

already there. They are bound to have an impact on the total exports and certain institutional mechanisms have also been instituted and I hope that everything taken together we will be able to overcome these difficulties.

SHRI INDRAJIT GUPTA : From the statement which has been laid on the Table, and the figures given it is a matter of deep concern that between last year and this year, that is for April to July 1984 as compared to April to July 1985 it is not that the value of the exports have fallen very much. In fact, they have increased slightly according to this figure, but what has happened is that the value of imports has gone up tremendously. From 4,634 crores last year it has gone up to Rs. 6,021 and odd crores this year because of the trade deficit going up by Rs. 3,021 crores. I would like to know, from the hon. Minister, firstly, whether this very sharp increase in the imports is not the direct result of this indiscriminate policy of import liberalisation which the Government is now pursuing and secondly whether this position is likely to worsen in view of the fact that as far as our exports are concerned, the protectionist barriers of some other countries are not being lowered at all but are being increased. But there is a news item which has appeared, which I would like him either to confirm or explain, that the USA has recently named India and some other countries as blocking a new round of trade liberalisation talks and, therefore, threatened some action against them which may be to strike them from the list of beneficiaries of the generalised system of preferences that allow duty free entry into the USA of raw materials and simple manufactured products from other countries. That is a sort of threat they are using. If that takes place, then the value of our exports will go further down and imbalance in the trade will become even greater. How is the Government looking at this ?

SHRI ARJUN SINGH : So far as the first part of the question is concerned, I would agree with the hon. Member that the imports have gone up. But if you look at sectors in which they have gone up, I think, it would not be correct to say that they are the direct result of the liberalisation policy

which was declared on 12 April, 1985 itself. Therefore, it could not have had such an effect that within two months everything went heywire as is being suggested. The fact is that there has been an increase in import of machinery and transport equipment and fertilisers. All these things are naturally meant for investment to increase production and which will ultimately reflect in the growth of exports.

SHRI INDRAJIT GUPTA : Not at the cost of our machinery manufacturers.

SHRI ARJUN SINGH : That is not the point. Regarding the second aspect which has been referred to, I think, that is a different matter which can be dealt with as and when it occurs. (*Interruption*)**

MR. SPEAKER : Not allowed.

DR. KRUPASINDHU BHOI : It has appeared in the press that due to import liberalisation policy our trade deficit is now more than Rs. 3000 crores. At the time of preparing the import liberalisation policy, had the Ministry taken cognisance of the recommendations of the 38th conference of the All India Institute of Research and Development which was founded by Pandit Jawaharlal Nehru ? If so, have they suggested that the Government can import machinery modernisation or expansion or not, as the scientists are in great doubt on this ?

SHRI ARJUN SINGH : So far as the question of taking into consideration the recommendations of any expert group is concerned, they must have been taken into consideration. But what is being suggested again is that all this has happened because of the liberalisation of import. That is not factually correct.

Wholesale Price Index

83. SHRI RAMASHRAY PRASAD SINGH : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that the wholesale price index has come down; and

** Not recorded.

(b) if so, the details thereof ?

THE MINISTER OF FINANCE (SHRI VISHWANATH PRATAP SINGH) : (a) and (b). Yes, Sir. The wholesale Price Index has declined from 365.9 as on 3rd August, 1985 to 358.7 on 2nd November, 1985 i.e. by 2 per cent.

[*Translation*]

SHRI RAMASHRAY PRASAD SINGH : I want to know that when there has been a decline of 2 per cent in the wholesale Price Index, why is there so much increase in the retail prices in the market ? If what you have stated is true, how is it that a pen which used to cost Rs. 2.25 with the retailer now costs Rs. 3.00 ? When he says that there has been a decline of 2 per cent in the wholesale Price Index, why the retail prices are going up ?

SHRI VISHWANATH PRATAP SINGH : The wholesale Price Index is an average index. It is just possible that prices of some commodities might have gone up, because we see that the prices of tea, coffee, jute, oilseeds, edible oils, oil cakes have registered a decline during the first four months of the current financial year; it was yesterday only that there was a discussion that the prices have fallen. It is true that the prices of sugar, fruits and vegetables have gone up. It is just possible that the prices of some commodities have increased whereas in respect of some others the prices have fallen. The Wholesale Price Index gives the complete picture. So far as the question of consumer Price Index is concerned, there has been a decline in its rate of increase. In July, the increase was 1.5 per cent, in August, it was 0.5 per cent and in September, it was just 0.2 per cent. The rate of increase has been contained. A reply could have been given had he asked about some specific commodities. Some light could have been thrown on the situation regarding sugar and other commodities. But the hon. Member has not indicated any commodity specifically and as such it is not clear in respect of which commodity he wants the reply.

SHRI RAMASHRAY PRASAD SINGH : Mr. Speaker, Sir, from the reply given by the hon. Minister, it is clear that

there are two modes of production, i.e., agricultural and industrial. The hon. Minister should have clearly stated that prices of industrial products have increased whereas those of agricultural produce have fallen. I want to know from the hon. Minister why there has been increase in the industrial products and why the prices of agricultural produce have declined ?

SHRI VISHWANATH PRATAP SINGH : Mr. Speaker, Sir, this is not true that the prices of all agricultural commodities have fallen. The prices of sugar, gur, fruits, vegetables and even pulses have increased. Rice has also registered a small increase. Thus, the prices of agricultural produce have also increased. This is not a fact that prices of all agricultural commodities have fallen.

SHRI RAM PYARE PANIKA : Mr. Speaker, Sir, I want to know from the hon. Minister whether it is a fact that the States are unable to lift the quota of various commodities allotted to them by the Centre in time ? According to our information, if they are not able to lift their quota for the month of October, facilities of controlled commodities supposed to be provided to the people in far flung areas cannot reach them. As a result thereof, the prices in the market go up. Will the hon. Minister give assurance in this House that the commodities allotted by the Centre to the States are lifted by them in time ?

SHRI VISHWANATH PRATAP SINGH : Mr. Speaker, Sir, this problem came before us in the beginning, but now the Central Government have solved this problem by establishing coordination with the State Governments. There was some transportation problem earlier which has since been solved. A decision has recently been taken to supply wheat within the reach of the poor section of the society by selling it at a subsidised price; even in the open market, wheat will be sold at a fixed price. This is a big step to reduce prices and it has been taken in the interest of the poor.

SHRI RAJ KUMAR RAI : Mr. Speaker, Sir, the hon. Finance Minister has

stated that the prices of agricultural commodities have gone up. I want to know from the hon. Minister whether the prices rose when the commodities were released from the godowns of the traders in the market or at a time when the farmers sold them to the traders? In my view the prices have risen when the commodities were sold to the farmers and the consumers by the traders. The prices did not rise when they passed on to traders from the farmers.

SHRI VISHWANATH PRATAP SINGH : Mr. Speaker, Sir, the hon. Member has raised a very pertinent question. It was because of this that the Government announced the prices of sugarcane in time and allowed an increase therein. It was decided in respect of oilseeds that Vanaspati Industries would use 10 per cent indigenous oil and an increase has been effected in the quantum of imported oil, so that the farmers could know about it and get remunerative price. The increase has been allowed keeping both these factors in view.

[*English*]

Buy-Back Arrangements with Italy

*84. **SHRI AKHTAR HASAN :** Will the Minister of COMMERCE be pleased to state :

(a) whether a delegation from the Commission for Industry and Commerce of Italy visited India recently;

(b) if so, the subjects discussed during discussions with them; and

(c) whether the visit has contributed to boost buy-back arrangements with that country?

THE MINISTER OF COMMERCE (SHRI ARJUN SINGH) : (a) Yes, Sir.

(b) The delegation from the Commission for Industry and Commerce of the Italian Chamber of Deputies exchanged views on commercial and economic relations between India and Italy.

(c) The delegation was not a buyers' delegation and could not have been involved in any business transactions.

[*Translation*]

SHRI AKHTAR HASAN : Mr. Speaker, Sir, will the hon. Minister please tell whether any agreement was signed with the delegation after exchange of views? If so, will this House be taken into confidence about that?

SHRI ARJUN SINGH : Hon. Speaker, Sir, as I said earlier, this foreign delegation was a deligation from the Chamber of Deputies which is the counterpart of our Lok Sabha. They had come only for exchange of views and, therefore, there was no question of signing any agreement with them.

[*English*]

Karnataka's Share in Small Savings Collections

*85. **DR. V. VENKATESH :** Will the Minister of FINANCE be pleased to state :

(a) whether Government of Karnataka have urged the Union Government to enhance the State's share of small savings collections from 66 per cent to 75 per cent;

(b) if so, whether the Union Government have taken any decision in this regard; and

(c) when the request of the Karnataka Government is being acceded to?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : (a) Yes, Sir. A suggestion to this effect was made by the Government of Karnataka at the meeting of the National Savings Central Advisory Board held on 27-9-1985 at New Delhi.

(b) and (c). It has not been possible to accept the suggestion in view of budgetary constraints and the liberal terms that these loans enjoy.

DR. V. VENKATESH : Next to commercial taxes and excise, the small savings is the major source of mobilising funds for development in the States. In spite of Karnataka being the first State in the South in mobilising the small savings, the State