

SHRI MANUBHAI PATEL : Is there any proposal like this which forms part of this exchange?

DR. V. K. R. V. RAO : Already investigations are going on, and we are getting assistance on the subject of the up-to-dating and modernising of the teaching of mathematics and science in the schools.

श्री राम गोपाल शालवाले : अध्यक्ष महोदय, संस्कृति और शिक्षा का आदान प्रदान विकासशील देशों से करने के लिये भारत सरकार से मैं जानना चाहता हूँ कि उसकी संस्कृति कौन सी है जिसका कि वह आदान प्रदान करना चाहती है? कौन सी संस्कृति आप की है?

एक माननीय सदस्य : आप ही बतला दीजिए कि आप की संस्कृति क्या है?

श्री राम गोपाल शालवाले : प्रश्नकर्ता होने की हैसियत से मैं भारत सरकार से जानना चाहता हूँ कि किस संस्कृति का आदान प्रदान आप विदेशों से करना चाहते हैं?

DR. V. K. R. V. RAO : I do not know how the question arises from this.

MR. SPEAKER : You can have a debate on it later on.

श्री राम गोपाल शालवाले : मुझे कोई गलतफहमी नहीं है। कल इन्होंने नाचने और गाने को संस्कृति माना है तो मैं उनसे जानना चाह रहा हूँ कि वह कौन सी संस्कृति है जिसका कि वह आदान प्रदान करना चाहते हैं? नाचने, गाने की है या और कोई भी है। यह जरा वह बतला दें?

अध्यक्ष महोदय : नाचना, गाना कोई बुरी चीज नहीं है।

श्री राम गोपाल शालवाले : कौन कहता है कि बुरी है लेकिन केवल वही तो नहीं है, नाचने, गाने के अलावा कुछ और भी तो है।

अध्यक्ष महोदय : अब आप की आयु भी तो ऐसी नहीं है।

श्री राम गोपाल शालवाले : कल भी आप ने आयु का राइडर लगा दिया था जो कि मैं ठीक नहीं समझता हूँ। यहां पर चाहे किसी की आयु 60 वर्ष हो या 25 वर्ष समान रूप से हर एक प्रश्न पर विचार करना होता है। यह देश की संस्कृति का सवाल है और इसलिये मैं भारत सरकार से जानना चाहता हूँ कि उसकी संस्कृति आखिर कौन सी है?

MR. SPEAKER : I do not allow this question.

श्री बलराज मधोक : यह प्रश्न बड़ा गम्भीर व महत्वपूर्ण है।

अध्यक्ष महोदय : यह संस्कृति का बहुत लम्बा चौड़ा सबजैक्ट है और माननीय सदस्य यहां पर अलग से नोटिस देकर इसके ऊपर डिस्कशन ले सकते हैं।

DR. V. K. R. V. RAO : I do not want to discuss the whole subject of culture, as you rightly suggested we could have an independent discussion, but I just wanted to bring it to the notice of the hon. Member that these cultural exchanges do not only include dances and singing. They also include sending of Professors of philosophy who go round the Universities in other places and deliver lectures. Men like Swami Ranganathananda, whose name I am sure is known to all Dr. Banerjee of the Delhi University etc., have gone round on lecture tours. So, culture also includes philosophy. It is not only concerned with dancing and singing.

Price Rise Registered for Food Articles and Other Commodities

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*244. **SHRI S. R. DAMANI :**
SHRI RAM CHARAN :
SHRI R. R. SINGH DEO :

Will the Minister of FINANCE be pleased to state:

(a) the price rise registered as on 31.10.1970

for food articles, industrial consumer goods and industrial raw materials and intermediaries and how they compare with those at the beginning of the current financial year and corresponding period of last year; and

(b) whether any scheme is being worked out to contain the prices at these levels and if so, what are its details?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN): (a) and (b). A statement is laid on the Table of the House. [Placed in Library. See No. LT-4337/70.]

SHRI S. R. DAMANI: I have gone through the statement. It is a very detailed statement, and Government has taken great pains in supplying all the figures, but this statement deals with what action has been taken, and it does not mention what action they are going to take in future to arrest the rise in prices. The hon. Finance Minister himself has expressed great concern about the rise in the prices of foodgrains, industrial consumer goods and industrial raw materials in the last two months.

Since these prices are still rising, what is the Government doing? I take a particular example, say, cotton. In one year, according to the statement, there is a difference. Last year, the index was 159; this has gone up to 186. There is a rise of 16 per cent according to the statement. But in practice, it is much more than that. Today, the prices every day are rising, and therefore there is a possibility that many mills may close down, and throw hundreds of thousands of people out of employment, thus causing loss in industry. As such, may I know from the hon. Minister what practical steps the Government is contemplating to take to remove these shortages and increasing production and thereby arresting unprecedented rise in prices?

SHRI Y. B. CHAVAN: If the hon. Member takes care to read the statement which I have placed on the Table of the House, he would have seen the present position. It is stated in paragraph 2 of the statement, and for the information of the house, and the hon. Member, I shall read that portion.

"Government is fully alive to the rising

trend in prices and has been taking all possible measures to contain this rise. These measures broadly fall under the heads of fiscal and monetary policy, steps to increase production and availability of scarce commodities—

SHRI HEM BARUA: This is no longer a trend. It has become a fact.

SHRI Y. B. CHAVAN: Fact is also a trend. (Interruption) Facts also indicate a trend. Therefore, it is a trend. When I say 'trend', it is a continuing and developing thing.

SHRI HEM BARUA: The word 'trend' is misused, when the rise in prices has become a fact.

SHRI Y. B. CHAVAN: When you are talking about the continuous process, you have to mention certain things, and trends can be proved by facts, and facts can establish the trends. It is in this sense that I have used it.

"The rise in prices over the past year has been mainly because of relative shortages in the availability of certain raw materials and it has been Government's policy to arrange for imports and also to control the availability of credit against such commodities. The Reserve Bank of India's credit control measures in respect of three such commodities were initiated in January 1970 when margins were raised and a minimum rate of interest of 10 per cent was prescribed for advances against foodgrains, oil-seeds and raw cotton. Later, the minimum interest rate for cotton and oilseeds was raised to 12 per cent. The overall availability of credit has also been restricted through raising of the net liquidity ratio from 30 per cent in January 1970 to 33 per cent at present, by stages. The latest directive in this regard was given towards the end of August, 1970, since it had become evident that there had been a contraseasonal expansion of credit which must have been exerting some upward pull on prices—

So, I have indicated that the rising trend is sought to be checked in four ways, because

these are the four lines in which we can counter it. One is to have a fiscal and monetary policy, which is indicated by the action taken by the Reserve Bank. Then, there is the question of making scarce things available. We have indicated the scheme of imports particularly in regard to industrial raw materials. The third is about production. Here on the food front. We have certainly got results. Where we have really made a break through in production, we certainly have got results, in the case of foodgrains, for example, we have always been complaining in this country that shortage of foodgrains was the basic cause for the price problem. If you read this statement, you will find that particularly the prices of grains like wheat and other cereals, are coming down. The important factor in the rise of prices, according to me, is the rise in the price of industrial raw materials. That is the basic thing, I know there are other reasons also. Therefore, what we have to do is this. In fact, our approach must be two-fold. One is to increase productivity; merely increasing production is not enough.

AN HON. MEMBER : You should address the Chair.

SHRI Y. B. CHAVAN : I think through him I am addressing the house. Certainly I will address the Chair. (*Interruption*)

MR. SPEAKER : It is all right. But if there is a quarrel about it, he should address me!

SHRI Y. B. CHAVAN : The real point is not merely to increase production but to increase productivity. Secondly, in the case of scarce industrial raw materials, we will have to try to increase their supply by imports, etc. We are certainly emphasising on these things.

SHRI S. R. DAMANI : I entirely agree with what the Minister has said. The cotton target was fixed at 72 million bales for 1965-66, but it has not gone up beyond 58 lakh bales. I want to know what steps Government have taken to increase productivity. Secondly, as a result of rise in the cost of living, there has been a rise in the salaries and wages of Central Government employees, State Government employees and also industrial workers, to the

extent of more than Rs. 300 crores annually which will not in any way be related to increase in production. What will be the effect of this increase in salaries and wages on the future price trend? Lastly, our exports have already started going down. What steps are the Government going to take to revive our exports?

SHRI Y. B. CHAVAN : It is a rather long drawn question. He asked as to why despite our effort productivity has not increased. Secondly, he wanted to know what we are doing about exports. Then he asked about the effect of the rise in wages on prices. So far as the first is concerned, the two most important raw materials in this country are oilseeds and cotton. The Central Government, through administrative measures, have taken many steps to see that, productivity increases. But the biggest obstacle is the speculative markets in this country, particularly those organised by the big business people. When we think of the economics of a country, we have to think of the economics of the man who produces. My personal experience in the case of oilseeds and cotton has been, whenever the producer brings the produce to the market, the prices are manipulated so as to be the lowest. But when it changes hands and comes to the middlemen, the prices go up. Unless the prices of the producer are guaranteed in a much more effective manner and the speculative element is eliminated from the economic life...

श्री रवि राय : इसके लिये आप क्या कर रहे हैं ?

SHRI Y. B. CHAVAN : Government has taken a series of steps. The Cotton Corporation has been established. The Food Corporation is there.

SHRI S. KUNDU : Food Corporation has become another trader. (*Interruptions*)

SHRI Y. B. CHAVAN : Therefore, it is not right to say that the Government has not done anything. But, according to me, the rise in prices is due to the scarcity of industrial raw materials, low productivity in these commodities and the speculative element that is

functioning. We will have to carry on a very well sustained policy to see that the speculative elements are kept under check.

The second question that he raised was as to how we revive our exports. Many times in this House questions have been asked and answered by the Ministry of Foreign Trade as to what steps are being taken to revive our exports. That is certainly a very essential point.

But about the rise in prices, I must frankly admit... (Interruption)

SHRI RANGA: Are you answering questions or are you making a speech?

SHRI Y. B. CHAVAN: I am answering questions which you have not heard properly. Everybody does not dismiss it lightly. You do not hear the questions and then do not understand. What can I do if the Speaker has allowed the questions to be raised?

The third question that he raised was about the effect of the rise in wages on prices. Certainly, it is going to have an adverse effect.

श्री जनेश्वर मिश्र : यह मानते हुए कि जो लोग खेतिहर उत्पादन करते हैं, वह गरीब हैं और उसी कपास और तेलहन से जिन लोगों ने पक्का माल तैयार किया वह करोड़पति हो गये, क्या मैं मंत्री महोदय से जान सकता हूँ कि खेतिहर उत्पादन और कारखाने के उत्पादन में सन्तुलन कायम करने के लिये आप जिस समाजवाद का नारा दे रहे हैं और समता की बात कर रहे हैं उस दृष्टि से आप कोई ऐसा कदम उठायेंगे जिसके द्वारा जिस रफ्तार से दाम थिरक रहे हैं एक तरफ खेतिहर उत्पादन की दो फसलों के बीच, वह थिरकन बन्द हो, 33 या 35 फीसदी के बजाय 10 या 5 फीसदी रहे और दूसरी तरफ श्री दमाणी कारखाने में जिस कपड़े को तैयार करते हैं, उसकी लागत मूल्य ड्योढ़े से ज्यादा न हो ?

श्री यशवन्तराव चव्हाण : आप ने कहा कि यह बुनियादी सवाल है। मैं नहीं कह सकता

कि यह बुनियादी सवाल नहीं है। मैं अपनी बात कह रहा हूँ। इसी सवाल को हल करना एकानमिक पालिसी का आखिरी उद्देश्य है। मैं यह नहीं कह सकता कि हम दो दिन में ऐसा कर सकेंगे या छः महीने में कर सकेंगे अथवा एक साल में कर सकेंगे।

श्री जनेश्वर मिश्र : 23 साल निकल गये।

श्री यशवन्तराव चव्हाण : 23 साल की बात फिर कभी करेंगे। आज उसकी बात नहीं है। लेकिन हम अपने इसी उद्देश्य की तरफ देख रहे हैं और आप जानते हैं कि यह सफर सावधानी से करना होगा।

SHRI D. N. PATODIA: The principal point to examine in the context of price rise is how hard it has affected and hit the consumer in the country. The hon. Minister tries to derive satisfaction by saying that the price of foodgrains has stabilised. On the other hand, the very statement that is laid on the Table of the House suggests that prices in respect of food articles have gone up by as much as 8.8 per cent over the year and it is not only the food articles that have hit the consumer; there are many other articles. For instance, in the matter of potatoes the price has gone up by as much as 69 per cent; in the matter of milk the price has gone up by 22 per cent and in the matter of edible oil it has gone up by 25 per cent. The position, overall speaking, is that the consumer, a man of average earning, is hard hit to such an extent that he is not able to keep pace; it is difficult for him to make both ends meet. The level of expenditure has gone up beyond the level of increase in his income. Therefore, what positive measures does the Minister propose to take by which the consumer, who has been hard hit to such an extent, will not be hit further and prices in respect of such basic necessities of life are stabilised and are not permitted to rise?

SHRI Y. B. CHAVAN: I think, I have indicated the lines on which we are trying to take steps. I have never said that there has not been rise in the prices of certain commodities; prices are rising, but the effective effort that we

are making and the directions in which we are working I have indicated.

SHRI D. N. PATODIA : With regard to these consumer items, he has not indicated any positive steps in the statement. Let him amplify in regard to consumer items as to how he is going to stabilise the prices.

SHRI BAL RAJ MADHOK : This is a basic question. The prices of consumer items are going up like anything. There is nothing indicated in the statement as to how he is going to arrest the rise in prices.

MR. SPEAKER : In answer to Mr. Damani's question, he enumerated certain steps to control the prices. He did mention three or four things.

SHRI PILOO MODY : You are the only person who are satisfied with his reply. We have not got any satisfaction at all. (*Interruptions*)

SHRI D. N. PATODIA : That relates to industrial items, not to consumer items. With regard to consumer items, he has not given any indication as to what he is going to do to check the prices.

SHRI INDRAJIT GUPTA : In the course of his very lengthy answers to the questions which have been raised, the Minister just made a reference, a little while ago, to the theory which is known to everybody, that speculation is a major factor for pushing up of the prices. What I want to know from him is that since the banks have been nationalised, what specific steps, if any, have been taken to try to ensure that bank credit which is given to industry or to trade or commerce is really used for productive purposes for which it is taken and that it is not misused for speculative purposes. What are the concrete steps taken after you have held the nationalised banks in your hands?

SHRI Y. B. CHAVAN : I think in answer to some questions in regard to nationalised banks in the last session and also during the present session, I have indicated that in order to find correctly the genuine requirement of industry and trade, a certain formula was

prepared by the Reserve Bank and we have tried to initiate certain steps about it so that every big account is properly and carefully scrutinised. About the speculative element, that is, inflating the requirements of advances that are taken by different companies and factories and all that, as I have indicated in the statement, the Reserve Bank of India's credit control measures in respect of 3 such commodities were initiated in January, 1970, that the margins were raised and also the minimum rate of interest.....

SHRI INDRAJIT GUPTA : That was not my question.

SHRI Y. B. CHAVAN : In order to control the speculative elements, I am telling you what steps were taken. One was about controlling and scrutinising the accounts.....

SHRI INDRAJIT GUPTA : That was not my question.

SHRI Y. B. CHAVAN : I do not know what is your question then.

SHRI INDRAJIT GUPTA : What I said was that the money which is given for allegedly productive purposes is being misused for speculative purposes. What is the machinery for checking that?

SHRI Y. B. CHAVAN : That is exactly what I am saying. In order to check inflated demands for advances, by introducing a new system, more careful and strict scrutiny is being made of demands for advances so that non-genuine demands may not be met. The minimum rate of interest was increased and the margin was also increased. These are the monetary steps that can be taken.

SHRI CHINTAMANI PANIGRAHI : Sir, one can understand the shortage of industrial raw materials. But in the case of food articles, there is a price rise of 8.8 per cent. We are having a good crop year and the production figure is going upto 100 million tonnes. When the production figure was 90 million tonnes, the price rise was less. Now, when we are having a good crop year and the production is 100 million tonnes, the price rise is 8.8 per cent. I would request the hon. Minister to go a

little deeper into this much rise in price so far as food articles are concerned.

Secondly, I would like to know from the hon. Minister, while formulating the Fourth Five Year Plan, it was decided to limit the inflationary trend, that is, deficit financing, at least to the extent of Rs. 900 crores. Would the hon. Minister let us know whether the trend has shown that by this time in the current financial year it has already exceeded the trend and it may touch even Rs. 280 crores annually. Has that fact also been taken into consideration?

Thirdly, so far as the bank advances are concerned and the Reserve Bank's credit controls are concerned, I would like to request the hon. Minister to give us the comparative figure of the last year's and the current year's advances to the speculative market.

SHRI Y. B. CHAVAN: I have not got those figures here. Certainly, it will be looked into. I would like to tell him that we will certainly go into this matter as to what is the rate of expansion of money. Naturally, in a growing economy money supply also goes up to a certain extent. But, certainly, it can be in excess of certain decline that we lay down. We cannot say that there would not at all be any expansion of money. The proper thing would be to compare the expansion of money to the rise in production. I must admit one thing, to-day that the supply of money is somewhat larger than the rate of production. That also is another source of pressure on the rise of prices. This factor is there. My case is not that it does not exist and I am not trying to prove that there is no rise in prices. There is. It is a matter of concern to me. It is a matter of concern to the Government and it is a matter of concern to every one of us. I understand that. I am not trying to justify the position. I am only explaining as to what is being done by the Government in this matter.

SHRI RANGA: May I know whether it has not been brought to the notice of the Government that the prices of paddy, not rice, but paddy, are going down, and the producers of paddy in the whole Krishna, Godavari and Cauvery deltas are very much worried over it because the mill-owners are not

prepared to purchase it and the Food Corporation of India is not coming forward with sufficient demand for paddy there while all the time the prices of consumer goods are going up? How do they reconcile these two positions and what steps are being taken by the Government in order to protect the interests of producers of foodgrains also?

SHRI Y. B. CHAVAN: I have heard about this complaint and unfortunately even the paddy prices are going up and there is also a persistent rise in rice prices also. This is exactly what I call the impact of speculative element. The rice mills etc. take advantage. I will discuss this problem with the Agriculture Minister.

SHRI M. L. SONDHI: I would like to know from the Minister as to what is his analysis of the situation because the replies given by him, at least as I heard them, do not make a consistent account.

I have known of countries in South East Asia with 14% rate of industrial growth and 5% rate of agricultural growth and the price rise is hardly 2%. What does he isolate as the basic reason for price rise? Unless that basic reason is isolated, the others are only symptoms of something deeper.

SHRI Y. B. CHAVAN: I think this House is going to discuss this price rise problem sometime later in a longer debate. I will be able to give a more detailed analysis of this problem then. At the present moment, I have indicated the immediate factors....

MR. SPEAKER: How sweet and good you are when you are asking questions in a very balanced temperament. (*Interruptions*) Mr. Nath Pai.

SHRI NATH PAI: The Finance Minister who as Home Minister was used to issue orders, mandates and proclamations, was perhaps a little baffled that when he says that the prices shall stop, they do not stop rising. I think more constructive measures will have to be thought of and adopted. Sir, is it not a paradox when as the Government claims for three years agricultural productivity has gone

high, the prices go on rising? We have successively three good monsoons and bumper crops and in spite of that the intake of those commodities which form the stable diet of the common man and the consumption of an average Indian are not going high. I do not have to quote the figures which Mr. Patodia just quoted from your own statement. May we know how he will explain this paradox? May we have an explanation of this phenomenon? The Government claims that there is a bumper crop. These cold statistics are not of help to the average housewife or the man who looks after his family. If the price of sugar for instances, rises, it means, lesser sugar for his poor family. It also means lesser rice if the price of rice rises.

MR. SPEAKER: Please do not make a speech.

SHRI NATH PAI: Apart from saving that productivity must go high, what is it that the Government is thinking to be more constructive, in this matter? Other countries have made certain experiments. There is the Prices and Stabilisation Board in the U. K., of which the Chairman is Mr. Obara Jones. The Tories have wanted to abolish it. You may ask the Professor of Economics sitting behind you. May I know if the Government is thinking of taking the price issue, by the horns and doing something constructive? Because, over the last so many years, this problem has remained with us, and is not solved. Therefore, apart from emphasising the need for productivity, which is not challenged by anybody, will any thing specific be done by the Government regarding this matter, like the Price Stabilisation Board?

SHRI Y. B. CHAVAN: The hon. Member said that there was a bumper crop season this year. Certainly it was a good season as far as production of cereals is concerned. This is the important thing. I indicated the unsatisfactory position so far as cotton and other commercial crops are concerned. There is not some percentage increase in productivity of these crops as in wheat or some other cereals. There was some sort of break-through in their respect but in the case of industrial raw materials, that break-through is not yet achieved—not that, efforts are not being made—but there are cer-

tain other aspects. We shall welcome any suggestion made by the hon. Member; we would like to have constructive suggestions because this is a national problem.

MR. SPEAKER: Next question.

श्रीमती लक्ष्मीबाई: अध्यक्ष महोदय, मैं एक सवाल पूछना चाहती हूँ।

MR. SPEAKER: I had not seen you; otherwise I would have allowed you to put a question. I have already passed on to the next question. I will give you some other time; there may be other question later on.

Retirement Benefits to Employees absorbed in Public Undertakings

*245. SHRI BAL RAJ MADHOK: Will the Minister of FINANCE be pleased to state:

(a) whether the Bureau of Public Enterprises of his Ministry has issued instructions regarding the grant of retirement benefits to Government employees on their permanent absorption in the Public Enterprises;

(b) whether these benefits are also applicable to those Government employees who have been/or are being permanently absorbed in the autonomous organisations which are partially/fully financed by Government of India; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI VIDYA CHARAN SHUKLA): (a) Yes, Sir.

(b) and (c). For Government employees absorbed in autonomous bodies set up and financed by the Central Government, other than industrial and commercial undertakings, there are separate orders regarding grant of retirement benefits. This category is different from the category to which the orders of the Bureau of Public Enterprises apply.

SHRI BAL RAJ MADHOK: It is clear from the reply given by the hon. Minister that they have given retirement benefit to Government employees who go to public sector undertakings. He says, we have different