

[Shri Indrajit Gupta]

rejected. So, it is better that they go ahead with their scheme and learn.

Mr. Deputy-Speaker: Has the hon. Member the leave of the House to withdraw both his motions?

The motions were, by leave, withdrawn.

15.49 hrs.

MOTION RE: MAINTAINING PRICES OF ESSENTIAL COMMODITIES AT REASONABLE LEVELS

Mr. Deputy-Speaker: The House shall now take up the motion re: maintaining prices of essential commodities at reasonable levels. Shri Indrajit Gupta.

Shri Bada (Kharagone): What is the time allotted for it?

Mr. Deputy-Speaker: Three hours have been allotted for it. We will sit till 7 o'clock.

Shri Indrajit Gupta (Calcutta South West): Sir, with your permission, I beg to move the following:—

"That this House takes note of the statement laid on the Table of the House on the 10th November, 1962 by the Minister of Planning and Labour and Employment on measures for maintaining prices of essential commodities at reasonable levels."

Shrimati Renuka Ray (Malda): There are some amendments.

Mr. Deputy-Speaker: Later. **Mr. Indrajit Gupta** may make his speech.

Shri Indrajit Gupta: As far as the statement, which the Minister has laid on the Table or made in the House on the 10th of November is concerned, I have not got very much to say because certain measures were outlined in the statement which were welcomed by everybody in the House

as evidence of a certain sense of urgency dawning upon the Government in the present situation. Because, I think everybody realises that the question of holding the price line, in the present emergency, is not simply an economic question, though it is primarily an economic question, but it is also a question of morale. I am very happy to say that, during the few weeks that have passed since the declaration of the emergency, there has come into operation a very powerful and what one might call a social conscience of the community which is expressing itself in various ways and in various forms, and to an extent which I do not myself remember ever happening before on any previous occasion in this country. A certain psychological atmosphere certainly exists which is a very welcome thing, acting as a brake upon those elements in our people who could have, perhaps, liked to exploit the present situation in order to raise the prices and enrich themselves. How long the effect of such a psychological brake will last is, of course, a very different question and I would not care to prophesy. For the moment it is really, I would say, the common people of this country who are the mass of consumers, people of low income groups, middle income groups and fixed income groups which have been very vocal in different ways and they have made it very clear that the nation is in no mood to tolerate any kind of anti-social practice on the score of blackmarketing or hoarding or raising of prices. In fact, I do not wish to question the bonafides of certain very prominent organisations of captiins of industry in this country. I take at their face value the very good statements that have been made and the intentions that have been expressed of doing everything in their power also to see that prices are maintained and that prices do not rise. But, I think it is, above all, to the credit of the common people of this country that pressure of their conscience and expression of their con-

science has told upon the captains of industry and has left them with no alternative but to come out with certain statements which are certainly very good on paper as far as they go.

As far as the proposals made by the Government in the statement of the 10th of November are concerned, I do not wish to analyse them. I hope the Minister, when he speaks, will tell us as to what progress has been made on the basis of that statement: for example, whether the Price Stabilisation Committee has actually been set up or not, how it is functioning and so on, as well as the progress, if any, made on the other measures which are outlined here. As far as they go, they are quite good. But, my whole contention today is going to be that these measures do not go far enough. The statement, perhaps, unintentionally breathes a certain sense of complacency for the simple reason that the statement devotes itself to what I might call certain practically *ad hoc* measures which are quite good in so far as they are stated there, but tends to ignore many of the great fundamental economic factors which are at play, which are at work in this country and which may, in the long run, and I am sure, will, in the long run, force themselves to the forefront and unleash tendencies which would require all our efforts and all our resources to keep in check.

I would just remind the House that it is true that since the emergency commenced, there has not been a very marked or rapid or comprehensive rise in prices all along the line. There have been some to which I will refer later on. But, we should remember that if we go back to the 8th September line—I am not referring to the 8th September line which we discuss here so often now in regard to the settlement of the border question; I am referring to the 8th September price line; there is a price line of 8th September—it will be seen—as we know the wholesale price index takes the March 1953 index as equivalent to

100—that this index had risen for the week ending 8th September, 1962, to 130.8. This was 5 per cent higher than what it was a year previous to that. Within the general index, it is seen that the index for food articles went up in the same period by 9.3 from 121.3 to 130.6. There has been a subsequent fall, a slight fall, a welcome fall. But, I feel that this subsequent fall is, to some extent deceptive in the sense that we have now entered upon the usual season or period when new crops begin to come on to the market, both of foodgrains and other agricultural commodities and therefore it is natural at this time to have a slight downward trend in price level. But, we should not allow this to lull us into complacency because I do not think it is more than a phase. Nor can prices be maintained simply on the basis of appeals to patriotism. Appeals to patriotism and response to the appeals are very good. But, if we depend simply on these, then, I am afraid, in the long run, we may not be able to cope with operation of the very hard and, I must say, the iron laws of economics which are bound to operate and which have operated in the past in this country.

I am apprehensive to think that in the next budget which will be placed before the House perhaps in February, we will be faced with a situation where the increased requirements of our Third Five Year Plan have to be augmented by a completely new factor and that is the increased expenditure for defence. I do not know what the magnitude of the increase in defence expenditure is likely to be. Various opinions are being expressed in the country at the moment, almost doubling the normal defence expenditure, going up to Rs. 400 crores.

Dr. M. S. Aney (Nagpur): What is your estimate?

Shri Indrajit Gupta: If that is so, it would mean that a magnitude of taxation might be imposed, might have to be imposed which would generate almost unbearable inflationary

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pressures as far as the low income and fixed income groups are concerned. It is these groups which have been particularly in the forefront in the matter of making sacrifices, in the form of donations to the National Defence Fund. It is these groups which have come forward for the voluntary savings campaign in the interests of national defence. Proportionately, relatively I would say that these groups—the lower income groups—have given much more in relation to their limited resources than the higher income groups have done. If we are faced with an economic situation in which the doubling of defence expenditure plus increased expenditure required for our Third Plan force upon us a taxation bill which will generate inflationary pressures of a kind which will make it practically impossible for these groups to save any more, then, we are going to be faced with a very serious situation apart from the resentment which may be created.

There is the question of the other factor which has not been taken into account in the statement, because the statement is of a very limited scope, and that is the question of deficit financing. We all know, in the present economic system in which we are operating in this country, deficit financing, that is to say, releasing larger volumes of printed money, means that this volume of money will go, at least a big part will go, into the hands of commercial banks and from the commercial banks, through the machinery of loans, advances, discounts, overdrafts and banking methods, go into the hands of the private sector. This money expansion, in the opinion of many renowned economists of this country, has led to a degree of over-investment which is one of the main causes of price rises. I would like to know from the Government, in the conditions of today, in the situation where we are on the eve of another budget, perhaps, what is going to be a momentous budget, what is going to

be the Government's attitude in relation to holding the price line and the question of deficit financing. From 1954-55 to 1961-62, the volume of money in this country expanded by 60 per cent; during the same period, the national production of this country went up by 27 per cent; in other words, it lagged far behind, and in this period we find that the prices rose by 34 per cent.

16 hrs.

Deficit financing is one of the main factors responsible for the very heavy inflationary pressures which have taken place in the past in this country. We should think ahead now. We are not very far off from February, and if certain lines of policy are not decided upon from now, then all this psychological pressure and social conscience of the community may be rendered absolutely valueless in the ultimate conflict with these economic laws.

The diversion of resources to defence expenditure and defence requirements is taking place and will have to take place. As a result of that, of course, some sections of the community will get some increased purchasing power in their hands. I do not quite know, but there may even be some temporary increase in employment, in emergency employment connected with defence work. As you know all these are factors which produce inflationary pressures. They all combine to produce inflationary pressures. I think it is true to say that inflation is and has always been a camp-follower of war.

16.01 hrs.

[SHRI MULCHAND DUBE *in the Chair*]

We do not know of a war at any time in any country in the world which has not been accompanied by tremendous inflationary pressures. Inflation is one of the camp-followers of war, and, therefore, we have to consider this problem more seriously than to think that we can cope with it simply by

setting up a few co-operative stores or asking the shop-keepers to display the prices of the commodities they sell and measures like that. These measures are very good, and I have no quarrel with them, but they are just tinkering with the problem, in my opinion.

I just wish to refer to one or two pointers or eye-openers in recent weeks which should put Government on guard. I do not wish to go into the details of this recent kerosene racket that took place here in Delhi, which has been discussed in this House already. But we know that this was an eye-opener in the sense that it appeared to catch Government napping. My concern is not that something like this may occur here and there, now and then. But the point is that here under the very nose of the Central Government, something took place; of course, it was checked, and though, I believe the conditions have not yet returned completely to normal, Government took certain action, and I congratulate them on that. But the point is that the whole thing occurred here under the nose of the Central Government, and it appeared to catch them napping. It was a combination of hoarding, of some illegal export or diversion of supplies from Delhi to UP because the sales tax there is higher, or a combination of short supply by the oil companies themselves, and then, of course, as a corollary of this, some panic-buying which took place from the side of consumers who apprehended that supplies were going to run out. All these factors combined to produce this state of affairs. So, we have to be on guard, because this kind of thing is likely to happen over and over again.

Then, there is a report in yesterday's newspaper, also about Delhi, about the very steep rise in the prices of building materials. Many hon. Members may have noticed that report. "A flourishing blackmarket has grown up in cement in Delhi just at the time when land values have begun

to fall. There is a fall in land values, but there is a steep rise in building costs. The report in *The Statesman* says as follows in regard to cement:

"A bag of cement previously sold at a little over Rs. 7 now sells at Rs. 11.50 in the black-market. The prices of steel, wood and other materials have also risen. It is estimated that at these prices, the cost of a building will increase by nearly 50 per cent."

Why is this being allowed to happen? Cement is a controlled commodity, and yet, blackmarketing is taking place. With great acclamation, the House passed the Defence of India Bill the other day and, I am sure, not only to arrest Communists but also to take action in other directions; at least, I hope so.

Then, we have the question of cloth, to which a reference was made this morning in a calling-attention-notice, and yesterday too. Here again is the same contradictory feature, namely a fall in production and a rise in stocks. Production has gone down in the mills from 423 million yards in May to 384 million yards in October. During the same period, the mills complained that stocks had gone up from 322 lakhs of bales to 431 lakhs of bales. I notice that the mill-owners are complaining about the intention of Government to compel them to divert a larger part of their output to coarse cloth. I do not wish to quote, though I can quote any number of objections to this plan of Government. But I would like to know one thing. Why is it not possible for these stocks which the mills claim are held up with them to be diverted through fair price shops to the consumers? Is it because the price of cloth generally in the country is likely to come down a bit and the mill-owners are objecting to it? The papers are reporting about this every day that the mill-owners do not want these stocks to be released lest there should be a general slight fall in the price of cloth in the

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country? But, has cloth become so cheap in our country already that the country cannot afford a further decline? These stocks have to be cleared; otherwise, tomorrow, they will have an effect on production, and production will begin to be restricted.

Therefore, I would suggest that Government should take steps to see that these stocks which the Minister of International Trade told us yesterday, amount to only six weeks' stocks—and yet a big hue and cry is going on about it—are diverted through fair price shops to the customers or to the ordinary public, and they can be diverted if energetic steps are taken in that direction.

About foodgrains, I have spoken about it already. At the moment, the season is one when the new crop is coming in and there is a certain downward trend. But we know what may happen later on. Everybody in this House who goes for shopping for his own personal requirements knows that during these past few weeks the prices have risen. Take, for example, toilet goods; take any variety of toilet soap or tooth-paste or hair oils or razor blades and so on; somebody may say that these are luxury items; I do not know; I do not think the middle class in our country nowadays considers these to be luxury items; the poorest people may, and of course, they do. Then, again, take items like stationery goods. The Prime Minister has told us over and over again when people have raised the question of pruning the Plan in the name of defence that education is one of the things which can never be given up. But in these few weeks, the prices of things like exercise books, which students have to buy, of paper and other stationery goods have been going up, in every retail shop by two annas or three annas or four annas every week. If you ask the shopkeeper, he says 'What can we do? The wholesalers from whom we buy these things are putting up the prices, or the original manufacturer is put-

ting up his prices; we do not know'. Why is this kind of thing happening?

Then, in the statement, there is also a reference made to certain plans which Government wish to undertake, for increasing the production of supplementary foods, other than cereals and grains, like dairy produce, and eggs and fish and so on. That is very good, though, no plan, as far as I know, has been drawn up yet. But I would just like to point out also for your information that some contrary factors in the situation are also at work. For example, in my State where fish is not considered to be only a supplementary food but almost the staple food, just at the time when the Government of India are coming forward with their declared intention of increasing the production of fish and the supply of these things in my State, a very ambitious scheme of augmenting the supply of fish by deep sea fishing by trawlers, undertaken by the State Government of West Bengal at the cost of some crores of rupees, which have already been spent, has only the other day been declared to have been abandoned. I do not know how the supply of fish is going to be increased. This will have to be gone into.

Another point. The statement refers to maintenance of prices of essential commodities. We are of course naturally inclined to consider only the question of price rises, but when it is a question of maintaining prices we have to consider the opposite thing also, certain commodities in respect of which the Government should prevent any undue fall in prices.

I am referring only to agricultural commodities. As a matter of fact, the statement states in one place that measures should be taken to see that the primary producer is assured of the minimum price which gives him the necessary incentive to invest in improved agricultural practices, and

whatever the level of production, to be put in a position to reckon on an assured reasonable return for his produce. That is the other side of the picture. One is the rise in prices of essential commodities, the other relates to preventing an undue fall in the prices of those commodities with which lakhs of agricultural people and farmers are concerned.

Here during this very week, do you know what is happening to raw jute? We have discussed about jute on so many occasions in this House and the Government has told us so many times that steps are being taken to maintain some sort of minimum price. But here I will read one little paragraph from the official organ of the Indian Central Jute Committee, a government body, namely the *Jute Bulletin*. The point I wish to emphasise is that for the first time it is stated here that in all past wars it has been found that war or warlike conditions have always seen jute growers thriving in the past, but this is the first time that there is no past parallel for this odd development that the worst hit by the Chinese aggression is raw jute.

Shri Shivaji Rao S. Deshmukh (Parbhani): The same thing applies to cotton.

Shri Indrajit Gupta: Possibly.

It says that at time when jute seems well set for many months of prosperous trading, what has been happening is distress sales of jute. The Indian Central Jute Committee has been compelled to state that 'everything possible should be done by the mills and other agencies—I do not know why they have left the Government out—to disabuse the feeling shared by the masses of jute growers that their sorry plight has offered an opportunity for callous exploitation. If there is to be no recurrence of the famine conditions of 1960-61, it is commonsense that no sacrifice at this stage can be too big to stop growers

getting away with the feeling that jute cultivation is a losing game'. If this is allowed to continue, the next year acreage will be diverted again from jute to other crops and we will face a famine of raw jute again, and our biggest foreign exchange earner will be put into the thorns of another crisis.

Therefore, I would like the Minister to say something not only about how he proposes to check rising prices but also how he proposes to arrest falling prices where it is necessary to arrest them.

I have only one or two more points to urge. There is a lot said in the statement about co-operatives. It has been said that in the beginning there will be 200 wholesale co-operative depots and 400 primary stores set up in cities and towns with a minimum population of one lakh each. Anybody who knows the figures will know that this is only going to touch the barest fringe of the urban population, because cities and towns with a minimum population of one lakh and more at present in our country are just 107 and the combined population of these 107 towns and cities is 3.5 crores. To cope with their requirements, we are proposing 200 wholesale and 400 primary co-operative stores or depots. This is not going to touch the fringe of the problem.

Besides, I would like Government to consider another question. What is their plan for seeing that these co-operatives will get adequate supplies of essential commodities at reasonable prices? I feel that under the present system, this is really a sort of Achilles heel of the whole co-operative system which is being proposed because if the co-operatives are not linked directly with the producers, whether they be industrial or agricultural, these will have to depend entirely on the private sector and the prices ruling in the private sector for their supplies. I was looking at the latest Report of the Registrar of Co-operative Societies of one of the foremost States in co-

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operation in our country, Madras. It says that 75 per cent of the goods obtained are obtained by the co-operatives from private manufacturers or wholesale dealers. This means that it is not as though co-operatives can influence market prices; it is the other way round. Market prices dictate to the co-operatives inevitably when they have to depend on non-co-operative sources for their supplies. All that the co-operatives can do then is that when there is a bigger margin between their own procurement price and the prices at which they sell, they can declare a bigger dividend to the shareholders. But as a factor in controlling market prices, the co-operatives are virtually useless unless they are guaranteed adequate supplies of essential commodities at reasonable prices.

Therefore, Government must arrange for adequate supplies at stipulated prices. We should have that kind of co-operative chain all over the country. I strongly suggest that it should be supplemented by a very far-flung network of fair price shops at the rate of one shop for 500 or 1000 families. Unless these are also brought into being, I am afraid these proposals that have been put before us for a small number of co-operatives are not going to make any dent in the situation at all.

Finally, I wish to make some proposals because though there are many aspects, there is no time to go into them and there are other hon. Members also wishing to speak. I have already suggested the urgent need to have a network of fair price shops. By leaving them out and depending only on very precarious types of co-operatives, we are heading for trouble. Secondly, with all the powers Government has now taken, why should not stocks of various types of goods—essential commodities—be frozen by Government for distribution through certain planned channels as and when required? I have already mentioned about cloth lying with the mills. But

this will come up from time to time in the case of many commodities and I think instead of leaving them to what are called the regular channels and depending entirely on them, the comprehensive powers of Government should be used now whenever necessary in the social interest to freeze stocks, wherever necessary, and channel them in directions required. (An Hon. Member: Of what goods?) Let him tell us. I do not mind.

The prices of these essential commodities should be fixed by Government. I would also suggest abolition of taxes on foodgrains and other essential commodities. I do not know what is coming in the next budget. But if foodgrains and other essential commodities are going to be taxed directly or indirectly, then all the inflationary pressures I have mentioned earlier will come into operation and with the best will in the world we will not be able to control the situation.

Then I come to bank advances against foodgrains. There are lots of malpractices, misuse of credit for speculative purposes. I do not wish to go into details. But certainly bank advances against foodgrains should be stopped altogether. There was a time in 1959-60 when prices went very high, when a ceiling was put, I think of Rs. 50,000, on bank advances against foodgrains. But it proved how easy it was to circumvent that kind of restriction, how people operating in the trade knew how to get advances under different names but all operating in the same combine, and use them to pile up foodgrains, hoard them and then put up prices and indulge in speculation. Therefore, I would suggest the present emergency calls for stronger measures to put a stop to bank advances against foodgrains.

Minimum prices for agricultural produce—this is an old hardy annual in this House. But since everything is now being discussed in the new context, I hope Government will treat it

likewise and do the needful. I have referred to the question of jute. There is the question of cotton and so many other things. Minimum prices for agricultural produce should be fixed and Government should make it clear to the farmers that wherever necessary and whenever necessary, they will purchase directly at those prices. Unless this is done, there is no other way by which the farmer can be given confidence.

Then, I would also suggest that some kind of a crash or emergency programme should be worked by the Centre in conjunction with the States for raising the production of supplementary foods like meat, fish, milk, eggs, vegetables and so on. It is there in the statement, but I would like to know what steps are being taken. My experience in West Bengal is something contrary to that.

As far as administrative measures are concerned, I would suggest that along with the other things which are already being taken up by the Government, there should be some system of a very thorough inspection, inspection of all godowns of wholesalers, what are called *adats* of the *adatdars*, stocks in mills, cold storages etc. If necessary surprise inspection should be instituted to see that there are no malpractices going on.

Government is experimenting with many things. I suggest they might also care to experiment with the setting up of a few price courts. They may appoint economic assessors, and let people who are suspected or accused of trading malpractices be brought up before such price courts for trial and judgment, in addition to all the other kinds of courts that we have got.

These are some of the positive suggestions that I want to make. In conclusion, I will simply say that Government can be assured of full co-operation from everybody in this House, I hope, and certainly from the vast mass of ordinary people in the country outside in every measure

which they decide to take and which they care to take to hold the price line. I consider this to be no less important than holding the front line, because the people who are in the rear have got to be given confidence that they will be protected against any kind of anti-social behaviour and practice, and it is only with that confidence that they will be able to give of their best in every walk and field of life where they are working, and in that way alone will we be able to go ahead to the ultimate success of our country.

Mr. Chairman: Motion moved:

"That this House takes note of the statement laid on the Table of the House on the 10th November, 1962 by the Minister of Planning and Labour and Employment on measures for maintaining prices of essential commodities at reasonable levels."

Shri Ram Sewak Yadav (Barabanki): I beg to move:

That at the end of the motion, the following be added namely:—

"and resolves that Government should take the following steps to stabilise the prices—

- (i) the prices of foodgrains should not rise more than one anna per seer between two crop seasons;
- (ii) the prices of essential factory products such as cloth (coarse), kerosene oil, cement iron, sugar and medicines should not be more than one and a half times of their cost;
- (iii) the prices of foodgrains and raw materials produced by the agriculturists should be sufficient for their livelihood besides recovering the cost of production and balance should be maintained between the prices of agricultural and industrial products." (1).

Shri D. S. Patil (Yeotmal): I beg to move:

That at the end of the motion, the following be added, namely:—

“and urges upon the Government to assure the cultivators that the prices of foodgrains and other commodities produced by the agriculturists shall not be allowed to fall below a reasonable minimum level.” (4).

Shrimati Renuka Ray: I beg to move:

That at the end of the motion, the following be added, namely:—

“and urges upon the Government to utilize the powers conferred on it under the Defence of India Rules without delay to conserve the use of essential commodities in short supply and to effectively check the activities of all anti-national elements, such as war profiteers and black-marketers.” (5).

Shri Sivamurthi Swami (Koppal): I beg to move:

That at the end of the motion, the following be added, namely:—

“and resolves that—

- (i) the inflation of money should be controlled on a reasonable level to reduce the prices of essential goods;
- (ii) the production should be increased by helping the agriculturists; and
- (iii) steps should be taken for equitable distribution through Co-operative Societies of such commodities that are in short supply”. (6).

Shri Bibhuti Mishra (Motihari): I beg to move:

That at the end of the motion, the following be added, namely:—

“and resolves that the prices of agricultural products should be

fixed taking into account their cost of production and other necessities of life of the producers and should also be linked with the prices of utility articles produced in the factories so that the cultivators may not suffer loss.” (7).

Mr. Chairman: There is a large number of speakers. I would request hon. Members to confine their remarks to five or seven minutes.

Dr. P. S. Deshmukh (Amravati): It is highly gratifying that even at the fag end of the session we are getting an opportunity to discuss this very important subject.

I am very happy that the Mover of this Resolution has put the case in a very appropriate manner. I think he deserves congratulation for the way in which he has made his observations. He has not shown his inclinations or political propensities in any manner in his speech. He has been very reasonable because all of us feared that the party to which he belongs was generally making capital out of the rising of prices.

Shri Indrajit Gupta: You should not make any political capital either.

Dr. P. S. Deshmukh: I am thanking you because you have not done so.

Shri Indrajit Gupta: This thanks itself has got a political flavour.

Shri S. M. Banerjee (Kanpur): This is political thanks.

Dr. P. S. Deshmukh: I am just referring to the apprehensions that we had when the subject was brought before the House, that in all probability we would be treated to some alarmist sort of attitude and there would only be one side of the question which would be dealt with predominantly, but I am glad Shri Gupta has also paid attention to the producers, especially the agricultural producers, and he has made out a very strong case for protecting the interests of the farmers. That was the reason why I have gone out of the way to congratulate him on what he has said.

This is a very difficult subject, and it is not an easy task for any Government to maintain prices, especially in a vast country like ours where not only production but various circumstances differ from place to place, and when our law and order situation or our controls and our administration is hopelessly weak. This country suffers from bad administration in many respects, a very weak administration. Whatever intentions are proclaimed, they are never able to carry them out. Whenever they try to fix the prices, it only encourages black market. Nobody gets anything at the price fixed or even 25 to 50 per cent more. That is generally our experience so far, and I am therefore glad that the Government has not rushed all of a sudden to try to fix the prices of any commodity.

There is a section in the Cabinet and certain other people who are devoted to controls, because they think that with the plans that we have, we must have a controlled economy; but controlled economy does not mean controlling everything, or controlling some things foolishly. There should be a line drawn of what is practicable, what we can really control, the benefit of which we can give to the people, and what lies beyond our capacity. So, from that point of view, I welcome the fact that no control has so far been placed.

But I do not know what really this vigilance committee that has been proclaimed by the Planning Minister is going to do. Now they are thinking of this vigilance committee, and some strong and high level committee—we always have high-level, high-powered and high command, everything high in this country—and therefore there is going to be some high-level committee. Our friend Shri Patil had proclaimed this high level committee long ago. God knows what has happened to that high level committee that he had proposed.

Dr. M. S. Aney: They will have to come down to take up these matters.

Dr. P. S. Deshmukh: Probably it required the Chinese to help him to

get this committee established. It required an emergency. This is also another subject which is the result, it appears, only of the emergency. Otherwise, to the ordinary commonsense of the administrators of the country this did not appeal.

* **Shrimati Yashoda Reddy (Kurnool):** We can confine ourselves to the price, and not to the Ministers.

Shri Shivaji Rao S. Deshmukh: The learned doctor did not transgress even by an inch.

Dr. P. S. Deshmukh: I think the lady Member has not paid much attention to what I have said and the subject before us.

Shrimati Yashoda Reddy: I have paid very good attention.

Dr. P. S. Deshmukh: There is a statement of Nandaji which we are discussing and it contains a plan of action by which he thinks that we will be able to maintain the prices, and in that there is something like consumers' co-operatives. What I was driving at was that it required the Chinese aggression to remind the Government that there is some use so far as co-operative consumer stores are concerned, and this has been done. The importance of this subject is being realised only because of and only when we are in this emergency. The Government is going to establish consumer co-operatives. I do not know how the Government is going to do it. Is it the joint registrars or the registrar's subordinates who are going to bring them about as in the case of the service co-operatives? It is hardly a proper method of encouraging co-operatives. They are voluntary organisations; they have to be done by people. Very often these consumer co-operatives have been asking for assistance from Government but it was felt that it was not Government's duty to help consumer co-operatives but that they should stand on their own legs and therefore,

[Dr. P. S. Deshmukh]

no assistance was given. Now, all of a sudden large sums of money are going to be allocated for co-operatives but I do not think the way in which Government is trying to do this will ever succeed. If they want to do it they will have to do it in a very systematic manner and give it to the people who are really devoted to the co-operative principles. I am glad that Shri Gupta has dealt with this subject in a very good manner because unless you help these co-operatives with goods and articles at some concessional rates things will not improve because what the ordinary merchants can do—adulteration, short weights and measures etc.—the co-operatives cannot. It is by these methods that the ordinary shopkeeper brings the co-operatives to naught. If, as Mr. Gupta suggested, goods are given at concessional rates on a wholesale basis they will be able to distribute the goods honestly at fair prices. There should be regular supply. Unfortunately my experience in this Government is that they talk tall about co-operatives but they do not know what co-operatives are or how and where to assist them. I have innumerable instances to quote of talking big and loud about co-operatives but actual assistance is nil. The co-operatives are in many places deliberately done harm by the administration, by many of their officers and people who proclaim their faith in co-operation. There is one co-operative general insurance company, only one in the whole of India. It has taken up crop and cattle insurance. What is their experience? For some reasons, Government prefers very often to go to an ordinary joint stock insurance company and they take away the business already given to the co-operative general insurance company. This type of experience is very common so far as co-operatives are concerned. Now that their importance is realised by Government, I hope it will tackle it properly and give the people a chance to prove its worth. Otherwise, very often we

talk of co-operatives but do things in a way by which co-operatives cannot exist.

Many people say: look here we had a co-operative here but it had failed. Very often they are themselves instrumental for the failure of the co-operatives. They want to use these arguments to discredit them. I hope Nandaji will take care to see that this does not happen in the present circumstances.

I am particularly happy that for the sake of seeing that the price line is maintained, Mr. Gupta has not advocated some lower prices to be paid to the agriculturists and producers of these goods, especially foodgrains, cotton, jute, etc. I support his suggestion that not only the minimum price should be fixed but operative steps should be taken to enter the market as soon prices go below a level.

There is another trouble which has now arisen. I do not know whom the Textile Commissioner serves but it is not the agriculturists' interests that he serves nor the interests of the country. On his own sweet will he starts taking action when there is no need. There are ceiling and floor prices for cotton. If the ceiling was pierced, he may have interfered. But just because somebody—it must be the big business—impressed upon him the desirability or the fear that the prices are likely to go up, he started doing things when prices were Rs. 100 or Rs. 200 below the ceiling and interfering with the free movement and free purchase of these commodities. If this is the way Government is going to maintain the price line, I am afraid it will maintain neither the prices nor the cultivators nor will it get more production.

In the same way they have referred to supplementary food. It is a very wrong description. It is ordinary food, fruits, eggs, fish and all that. Supplementary food has a

different meaning something like the "Meals for the Millions", multi-purpose food or something that goes to balance the nutritive quality of peoples' diet.

I had many more observations to make but since your bell is ringing, I will conclude shortly. I support the way in which Shri Gupta has made the suggestions, namely, trying to protect consumers on the one hand without sacrificing the producers. I am going soon to launch a producer-cum-consumer co-operative and I hope ample help from the Government, in view of what they have declared, will be available to me so as to see that we function, taking care of the interests of both the producers and consumers.

Shri Hem Barua (Gauhati): Sir, the prices in our country have a tendency to spiral up. This emergency has added an edge to it. But the beauty of it is that there is no serious attempt made on behalf of Government to arrest these prices. If we take the wholesale price index, it was 124.1 in August 1961 compared to 132.9 in August 1962. This shows the tendency of prices to rise. Compared to 1959 index, it is an increase of 4 per cent; in some commodities it may be less; in others, more. The purchasing power of the buyer has not gone up commensurate with this increase; it has not proved as dynamic as the rise in prices.

I would say that prices are inter-linked with planning. What about our plans? Our prices showed signs of restiveness during the First Plan period. In the middle of the Second Plan period, the prices started spiralling up and when we entered the Third Plan period prices spiralled up still more. This emergency has added a cause for anxiety in this matter. There is inadequacy of supplies of essential commodities. That is why I say that Plans must have a purpose to see that prices do not rise. Then alone we can arrest the rise in prices. What about the Plan targets? We

have planned for a 30 per cent increase in national income during the Third Plan period—a six per cent increase per annum. In 1961-62 the rise in national income was only 3.5 per cent. No serious or concrete steps are taken to arrest the prices and to link planning with prices.

Agriculture is the pivot of our economy as also our price policy. Recently, foodgrain prices have rather marked a slight decline. Both the Ministers, Dr. Ram Subhag Singh and Shri Patil, have been saying that the measures that they have taken have succeeded to a certain extent, but they forget the fact that because the harvest season is very near and because we are going to have a bumper crop there might be a slight decline in the prices of foodgrains. We must not forget that the monsoon-gods should smile on our fields. Then and then alone we will have a good harvest for a bumper crop.

What about the measures taken by the Government? The measures are inadequate. There is an acute shortage of fertilisers. There is an acute shortage of irrigation facilities. There is lack of concentrated effort towards agriculture. Unless and until these factors are taken into account, to say that we would arrest rise in prices is a very difficult thing to be achieved. In spite of all the measures taken by the Ministers, in spite of all the measures that are being propagated or enunciated in the note, I would say that these measures would not succeed.

My hon. friend Shri Indrajit Gupta said something about deficit financing. It is a fact that deficit financing has an inflationary tendency, and this inflationary tendency has always an impact on prices. During this emergency, this inflationary tendency is likely to go up, and that is why I say that during the second Plan period the total investment in the public sector was to the tune of Rs. 4,657 crores out of which the deficit financ-

[Shri Hem Barua]

ing was Rs. 950 crores. During the third Plan period, the total investment so far as the public sector is concerned is Rs. 7,500 crores. Out of this, Rs. 550 crores are estimated as deficit financing. I would say that we must try to limit this deficit financing as far as possible, or else it is going to have an inflationary impact on prices. I am not opposed to deficit financing as such, because in a developing economy, this deficit financing is unavoidable, but because we are faced with the war crisis today, we should see that inflation does not rise in this country and as a result the whole economy of our country is thrown out of gear.

We talk about voluntary gifts to the war fund. I commend those people who have come forward with voluntary gifts for the war fund. But so far we have succeeded in collecting only Rs. 15 crores. This is a very negligible amount compared to the tremendous task that we have to do in order to step up our defence measures. What do we find? On the other hand, we find Prof. Kalder saying that Rs. 200 crores are annually evaded by income-tax payers. There are people in this country who do not pay taxes, not to speak of prohibition on which we spend another Rs. 200 crores. I would say, as my hon. friends have already suggested, that there should be a temporary suspension of prohibition during this period, and we should gear up our tax-collecting machinery to a point where no tax evasion is possible in this country. In order to avoid inflation, so that it might not affect the rise in prices, we must see that if necessary we impose fresh taxation for the purpose of this emergency.

Now, we are face to face with a crisis. There is an emergency today, and we have to gear up our defence machinery. There is no doubt about it. We have to defend our country, and that is why we have to reorganise and introduce some sort of discipline in our economy. When I

speak about the reorganisation of our economy, I do not say that the Plan is to be pruned. I would, however, say that the frills of the Plan ought to be pruned. The production pattern has to be reorganised and there should be priorities. These priorities should be organised. Then we must see that more energy and vitality are ploughed into the Plan so that we might produce more goods and avoid rise in prices. Unless we have a buffer-stock of essential commodities, there would be a rise in prices. You cannot avoid it.

What about agriculture? We say that we have a bumper crop. But we must not forget that food stocks are being cushioned also by the aid of PL 480! That is the fate of this country. 70 per cent or rather more of our people are engaged in agriculture; in fact, it is more than 70 per cent. But in the USA, 70 per cent of the population are engaged in industry. Only 10 per cent are engaged in agriculture there. But here is a country where more than 70 per cent of the population are engaged in agriculture and yet has to go to the USA, where only 10 per cent are engaged in agriculture, with a begging bowl for food. Therefore, our economy has to be geared up. Unless and until we reorganise our economy in the context of this emergency, we cannot succeed.

The British power during the last world war did not reorganise the economy of our country when this country had to face that emergency. As a result of that, there was the Bengal famine. That is why I say that we should reorganise our economy.

What about the Federation of Indian Chambers of Commerce and Industry? They have co-operated with the Government in this critical moment, and they have come out with certain concrete proposals for the setting up of price vigilance committees in different zones of our country. That is all right, but then the kerosene scandal in this capital is a pointer to

the fact that there are black-sheep in every flock. We must not forget that they want to take some advantage out of this emergency, out of the abnormal conditions that prevail in the country. What happened in regard to the kerosene scandal? This scandal was brought to the notice of this House by Shri S. M. Banerjee. Then the Minister came out with a statement and assured the House that he would take stern measures against those who indulge in anti-national activities. What was the Government doing till then? Why was it that the Government did not take any stern measures against those people, before it was brought to the notice of the Government on the floor of this House? I find some Ministers going about thundering that they would take stern measures against these anti-social elements. I know Shri Nanda thundered about it. Unless and until this sort of thundering is buttressed with positive, concrete action, this would not have any effect on the black-marketeers and profiteers. Why don't you, even for once, in this context of emergency, try to implement that ancient slogan of our Prime Minister, Shri Jawaharlal Nehru, who said that he wanted to hang black-marketeers on the nearest lamp-post? Try to do it once and save the country and the people from this catastrophe organised by these anti-social elements.

The note says about 200 wholesale stores and 4,000 branch and primary stores. Do they cover the entire population? What about the rest of the population? My hon. friend said that there are 107 cities in this country each with a population of a lakh and more, and the total population of such cities is three and a half crores. What about other people? Hoarding of commodities in bank accounts by the wholesalers can be verified, because banks make advances towards certain goods. We can find out the real truth by looking into them.

In short, I would say that there is a crisis facing our country, and in

view of that crisis, we should see that no anti-social elements are allowed to flourish and thrive and reap harvest out of the miseries and misfortunes of the people.

Shrimati Renuka Ray: Mr. Chairman, Sir, yesterday, speaking in this House, the Prime Minister pointed out that we are going to face a long war and for this we must be prepared in the front line; and what is of equal significance, in the rear also, people have come forward splendidly. The response has been magnificent. But we have to build our economic system in a manner that it has a proper strength and is able to gear up to the war effort. Let us analyse the statement of Mr. Nanda in this respect. He has mentioned that we face a state of emergency and therefore, there is urgency behind all this. But after reading through the statement, one is left with a sense of bewilderment, because we are told about the first phase which will be put into operation; and, it has been put into operation. But we are dependent even now to a large extent on the good offices of industry and trade. I do not dispute the patriotic fervour of any man in this country. Far be it from me to say that industry and trade are not trying to help. But do we leave it to the good offices of any non-official organisation to find out and curb the activities of anti-social elements and of those who do propaganda directly against the country and vitiate the war effort? Have we not empowered the Government under the Defence of India Act to take swift and ruthless action? I do not speak of responsible leaders of industry and trade. But it is absolutely essential that against anti-social elements in this country, who thrive on the misery of others, during times of war in particular, we should take action quickly, swiftly and relentlessly from now.

Other speakers have spoken about the cement scandal in Delhi, scandals about textiles and so many other

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things. But what about wool? The Textile Commissioner fixes the price of wool and the wool disappears from the market. That is the kind of thing that is happening and will happen in a greater measure in forward areas than perhaps in Delhi, where you can watch and arrest somebody after some incident takes place. I would request somebody after some incident takes the Government to take measures here and now, particularly in the forward areas.

Take the example of war-time Britain. It was not a country which believed in nationalisation or even in any measure of socialisation in those days. From 1939 to 1941 there was no adequate machinery there to deal with the prices and the cost of living index went up in a manner that they could not control. From 1941 to 1945, effective measures were brought in and it went up only by 3 per cent. Many plans might have been pruned then, but they did not prune any plan for the children. In fact, it was during war-time in Britain that the children came into their own and the education expenditure went up five times. We should take a lesson from the example of Britain in these things.

I now turn to a country of free enterprise, U.S.A. What happened during the war time? They set up an office of production and office of price administration and Government control, which dealt with the production, supply and distribution of commodities for war and civilian use and to check prices. That was the experience of U.S.A., a country of free enterprise. Lastly I come to my own country. Mr. Hem Barua mentioned about the Bengal famine. I was in Bengal when that man-made famine came. We heard the cries of dying men and women and we used to pick up children from the streets. Even in Calcutta where the Japanese bombs were being dropped, they did not create such horrors as this man-made famine created. Government should take note of it.

Now Assam and West Bengal are forward areas. I know the word creates prejudice amongst some in this House, but rationing is necessary in these areas. Dr. Ram Subhag Singh will tell us that we have created buffer-stocks, warehousing facilities and the like. But I would submit that unless you take steps right from now, you may not be able to deal with the situation when it goes out of hand in Assam or Bengal or in other border areas. So, please keep the machinery ready, so that the people do not suffer and nothing like that man-made famine can come again. It is not a short-term measure. I would remind Dr. Ram Subhag Singh that it is a long-term sustained effort we have to make today, because the war may be a long one.

The other point to which I would draw the attention of the House is the need for conserving commodities in short supply. I do not mean only commodities which are not necessarily in short supply today, but conserving commodities essential to the war effort and for the consumers in the rear. Take petrol and petroleum products. We have already heard of the kerosene scandal. Whatever may be the quality of petrol that we have in this country, if a war has to be carried on, surely we should conserve petrol and bring in rationing right from now. After three years or so let us not say, there is not enough petrol for the war effort and we must stop civilian use. Let us plan out these things right from now.

There are so many other things. We are told that the prices of foodgrains have come down. As others have mentioned, this is the time of the crop when it goes down. But what about fish, vegetables and other things, which are also food? Their prices have not come down but are going up.

A similar conservation of supplies should be done about electricity, coal, iron and steel and cement. It should

be done now and immediately. We hear so much talk about all these, but no machinery is there by which black-marketing can be avoided. Let us gear up the machinery of the Government in the economic sphere to deal with these things in a proper manner from now on. The Finance Minister has brought in a very good thing—gold bonds. But what is the response from the public? There is very good response from the middle class, but what about the wealthier classes? What about their response to the offer made by the Finance Minister for helping the country? Apart from donating their gold, even to buy gold bonds, they are not coming forward in large numbers.

In the Planning Minister's speech, there is no mention about the idle capacity in industry. It should have been there. I do not know what is being done to gear up the idle capacity in industry to the war effort. Let us not have only statements about how we are gearing up our war efforts and our production needs. Let us actually do it. People feel confused when they hear about such wonderful things that are sought to be done, but yet they are not done. Let us not make any statement until the thing is done. If this golden rule is followed, it will lead to a great deal of optimism rather than frustration on people's part.

17 hrs.

[Mr. SPEAKER in the Chair]

My neighbour says that then people will have nothing to talk about. Perhaps they can talk about less dangerous things than those that vitiate the war effort.

I have already said what war-time Britain did about education. Today in our country it is in the air that the plan has to be pruned. Where? Some people think education does not help the war effort in the sense that it does not help the front line. But our resources are in men also. If the future

citizens of this country suffer during this period in any manner because we have this unimaginative attitude towards what is of the vital consequence to the future of the nation, to the children of this nation, that would be a very harmful thing to the country. Let us, on the other hand, learn from the experience of Britain and other countries and utilise this emergency for the betterment of the future citizens of this country. Let us also remember that when we are working for a society where we want improved conditions and a more equitable economic society, then we should at least utilise the emergency today to bring such conditions among the people. The poorest among them has shown a wonderful response to that. Let us be able to handle it in such a manner, let us be able to utilise it in such a manner that the people of this country feel that the Government has come forward with measures through which we shall fight the enemy. In so doing, we shall be able to improve our nation. We shall be able not only to improve the armaments position with which we have to fight the enemy, but we shall also be able to take adequate measures through which the health, the physique of the nation is improved. At least the children who will have to carry on when we have gone should have better physique, better health. That is what Britain did during war time. Surely, during war time India can look to this whole problem in that perspective.

With these words, Sir, I should like to commend my amendment. One word has been wrongly typed there. It should be "anti-social" instead of "anti-national". I hope the hon. Minister—he is not here at the moment—when he comes will be agreeable to accept my amendment because I feel sure that the mover will not have an objection. What I want is only this:

"and urges upon the Government to utilise the powers conferred on it under the Defence of

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India Rules without delay to conserve the use of essential commodities in short supply and to effectively check the activities of all anti-social elements, such as war profiteers and black-marketers."

Surely, there is nothing wrong in this.

Before I end, Sir, I want to say one word more. I do not for one moment suggest that the farmer should not be paid a fair and just price. He must, of course, be paid a just price. We want to expand our agriculture, so he as to be given initiative. But most of all we want that the interests of the largest section of the people who are also consumers namely the agriculturists—the cultivators, should be looked after. But we do not want profiteering. We must take every step to check it and we must not be complacent about it.

With these words, Sir, I hope that my amendment will be accepted.

Mr. Speaker: I wanted to know the pleasure of the House. I have got 30 names with me of hon. Members who want to participate in this debate. How long would they like to sit?

Shri S. M. Banerjee: Up to 7.00. Three hours are allotted for this motion.

Mr. Speaker: Three hours are there. Out of those three hours one hour must be reserved for the hon. Minister.

The Minister of State in the Ministry of Food and Agriculture (Dr. Ram Subhag Singh): I would also like to say something.

Shri Hem Barua: Each speaker should have only five minutes.

Mr. Speaker: In spite of my ringing the bell, the last speaker has taken 12 minutes.

Shri Hem Barua: We took only five minutes.

Mr. Speaker: I was going to find out the desire of the House. Even if we spend three hours, at the end of that I am sure I would have left many hon. Members dissatisfied, discontented and, probably, they will be accusing me because of that. If the hon. Members agree we might just put it off to the next session. On Friday, the last day, the 2½ hours for non-official business we will devote to this. Then we can also take into account the developments that take place by that time.

Shri Shivaji Rao S. Deshmukh: So far as cotton growers are concerned they have lost millions of rupees because of the steep decline in prices. That is a burning problem. If that criticism is voiced today, it will have an immediate effect on the Government.

Mr. Speaker: Does the House want that cotton prices must be restored just now? What would he gain by that. He has voiced his grievance. That would go to the Minister also. I think we might postpone this discussion to the next session.

Shri Indrajit Gupta: If the House is agreeable to your suggestion that this discussion be left over to the next session, may I suggest, in that case, that the time be extended, the time for the discussion in the next session?

Mr. Speaker: I am giving 2½ hours more.

Shri Indrajit Gupta: 2½ hours more is not going to exhaust the list.

Mr. Speaker: That list of Members who desire to speak would never be exhausted. I also want that it should never be exhausted. That should go on pouring in more and more.

Shri Indrajit Gupta: The hon. Minister for Planning gave me to understand . . .

Mr. Speaker: That we will see then. Now the House is of the opinion that this might be put off to the next session—not the next session but the session we are having on the 21st January, 1963.

Shri Indrajit Gupta: How long we will continue today?

Mr. Speaker: I am going to adjourn just now. This is the last day and I thought that was the desire of the House

Several Hon. Members: Yes.

Mr. Speaker: So we are going to adjourn the House. I hope hon Members remember the vow that they have taken. They have to go to their constituencies. I have been receiving letters and telegrams from many persons. They have enquired from me what we will be doing here by continuing the session. They want us to go to the constituencies and work there. There is enough of work that we have to do for the civil defence, for keeping up the morale and other things. (*Interruption*). I am just giving you what the people—some of the people, of course there would be always difference of opinion; some might be thinking in one way and others just the other way—think (*Interruption*).

Yes, we have spent the time very usefully. This will go down certainly as a very memorable session. We

had this emergency, and the unity that we have demonstrated, of course, would go down in history, that under the spur of these reverses and this adversity we have united together to a man and shown to the people that we are really a nation forgetting all the differences that we have. I hope when you go back you will remember this.

Another thing is, I am thankful to the hon. Members that they have agreed that this session might not be prorogued though they would not be entitled to their allowance three days in advance when they come back in January. That is a sacrifice by the Members which will go as a patriotic act on the part of the Members that they were prepared to forego all this, they are not here simply for the sake of money and what they want is to do service to the country. That also they must remember.

I hope they will come back refreshed and with greater confidence to serve the country, which objective we all have in our view.

The House will now stand adjourned to meet again on 21st January at eleven o'clock.

17.08 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, 21st January, 1963.