

SHRI F. H. MOHSIN: He once belonged.

SHRI SOMNATH CHATTERJEE: Therefore, a bad man! Do you, as the Deputy Minister in the Ministry of Home Affairs, say that Justice Krishna Iyer's view should not be accepted because he once belonged to the CPI?

SHRI F. H. MOHSIN: Do not distort it. I just said, 'He once belonged'.

SHRI SOMNATH CHATTERJEE: Justice Krishna Iyer has expressed, sitting in the high office of the Supreme Court judge, his agony. He says that once the formalities are over, you cannot go on keeping him in indefinite detention; this is against all Constitutional guarantees. Justice Krishna Iyer does not fulfil your requirements now because he has said something which you do not like.

It was not necessary for the Minister to travel to Bangladesh, Diego Garcia, Pakistan and what not, because this was a very simple legislation.

The hon. Minister should have understood this. The Objects and Reasons are dated July 1972, but this is the fate of Private Members' Bills, it has taken almost four years for a Private Member to have his Bill and that too because I was fortunate in getting it in the ballot. Because I have got my chance after nearly four years, by which time certain things have happened which, according to me, justify more this Bill, you cannot say that this detracts from the merit of it; you cannot say that something was said in the Statement of Objects and Reasons in 1972 and, therefore, this Bill has become irrelevant.

The hon. Minister, instead of making a very, if I may not be mistaken, arrogant speech and a fighting speech, could have given a little humane consideration to it. But they are incapable of it. Therefore, I still commend this Bill to the hon. House.

MR. CHAIRMAN: The question is:

"That the Bill to amend the Defence of India Act, 1971, be taken into consideration."

*The motion was negatived.*

17.15 hrs.

#### PROFITEERING PREVENTION AND PRICE CONTROL BILL

SHRI K. LAKKAPPA (Tumkur):  
Mr. Chairman, Sir, I beg to move:

"That the Bill to regulate the prices of essential articles of daily consumption and to prevent profiteering in such articles, be taken into consideration."

This Bill involves millions of people of this country and centres round the basic necessities of life. This Bill is based on principles that have been enunciated in the Statement of Objects and Reasons of my Bill. To consolidate my position, I have stated in the Statement of Objects and Reasons:

"The rise in prices, particularly in respect of foodgrains and other essential articles of daily consumption, is now to such an extent that both the down-trodden people and the middle-class people are confused as to how they will survive with their families...."

I have also set out certain reasons given by the International Labour Organization at Geneva, between 1963 and 1972.

This Bill was drafted in the year 1973 before the proclamation of emergency. The Government has taken certain important measures in this country not only to save this country from the on slaught, attack and infiltration and external danger but also to save the country from the

people who endanger internal security and peace. After the proclamation of emergency, and the launching of the 20-Point Economic Programme by our Prime Minister, a new economic order has been brought in the country and people have got a new life. The country and the people are very much benefited after the emergency and it has its effects on every walk of life. But still, this Bill is very useful taking into account the high prices of the various essential commodities in the country. Even in this emergency, the profit-makers are operating on a large scale. In my Bill, I have set out that 'essential article' means and includes all types of foodgrains, products derived from foodgrains, pulses, spices, domestic fuel including kerosene, edible oils, vegetable ghee, soap, selected and popular variety of cotton, woollen, silken and polyester cloth, sugar, baby-food, paper and paper products, drugs and medicines and so on and so forth. These are all articles of daily consumption.

I appreciate the steps taken by Government against the profit makers, black-marketeers, hoarders and smugglers. Thousands of such people have been arrested and put under MISA. One of the effect of these steps taken by the Government has been that the prices have come down of certain commodities. But I cannot say that prices of all the domestic and essential requirements of daily use have come down as they should have. It is, therefore, necessary to consolidate the gains of emergency suitably. I would like to quote Mr. George who is a very efficient Minister and he is organizing his Ministry very well and he will deal with these problems of millions of our people. He has made a statement very recently and it is very interesting that even after the proclamation of the emergency and the 20-point economic Programme he has stated it. I quote:

"Malpractices by traders etc—  
The Union Government, said the

Minister of State for Industries and Civil Supplies in Cochin on Tuesday, is preparing a comprehensive measure to give greater protection to consumers.

For a long time now, the consumer in this country has been left to the mercy of unscrupulous manufacturers, distributors and retailers. Their malpractices take many forms. Short-weighting is the most common of these, but at worst it means only financial loss to the purchaser."

That means there are other forms also. Then it goes on to state:

"They certainly need it. According to a recent survey which Mr. George cited, they are defrauded of Rs. 2000 crores annually through short weight and measure in packaged goods alone. There is no doubt that such trickery is rife....

It is only at the packaged goods stage alone there is so much defrauding. Mind you. Many of these packaged goods are manufactured by these big monopoly houses. Then it says:

"So, probably to a greater extent, is adulteration, extending far beyond stones, in rice...."

This may also be tolerable. There are also people who possess the expertise and the technical know-how of the whole art of adulteration. They know how much size the stone should be and how it should be manufactured and mixed with the commodities without the notice of the consumer. Then it says:

"Sometimes this is dietetically tolerable, as when pumpkin is added to what is sold as tomato sauce, though even that is strictly speaking fraudulent; at other times it is not, ground spices for instance being sometimes bulked out with additions which are potentially dangerous. Worst of all is adulteration

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of chemicals and medicines, such as sale of alleged distilled water which is not biologically sterile."

This is how they are operating to the greatest detriment to the health of the people of this country. Essential articles and their prices have not been adjusted and brought down to the needs of the society. Therefore, I have brought forward this Bill suggesting various measures that may be taken taking advantage of the emergency.

Again there is another profit-making element which has been generated in this country. It is very interesting. There was a question put in the Rajya Sabha in 1975. The question is:

"Whether Government will furnish a list of the first hundred private companies, business houses or firms (excluding the public sector undertakings and State Corporations) who topped in making profits during the years 1973-74 and 1974-75; (b) the amount of profits they made during the periods mentioned above."

Of course, complete answer has not been given. But it has been stated that the balance-sheets of a large number of companies for the year 1973-74 have not so far been received. The later information given was that the bulk of the balance sheets of these companies for the year 1974-75 have not yet been received. The total amount of profits (before tax) earned by them during 1973-74 was Rs. 434.96 crores.

This is how the economy of our country is working and I would like to mention—I need not mention the names of the companies as the House knows and everyone knows—how these companies are operating in this country. Here, I would like to quote

what the Monopolies Enquiry Commission has to say:

"It would be wrong to think that the dangers of excessive concentration were not recognised by the Indian statesmen. The makers of the Indian Constitution were well aware of this potential danger...."

This is already prevalent in the country as everyone knows and how it is operating successfully. Therefore, they have inserted certain clauses in the Constitution to safeguard against this danger. Why was this aspect not considered by the Government? This is Article 39(b) and (c) of the Constitution which runs as follows:

"The State shall in particular direct its policy towards securing (1) that the ownership and control of the material resources of the community are so distributed as best to subserve the common good and (2) that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment."

I would like to analyse this aspect on the basis of the situation that has been prevailing. Today, the companies are operating in such a way that the commodities are not being produced as per needs or the requirements of the society. You have hundred varieties of cigarettes, tooth-pastes, textiles, etc. Why should we not categorise the requirement of this country properly? This is a poor country. We are running such a poor economy. We have to consolidate our economic system. We are doing Constitutional and other structural changes and 20-point Economic Programme has to be implemented in letter and spirit. Unless this bogey of black-marketeers, racketeers is uprooted, we cannot achieve the desired end. Mr. George has done an excellent work when he said that in this country the entire consumer movement is being paralysed. Sometimes this con-

sumer movement is being operated by the consumers.

SHRI B. V. NAIK (Kanara): Charity begins at home. Why should there not be hundred varieties of khadder?

SHRI K. LAKKAPPA: Mr. Naik will agree with me that the system has to be changed so far as consumer movement is concerned. Manufacturing of consumer articles has to be streamlined. Cloth, medicines and other necessary articles of life have to be categorised after production. It is not only the manufacturing or producing system which has to be organised, but also the distribution system which has to be organised. But that has not been done. After the proclamation of emergency, even the receipts are not being given. The prices of some articles have come down no doubt, but actually the cost price has not been defined by the companies and they are not giving the actual facts about it.

In Haryana, after launching the economic programme, it has been said that the price of wheat has been reduced. The cost of wheat according to the information received by me is not less than Rs. 2. The company people are operating and sucking the blood of the people. That is how the consumer movement has been paralysed. The producers are not disclosing the cost price. Can the Government find out a machinery to see that the profit-making by these companies, specially in the case of the essential commodities is streamlined and regularised?

I would like to know whether the prices and profit-making in regard to the essential commodities enumerated in my Bill have been streamlined. It has to be streamlined by the co-operatives and consumer movement through co-operatives in the country. What steps have been taken in order to check the malpractices in the co-

operative movement? That has not been done. Why can't you make use of MISA, etc. against all those monopoly Houses in Madras who are defrauding and indulging in adulteration, etc. I would very much appreciate if the Government has some machinery to have a check on these things.

The relationship between the industries and the consumers has to be established. The relationship between the consumer and the industries has to be recognised and we have to see in what line the industries make profits and in what line they are making profits not by the legal methods but by illegal methods. The company magnates are only interested in expansion of industries and liberalisation of licences. Do you know the reason? These liberalised licences come in handy for them to control our entire financial structure. In this way they can control our entire banking system. They can get any money they like on credit. Therefore, these aspects have to be borne in mind. Profiteering can be checked by certain measures. Certain important measures have been introduced by this Bill. I have suggested fixation of maximum prices of essential articles. There are certain articles in respect of which prices are not fixed by Government even till today. In regard to certain consumer articles we are at the mercy of those people. Of course, due to vagaries of nature, sometimes, prices go up. What we find is, by and large, in regard to consumer articles the correct price-tag is not kept. This has to be kept always. We should consolidate the gains of emergency. We should implement the Prime Minister's 20-Point Economic Programme. For these things, a legislation like this is very necessary. If there are any structural defects in my legislation the Government may themselves come out with amendments. Our aim should be to control the situation in the country

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so far as essential commodities are concerned, and so far as profiteering is concerned. I commend my Bill and I hope that the House will support my Bill.

**SHRI RANABAHADUR SINGH** (Sidhi): I whole-heartedly support the spirit under which Mr. Lakkappa has brought this Bill before the honourable House.

Sir, it is well-known that one of the main reasons for a society like ours to flounder on the economic front has been the fact that the essential commodities that are necessary for day-to-day living of our poor persons have off and on gone beyond their reach. It is the experience of our nation also for the last year or so that once rigorous action is initiated and steps taken to control the fluctuations in prices, commodity prices do stabilise, within the reach of these poor persons.

So, in this context, Mr. Lakkappa has done a yeoman service to bring this Bill before the House. But the situation is a bit more difficult than what is conceived to be the remedy within the framework of this Bill. I do concede that this Bill will go a long way as far as the urban areas are concerned in regulating prices of essential commodities. But coming from a backward adivasi region as I do, Sir, I feel that the Bill does not go far enough. An instance comes to my mind. When I visited a part of my constituency I learnt to my great surprise that there was a block in my constituency where 90 per cent of the people have not had sugar to eat for the last 12 months. Sir, the simple fact was this. Though the price of controlled sugar is regulated, yet, the controlled sugar was not reaching the place, simply because the persons who would have had to transport the sugar on his head, there not being a road, could not possibly have sold that sugar

in that area at that price after incurring the transportation cost.

So, I feel that this Bill should have also taken into consideration the areas which could have been benefited out of the controlled consumer goods, taking into account the difficulties of transportation. I think this aspect of the question should be given a very deep thought by the Government; it is an aspect on which rests the whole foundation by which we are trying to help the poor peasants.

Sir, the adivasi is a simple person; he is a person who is averse to untruth; he is a person who goes by the regulation. Had it been in any other area, I am sure the people would have had the benefit of sugar, the benefit of controlled kerosene. But, for an adivasi, it is unthinkable to so manipulate the business as to show on the face of it that they are selling these consumer articles at the controlled prices by making a profit because he was forced to spend money on the transportation.

I think that given this provision in this Bill, what Mr. Lakkappa has done would be a landmark in providing the services to our poor countrymen.

**SHRI B. V. NAIK:** Mr. Chairman, Sir, I must first congratulate my dear friend, Shri K. Lakkappa, our stormy petrel here, essentially for bringing forward a Bill as early as in the year 1973. From his comparative silence since 1973 to 1978, I had a sort of feeling that Mr. Lakkappa had degenerated in process for the last three years; but I am happy today and I would like him to revive to bring forward very progressive Bills at least in the future. (Interruption)

He could bring forward such a well-thought out Bill, in 1973 but subsequently he had remained fairly silent, that is what I am saying about him;

and be that as it may, I wish him the best. It looks very fantastic that while India, as early as in 1956, adopted an Industrial Policy Resolution, creating sectors, allocating certain industries and certain products for the various sectors—the State Sector, the Public Sector, in 1956 also, the joint sector was conceived with the States' participation in the private sector, is it not amazing that we have, till now, till the 8th of April, 1976, virtually even after about 28 years of independence and 28 years and more after India obtained its Constitution—not been able to bring forward a comprehensive policy resolution on pricing of the commodities in this country? It is a lacuna, I do not know why. I do not understand how industrialists in this country were able to get a resolution passed through, got the approval of Parliament to it and it is still operative to-day. At the time of the formulation of the Fifth Plan, what was stated to us by the late lamented Mr. Dhar, namely, basic framework and the groundwork done under the Industrial Policy Resolution, is valid still even after twenty years. But, in these three decades, we have not yet brought forward a price policy resolution. Will the hon. Minister kindly enlighten us as to the reasons why—what are the inhibitors and what are the road blocks—that has not been done when time and again we had been asking about the basis on which you were fixing the levy price for the farmers. It is a fair price. What is 'fairness'? Is it based on the cost of production? Is it based on the basis of international market price of wheat or rice or on the open-market price of wheat or rice? Is it based on the competitive pricing? Is it based on a fair calculation of the amount of margin? Taking into consideration the small holdings in this country what is the basis of your levy pricing? From time to time we are told that FCI has incurred so much loss but the basic pricing has not as yet been defined.

Similarly, in regard to the 'input' prices versus the 'output' prices in

agriculture. Now we have seen—according to the statistics that are available with us—that there has been a steep fall in respect of almost every commodity.

Further, Sir, there is price disparity in the wholesale as against the retail price of every commodity. I will quote from 'Times of India' dated 26th March the prices per kilo in respect of Delhi. The wholesale price of wheat per kilo is Rs. 1.30 whereas the retail price is Rs. 1.60 per kilo. It amounts to a margin of more than 25 per cent. As regards red chillies the wholesale prices per kilo is Rs. 9.00 where the retail price is Rs. 12.00 per kilo—a margin of nearly 33 per cent. The wholesale price of gram dal is Rs. 1.70 per kilo whereas the retail price is Rs. 2.30 per kilo. I can quote the whole gamut of them. Nowhere I find that the disparity is less than 15 to 20 per cent. What should be the reasonable margin for a trader in the pricing of his consumer commodities has not been determined so far. On the other hand there is no relation—particularly in agriculture—between the 'input' prices and the 'output' prices. While the prices of wheat, rice, cotton and sugarcane have crashed, the prices of the 'inputs' for agriculture have not come down. The farmer in India is the major consumer of these inputs. Even if we were not to take a lesson from USSR or other socialist countries, if we take USA they have accepted for the farmer 'parity pricing'. To buy a pair of shoes with a bushel of corn was the basis on which Mr. Roosevelt came in the limelight during the first World War and he brought a legislation also in that respect. Now, they say that we will freeze the prices. While the salaried men want prices to be fixed because their real wages are more or less equal to the money wages but the same amount of protection we are not ready to give to the farmers which constitute 70 per cent of the

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total population of this country and who is also our principal voter. Leaving aside the political angle the fact that he gives us two square meals a day and is non-unionised and is disorganised still, Sir, this has never been done, that is, the principle of parity, namely, for a quintal of rice we may be able to give him one quintal or half a quintal of ammonium sulphate. Why can't you come to a certain rational pricing policy on behalf of the Government? On the top of it we try to bring in the Essential Commodities Act. Very definitely the provisions were made stringent. Thanks to the imposition of emergency—with all the negative recording that was done in the previous Bill—at least one thing it has definitely done, namely, the prices have been brought down. Prices have been brought down and blackmarketing is in check. Particularly that stringent provision in your Act that the goods of any person who is a carrier in a truck, bullock-cart or any other vehicle will be confiscated, impounded and forfeited to the Government, has worked as a sort of a damper. But by and large, we cannot say that the implementation at the district and below-district levels has, because of the association of some of our functionaries with the trading circles, not been tardy. It has not created that amount of dent in the trading. Otherwise there is no reason to believe why the fall in the wholesale prices, the fall in the prices which the farmer gets at his farm gate—there is no gate—at his farm house, does not get itself reflected in the prices of the essential commodities.

I would go a step farther than Shri Lakkappa to say that not only should we define it on the basis of edible oils and baby food, but proceed further—I do not think 90 per cent of our baby population eats baby food; our babies

grow with their mothers' milk; thereafter if they drink ohs or things like that, that is the milk they get. Some of them are elitist in concept. Good enough. But the basic problem is one of making an impact on prices for the vast masses relevant. For that, can we at least not try to over-administer, not try to bite something we cannot swallow? Identify five or six commodities which comprise 90 per cent of the demands of the 90 per cent of the people. Our levels of consumption are so low. And very correctly take that advice of avoiding the multiplicity of products that are coming in the market, instead of a small group working in order to make the life of a small group more and more pleasant, more and more diversified, let us on behalf of the State identify a few products. Have openings. This was discussed threadbare in October 1972 at the Ahmedabad session of the AICC, though it may not be very proper to quote it. It is possible to specify some products, proteinous products, something which is filled with carbohydrates, oils and fats and standard varieties of goods. It had been my privilege and honour at that stage to suggest that if you bring out a unisex type of cloth, a lungi and a jiba on the top which all can wear, like it is in some of the countries, these could be available at fair prices through shops opened. If the local institutions and local consumer stores do not come forward, you start it on behalf of Government. It is possible to make a large quantity available to the consumers. But if you forget the basis of these input prices, we will have committed a mistake because the incentive for production will go. If the incentive for production goes and the farmer produces less, then I think again we will be entering a period of scarcity in our economy.

Till now you have fielded the co-operatives, super-bazars—I believe the hon. Minister of Civil Supplies also deals with these—like an alternative to the private sector. For long years in this field—this is something which I know—there have developed certain

vested interests. I think it is time now when the whole structure has got to be revamped, particularly in the wake of our emergency when so many things are undertaken. If the hon. Minister were to be good enough to appoint a sort of Commission, a very high-powered Commission, they can recommend a complete overhauling of the whole structure. We know the amount of resistance they will meet with because most of the co-operators are powerful politicians. Powerful politicians are still more powerful co-operators. So there is a sort of a symbiotic relation between the two structures. Under these circumstances, if you try to put your hands at the roots of this organisation, I am quite sure, Mr. George, you will find a tremendous amount of resistance in favour of the *status quo* and against any change which we want to make in the basic structure.

We have got suggestions to make. Even from the point of view of political facts, if there was an opportune time to put a few knowledgeable people, appoint a Commission, please appoint a commission for the purpose of changing the structure, taking it out of those people who have used it or sometimes abused it, more for sectarian, class or individual interest rather than for public good.

Now with regard to implementation. I do not know statistics; it was stated that here were about half a million traders or even more in the country. The present law is that each one should exhibit the price of goods. How is it to be implemented? If we have to implement it properly, we will need a huge apparatus. We know the amount of bad reputation that those who implement the Essential Commodities Act, and various Food Acts, bring to the administration. It is something which we should not talk too much about. I suggest that for a population of 5000—10000, without relying too much on the existing agencies, a shop even at state cost should be opened. For 500 million people, it will

mean about a lakh of shops. If we have the wherewithal, in order to help in the implementation of the half million jobs for the rural educated unemployed, should do it. It will mean something between unemployment and partial employment to keep the wolf away. Even a graduate will accept that. I have seen it; he says: give me a job of Rs. 120, that is Rs. 4 per day; or Rs. 150, that is Rs. 5 per day. You can give jobs to many graduates. Open some shops. Prefabricate them. This should have been done in 1972 when we discussed the problem of prices. At least now it should be done. The opportune political climate has come in our country. If the trader is doing something, there is no other way to hit the trader except to hit him in the prices. You must have alternative routes. Those routes should be completely accountable to the government, to the ministry of civil supplies and not to anybody else. This would be good investment even from the point of view of cost versus benefit. You can use that machinery for distribution of your inputs. You will have an alternative weapon in your armoury to fight the price problem rather than spending money on proliferation of bureaucracy and increasing the number of station house officers, inspectors who will be checking the fair price shops. If you do not want to do that on an all India basis, for heaven's sake why don't you give a fair trial to this idea in some pockets? Try it, particularly in those pockets where there is much unemployment, for instance, the hon. Minister's own State, in West Bengal, in my district, coastal district which is akin to Kerala where thousands of unemployed graduates are loitering in the streets adding to the number of anti-social forces. They cannot find jobs and in their frustration they indulge in naxalite activities. Their frustration is understandable. Therefore, I strongly commend the principle. We are not good draftsmen. But the principle is very valuable I completely agree with my friend Mr. Rana Bahadur Singh who has supported it. Kindly tell us. As usual you will reject it and request the Hon'ble Mem-



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ber to withdraw this Bill. But whether you accept the principle? If you accept the principle, kindly come forward—in your own wisdom which is something concrete within a few months and if possible give us an indication of the Statement on the floor of the House as to what you intend to do about this before the conclusion of this Session.

SHRI K. SURYANARAYANA  
(Eluru): Mr. Chairman, Sir, I wholeheartedly welcome this Bill.

समाप्तिसंज्ञकः अब प्रायः अगली बार जारी रहे ।

18 hrs.

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The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, April 14, 1976/Chaitra 25, 1898 (Saka)