prices and on inflation? Every year you are putting up the administered prices. I found a calculation which says if you take all the administered prices as a whole, then the rise in four and a half years has been fifty-eight per cent put up by the Government itself. Price of steel has been raised by 15%. Now, you find all these engineering concerns and associations of engineering industries in India and all these people complaining. They are big people. But there are also smaller people, who are in small units. The Hon. Minister knows in our State there are many small engineering units and small foundaries and many of them are going into liquidation. They cannot stand this. But steel prices have been put up every year. Steel Prices have been put up nine times in the last four or five years. That means Government is regarding it as a sort of revenue collecting process.

The price of coal and then the price of levy cement also have been put up just now. Prices for the last two or three years—the prices of fertilizers, of diesel and the issue price of levy sugar have gone up. Levy sugar price is also an administered price. Everybody is commenting that whatever extra may be imposed on the sugar mill owners, they will make it up from the free market sale of sugar. However much they shout about it, ultimately they make it up from the free market sale. So, this is going on. So, I would like to ask you that when you are trying by other means to control prices by regulating supplies and so on, how do you expect to produce results if, at the same time, you have a deliberate policy now, it seems, of going on increasing your administered prices of such things which are vital—for production of other things? In respect of coal, Steel etc. the prices still keep going up. Same is

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the case with regard to the prices of diesel, tyres and so on, on which transport depends. Here, the infrastructure, the whole thing, is being given a sort of an inflationary push upwards which has a chain effect on all other commodities which are produced.

Mrs. Patnaik has also referred to the growth of black money. What can one say about this? This is a parallel economy running. Now the black money economy is bigger and stronger than the white money economy. This is what we have come to now. Then how do you expect inflation and prices to be controlled if the Government is not going to be serious about black money? Now, they produced some scheme, whether it is a bearer bond scheme or something else which does not even touch the fringe of the problem. Anybody understands that if black money keeps proliferating at the present rate, than it is directly going to be responsible for large-scale hoarding of commodities and blackmarketing of commodities. You cannot avoid it. The IMF from whom we took such a big amount and obviously we are very well disposed towards it, has its own estimate estimates and its estimate was that the quantum of black money in India is about 50 per cent of the GNP and it is generating at the rate of Rs. 2 crores per hour. Black money is being generated at the rate of Rs. 2 crores per hour. This is the IMF's view. We all know the earlier which were made. Prof. Kaldor had a method which was respected and followed for some time and that was done by trying to quantify the non-salaried incomes above the income-tax exemption limit and from that we were trying to get what would be the dimension of black money. Prof. Kaldor in 1953-54, 30 years ago, had estimated at that time that the volume of black money was about Rs. 600 crores. It was nothing, it was a paltry amount or 6 per cent of the GNP at that time at market prices. The Wanchoo Committee which came later and submitted its Report in 1961, used this

method of Prof. Kaldor and they had estimated that in 1968-69 the volume of black money had come to Rs. 1400 crores or 4.2 per cent of the GNP. One Member, Prof. Rangnekar dissented and he made his own calculations and he came to the conclusion that it was not Rs. 1400 crores, but Rs. 2,833 crores, and not 4.2 per cent but 8.2 per cent of the GNP. You can take any one of these calculations if you like. There is another method which goes by the name of Prof. or Dr.—I don't know—Edgat Peiges. That the method know by that name, by which you calculate the transactions of incomes on the basis of ratio between currency and deposits. The currency, deposit ratio is taken for calculating the transaction of income. If you follow that method, then in 1974-75 the black money generated works out in one year at Rs. 14,518 crores, i.e., 20.8 per cent of the GNP.

In 1981-82, it works out to Rs. 70,000 crores or 48 per cent of the G.N.P. This is an estimate which is closer to the IMF estimate. You may just note that. So, I want to say this parallel economy is growing all the time. It is proliferating. It is playing havoc with prices and it is bound to play havoc. This is one area in which the Government, of course, totally has failed not because nothing can be done, but because it does not have the will to do anything. It is, if I may say so, colluding with this whole process of generating the black money, because the people who are doing this black-money business, are their dear friends and they are not prepared to take any harsh measure or severe measures against them. We know how this money benefits these people when it is required.

Then Sir, there is a question which Mrs. Patnaik also mentioned about the money supply, that, is the volume of bank lending and all that. Does he admit or not that by and large this credit which is running into huge amounts, the bulk of it is going to the big industrial houses and the trading and commercial concerns apart from

what the Government takes? Government, of course, is taking credit mainly for its procurement operations. And if those operations are conducted in a more effective and disciplined way, then one cannot accuse saying that money is going to be misused. But in other cases it is not only a question that this money is given to people who are not really production-oriented. That is so. But very often this money is given to people who are not even credit-worthy.

It is the small man now-a-days who is told by Bank Managers that you are not credit worthy. By these small men I mean Scooterwallas or rickshaw-wallas or the fellows who own pan shop, who go for a loan. Very often he does not get the loan because the Bank Managers say, after all, this loan will never be repaid and it will have to be written off; and then from the above we will be hauled up for giving bad loans. But what about the big fish? Are they credit worthy who have taken this money and then swallowed up the whole money and declared their companies sick? He knows it very well. The other day he gave the figure that sick units which are lying closed are 51,000 in number. Two years ago, this number was 28,000. I never knew about this number of 51,000 till read his statement the other day. Fiftyone thousand units are closed on the ground of so-called sickness? And the closures and lockouts are increasing every day. Mr. Swraj Pall's recent episode has revealed only too clearly how many of these big gentlemen are running the so-called private sector on the public funds. There is very little contribution from their own pockets. The bulk of the money is being supplied by Mr. Pranab Mukherjee's nationalised banks and the financial institutions and that money is being used in order to mismanage these units, make profit and divert the money to other more profitable areas. And then when time comes they cannot run the units any more and they declare them sick and so on.

Since we do not have a full-dress discussion on it; therefore, I am raising

only these questions. It is all right he will say 'a little bit of injecting some money where it is needed.

MR. DEPUTY-SPEAKER : You have done better than in the full-dress discussion.

SHRI INDRAJIT GUPTA : No, it is not that. There are so many things to say which time constraint prevents me from saying. That would have enabled him also to go into those things. What I am saying is that he should not be complacent and try to lull this House into a sense of complacency, by saying everything is satisfactory, it is more or less good, it is not something to get panicky about. We must be vigilant, but we should not be complacent and all that, I do not know where we are supposed to go. The whole point is that the situation is worsening all the time and there is no doubt about it. This is also going to affect all the planning also. It has affected it so far and the Seventh Plan will also meet with similar fate if this monster of inflation cannot be controlled. Don't please reply now by saying like your leader often does that this is a global phenomenon. So, what can we do? Many things can be done.

PROF. MADHU DANDAVATE (Rajapur) : He may say it is a noble phenomena.

SHRI INDRAJIT GUPTA : I don't say you can cure it completely so long as we remain in the present system. But the point of the matter is that why should you go on aggravating the situation by allowing these other things to go on? This rise in administered prices which is generally done just before the Parliament meets by allowing this black money to proliferate on a huge scale, by allowing these hundreds of crores of credit from banks and financial institutions to go to these people where money is not used for productive purposes they are not credit worthy also but they have been

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given all this money. How does he hope to control all this price rise at all if these factors are allowed to go on operating just in a contrary direction.

**SHRI PRANAB MUKHERJEE :**  
While making observations Shri Indrajit Gupta has widened the canvas of discussion.

Only one point with regard to your reference to the full-fledged discussion. I am telling my experience of the full-fledged discussion on price rise which we had last year. The demand was raised from that side. When I replied to the debate, I did not find any Hon. Member except the last two or three speakers and the face of reporters.

**SHRI RAVINDRA VARMA**  
(Bombay North) : On one occasion I was present.

**SHRI PRANAB MUKHERJEE :** I might have seen your face also. We had discussion last year twice. So far as I am concerned, I have no hesitation to have a discussion—if you want to have full-fledged discussion, but some-times.....

**SHRI INDRAJIT GUPTA :** I do not blame you.

**SHRI PRANAB MUKHERJEE :**  
Sometimes we find that we make a demand for discussion and raising the demand we forget and many times, it has been my experience, of course not now, even the main speaker does not remain while the normal parliamentary courtesy demands one to listen to the reply.

(Interruptions)

In everybody's case.

I am a little puzzled when Shri

Indrajit Gupta says the wholesale price index went upto 366 on 30th June. The figure which I have on 30th June was 336, not 366. The latest figure of 28th June, 1984, it was 343. If his figure of 366 is not correct, then surely he cannot accuse me that it has increased, around 44 points from 322 to 366.

I am saying it was 336.0 on 30th June and on 28th July it was 343.6. That is the latest figure which I have.

The Second Point which you were saying, when you referred to the percentage. I am not going to take statistical advantage which Shri Ravindra Varma explained, but it is also a fact. When the base increases with the little changes in the points, percentagewise it would be bigger. Take the case of dearness allowance. when the base was 20,0.8 point increase, it was calculated, roughly it was taken—the rate of inflation would be around 4% or 5%, on that basis it was thought, on 8 point, on 200 base, becomes 4%. But to-day almost 1% increase would be with this base of little less than 8 points.

These are the two corrections, I thought I should make it.

In regard to money supply, be raised this question. I have some figures—  
M.T. growth 1981-82 : 12.5%,  
1982-83-16.1%, 1983-84 17.4%,  
1984-85 upto 20th July 6.2% and in the corresponding period of the last year 6.4%.

Coming to the basic question of how to tackle the problem of inflation—I would like to submit here most respectfully that it has never been the contention of us, nor of anybody on the floor of this House that we can have a situation where there would be negative rate of inflation or zero inflation.

In a developing country like ours, when the purchasing power at the lowest

strata is so low, we have to inject the purchasing power and through that process, we have to provide money. And we cannot let up the developmental expenditure. And if you have the system where every year you have to increase the developmental expenditure by 24% or 25% from 1980 to 1985, which you yourself have noticed and your plan expenditure has increased by 22% to 25%, one of the measures was to have administered prices. It is one of the instruments. I do admit what you said, "You have resorted to administered priced mechanism to mop up resources". Yes, we have done that. Otherwise, resources have not been coming from the Heaven. Resources are coming either from taxation or from borrowing external or internal. And in our entire developmental expenditure, as Hon. Member is well aware, the total contribution of external resources—bilateral, multi-lateral, institutional etc., taken together—are not more than 7 to 8%. Therefore, 92% of the resources for developmental expenditure are being mobilised through our own efforts and administered price is a component of it. I have never denied it and I have explained it a number of times. But you cannot simply say, "You should not have it". There should be a balance.

What can I do? If I find that after spending almost Rs. 5 crores to Rs. 6 crores in the steel sector the steel production remains the same what can I do? And this argument I gave to your colleague who sat on the bipartite meeting. I do not know what is the production of steel. It was 5.7 in 1978 and still it is 5.7 now. I must have my 14% to 16% wage increase and Rs. 50 crores additional wage bill. It is Rs. 2 crores the coal sector though the production more or less remaining the same.

**SHRI INDRAJIT GUPTA :** Find out why it is happening?

**SHRI PRANAB MUKHERJEE :** Where is the carpet under which I can put this? I can put these things either as subsidies.

**SHRI K. MAYATHEVAR :** It is due to mismanagement.

**SHRI PRANAB MUKHERJEE :** It is very easy to say something wrong at the top. I am yet to find out what is the difficulty at the top. In one institution, we are having an experiment of having workers representatives at the top. Just now, you have complained against that institution. From 1970, we are having representatives of the workers in the decision-making level, at the top highest decision-making body, Board of Directors. But you would not say that its performance is very low. Therefore, let us not go to that aspect.

We have to increase the administered price and the administered price has caused some inflationary pressure. There is no denial that fact. It is not only to the industrial sector but also to the agricultural sector. This is a deliberate policy which we have to accept. We have to increase the price during this five year period when you talk of 58% increase. During this period, we have to increase the wheat price. I am talking of the support price which is 32% for wheat; paddy 44%; coarse grain 30%; grams 71%; groundnut 66%; and cotton 46%. Why have you to do it? If we did not do this, there would have been no production. Today I am spending about Rs. 700 crores to Rs. 800 crores on importing more than a million tonne of edible oil. This year we have to import 15 to 16 lakh tonnes and if I do not give sufficient incentive our farmers to grow edible oilseeds, we have to depend on import and the classical example is "sugar". When the sugarcane growers did not get the remunerative price, your production came down from 65 lakh tonnes to 39 lakh tonnes within a period of two years. And when they got the price, they increased the production. The production has not come down to that level. There is a big difference between 65 lakh tonnes and 39 lakh tonnes and 82 and 66. Simple arithmetic says so. Therefore, we have to do this. After all, this will get some reflection here.

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New, what would have been the alternative? If I would have accepted the model followed by some of the Western developed countries, then, I would have to withdraw the developmental expenditure.

It will result in unemployment. you are saying. "Why are you giving money to the private sector?". The entire textile industry is in the private sector. Recently, not only I had to give money but I had also to give money even at concessional rate of interest because, if I did not give the money, the situation would have worsened. Half a dozen times, on the floor of the House, it has been raised that textile mills in Amhedabad are sick and it has been said, "Why are you not injecting money even if you have to take them over?" We took over about 114 or 115 mills. What is the state of affairs? You are fully aware of it.

Similarly, the jute industry is there; the steel industry is there. Therefore, in order to support the production, one will have to inject money. Otherwise, one cannot manage. (*Interruptions*) Everything is mismanaged and you managed so well—that is what we found in 1978-79 onwards. When we inherited an annual rate of inflation of 21.6 per cent. Last year also, you made all those prophesies that we are ending the year with an annual rate of inflation of 20 per cent...

SHRI RAVINDRA VARMA : I do not want to add any fuel to the fire, nor a spark or flame to the pipe.

SHRI PRANAB MUKHERJEE : You need not add either fuel or fire.

You are talking of planning. We had discussions on planning. If you reach 150 million tonnes of food production, it is a very small achievement; if you are having 34 million tonnes of oil production in physical terms, it is a very

small achievement. That is what you are saying. These are some good features. If you add 28,000 MW of power generating capacity from a capacity of 42,000 MW of power, with 14,000 MW of additional capacity you are having, almost 50 per cent of the capacity which you can build up over a period of 30 years, it is not a small achievement.

SHRI INDRAJIT GUPTA : How much of the capacity is being used ?

SHRI PRANAB MUKHERJEE : That is a different issue. But at the same time—that is my point also—from what we are spending, we should get a proper return. My point is that from what we are paying to the workers, we are not getting due return. You have talked about the low-paid wage-earners. For your information—public sector figures I have given—the *per capita* cost of public sector employee in the early '70s was Rs. 5000 and today it is Rs. 19,000. I am talking about the figure of 1982. Even about the lowest paid Government employee, if you look at that figure, on 1.1.73, it was Rs. 196 and on 1.12.83, it increased to Rs. 555. During this period, the consumer price index rise is 183.2 per cent. The net wage increase, in real terms—I am emphasizing that—is 6 per cent. Therefore, the small section—I do not say about the large section—is protected.

SHRI INDRAJIT GUPTA : What about the executives ?

SHRI PRANAB MUKHERJEE : The executives are not protected. What is the highest salary of the executives in this country? Nobody gets more than Rs. 5000 and, of that Rs. 5000, a sizable part comes to me, about Rs. 2600.

SHRI INDRAJIT GUPTA : What about the perks ?

SHRI PRANAB MUKHERJEE : I cannot talk of illegal perks. The legal perks you know.

My point is that in our system what we shall have to do is that we shall have to control within manageable limits. Except in 1980-81, we have been able to contain the annual rate of inflation to a single digit. I am not at all complacent. I am really disturbed and worried with the price situation from the month of May. Up to April, it was all right. You are talking of a particular figure. You are saying why have I taken a certain period. You can take any period. But ultimately I shall have to be accountable for a period of 12 months. Whatever period of 12 months I take, ultimately, it will be from 1st April to 31st March.

You are going to judge what has been our performance for a period of 12 months. What I tried to point out is that simply if you come to the conclusion that as there has been an increase of 5% or 6% in the first three months, therefore in the 12 months it is going to be 15% or 20%, that type of general conclusion would not be correct.

**SHRI INDRAJIT GUPTA :** Add with the same three months in the previous year.

**SHRI PRANAB MUKHERJEE :** That I have given you.

**SHRI INDRAJIT GUPTA :** I have also given you.

**SHRI PRANAB MUKHERJEE :** Something is wrong because I have given the....

**SHRI INDRAJIT GUPTA :** One thing is wrong, that 366 for 30th June. That was my mistake. I checked it up. It is 336.

**SHRI PRANAB MUKHERJEE :** Even if you want the figure from 31-3 to July 1982, can give you the figure. I have given the figure.

1st April to 31st March

1979-80	12.8%
1980-81	12.2%
1981-82	6.7%
1982-83	5.8%
1983-84	6.9%
1984-85	6.6%

What I tried to point out is that it is rising and I am worried over it because after all the basis from 10, if it goes up to 12—it is 20% increase. But from 10 to 12 and if 20% becomes on the top of 200, naturally the impact will be much more. I am fully aware of the problem. But I want to make a limited point. In the statement which I placed before the House, I have stated that this type of rise has taken place during this period of the year on earlier occasions also. And nothing more add and nothing less.

I have already said something about the administered prices. Now one more point. I think you should not have raised that issue.

**SHRI INDRAJIT GUPTA :** Black money.

**SHRI PRANAB MUKHERJEE :** No black money. I have myself specifically referred to it. But this point you should not have raised which you have quoted. During the Budget discussion, I made it abundantly clear that what is being circulated in the name of IMF Study is not at all IMF Study. You should be correct on that. I am telling you that one officer of that Organisation took up certain Indian models in the same book itself. He said that according to different models, it varies from 12% to 48% and in the footnote of that book itself it has been explained that 'I am taking theoretically 48%'. He could have taken 12 not 24% and it is an individual study. It is not the study of IMF and this point I think, if I remem-

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ber correctly, it for 10 to 12 months, I explained in detail while replying to the general discussion on Budget. Therefore, it is on record and after all, it is nobody's case that there is no black money. It is nobody's case that black-money is not exerting pressure on the price front. But what is the quantum? So far as I am concerned, I made it abundantly clear that I do not indulge in guess. Even Wanchoo Committee did not come to any definite conclusion. I myself have appointed a Committee, the Institute of Public Finances which is making that study and I am to admit that we have adopted various measures. It is not merely giving them lollipops and asking them to come and make voluntary disclosures as regard the number of income-tax raids, searches and seizures in the recent months—you have noticed how much it has stepped up. You are fully aware of the number of preventive detentions under COFEPOSA and you are accusing me that I have no political will and, at the same time, it comes to my mind that you are a partner in that State Government. If I am to detain a person under COFEPOSA, I have to make the whole exercise in Delhi, send the detention order there and thereafter the State Administration obliges me by arresting the person. Not only COFEPOSA. You accuse me why are you not taking drastic action against hoarders. This parliament itself passed an Act. The ordinance was brought by Chaudhury Charan Singh's Government. We translated that ordinance into a legislation. This Parliament passed that legislation where even the hoarders and profiteers would be put behind the bars under preventive detention. And your philosophy of not arresting anybody under Preventive Detention goes to such an extent that you have said that you are not going to implement that Act. For that also, is it possible for the Central administration to enforce preventive detention against hoarders and racketeers? COFEPOSA, I can understand, because

there is an organization like Customs in different parts of the country. But this is basically to be done by the state enforcing machinery, and you are saying that you are not going to do it. Therefore, do not say that I have no political will. Whatever little political will I have or we have is unfortunately totally lacking on the other side.

SHRI INDRAJIT GUPTA : Your will is sabotaged only by West Bengal!

SHRI PRANAB MUKHERJEE : I am not saying that. What I am saying is that it is not a question of political will. Political will is there and we have shown it; we have done it, we have resorted to it. Karnatka was not doing it, but now they are doing it...

AN HON. MEMBERS : Certain other States are not doing.

SHRI PRANAB MUKHERJEE : But there are difficulties. When I arrested somebody, a very important person, what happened? But the fact remains that every year 24,000 pounds were squandered away without the permission of the Reserve Bank. For that, what a drama I had to face, we are fully aware of it. Therefore, let us not go into those things. We have the will. But mere will is not sufficient. We must have sufficient machinery, we must have the enforcement machineries, the administrative machineries. At the same time, there is the economic situation. If I mention 'black money', you will say that it is a global problem. Can you tell me whether even the most developed countries have been able to tackle the problem totally? Definitely there is the question of magnitude, there is the question of degree. But it continues, it remains there. I myself have found out this; I would not mention the name of the area; the people there do not consider that bringing something from abroad violating the Exchange Control Act can be termed as smuggling, and they told me so; on an earlier occasion when I visited that area, they told me

that they were doing it for almost 600 years, for generations and in between the law was passed; and they say that they were doing it and they will continue to do it. This type of situation also comes. You know the place; I am not referring to it. What I wanted to point out was this, this is no doubt one of the measures which we shall have to take and we are taking this strong measure.

Then I come to the money supply. I have already referred to the problem of sickness in industries. I do not want it, but it is not my own making. My problem is that, when an industry becomes sick, I have to inject more money in order to keep it alive or healthy. If I do not give money and if I wanted to protect my institutions' money it comes the other way: ultimately I have to take over to protect the jobs of the employees and thereafter moratorium was declared. When you quoted that figure, you have not quoted that amount. A part of it, a substantial part of it has been like this: moratorium was declared after nationalisation and takeover; the pre-takeover liabilities are frozen. That also contributes.

**SHRI INDRAJIT GUPTA :** You have some other Departments to look after these things. Why are they falling sick?

**SHRI PRANAB MUKHERJEE :** I do not want them to fall sick.

I do not think there is any more point to be answered.

श्री राजेश कुमार सिंह (फिरोजा बाद) : माननीय उपाध्यक्ष महोदय, माननीय मंत्री जी ने बहुत से सूचकांक देकर तर्क पेश कर दिया। इन्होंने कहा कि चीनी की कीमत, काटन की कीमत, एडिबल आयल की कीमत सीजनल एलीमेंट्स हैं, लेकिन मेटल्स की कीमत, इलैक्ट्रानिक्स मशीनरी की कीमतें क्यों बढ़ रही हैं, यह बात मंत्री

महोदय ने साफ करने की कोशिश नहीं की। आप अपने उत्तर में एक बात कहकर दूसरे रास्ते पर चले गए। लेकिन यह तो देखिए कि आम आदमी की हालत क्या है? मैं आपको कुछ रेट्स बताना चाहता हूँ। रेट्स ओपन कंज्युमर आइटम्स इन ट्राइबल एरियाज बताना चाहूंगा। सिलचर में फीश का भाव है 80 रुपए से लेकर 100 रुपए प्रति किलोग्राम, पोटायो का भाव है 6 रुपए प्रति किलोग्राम और चिल्ली का भाव 40 रुपए प्रति किलोग्राम है। इसी प्रकार पिथौरागढ़ में किरोसीन ऑयल का भाव आठ रुपए प्रति लिटर और चीनी का भाव सात रुपए प्रति किलोग्राम है। मेरे कहने का मतलब यह है कि साधारण आदमी तो आपका अर्थशास्त्र समझ नहीं पाता। मैं यह पूछना चाहता हूँ कि कीमतें क्यों बढ़ रही हैं। सीमेन्ट पर आपने दो रुपए प्रति बोरी बढ़ा दिया है? वनस्पति पर भी कीमतें बढ़ाई गईं। राज्यों में मूल्य नियंत्रण के बाद भी वृद्धि हो रही है। यह कहा जाता है कि सीजनल है, इसलिए वृद्धि हो रही है। उत्पादन खर्च ज्यादा है इसलिए कीमतें बढ़ रही हैं। उत्पादन बढ़ता है तो कम से कम कीमतों को तो स्थिर होना चाहिए। पिछले महीनों में 2.9 परसेंट की वृद्धि हुई और मुद्रास्फीति की दर 17 प्रतिशत रही है। इसके बाद भी आप कहते हैं कि नियंत्रण कर लिया है। कीमतें अगर एक बार बढ़ जाएं तो वह नीचे नहीं आती हैं। पिछले दिनों आपूर्ति मंत्रालय और उद्योग मंत्रालय की व्यापारियों और मिल-मालिकों से वार्ता हुई जिसमें उन्होंने 22 रुपए प्रति टिन बढ़ाने की मांग की। दोनों मंत्रालय दस रुपए प्रति टिन बढ़ाने के लिए सहमत थे। लेकिन वित्त मंत्रालय ने दस रुपए प्रति टिन बढ़ाने की अनुमति

[श्री राजेश कुमार सिंह]

नहीं दी। 22 मई को एक रुपए 45 पैसे प्रति किलो बढ़ाने की सहमति वित्त मंत्रालय ने दे दी। जबकि गत मार्च में वित्त मंत्रालय ने 60 पैसे बढ़ाने की भी अनुमति नहीं दी। इस बढ़ोत्तरी से 33 करोड़ 75 लाख रुपए का वनस्पति के मिल-मालिकों को मुनाफा होगा। बिनीला और तेल की कीमतों की तरफ देखें तो इन्डैक्स वही बना हुआ है। खरीदा जाता है 50 रुपए किलो और दिखाते हैं 75 रुपए किलो। गत मार्च में भी बिनीला और तिल के तेल के दाम यही थे चूंकि आयातित खाद्य तेलों के दाम में एक हजार रुपए टन की वृद्धि हो गई। कुल मिलाकर प्रति किलोग्राम एक रुपया बीस पैसे की वृद्धि को ठीक माना जा सकता है। लेकिन सरकार ने पच्चीस पैसे प्रति किलो की बचत मिल-मालिकों को दे दी। पटना से एक अखबार निकलता है, उसकी एक खबर में आपको बताना चाहता हूं "वनस्पति तेल का दाम बढ़ाकर सरकार ने आम लोगों पर एक अरब बीस करोड़ रुपए का अतिरिक्त बोझ डाल दिया है, जिससे वनस्पति तेल के निर्माताओं को 45 करोड़ रुपए का लाभ होगा और ऐसी चर्चा है कि सत्तारूढ़ दल ने चुनाव के लिए वनस्पति निर्माताओं से लगभग 15 करोड़ रुपए लिए हैं"। यह अखबार का एडीटोरियल है।

उत्तर प्रदेश में आपने 23 करोड़ रुपए माफ कर दिया। मान्यवर, हमारे यहां उत्तर प्रदेश में चीनी का रेट कंट्रोल पर आपने साढ़े तीन रुपए प्रति किलो से बढ़ा कर चार रुपए प्रति किलो कर दिया। इसके कारण बाजार में कहीं-कहीं आज सात रुपए प्रति किलो की दर से भी चीनी

उपलब्ध नहीं है। चीनी मिल-मालिकों ने आपको 23 करोड़ रुपए बिहार और उत्तर प्रदेश में अदा करना था, आपने यह कह कर उसको छोड़ दिया कि किसानों का भुगतान करना है। लेकिन मैं कहना चाहता हूं कि इतना पैसा मिल-मालिकों की झोली में डालने का औचित्य मेरी समझ में नहीं आया।

आजकल हर क्षेत्र में मूल्य-वृद्धि का जो दौर चल रहा है, आप लगातार कीमतें बढ़ाते चले जा रहे हैं दो-चार पांच महीनों से मूल्य जिस गति से बढ़ते जा रहे हैं, उसके पीछे जरूर आपका कोई नेक इरादा नजर नहीं आता। जनता पिसती जा रही है। क्या माननीय मंत्री जो स्पष्ट करेंगे कि वनस्पति पर एक रुपए 45 पैसे प्रति किलो रेट बढ़ाने के पीछे क्या औचित्य था। जितनी चीजें आपके नियंत्रण में हैं, जिनके मूल्य आप निर्धारित करते हैं, उनके दामों को बढ़ने से रोकने के लिए सरकार ने क्या कदम उठाये हैं। आपकी स्टैटिस्टिक्स से इसका कोई मतलब नहीं है, आम जनता को उससे कुछ लेना-देना नहीं है। बाजार में 12 रुपए किलो टमाटर बिक रहा है, खाने के लिए बहुत सी चीजें उपलब्ध नहीं हैं, खुले आम ब्लैक मार्केट चल रही है, ब्लैक मनी की हमारी इकानामी के ऊपर भारी प्रभाव पड़ रहा है, इन सारी चीजों को आप कैसे नियंत्रित करेंगे, मूल्य वृद्धि को कैसे रोकेंगे। कब तक आप नियंत्रित कर पायेंगे। क्या आपने आने वाले चुनावों में एक ही मकसद बना लिया है कि ज्यादा से ज्यादा कलैक्शन किया जाए और लोगों पर पड़ने वाले प्रभाव के बारे में कुछ न सोचा जाए।

14.00 hrs.

**SHRI PRANAB MUKHERJEE :** It is most unfair that in the speech of the Hon. Member, in such a serious debate, he degenerates it into polemics. I refute these newspapers with the contempt that they deserve. You know, as a Member of Parliament, if you want to refer to anything, you have to give a notice. Hundreds of thousands papers are published from every part of the country and one is not expected to read all of them. Do not misuse this.

**SHRI RAJESH KUMAR SINGH :** I am not misusing this.

**SHRI PRANAB MUKHERJEE :** If I also use all these against you, what will you feel ?

**MR. DEPUTY-SPEAKER :** There should be no personal accusation.

**SHRI RAJESH KUMAR SINGH :** It is not an allegation. I am only quoting from the papers.

**MR. DEPUTY-SPEAKER :** If you tell something against the ruling party, they will also say somethings about you. This is not a forum to decide all these issues.

**SHRI PRANAB MUKHERJEE :** This is a baseless charge which the Hon. Member wants to make only to further the interest of his party and to maligh the other party. I am not going to reply to any of these points except the general points which are relevant to the debate.

**MR. DEPUTY-SPEAKER :** You need not reply.

**SHRI PRANAB MUKHERJEE :** I am not interested to feed them with statistics. I am interested only to place the facts. I know what their performance was when they were in office. In one year they increased the price to

21.8%. If this gentleman comes and tries to give advice to me that you tackle this price situation in a particular way, I am not going to simply accept it.

**MR. DEPUTY-SPEAKER :** Probably, he was not in the Government.

**SHRI PRANAB MUKHERJEE :** It was his Government. (*Interruptions*)

**MR. DEPUTY-SPEAKER :** The Minister gives some figure. Why do you dispute that ? (*Interruptions*) When you are being touched how much you get up and say ? So also, when you touch the ruling party, they will also come and say the same thing. Now it is an example.

**SHRIMATI PRAMILA DANDA-VATE (Bombay North Central) :** You have created the situation.

**SHRI PRANAB MUKHERJEE :** I can assure the Hon. lady Member that we have not created the situation in which my wife had to take out or lead a demonstration against me as Mrs. Dandavate had to do against Prof. Dandavate. At least, we have not created a situation like that. (*Interruptions*) I am just reminding her.

**MR. DEPUTY-SPEAKER :** There will be no end if politics is injected by any side.

**SHRI PRANAB MUKHERJEE :** Anyway, this a serious situation. I have never claimed that everything is all right on the price front. If somebody wants to inject insinuation taking advantage of this debate, then, it is really unfortunate.

It is really unfortunate that the Price situation is there. He has quoted some obscure figures, some samples. I do not know why the market has sold at Rs. 12 per kilo in the case of tomatoes. There is a dislocation in

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Calcutta sometimes and it happens when there is flood that potatoe was sold at Rs. 1 per kilo or something like that. But that is no indication. During this time of the year, when there are seasonal factors, this happens and I did not mention that the seasonal factors alone cause this. He has not listened to me and he has not followed me. I said that certain items are affected because of the seasonal factors, and in the case of certain items there is an upward trend. I have never said that the prices are going down. When we talk of inflation, we take into account the growth. It is not a question of one hundred rupees worth of goods will be sold at Rs. 80. In a developing economy, it is not possible. Otherwise you have to stop the total growth. We did it once and we had negative growth. We did not have any growth. The planning activities, the developmental activities are not kept in high tempo. Simply it is not possible. The contention is that we are trying to keep it within a manageable limit. In reply to Mr. Indrajit Gupta's question, I have explained in detail...(*Interruptions*).

After all, we would expect that the Members would have some respect, while the Minister is replying. Everybody knows who makes money and from where the money comes. The Minister of Finance has more opportunity to know this. But I cannot disclose this thing. For five years, I was the Minister and earlier also. I know which party leader makes money. Let us not go to that extent. What I am trying to point out is that, in reply to a question of Mr. Indrajit Gupta, there are certain factors and we are fully aware of those factors. Neither I have taken up this issue casually nor I wanted to take political advantage out of it. Had the issue was not raised that during 1980-85 it has been the maximum, I would not have refuted that. But my contention is that seasonal factor is one such factor. But there are other factors, partly

money supply is responsible, partly speculation is responsible, partly hoarding is responsible, partly non-availability of essentials is responsible and partly dislocation of supply is responsible. It is true that we have not been able to provide the fair price in each and every part of the country. There are about 600 thousand villages in the country and if the number of fair price shops are 200 thousand and a little more than that, obviously it would not be possible for me to reach every village. Therefore, these are the factors and we shall have to tackle the problem both from supply side and from the demand side by augmenting the supply and I have taken certain measures for augmenting the supply of edible oil through importing this item. I am importing 16 lakh tonnes of edible oil. We are instructing the State Governments that they should ensure that there will be more off take from the public distribution outlets and we are also contemplating how it can be made feasible. It has also been contemplated that in stead of cash we can provide foodgrains or other essential items. Of course, it is a big organisational problem. These are the measures which are being taken to tackle the problem.

**SHRI M. RAM GOPAL REDDY :**  
(Nizamabad) : Mr. Deputy-Speaker, Sir, the Hon. Minister has made a very frank statement and he has brought out all the important aspects to the notice of this House. Now, one aspect is not touched by the Opposition and they conveniently forgot it.

During the past thirty-seven years of Congress rule minus two or two and a half years of the Janta rule, the agricultural production has gone up by 300 per cent, and the industrial production has gone up by about 1000 per cent, and all this wealth is very thinly spread over the nation. The population has also gone up from 30 crores to 70 or 75 crores, and that is the major contribution of the Janta Party, because they never cooperated in

this matter...(*Interruptions*). They came to power for a short period and that has been the bane of this country.

After all, the Finance Minister can ask the farmers to produce more, he can ask the industries to produce more, he can also make finances and other infrastructure available to the people, but what about the control which is very much necessary in respect of our population? The Finance Minister or the Government alone cannot control it, it should be the movement of the people. And that is very much lacking. In countries like America, Russia, Japan and Germany, population during this period has almost been stable. Russia has a population of about 24 crores, America 23 crores and Japan 9-10 crores, and there is no increase, whereas we have trebled our population. I would like to know how the Ministers going to solve this problem if the opposition does not cooperate.

Further, I would like to know from the Hon. Finance Minister, which are the States where the price rise has been more as compared to other places, and whether he has got State-wise figures in regard to the price index.

Further, the Finance Minister has repeatedly advised some State Governments particularly Andhra Pradesh not to spend money on unproductive purposes. I would like to know how many States have spent money on unproductive purposes, and what is his reaction to that.

MR. DEPUTY-SPEAKER : Except Andhra Pradesh, you give all the other figures.

SHRI RAVINDRA VARMA : That has become redundant now; you have succeeded there.

SHRI M. RAM GOPAL REDDY : Under the 20-Point Programme, the Prime Minister has given a direction to

the whole country to open fair price shops in all the places where the population is 2000 and above. I would like to know, which are the States which have observed this direction minutely and taken action. This is because, the price rise can be controlled to some extent, if the public distribution system works properly, and which depends solely on the State Governments. On the other hand, some State Governments have been asking for more powers and have been blaming the Centre for being unfair to them, whereas they do not set their house in order. In this background, I would like to know from the Hon. Minister, how he is going to stop wasteful expenditure for non-productive purposes by some of the States.

SHRI PRANAB MUKHERJEE : Unfortunately, we do not have the system of collecting these figures from the various States. We collect these figures from a large number of Centres, some 50 or 60 centres, spread all over the country in the various States and thereafter we compile the figures. It would not, therefore be possible for me to give the figures statewise.

In regard to the productive and non-productive expenditure, my views are quite well known and I would not like to discuss it in detail. I have made it quite clear that if we go on spending money on non-productive items, we can keep the people satisfied for the time being by giving them doles etc., but that is not the permanent solution. Permanent solution lies in overall economic development and for that we should spend more money instead of spending money on what may be termed as populist measures.

In regard to the strengthening of the distribution system, my colleague, the Minister in charge of Food and Civil Supplies has taken it up with the various State Governments and pointed out that they are not only to ensure the off-take from the Central Pool, but

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they have to ensure that it reaches from the State headquarters to all the outlets located in different parts of the country. If the foodgrain reach merely the metropolitan cities or the capital, it is not adequate unless from there arrangement is being made to distribute it in different parts of the State. So, that is being contemplated and we are trying to strengthen the public distribution system which is one of the most important items of the 20-Point Programme. But still there is some deficiency and it would be our endeavour to improve the situation.

SHRI M RAM GOPAL REDDY : Does the increase in population have any adverse effect ?

SHRI PRANAB MUKHERJEE : It has, obviously.

14.15 hrs.

#### MATTERS UNDER RULE 377

- (i) Central assistance needed to construct hostels in urban areas for Scheduled Caste students.

SHRI LAKSHMAN MALLICK (Jagatsinghpur) : The Scheduled caste students studying in pre-matric classes are given pre-matric stipend under the Centrally Sponsored Scheme. But this facility is not being availed to cover large number of such students due to non-availability of suitable house buildings in urban areas.

In view of this, I request the Government of India to kindly consider to provide required assistance for construction of hostel buildings in urban areas for scheduled caste students studying in Pre-matric Classes.

- (ii) T.V. Station for Katni in Madhya Pradesh

श्री बाबूराव परांजपे (जबलपुर) : उपाध्यक्ष महोदय, मध्य प्रदेश के जबलपुर जिले में जनसंख्या के हिसाब से दूसरे क्रमांक का शहर है कटनी, जिसकी जनसंख्या एक लाख के ऊपर है।

रक्षा विभाग की आर्डिनेंस फैक्टरी यहां पर है और पूरे मध्य प्रदेश में सब से बड़ा चूना उद्योग भी यहीं पर स्थित है। भौगोलिक दृष्टि से भारतवर्ष के मध्य-बिन्दु पर होने के कारण रेल यातायात का एक बहुत बड़ा केन्द्र कटनी है, यहां से छः भिन्न-भिन्न मार्ग जाते हैं तथा वह महत्वपूर्ण जंक्शन माना जाता है।

इन सभी कारणों से आजू-बाजू के क्षेत्र से बहुत बड़ी संख्या में जनता का आवागमन बना रहता है।

टी. वी. की योजना में कटनी भी है। जिस सूची में कटनी है, उसमें से अनेक स्थानों पर टी. वी. स्टेशन की स्थापना हो चुकी है। कटनी में कुछ थोड़ा सा यांत्रिकीय सामान आ चुका है, परन्तु अनिश्चितता बनी हुई है।

अतः सूचना तथा प्रसारण मंत्री जी से अनुरोध है कि वह अविलम्ब यह कार्य पूरा कर कटनी में टी. वी. प्रारम्भ करने के आदेश प्रसारित करें।

- (iii) Speedy steps needed for expansion and utilization of Thripoorilthara Railway Station

SHRI XAVIER ARAKAL (Ernakulam) : Thripoonithara is a small Railway Station at a stone's throw from