

# LOK SABHA DEBATES

1

2

## LOK SABHA

Wednesday, April 1, 1987/Chaitra  
11, 1909 (Saka)

*The Lok Sabha met at Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

### ORAL ANSWERS TO QUESTIONS

[*English*]

#### Rate of inflation

\*489. SHRIMATI PATEL RAMABEN RAMJIBHAI MAVANI : Will the Minister of FINANCE be pleased to state :

(a) the reasons for which wholesale price index and not retail price is quoted by Government and its agencies while explaining the prevailing inflationary situation in the country;

(b) what was the rate of inflation in 1986 as compared to previous years taking retail prices as the base; and

(c) how this rate compares with the rate obtaining in South East Asian countries ?

THE MINISTER OF STATE OF THE  
MINISTRY OF PETROLEUM AND NATU-

RAL GAS AND MINISTER OF STATE  
IN THE MINISTRY OF FINANCE (SHRI  
BRAHMA DUTT) : (a) to (c). A statement  
is given below.

#### Statement

(a) The Government makes use of both the Wholesale Price Index (WPI) and the Consumer Price Index (CPI) in assessing the inflationary situation and its impact on consumers in the economy. For measuring overall rate of inflation in the economy as a whole, the Wholesale Price Index is generally used because an economy-wide rateail price index is not being compiled in India. The Consumer Price Index for industrial workers, and similar indices in respect of agricultural labourers and urban non-manual employees are used for specific purposes, such as, assessing changes in purchasing power of specific groups of consumers.

(b) As explained above, a broad-based retail price index is not available. The inflation rate in terms of the CPI for industrial workers was, on a point to point basis, 9.2 per cent in December, 1986 compared with 7.1 per cent in December, 1985, 5.2 per cent in December, 1984 and 12.5 per cent in December, 1983.

(c) Comparable information for some other South East Asian countries, on a year to year basis, is available only upto 1985 and is given in the attached table.

*Annual rate of inflation based on CPI for selected Countries-*

	1982	1983	1984	1985
<b>Developing Countries</b>				
(as a Group)	8.4	41.7	51.8	60.6
Bangladesh	9.3	9.4	10.5	10.7
Indonesia	9.5	11.8	10.5	4.7
Malaysia	5.8	3.7	3.9	0.3
Pakistan	5.9	6.2	6.6	5.8
Philippines	11.0	10.0	50.3	23.1
Sri Lanka	10.8	14.0	16.6	1.5
Thailand	5.3	3.7	0.9	2.4

Source : International Financial Statistics (March, 1987).

[Translation]

**SHRIMATI PATEL RAMABEN RAM-JIBHAI MAVANI :** Mr. Speaker, Sir, I would like to point out that the Government has no control over the prices at which the consumers have to buy the commodities, especially in rural areas. I would like to know whether Government has prepared the price index in respect of the prices at which the commodities are available in the rural areas? If such a price index is compiled, it would help in bringing before the Government the true picture of the prevailing rate of inflation. I want to know what steps Government proposes to take in this regard?

Secondly, if we view the price index from the angle of retail prices, we shall find that the rate of inflation in our country is higher as compared to other countries and the Government has not been able to contain it. That is why the value of rupee is declining day by day. It affects our exports too. I want to know whether it is a fact or not?

**SHRI BRAHMA DUTI :** The Government is working to serve the interests of rural consumers in two ways. Firstly, as said by Hon Prime Minister in his Budget Speech, our policy is not to allow the budgetary deficit to increase further. It is not going to

have an adverse effect on the economy. We have taken some steps to reduce the foreign trade deficit. We have also taken some steps to push up the exports and to reduce the imports. These too will have their effect. The third thing is to ensure the availability of essential commodities which is very essential for the rural consumers. The Central Government on its part makes efforts to make the essential commodities available. We have sufficient stocks of foodgrains. We need full cooperation from the State Governments to make available essential commodities like foodgrains, sugar and kerosene, because the distribution of foodgrains etc. is under the control of the State Governments. These are the steps that we are taking.

Our other steps include giving subsidy to the weaker sections so as to make the essential commodities available to the tribals, etc. at a cheaper price. Then, we have our Rural Employment Programme and Rural Landless Employment Guarantee Programme through which we provide commodities to the people. With all these steps, the rural consumers will not be affected much.

**SHRIMATI PATEL RAMABEN RAM-JIBHAI MAVANI :** Mr. Speaker, Sir, the Hon Minister has not replied fully to part

(c) of my question. The comparable information given by him in respect of South-East Asian countries is only upto 1985. May I know when did he receive this piece of information ?

**SHRI BRAHMA DUTT :** I shall make available the information sought by the Hon. Member.

[English]

**SHRI ANANDA GAJAPATHI RAJU :** We find that inflation is already two-digit or more. It is true that the Government is financing non-plan expenditure from increasing the administered prices and deficit financing ? If so, what are the steps that are going to be taken to see that this non-plan expenditure is not met out of these funds and is met out of revenue expenditure ?

**SHRI BRAHMA DUTT :** Sir, first of all, I beg to differ from the Hon. Member. The inflation is not two digits. The second thing is, I again repeat, that the Prime Minister has made a definite statement about the attempt to contain the budgetary deficit also and to decrease the gap between the international trade. So, these two steps, I think, will be enough. Then, thirdly, we have to strengthen our Public Distribution System. This will help us and increase in production and productivity that will also keep the inflation in check.

[Translation]

**SHRI RAMASHRAY PRASAD SINGH :** Mr. Speaker, Sir, the Hon. Minister has stated in his reply that the rate of inflation has not increased, but we find that the retail prices at the shops including those at the Government shops have risen sharply. The items in respect of which the retail prices have risen sharply include milk, ghee, soap, etc. which are items of daily use. May I know the reasons therefor ?

**SHRI BRAHMA DUTT :** This is true that the prices of consumer items have risen sharply.

**SHRI SAIFUDDIN CHOWDHARY :** It is not correct.

**SHRI BRAHMA DUTT :** This is particularly true of your State. In the rest of the States, it is generally true. I agree that there are seasonal variations in respect of some of the items, but I have already told about the action taken by Government in regard to overall control of prices while replying to the question of the Hon. Lady Member.

[English]

**SHRI S. JAIPAL REDDY :** The Minister has not got over yesterday's hang-over.

**MR. SPEAKER :** The boot seems to be rather on the other leg...Next question. Shri Satyendra Narain Sinha . (Interruption).

Launching of satellites

+

\*490. **SHRI SATYENDRA NARAYAN SINHA :**  
**PROF. NARAIN CHAND PARASHAR :**

Will the PRIME MINISTER be pleased to state :

(a) whether India's launching capability is far below requirement of its programme to place in Orbit various satellites like INSAT and IRS;

(b) whether the delay in ASLV launch has further widened this gap; and

(c) if so, the steps taken to develop rockets capable of launching large satellites like INSAT and IRS ?

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K. R. NARAYANAN) : (a) to (c). A statement is given below.

Statement

(a) The Indian Launch Vehicle capability is not yet fully in phase with the requirements of IRS and INSAT class satellites. For the launch of IRS series a launch