

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): This is a common, universal problem. Everybody's health is at stake. I am sure that the Government will take note of it.

SHRI DINESHBHAI TRIVEDI (Gujarat): I would also like to associate with it. This is very important. In my own backyard the manhole cover is missing for I do not know how many months. I have written letters. I have told about it personally also. But nobody bothers. It is a state of total anarchy.

मौलाना अब्दुल्ला खान आजमी:
जाडू लेकर आते हैं लेकिन लगता है कि
एक बड़ा ना इतना बड़ा लेकर आए हैं।

: [مولانا عجميد اللہ خان اعظمی]
جوازو لیکر آتے عین لیکن لگتا ہے
چھوٹے ایک بڑا سا ڈوٹو پرشر لیکر
آئے ہوں]

**CALLING ATTENTION TO A MATTER,
OF URGENT PUBLIC IMPORTANCE
Price Situation in the Country**

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Now we proceed to the Calling Attention on a matter of urgent public importance, being that of price rise.

SHRI GURUDAS DAS GUPTA (West Bengali): Sir, I rise to call the attention of the Minister of Finance to the price situation in the country and action taken by Government in regard thereto.

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): The price situation, which is of immediate concern to the people, turned out to be difficult in 1990-91, as inflation reached a double digit level. The Wholesale Price Index registered an increase of 12.1 per cent in 1990-91 compared with 9.1 per cent in 1989-90, while the Consumer Price Index registered an increase of 13.6 per cent in 1990-91 compared with 6.6 per cent in 1989-90. The major concern about inflation in 1990-91 was that it was concentrated in essential commodities, and price*,

†[Tranotiteration in Arabic Script.]

rose inspite of three good monsoons in a row and hence three successive bumper harvests. The increase in prices has continued unabated so far in 1991-92. During the first five months of the current financial year, until 31st August, 1991, the Wholesale Price Index has registered an increase of 8.6 per cent as compared with 5.6 per cent during the corresponding period last year. The Consumer Price Index has registered an increase of 6.5 per cent during April-July 1991 as compared with 6.8 per cent during the corresponding period of last year.

In general, we estimate the annual rate of inflation on the basis of a point-to-point* change in the Wholesale Price Index. The annual rate of inflation, so estimated as on 31st August, 1991 works out at 15.3 per cent as compared with 7.6 per cent on 1st September, 1990. However, such an estimation does not take into account inter-week variations in Wholesale Price Index and is, therefore, not quite appropriate for analysing inflationary pressures and trends in the economy. As an alternative, it is also useful to estimate the annual rate of inflation on the basis of 52-week averages of the Wholesale Price Index as on a particular date. The annual rate of inflation on the basis of 52-week averages of the Wholesale Price Index has registered a moderate increase from 10.2 per cent as on 30th March, 1991 to 11.7 per cent as on 31st August, 1991 whereas the annual rate of inflation increased from 7.4 per cent to 8.4 per cent during the corresponding period last year.

An analysis of the movements in the Wholesale Price Index for some essential commodities during the period April-August, 1991 shows that the prices of gram, onions, atta, mustard oil, coconut oil, groundnut oil, vanaspati, dhoties and sarees have increased at lower rates than those during the corresponding period of last year. However, the rates of price increase in the case of rice, jowar, bajra, arhar, moong, masur, urad, potatoes, milk, egg's, meat, fish, chillies tea, sugar, gur, salt and washing soap are higher than in the corresponding period of last year. The major concern about inflation in recent Months, as is the preceding financial

year, is that it is concentrated in essential commodities such as foodgrains, vegetables, pulses, edible oils, tea, sugar, gur and Khandasari. The acceleration in the rate of inflation is also a cause for serious concern because it has surfaced in spite of three successive bumper harvests and the prospect of a normal monsoon this year.

Inflationary pressures and expectations in the economy have not surfaced last month or this year. The build-up, in recent years, is attributable to the large and persistent fiscal deficits which have, inevitably, been associated with a monetisation of the budget deficits and an excessive growth in money supply. The problems have been accentuated by supply-demand imbalances, as also imperfect market structures, in some essential commodities, such as pulses, edible oils and vegetables. During the current financial year, the acceleration in the rate of inflation may be attributable to: (a) a large liquidity overhang inherited from the past, (b) the unavoidable increase in administered prices of petroleum products, fertilisers and sugar as part of the fiscal adjustment, (c) the serious constraint on supply management through imports as a result of the precarious balance of payments situation, and (d) inflationary expectations on account of exchange rate adjustments in early July and the uneven progress of the monsoon until late August.

Inflation hurts everybody, particularly the poor. Therefore, the management of inflation is the highest priority for the Government. The Government have taken important steps to curb the rising trend in prices. At a macro level our strategy to combat inflation is embodied in a substantial fiscal adjustment and tight limits on monetary expansion during the current financial year. The Union Budget for 1991-92 seeks to reduce the fiscal deficit of the Central Government by 2 percentage points of GDP, from 8.5 per cent of GDP in 1991-91 to 6.5 per cent in 1991-92. At the same time, the Reserve Bank of India is implementing a strong monetary discipline so as to mop up excess liquidity by restraining the growth of money supply and the expansion of credit.

In view of the recent price-output developments relating to foodgrains the minimum margins on bank advances against the stocks of paddy/rice and other foodgrains have been raised across the board by 15 percentage points; and Selective credit controls on bank advances against the stocks of wheat (including advances to roller flour mills), which were exempted from the credit controls, have been reintroduced with effect from 4th September, 1991. At a micro level, there is a more effective management of supply and demand in essential commodities, through the public distribution system and strict action against hoarders.

Even in a most difficult fiscal situation where the need to mobilise resources is acute, indirect taxes have not been imposed on most essential commodities in the budget presented to Parliament on 24th July, 1991. Most of the Agro-based products have been exempted from excise duties altogether. The price of kerosene, which is an essential source of light and fuel for the poor, has been reduced by 10 per cent. The price of diesel has been kept unchanged so as to protect the interest of farmers, who use diesel and to pre-empt a rise in transportation costs. The Railway Budget for 1991-92 has also exempted essential commodities, such as Salt, edible oils, foodgrains, sugar, fruits and vegetables from the 10 per cent increase in freight rates.

The gathering momentum of inflation in recent months is indeed a cause for concern. However, I am confident that our strategy for the macro management of the economy, embodied in fiscal prudence and monetary discipline, would have a strong deflationary impact on the price level, which would be felt after a short time lag. In this context, it is important to note that there is a seasonal pattern to price behaviour. In every financial year, there is an increase in prices during the first and second quarters, followed by a decline in third quarter and a slight increase in the fourth quarter. We have, in a sense, seen the worst on account of the inflation during the current financial year. Given the normal monsoon, inflationary expectations will ebb and we should soon observe the seasonal down turn in prices that begins in the third quarter.

[Shri Man Mohan Singh] ter. The fiscal adjustment and the monetary squeeze would strengthen and reinforce the seasonal down turn in prices during the period from October to December. At the same time, as the balance of payments situation stabilises, the easing of import restraints would not only facilitate supply management through imports of essential commodities to the extent feasible, but also curb inflationary pressures, as access to imported inputs is gradually restored. In conclusion, I would like to stress that the Government continue to attach the highest priority to bringing down the rate of inflation and would continue to keep a careful watch on the titration.

श्री सुधा प्रकाश मालवीय (उत्तर प्रदेश):
मन्त्रीय उपबोधन महोदय, मैं तीर पर मुद्रा-वृद्धि पर कालिग अटेंशन से चर्चा होती है, मिनिस्टर फार फिजिल मपनाई एंड डिस्ट्रीब्यूशन भी उपस्थित रहते हैं। कई बार कंसन में हो चका है, उन्होंने उत्तर भी दिया, प्राइम रीडिंग के कालिग अटेंशन में फाईनांस मिनिस्टर अलग उत्तर देते हैं और वह अलग उत्तर देते हैं।

SHRI GURUDAS DAS GUPTA: Mr. Vice-Chairman, Sir, the statement by the hon. Finance Minister, I must admit, is a comprehensive essay so as to explain why there has been a price rise. There have been instances of serious omissions—There has been an attempt, I am constrained to say, not in an honest way to explain the present situation. In the first page, first paragraph of the Minister's statement, we were given to understand that the present phenomenal price rise is as if it is a regular phenomenon in the country. This is where I dispute. It is true that India is a developing country which has never been free from inflation, but it is also true that an economic analysis of the present economic situation brings us to an inescapable conclusion that the price rise which we are facing is a super inflation which is absolutely unchecked and which is absolutely unprecedented. This characterisation of the problem is absent. And therefore, in my humble way of understanding, the hon. Finance Minister is not alive to the gravity of the situation.

Then, in the second page, it is stated that there has been an increase of 10.2 per cent as on 30th March 1991 and to 11.7 per cent as on 31 March 1993. An impression is sought to be given that the rate of increase of inflation is modest. Sir, let me quote one single example. The wholesale price index has moved from 191.9 points on April 6th to 207.7 point on 24th August which means that there had been a 16-point increase in a span of several weeks. And within a span of four days, just before the presentation of the Budget, the increase was from 198 to 201.9 points. Just before the presentation of the Budget, the rate of inflation was less, around three per cent. It went from 198 to 20 points. You just compare the present phenomenon with the corresponding period of last year. Last year, during the period from July 19th to August 18th, there was an increase in the wholesale price index from 179.5 points to 181.2 points. In the corresponding period last year, the wholesale price index has moved very meagrely while in the present current financial year, there has been a phenomenal increase in prices in seven weeks after the presentation of the Budget. That is the stark reality. And this reality that the prices moved so heavily within seven weeks after the presentation of the Budget is absolutely overlooked. (*Interruptions*).

I am having more statistics. Therefore, Sir, this is a statistical jugglery. This is a comparison made to suit the interests of the Finance Minister and the Finance Minister is not alive to the situation at all. While listing the causes for the inflation, nowhere you find the word 'devaluation'. And at the end of the third page, it is stated 'tight limit on monetary expansion during the current financial year'. What is the tight monetary policy? There has been a study recently about the liquidity condition of the country. It has been clearly stated that despite the Reserve Bank of India putting serious curbs to contain the expansion of the liquidity, the supply of money to the market has not declined. On the other hand, the increase in the cost of loan, with the increase in the rate of interest the economy has become more high-cost-crisis-

ted. Therefore, (he statement of the Minister is slipshod, partial and it has overlooked the gravity of the situation.

Sir, may I remind the hon. Minister that this is a Government that has come to power with a clear assurance to the people that prices will be stabilised. Since the hon. Finance Minister did not contest election, he might have forgotten the election pledge. I am not here to remind him that the Congress categorically stated that in 100 days, prices will be rolled back. I do not go into that. But I must say that today we are discussing the most major failure of this minority Government Maximum had been the price rise and irsasive. had been the scale of price rise and most mystic and mysterious had been the inaction of the Government.

Sir, the point is, the conutry today is facing a 15 per cent inflation and the forecast is, we are heading towards a 20 per cent rate of inflation in the country. Therefore, the question aries why the price rise is so unprecedented as it is taking place at the present time and why it is that we are rearing the rate of inflation as has been reached in a number of Latin American countries. Sir. what is also conspicuously true is lthe acceleration of price rise had picked up on the presentation of the Budget. During the four weeks, there had been a four point increase from 10.75 to 14.59 per cent. It gives lie to the claim which the hon. Finance Minister declared somewhere else that the price rise is because of the belated presentation of the Budget. We have a Government which seems to be concerned about the price rise at heart but its hand did not move and that is the reason why the Government failed to take any step to curb .inflation. Gone are the days when there used to be a formal statement or ritualistic exercise of the announcement of Anti-Price Action Programme. Even that is absent today. We have a Finance Minister who wants the nation to bear with inflation because that is the price the nation should give for the development of the country. We have a Finance Minister who believes that it is a seasonal price rise and inflation is going to be halted with the arrival of the new harvest in the cour-

try. Sir. let me tell you very frankly that it is neither Seasonal inflation nor a delayed Budget inflation. It is an infla tion largely due to cost-push element. It is an inflation due to speculation. No where in the statement you will find the word 'speculation'. The salaried emp loyees, the fixed income group and the wage earners are the worst hit and the people living below the poverty line are in a state of devastation. The nation will have to bear inflation. I agree with this. But my point is, to what extent the nation can bear inflation? According to my understanding that limit has been crossed and we are on the point of a disaster. May I Submit, Sir, it is not the purchasing power of the common peo ple that has been eroded, it is the poli tical credibilty of the national leadership that has suffered serious erosion.
Sir

the protagonists of free trade and liberalisation have clearly given the signal and the signal is that the country is moving towards a new economic order and it is a free trade market and therefore, it is goina to be free for all. The speculators and the business community who dominate the market because ours is a sellers' market, have taken the signal that they can indulge in speculation and the Government, true to its philsophy of non-intervention, shall remain a Silent spectator. That s why I say that the failure of the Government to take action against inflation is an act of commission and can be attributed to its new philosophy of non-intervention and automatic adjustment of free market economy.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Please conclude.

SHRI GURUDAS DAS GUPTA: Please give me a few minutes.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): There are so many speakers. I just want to see that the time is adhered to.

SHRI GURUDAS DAS GUPTA: I am not repeating the point.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): I am not saying that.

SHRI GURUDAS DAS GUPTA:
Therefore, the point is, the Budget is the villain of the piece. You have adjusted the price mechanism to pay for the escalated import bill of petroleum and that escalation of the price of petroleum has inflicted a grievous injury to the national economy. My point is, instead of resorting to hiking the petrol price, the Government should have resorted to rationing and selective control because in an inflationary situation, monetary measures do not ultimately pay. Sir, in my opinion, devaluation had been deadly, had been disastrous and now it is the accepted truth that devaluation has pushed the cost effect seriously in the economy and as a result, there is inflation and inflation on its part, threatens Devaluation has released the forces of inflation and inflation on its part, threatens the so-called gains of devaluation. As a result, there is a tendency and there is a talk going on in the corridor that the Government may have to resort to another phase of devaluation to protect the devaluation itself. The consecutive sale of gold, the successive doses of devaluation and the wide open Budget, have created an impression that this Government is in panic and the economy has turned insolvent and the Government of insolvency cannot act firmly. Therefore, the weakness of the Government has given strength to inflation. The price situation is serious and I believe only monetary measures, only having a holy faith in the economic adjustments of the open market forces shall not bring about an appreciable change. I have already made my submission in this regard and what the recent study has been about the liquidity condition of the country. Therefore, I believe that despite the Reserve Bank taking action, there is not going to be containing of the liquidity situation in the country, it is going to make the economy high-cost. Again, our hon. Finance Minister believes that this is a seasonal inflation ' and with the arrival of new harvest the situation is going to be changed. May I tell you, Sir, since 1987 there have been occasions when there have been spurts in the prices of foodgrains despite the country having good monsoons and bumper crops? Therefore, the proposition does not hold good that with the arrival of new harvest the seasonal inflation is going to

be halted. My point is we want an active Government, a Government to intervene to curb price-rise. We want the Government to control speculation. We want the Government to put down heavily illegitimate trade, hoarding and black-marketing. We want the Government to introduce selective controls. We want the Government to cut down civilian consumption of petroleum. We want the Government to reduce air-traffic. The country is so poor that in a situation of runaway inflation it cannot afford the air-traffic in the way we are having today. Sir, it is not reliance on monetary policy and holy faith in the self-adjusting economy that can change the present situation. Therefore, we want active State intervention. The nation needs austerity at all levels. Non-productive and non-Plan Government expenditure must be cut down by Rs. 1,000 to 2,000 crores. Foreign travel by high-profile dignitaries which costs the nation Rs. 500 to 600 crores must be drastically cut down. May I submit, Sir, that we need to give a fresh look to our Defence expenditure? Whether you agree with me or not, it is time for us to give a fresh look to our national priorities. I believe that defence expenditures should be given a fresh look. The frontier cannot be strong if the rear in the country is hungry and weak. Sir, it is time for the Government to take into consideration the parallel economy, the parallel market, the hundi market, the hawala market. It is time for the Government to come down on them heavily. Sir, I understand. I agree that the country is passing through a crisis and our crisis is aggravated because we are living in a unipolar world. Can you survive if the nation does not fight for its survival? The fighting psychology of the nation cannot be built if the Government deliberately inculcates a psychology of frustration and helplessness. On occasions Government had been passive and this passivity was interpreted as a sign of helplessness. With a weak and helpless Government and with its total passivity the people of the country cannot be asked to fight. Therefore, Sir, I believe that this is a situation where the Government must be run with a commitment. I believe, the Finance Minister will kindly agree. There might have been mistakes in the

past; I don't disagree. I agree that the economy should be restructured. I agree that it must be put in line with the international development. But the point is that you cannot discard our national legacy. Sir, this Finance Minister has lost his credibility to a great extent because it is under his stewardship that the country is heading towards such a crisis. But let me tell you, Sir, he might have lost his credibility to a very great extent, but, I believe that he has a commitment to the cause that he stands for. I wish this Finance Minister will succeed in this hour of trial because his success means the problem of the country will at least be ameliorated. I want the image of the Government to be retrieved if it can be retrieved at all. There should be no partisan political thinking. It is a national problem and to tackle the national problem it is for the Government to come up. Thank you.

THE VICE-CHAIRMAN (SHRI BHASKAR ANNAJI MASODKAR): Shri Bhandare. I have before me several names. Let me remind the Members that in Calling Attention you can take maximum five minutes, though the subject is heavy.

SHRI MURLIDHAR CHANDRAKANT BHANDARE (Maharashtra): We will try.

. . [The Vice-Chairman (Dr. Nagen Saikia) in the Chair.

Sir, the first duty of a Member of Parliament, and the hon. Minister will agree with me, is to realise and reflect the frustration as well as the urges and hopes of the people. This is a topic on which I felt drawn to, expressing rather strongly on the frustration of the people and on the price policy of the present Government. Well, the inflation rate has risen from 10.75 per cent on 20th of July 1991 to 12.9 per cent during the week ending 3rd August 1991 and has now reached a staggering figure of 15.3 per cent in a matter of a few weeks by the end of last month and perhaps the expectations, the horrendous expectations which really reflect the frustrations that it will reach

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20 per cent, may prove not very wrong. I am quite alarmed at the situation because, as has been admitted in the statement, the maximum inflation is in essential commodities and, I think, it is not the correct way to look at it whether there is a rise in wholesale or consumer price indices. I do not think, these are the correct indices. They are Scientific indices. But the correct index in our country to judge inflation is, how does it affect the day-to-day life of the poor sections of the people? You don't judge it by percentage. You don't judge it by consumer price index. You don't judge it by wholesale price index. You judge it by how a man with a little money in his pocket is going to deal with the situation. Today tomato is Rs. 20 a kilo; onion is Rs. 8 a kilo. There is no use in telling him that it is only five per cent or if you take a percentage of 52 weeks then you will get a lesser inflationary rate. I think, inflation is the cruellest form of taxation on the poorest of the poor people and it is not provided for in the Budget. If the impact of the Budget is heavy taxation on the poorest of the poor people, then all of us, as rightly put by Mr. Gurudas Das Gupta, irrespective of our partisan politics we must rise to the occasion and find a solution. Now, as I was saying, this is a very important aspect because for the first time the hon. Finance Minister has shown immense courage in making sweeping changes and we are reaching towards a phenomenon and at this stage if there is a single thing which will do away all that we are hoping for it is inflation. You have devalued the rupee with the hope that the Indian goods will be cheaper. If inflation makes them costlier exports will get into a staggering figure of 15.3 per cent in a two months. I do hope that the honourable Finance Minister will deal with this phenomenon also. The Annual Report of the Reserve Bank shows there is a clear danger of stagflation. The first thing the Finance Minister should do is instead of giving promises he should really take the people into confidence, ask them to work and be prepared for the worst. I sincerely wish him all good luck. And when we come to discuss it in the November session, when he comes for the winter session, I do hope he will

[Shri Murlidhar Chandrakant Bhandare]

come with a cheerful news that seasonal deceleration has taken place. Today there is acceleration, inflation, of the prices and deceleration of productivity. This is a very, very serious situation. What I feel is something should be done. I will come to the actual steps... (*time-bell rings*) Five minutes are not enough. I Protest. You cannot go on pressing the bell.. Who has given five minutes? It is not correct...

THE VICE-CHAIRMAN (DR. NA-GEN SAIKIA): The previous Vice-Chairman had announced it in the House that five minutes would be given to each of the speakers. So you cannot argue in that way.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: What was the time given to Mr. Gurudas Das Gupta? Am I not to be given at least half of it?

THE VICE-CHAIRMAN (DR. NA-GEN SAIKIA): It can't be like that.

SHRI MURLIDHAR CHANDRAKANT BHANDARE: What was the time given to Mr. Gurudas Das Gupta? All Members must be treated alike. I am prepared to bow down to the Chair's wish. But within three minutes if the bell is to be pressed repeatedly it disturbs our thought.

THE VICE-CHAIRMAN (DR. NA-GEN SAIKIA): According to the rules for Calling-Attention we have only one hour. But we always exceed the limit. You have to abide by the time.

SHRI MURLIDHAR CHANDRAKANT BHANDARE): Give me another three minutes and I will conclude. I know my responsibility. But please don't press the bell.

THE VICE-CHAIRMAN (DR. NA-GEN SAIKIA): When the time is over I shall have to press the bell.

SHRI MURLIDHAR CHANDRAKANT BHANDARE): What is worrying us is This. We are now talking of a national solution. Let us deal with it. It is not as if we are sitting down without expres-

sing myself fully on national issues. What is worrying me is that there has been maximum rise in food articles like rice, potatoes, onions, tea—about 43 per cent. Now, the weight of these food articles in calculating the price index, whether it is consumer or wholesale, is only 17 per cent. You have to include edible oils also. What I am saying is; Why cannot the Government rectify this by the intervention of cooperatives like NAFED? Why cannot vegetables be procured through agencies and made available. (*Interruptions*) I know you are giving it to the public distribution System. But it is really not adequate. Why not put rice and wheat and also the other foodstuffs in the open market, release them in the open market, because it is only when they are available in ample quantities that the prices will come down. I think this requires a very, very strong political will. Fortunately, our Government, the Congress-I Government, has a proud record for over a decade of containing the prices and I am sure that in the competent and able hands of this honourable Finance Minister that record will be maintained. I know that your position is unenviable. Nobody would like to step into your shoes. You have to face this challenge, I think whatever actions are to be taken against hoarders, whatever steps are to be taken against the smugglers, whatever measures are to be taken against the hawalawalas and the black-marketeers, they should be taken.

Last but not least, I would only say this that in all these matters you must remember that it is the poorest man who is affected and in order to see that inflation does not go up, between privatisation and nationalisation there is a third sector and that is the sector of cooperativisation; you involve the people, let them handle their *resources themselves, let them distribute* the things themselves. You have been staying in Geneva and you know the MIGROS and the co-ops coops. The co-operating have outclassed the multinationals. I think the future lies in a very effective public distribution system through the cooperative sector. Please do take all these steps. There is no time. I wish you all luck. By the time we have the

discussion in November, in the winter session, you should have seen not only the deceleration but also some fruits of your policy. If that doesn't happen, only God save our nation.

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): Shri V. Narayana-samy. You shall have to conclude within five minutes, please. Every Member is given five minutes.

SHRI V. NARAYANASAMY (Pondicherry): Sir, the price situation in the country is very alarming. There are no two opinions that the common man, the lower middle income group, and the people who are in the poorer category and who have to purchase these essential commodities are feeling the pinch of it.

Sir, there are various reasons for the increase in the price of essential commodities which the hon. Finance Minister has described. Sir, I will go a step further and say that political factor was also one of the reasons for the rise in the prices of the essential commodities. Sir, we had a very unstable Government right from 1989 to March, 1991. I have given a free hand. I do not warn the hoarders and the black-marketeers were BJP for it. But it is a hard fact that one political party was supporting them. There was a nexus between the politicians and the traders. And the blackmarketeers were freely allowed to do their job. Apart from that, the Government had not taken any serious measures about tax evasion and recovery of tax dues. And there was a bad management of the economy by the previous Government. Sir, the Government went to the extent of even not paying the amount that is due to the foreign countries. The import and export front was also not considered in a balanced manner. The cumulative effect of it has unfortunately fallen on the present Government. But the other side blames this Government for the price rise. Sir, one has to look into the past also to find out as to what were the main reasons for the increase in the prices of essential commodities. -Sir, one factor was the premature election, the recent election which we faced. We have been pushed into that election though we did

not like it, though the people did not like it. The election was forced on the people. And an additional amount of Rs. 1,000 crores was pumped in and pro-babaly people had the purchasing power though the supply and demand situation was not tallying. That was also an added disadvantage which contributed to the increase in the prices of the essential commodities. Then the present Government came to power. And we were put in a precarious condition because the foreign debt instalments were not paid, and though there was a good monsoon, the previous Government did not manage the economy properly, and even during that period, there was a price rise. Sir, another factor was that a surcharge of 25 per cent on petroleum products was imposed by the previous Government -and that also inflated the situation. And we could not import edible oil.. .

DR. YELAMANCHILI SIVAJI (Andhra Pradesh): Why did you not withdraw it?

SHRI V. NARAYANASAMY: I will answer that point.

DR. YELAMANCHILI SIVAJI. The hon. Finance Minister can withdraw it. It is not too late.

SHRI V. NARAYANASAMY: I will tell you. You brought us to the brink and we have to retrieve from that position. How can we withdraw it? As Telugu Desam Government you could do anything and everything. But the Central Government, as a responsible Government have to...

DR. YELAMANCHILI SIVAJI: The Minister can announce withdrawal.

SHRI V. NARAYANASAMY:...Weigh the pros and cons, and then only they can arrive at a viable conclusion.

Sir, now the Prime Minister has appointed a Committee under the Chairmanship of the Finance Minister for monitoring the price situation in the country. Apart from that, a Cabinet Committee was also appointed to monitor the prices and to keep the price level

[Shri V. Narayanasamy]

at a low level. But, Sir, I would like to say one thing. The prices have gone up. Nobody can deny that fact. Two steps of the present Government also inflated the situation. One is devaluation, though the Government was forced to go for devaluation. Devaluation created an inflationary trend because we have been importing kerosene, edible oil, fertilizers and other things, which we have been doing earlier. But the consumption of kerosene was more. The Finance Minister in his Budget reduced 10 per cent of the price of kerosene, because it is a large consuming item. That amount ihmdd .also *he commensated* Therefore,. Sir, devaluation has created an impact on the price situation.

Sir, I will finish within two minutes. I will not go further.

Sir, the Budget also created 2 per cent increase...

SHRI GURUDAS DAS GUPTA: It looks as if he is replying for the Government.

SHRI V. NARAYANASAMY: I am not replying. I am justifying, To a certain extent.. ..

SHRI GURUDAS DAS GUPTA: Sir, on a point of order.

This is a Calling Attention which we have tabled calling the attention of the Government. It is for the Government to spell out its policy. If the Member holding the brief for the Government starts replying for the Government, then what is the use of participation in the discussion?

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): It is a matter of opinion. Let him have his say. (*Interruptions'*)

SHRI V. NARAYANASAMY: He wants me to play the role of the Opposition . How can he expect me to ... (*Interruptions*).

SHRI GURUDAS DAS GUPTA: The price is different for the ruling party Members and it is different for the Opposition Members. (*Interruptions*). You can rule me out. This is the normal practice.

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): Mr. Narayanasamy, please carry on and conclude. It is not a point of order,

SHRI V. NARAYANASAMY: After the presentation of the Budget there is an increase of 2 per cent on the inflationary trend because of the additional taxes imposed by the Government to the- I extent of more than Rs. 2600 crores. Sir, I it is not a magic that the price can be 1 *reduced by the Government without* taking stringent measures. Now, Sir, the Government have come into power in the last two months. It is a well known fact and it has been the experience of economists all over the world that when there is devaluation there is a slight inflationary trend at the initial stage. There is no denying the fact. And then the price situation is stabilised. Sir, unfortunately, the prices of vegetables and fruits are also going up in spite of the bumper crop, which one cannot understand. The price of milk is Rs. 10 per kg. in the open market. That has to be streamlined and controlled. On the essential items I would like to say. Sir, it is only through the public distribution system . . . (*Time Bell rings*)

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): Two minutes are also-over.

SHRI V. NARAYANASAMY: The public distribution system as the only means to keep the demand and supply position. Now, I am also not supporting this Government for the purpose of the enormous increase in the prices of essential items. But I would like to say that this Government has to take very strong measures against hoarders and black-marketeters and for that the State Governments must also be taken into confidence. They should also be urged upon to implement the measures.

Sir. the common man is feeling very much because of the price .like that is going on. Therefore, I want the Finance

[Shr; M. S. Gurupadaswam/]

In the statement given, they say that there is close monitoring of price situation by a Cabinet Committee. There is nothing new about it- We had a Cabinet Committee; we had set up a Cabinet Commi-tee when we were in power; I do not object to that. Let them do it. There is nothing special about it. I was a member of the Cabinet Committee on Prices. Let them continue with it; I am not objecting to that. My point is apart from the various factors which had a cascading effect on the -price situation, the recent Budget is mainly responsible for the present situation. He has himself said that prices of essential commodities are rising, and the corn-man man is suffering. All the household needs, are being affected. I am afraid, the rate of inflation may become 20 per cent, if not more. Any double-digit inflation is bad *iq0* the country and we are facing it. But 20 per cent inflation means that the whole economy will go away. The economy will be disrupted to a great extent. We do not have the Eighth Plan as yet. I do not know where we can make it. The recent devaluation of the rupee has had its even effect on the price situation. All the imports have become expensive. The country is already suffering from a high-cost economy. We have been hattling all along to reduce the high cost our products. We have failed so far. We have not succeeded. I ask the Finance Minister whether, with this kind of policy, with this rate of deficit financ'ng, and with this volume of devaluation—it is said that there will .be another devaluation—we can succeed.

SHRI MURLIDHAR CHANDRAKANT BHANDARE; There should not be another devaluation. The hon. Minister should make it clear.

THE VICE-CHAIRMAN (DR. NA-GEN SAIKIA): Please conclude.

SHRI M. S. GURUPADASWAMY: I am concluding. The price situation cannot be discussed in isolation. It has got a great link with the economic policy, as such, and with the policy, the Government is pursuing. With devaluation, with depreciation of money, with the-high taxation in the bvidpet—and various other pressures

which have been there, which have been inherited by this Government like high liquidity, lack of balance between supply and demand and breakdown of law and order in many areas of the country, how can he contain inflation or how can he control the price rise? We are in for disaster. I do not want my country (go to the brink of a disaster. In many countries in the world, many Governments have fallen on the issue of inflation. There is plenty of black money in the market. With this black money, do you mean say that we can contain inflation, we can contain price rise? I think, new package of radical measures is required and should not resort to mere monetary tools. Resorting to monetary tools will not help him, to a large extent. I am not criticising. He should have them, but in addition to this, he should manage the economic problems which are facing him. The administration is your Ministers' he. With all your wonderful plans, policies and all that, keeping administration it is will prove a disaster. And I agree say, your present administrative system itself is wrong and incompetent. It totally makes nonsense of your policies and programmes. Therefore, I say the Finance Minister should look into matter more deeply. It is not enough to express concern over the price situation. What is required is a reversal, a reversal of the price situation within a few weeks.

THE VICE-CHAIRMAN (DR. GEN SAIKIA): Please conclude.

SHRI M. S. GURUPADASWAMY; thing more, Sir. He has said in the statement that in the statement the last quarter of the season, he expects a decline, a fall, in the prices of various commodities, I am afraid, I am not ignoring those signs.

SHRI JAGESH DESAI (Maharashtra): That is correct.

SHRI M. S. GURUPADASWAMY think he is living in a fool's paradise

SHRI MURLIDHAR CHANDRAKANT BHANDARE: But wish him

SHRI M. S. GURUPADASWAMY wish him luck. We all wish him luck

Minister to categorically tell the House what steps they are going to take till the end of the Budget year for the purpose -of keeping the price rise under control, apart from the general measures the Government is taking. Pumping of money supply will definitely create problems for the people. Therefore, to increase production and to import important items, whenever it is necessary, what steps is the Government going to take? I would like to know this from the hon. Minister.

SHRI M. S. GURUPADASWAMY (Uttar Pradesh): Mr. Vice-Chairman, Sir, it should have been a major debate, but unfortunately the time restriction has been imposed because of the Calling Attention Motion. Within a short time I would like to make a few observations. Sir, the alarming price situation in the economy has made nonsense of all planning and development of the country. The Government has not been managing the price crisis for many many years. The price increase has not been a recent phenomenon, it has been there for a number of years. Specially, the price build-up has been taking place since 1980-81, in the Sixth Plan and in the Seventh Plan and recently, it has assumed alarming proportions. I don't think this government can manage this crisis.

SHRI VITHALRAO MADHAVRAO ADHAV (Maharashtra): You also could not manage.

SHRI M. S. GURUPADASWAMY: I am talking of the present Government. When your turn comes, you can make our comments. I don't think the Government is in a position to manage the inflationary crisis in which this country is caught. The Finance Minister in his Statement has said "The management of inflation is the highest priority for the Government". I have been hearing his type of statement since I came to Parliament in 1952. Every time the Finance Minister has said that the inflation will be taken care of, will be contained and the Annual Budget will have no impact on the price situation and if, at all, it is any impact it will have only a marginal impact. Even this time the official

spokesman has said, the Budget has only marginal impact on the price situation. The major cause for the present rise in prices, according to me, is the Budget itself. There has been inflationary buildup all along for many years. But the sudden spurt in the price level, both in the wholesale price level and the retail price level has been caused by the Budget. The reasons which the Finance Minister has given for the present situation are the reasons which were given in the past by the previous Finance Ministers also. The reasons given by him are: excessive liquidity in the market, imbalance between production and supply, law and order situation perhaps, fiscal deficits. All these are given. They have been given in the past also; there is nothing new about it. We have been following the path of deficit financing for a number of years. This has been our major problem. To what extent we should follow the path of deficit financing, we have not taken care to see, though we have said it on paper; yes, that is excellent. What is considered to be safe deficit financing, was not really safe. Let me make an observation on the way we are resorting to deficit financing in recent times; it is very excessive. You cannot control the price situation with this kind of deficit financing. Soon after the Budget, there has been a price rise of 5 percent. I will give one figure here. The wholesale price index for all commodities is reported to have gone up from 198.8 as on July 20 to 203.4 on August 3, 1991. The index rose to a new high at 204.9 from the week ending August 1991. This rise is mainly due to the recent Budget. In the Budget, the Finance Minister has raised nearly 2600 crores of rupees by new taxation. My friend has said that my Government raised the price of petroleum products by 25 per cent. But that was because of the Gulf crisis. It was meant to be temporary. I raised it but it had to be withdrawn soon after the Gulf crisis was over. It has been continued now. Not only that, the Finance Minister has brought in a hike of 20 per cent in the prices of petroleum products over and

above that. So, the direct result of the budgetary proposals of the Finance Minister is largely responsible for the present rise in prices.

he is living in a fool's paradise. August is over. We are already in the month of September.

SHRI MENTAY PADMANABHAM (Andhra Pradesh): He may be having a magic wand.

SHRI M. S. GURUPADASWAMY: There should have been a downward trend in the prices of various commodities, particularly, in the prices of essential commodities now. I am not seeing that. On the contrary, commodities are available. Things are available, but the prices are high that they are beyond the reach of the common man. It is the common man who has been affected very much. Thank you.

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA, Mr. Murasnh Maran. He is not here. Shri Krishan Lai Sharma.

श्री कृष्ण लाल शर्मा (हिमाचल प्रदेश) : उपसभाध्यक्ष महोदय, वित्त मंत्री जी ने अपने वक्तव्य में बहुत सारी बातें स्वयं ही स्वीकार कर ली हैं। होलसेल प्राइस इंडेक्स 186 अंक से बढ़ाकर इस समय 203.4 अंक हो गया है। होलसेल प्राइस इंडेक्स का प्रतिशत इस समय 12.1 परसेंट है और 1989-90 में 9.1 परसेंट था। जो कंज्यूमर प्राइस इंडेक्स 13.6 परसेंट है, पहले 1989-90 में 6.6 परसेंट था और इन्फ्लेशन के बारे में उन्होंने मान लिया है कि अब 15.3 परसेंट है जो कि 1989-90 में 7.6 परसेंट था। लेकिन कहीं भी वक्तव्य में वित्त मंत्री जी ने उन गलतियों को स्वीकार नहीं किया जिनके कारण से हमारी यह आर्थिक दुर्दशा बनी। मैं उन गलतियों की तरफ ध्यान दिखाना चाहता हूँ। मुझे लगता है कि यह नैतिक साहस वित्त मंत्री में होना चाहिए कि वे यह स्वीकार करें कि पिछले 40 वर्षों की गलत आर्थिक नीतियों और गलत प्राथमिकताओं ने हमें इस कगार पर लाकर खड़ा किया है। हम उसको स्वीकार करने के लिए तैयार नहीं हैं जब तक वे मानेंगे नहीं तब तक उसमें परिवर्तन के लिए हमारे अंदर कोई इच्छा पैदा नहीं होगी।

दूसरी बात, हमारी वितरण प्रणाली, हमारा पब्लिक डिस्ट्रीब्यूशन सिस्टम, इतना खराब है, इतना गलत है कि अगर पब्लिक

डिस्ट्रीब्यूशन सिस्टम के द्वारा हम वीकर सैक्शन और फिक्सड इन्कम ग्रुप और अन्य कुछ लोगों को यह भी कनिवस करा पाते कि अगर प्राइसेज बढ़ते भी हैं तो भी हम इन फेयर प्राइस ग्राप्स के द्वारा रिलीफ दे सकते हैं तो कुछ क्रेडिटलिटी गवर्नमेंट की होती। लेकिन आज तो यह स्थिति है कि हमें पॉलियामेंट के अंदर चीजें नहीं मिलती हैं, यहाँ काउंटर पर मक्खन, घी, दूध नहीं मिले तो बाकी पब्लिक डिस्ट्रीब्यूशन सिस्टम के बारे में क्या कहें। यह सिस्टम कहां गलत है, इसमें क्या स्टीमलाइजिंग की जरूरत है, वित्त मंत्री जी को इसके बारे में कुछ बातें कहनी चाहिए थीं। इसमें एक भी बात ऐसी नहीं कही गयी कि जो वेस्टफुल एक्सपेंडिचर है गवर्नमेंट का, चाहे पेट्रोलियम का कंज्यूमन है या दूसरी चीजें हैं उन पर क्या कट लगा रहे हैं, क्या रोक लगा रहे हैं क्या ऐसी कोई बात की है जिससे लोगों के अंदर एक प्रेरणा पैदा हो, लोगों को हम कह सकें कि हालत बहुत खराब है, कुछ आप बचत करो और सरकार भी ये बचत कर रही है। लेकिन अनपि शनाप खर्च हो रहे हैं। इसके बावजूद लोगों को उपदेश दें तो कोई उस पर असर नहीं होने वाला है। उसके बाद जो हमारा अनप्रोडक्टिव एक्सपेंडिचर है जिससे लोगों को मिलता कुछ नहीं है उसमें पैसा लगाने जा रहे हैं। कर्जा देते जा रहे हैं। मैं यह भी कहना चाहता हूँ कि वित्त मंत्री जी ने खुले मन से इस बात को स्वीकार नहीं किया कि सबसे बड़ा फेक्टर हमारी इस महंगाई का, इन्फ्लेशन का, डोवैल्यूएशन है।

अवमूल्यन का बहुत असर हुआ है क्योंकि अगर अवमूल्यन से सारा इम्पोर्ट होने वाला रा मटेरियल महंगा, मिलेगा, तो कौनसी चीज हमको सस्ती मिलेगी।

दूसरा, मैं सरकार से पूछना चाहता हूँ कि अगर कोई भी एडमिनिस्टर्ड प्राइसेज में आप कमी नहीं ला सकते, आप सीमेंट की कीमत, कोयले की कीमत कम नहीं कर सकते, रेल के, जहाज के भाड़े को कम नहीं कर सकते, तो फिर व्यापारियों को क्या कहेंगे कि कौनसी चीजों के मूल्य कम करो। इस समय पूरा जो ट्रेड है, गवर्नमेंट ने एक ऐसा ट्रेड सेट किया है, जिससे पहले तो कोई साल के बाद गिनता था कि कितनी महंगाई बढ़ी,

[श्री कृष्णलाल शर्मा]

अब तो हफ्ते हफ्ते में महंगाई छलांगे लगाती जा रही है। गरीबों के बारे में पहले तो था कि दाल रोटी का मामला है, हम जैसे तैसे चला रहे हैं। आज सब से ज्यादा दाल और रोटी महंगी हो रही है। जो बजट के पहले अरहर की दाल नौ रुपये मिलती थी, आज बीस बाईस रुपये तक पहुंची है।

क्या सरकार यह बतायेगी कि इसका कारण क्या है?

श्री जगेश बेसाई: अरहर की दाल पहले नौ रुपये किलो थी। मैं भी दाल खरीदता था। बजट से पहले यह दाल तेरह चौदह रुपये किलो से कम थी ही नहीं।

श्री कृष्ण लाल शर्मा चलिए, आपकी बात मान लेंगे, लेकिन मैं यह कहना चाहता हूँ कि यह तो आप मानेंगे कि भाव बढ़े हैं। मैं यह पूछता हूँ कि यह दालों के भाव क्यों बढ़ रहे हैं, एडिबल आर्थल्स के दाम क्यों बढ़े हैं और धारा जसी चीजें जिनको हम कहते हैं कि इसको पब्लिक डिस्ट्रिब्यूशन सिस्टम में लाओ, तो सरकार मानने की तैयार नहीं है।

आज चीजों की कीमतें बेतहाशा बढ़ती जा रही हैं। अगर वह चीजें हम पब्लिक डिस्ट्रिब्यूशन सिस्टम में लाकर के उनको ठीक ढंग से लोगों को सप्लाय करने की कोशिश करेंगे, तो शायद इसमें से कोई परिणाम ला सकें।

वित्त मंत्री महोदय को मैं एक उदाहरण देना चाहता हूँ। हिमाचल प्रदेश सरकार ने एक स्कीम लागू की है। उन्होंने अपने प्रदेश में कुछ लोग, कुछ परिवार आइडेंटिफाई किये हैं। उन्होंने दस लाख लोगों के लिए अलग रंग के राशन कार्ड बनाये हैं। उनके लिए फेयर प्राईस शाप्ट से तीन चीजें सस्ती देने का फैसला किया है। वह गेहूँ एक रुपया पचास पैसे किलो, चावल दो रुपये पचास पैसे किलो और साल्ट पच्चीस पैसे किलो देते हैं।

मैं यह पूछना चाहता हूँ कि क्या सरकार ऐसी कोई नीति अपना सकती है कि जिसमें केन्द्र की तरफ से कोई ऐसे निर्देश

जारी किये जायें कि कोई हम एक इनकम स्तर तय कर ले कि उससे नीचे जो लोग हैं, उनको एक खास रेट पर कम से कम मिनिमम रेट वाला जो हिस्सा है, गेहूँ, चावल, नमक और दाल—यह एक निश्चित रेट पर इन फेयर प्राईस शाप्ट से या जो पब्लिक डिस्ट्रिब्यूशन सिस्टम है, उससे मिलेगा।

उपसभाध्यक्ष जी, मैं आपके माध्यम से वित्त मंत्री जी से निवेदन करना चाहता हूँ कि इस समय फिक्सड इनकम ग्रुप बहुत कष्ट में है। (समय की घंटी) और हमने एक बात के लिए बार बार अपील की है पर आप एक लोटी सी बात मानने को तैयार नहीं हुए कि उनकी जो इनकम टैक्स की लिमिट है, वह अड़तालीस हजार तक कर दें। आप एन० आर० आईज० को आज बेतहाशा इंसेंटिव देने के लिए तैयार हैं और उन लोगों के लिए कर रहे हैं कि जो यहां आकर पूजा लगायेंगे और महंगाई बढ़ायेंगे।

मैं यह बात अभी भी महसूस कर रहा हूँ कि दूध जो है, अब इस समय आठ रुपये किलो तक जा रहा है और अगर बाहर के लोग आएँ और उन्होंने डिब्बा बंद दूध तैयार करना शुरू किया, तो यह दूध बीस रुपया किलो मिलेगा। मुझे डर लग रहा है कि आप उनको इंसेंटिव दे रहे हैं जो यहां आकर हमारी महंगाई को बढ़ायेंगे।

इसलिए मैं निवेदन करना चाहता हूँ कि हमारी पूरी नीति जब तक दो सिद्धांतों पर आधारित नहीं होगी, एक यह कि इंसेंटिव— जो प्रोड्यूसर हैं, जो किसान हैं, जो फार्मर हैं, आप उसको इंसेंटिव दें, जो रियली प्रोड्यूस करता है, केवल कोई परमिट, फोटा देचने वाले को नहीं और रिलीफ टू दो कंज्यूमर—कंज्यूमर अगर परेशान है, तो उसको रिलीफ देने की कोई न कोई स्कीम आप बनायें। फिक्सड इनकम ग्रुप, वीकर सर्विशन, उनको जब तक आप अपने माध्यम से, अपनी स्कीम के द्वारा कोई रिलीफ नहीं देंगे, तब तक यह टू फोल्ड सिस्टम आप इवाल्ब करें तो इसका कोई लाभ होगा। (समय की घंटी)

प्राईस सिटूएशन इस समय बड़ी खतरनाक दौर में है। मांफ कीजिएगा वित्त मंत्री जी आपकी किसी भी बात से जरा सा भी संकेत

नहीं मिलता। अगर आपके बजट के बाद किसी भी चीज की थोड़ी सी भी कीमत कम हो गई होती, तो हम समझते कि हाँ, अब प्राइसेज कम हो जायेंगी। तीन तीन अच्छी फसलें, तीन-तीन अच्छा मानसून लगातार देश में कभी नहीं मिलीं बम्पर क्राप भी है, फसलें भी अच्छी हैं, मानसून भी है और प्राइसेज भी बढ़ रही हैं। यह तो करिश्मा इस सरकार का ही हो सकता है। भगवान जाने अब इसके बाद क्या होगा। वित्त मंत्री जी इसका कोई रास्ता निकालें धन्यवाद।

SHRI SUKOMAL SEN (West Bengal): Mr, Vice-Chairman, Sir, I have gone through carefully the long statement made by the honourable Finance Minister. The points in this long statement is a combination of jugglery of words as well as statistics. The man in the street is not concerned with this long statement—■ is concerned with facts. What is the percentage of rise in the price index, how far is the rate of inflations—all these are matters for intellectual exercise. But the common man is faced with the fact that potato, the common vegetable for all people of the country, is selling at between Rs. 7 and 8 a kg. in the market. That is the experience of the common man, that is the painful experience. People are concerned with that. Unfortunately, our honourable Minister, the honourable Minister of State and the officials, who are comfortable and well-placed, are satisfied with the Jugglery of words and statistics. But the common people will not be satisfied with that.

Sir the point is, when a patient calls for doctor and if the doctor fails to diagnose the disease, the doctor will never be able to cure the patient. The statement made by the Finance Minister does not admit where lies the fault, where lies the error. He just superficially goes away over the head of the hearers and says something of taking measures, some monitoring and their deep concern. People are not concerned with how many committees are formed and whether a committee is chaired by the honourable Finance Minister

or the Home Minister or the Prime Minister. People don't bother about that. People are bothered about the question that the prices should come down. But prices are not coming down. A 15.3 per cent annual rate of inflation, which has never before been experienced by the country, is there. More than six per cent of inflation is there within three months after the budget proposals have been announced. These are stark realities and people are facing them. The point is, when we criticized the budget: when we criticized the devaluation that they were going to play havoc with the life of the poor people. Government hooted at our criticism, Government hooted at our points of view. But now the facts vindicate our position—that devaluation has become the policy of the Government and that the budget is playing havoc with the life of the people. It is a fact of life and nobody can deny it. However much one may be accomplished in the English language and however much one may be accomplished in statistics. This fact nobody can deny nobody can refute. So, this is the result. When the devaluation was made, we criticized that the devaluation would definitely lead to a rise in the prices, that the budget would definitely lead to trends.

What about the taxation? unfortunately, in the statement it is said that indirect taxation has not been imposed on many consumer goods, as if it does not reflect on the price rise and as if it is no cause for price rise. But the total taxation of Rs. 2,617 crores, whether the bigger portion falls on the daily items of mass consumption or other terms, the totality of taxation will result in price rise and that is what has happened. Otherwise what is the reason? Can the Finance Minister—definitely he will be boasting as a big economist—explain to me as a layman why potato is selling at Rs. 8 a kg. and what is the reason? All right, he has not imposed a tax on potato, but even potato prices started rising. What is the reason? Can you explain it as an economist can you convince me as a layman? You cannot convince me. So Sir, the point is, the budget itself definitely has big in-

[Shri Sukomal Sen]

flationary trends, the budget has boosted the prices and the devaluation has boosted the prices.

Sir, let us take the procurement prices, I am not opposed to raising procurement prices. Now procurement prices of rice and wheat have been raised. It is good that farmers are given remunerative prices, but what is the issue price? Is not the money realized from the consumers? People who eat rice and wheat have to pay more now. Sir, is this the way of giving relief to the farmers? On the one hand you give some relief to the farmers and on the other you squeeze those who consume rice and wheat. This is the policy of the Government. So, this is a ruinous policy. My point is that unless the Government recognises the real cause of the disease, whatever committees are formed whoever may chair the committees, whatever monitoring is done, the prices are not going to come down. They will never come down.

Sir, whenever this price-rise situation is discussed in Parliament, whichever Government is there in power, all the Finance Ministers have repeatedly assured the House that their measures would bring down the prices. Every Budget has promised to bring down the prices. But every Budget has failed. Every Finance Minister has failed. So, this Finance Minister should self-critically examine where the disease lies and what the causes are. He should go into them and tell what he is going to do about it.

Even in respect of a simple thing, about strengthening of the public distribution system, what additional measures have been taken by the Government to strengthen the public distribution system? To meet the shortfall between the supply and the demand, what specific measures have been taken by the Government? About edible oils, the import has been cut. Our production is short. What is the mechanism to control the prices of edible oils? Can he tell this to me? He has raised the procurement prices of rice and wheat. What is the mechanism to contain the price-

rise in the market? What is the mechanism for containing the prices of potato and other vegetables? Has he elaborated this in his statement? He has not elaborated this in his statement. So, Sir, would like to have a specific answer from the hon. Finance Minister on what the specific mechanism is. What are the specific measures to contain the prices of these essential goods which are of daily necessity to the people, without which people cannot live? People do not require a Maruti car. People do not require a colour television set. People do not require a refrigerator.

But people require rice and wheat. People require vegetables. People require potatoes. People require pulses. All these things are required by people without which people cannot live. But there is not a single word in this statement on how the prices can be brought down.

Sir how has he concluded the statement? He concludes:

"I would like to stress that the Government continue to accord the highest priority to bringing down the rate of inflation and would continue to keep a careful watch on the situation.

Sir, in the last three months, what is our experience? Can the Finance Minister say that since the presentation of the Budget or since his assuming the office of Finance Minister he has not kept watchful eye on the price situation and that only from today onwards he would be keeping a watchful eye?

I hope he has kept a watchful eye from the date he assumed office or the date on which he presented the Budget. Then, within these two, three months! what has been the effect of his watchful eye and his concern? I am not going to believe that from tomorrow onwards his watchful eye and his concern will lead to containment of the prices, will lead to containment of the inflationary spiral. Sir, this is no guarantee.

Sir, before you ring, I will conclude because I am not a man who will die

with jugglery of words because I belong to common masses. Common masses believe that this statement is of no use. This should be thrown into the dustbin. The right place for this statement is the dustbin. The main thing is taking proper action on which the Finance Minister, the Government is utterly failing. Our viewpoint is that the Budget, the devaluation, the economic policies are out to totally ruin the country. They are going to play havoc with the lives of the people. The stand has been vindicated. Now it is time that the Finance Minister should honestly admit his failure. He should say, "Yes, my Budget is responsible. Yes, my devaluation is responsible. My economic policy is responsible." Then, we will at least feel that the Finance Minister has been failing to contain the price-rise failing to manage the economy, but at least he is honest enough to recognise his own failure.

Thank you.

PROF. CHANDRESH P. THAKUR (Bihar): There is no doubt that there is a pressure on the price situation. The Finance Minister's assurance that he will keep a vigil and do something substantial so that there is relief in the next couple of months is the most welcome announcement. But we have to keep in view that inflation is not an overnight phenomenon. During the whole of 80s the price situation was well within control. In fact, until November 1989, the prices, particularly the wholesale prices, were showing a downward trend. In early 1990, when the worthy Government of the National Front was in power, the prices started moving up.

SHRI MENTAY PADMANABHAM: It was because of the policies pursued by the previous Government from 1980 to 1989.

PROF. CHANDRESH P. THAKUR: Padmartabham, are you aware of your policies? What were your policies and how you practised them?

SHRI MENTAY PADMANABHAM: I am aware of my policies. You are trying to gloss over the policies pursued by the Government between 1980 and 1989.

Prof. Thakur, I have great respect for you. You are an economist. Don't make price rise business a partisan business. Analyse it as an economist.

PROF. CHANDRESH P. THAKUR: If credit is due to you, it will come unhesitatingly.

SHRI MENTAY PADMANABHAM: The Government that ruled this country between 1980 and 1989 is guilty of the price rise today.

PROF. CHANDESH P. THAKUR: Have patience to take the criticism also.

SHRI MENTAY PADMANABHAM: Sir, they have contributed their mite to the present mess.

PROF. CHANDRESH P. THAKUR: You must keep in view two things. During 1977-78, when the Janata Party came to power, you know what havoc it played with the price situation before it was thrown out. And when the Congress came back to power the price rise was around 21 per cent. It took a lot of work and a political will to see that... (Interruptions).

THE VICE-CHAIRMAN (DR. NA-GEN SAIKIA): Kindly don't interrupt.

प्रो० चन्द्रेश पी० ठाकुर : दवे साहब, जरा ध्यान से सुनिए। आलोचना से घबराए नहीं। यह ननपरफोरमेन्स के लिए कुछ तो कहना पड़ेगा।

श्री अनन्तराय देवशंकर दवे (गुजरात) : जरूर कहिए हमें कोई एतराज नहीं है, जो सत्य है जरूर कहिए।

श्री जगेश देसाई : बिल्कुल सत्य है।

प्रो० चन्द्रेश पी० ठाकुर : कटू सत्य है।

श्री अनन्त राय देवशंकर दवे : नहीं, सत्य कभी कटू होता ही नहीं। जो सत्य है, वह कभी कटू नहीं होता।

उपसभाध्यक्ष (डा० नगेन सैकिया) : ठीक है, ठीक है। प्रोफेसर ठाकुर आप बोलिए।

PROF. CHANDRESH P. THAKUR: The point that I am trying to make is that when the National Front Government came to power in 1989, a new political formation in power, the country had an inkling of the mismanagement it will do. It knew what kind of fiscal profligacy it was indulging in while pampering the Kulak class by frequent raising of the issue price. Just now Mr. Sukomal Sen was accusing us on raising the issue: prices. How many times the procurement price was raised during the National Government period? (*Interruptions*).

SHRI MENTAY PADMANABHAM: On the one hand you raise the price of fertilisers and on the other to compensate that you raise the issue price of foodgrains. What would be its impact on inflation?

PROF. CHANDRESH P. THAKUR: In the whole macro management we want to have the support of the farming community. The Finance Minister in his opening Budget speech had said that he was going to raise the fertiliser prices because the country has lived long on soft options and there is nothing left now. But at the same time to 2.00 P.M keep the production process on a positive track, to retain the enthusiasm of the farming community he has made a solemn promise that when the time comes, there will be ways to compensate them. One of the ways is to get it reflected in the procurement price. That is a kind of a furtherance of the promise which he has made in terms of implementation. But what you did during 1989-90 and early 1991 is plain pampering. You ruined the banking system... (*Interruptions*)... I am not yielding. Then, ask an honest question to yourself. Your political incapacity to give a stable Government after 1989 elections forced a premature General Election which cost the Government Rs. 800 crores and to the parties and to others a multiple of that amount. Perhaps, that has brought so much liquidity in the system.

SHRI M. S. GURUPADASWAMY: Why did you not form the Government in 1989? You had more majority than us.

PROF. CHANDRESH P. THAKUR: We were not in a pretty position to form the Government.

SHRI MENTAY PADMANABHAM: You have prevented the Chandrashekhar Government from presenting the budget also. Now you are blaming the Government for the present price rise which was in power for eleven months only whereas you were in power for eleven years.

PROF. CHANDRESH P. THAKUR: To answer Mr. Gurupadaswamy's question we wanted to respect the verdict of the people which gave you the benefit of doubt. Of course, they regretted very soon in the next elections. You collapsed and the following Government ran away despite our support.

SHRI MENTAY PADMANABHAM: Now in the present situation the people are giving the benefit of doubt to your Government.

PROF. CHANDRESH P. THAKUR: Where are you now? Till recently you were on Treasury Benches and now you are on that side... (*Interruptions*)...

The simple point I am making is that one of the primary contributions to the current inflationary pressure is the mismanagement of the economy during the period 1989 until they were thrown out. It contributed in three ways. Number one. It went into fiscal profligacy. Second it pampered a rich class on a purely irrational economic basis through frequent raising of procurement prices. Third, it thrust a premature election which added to the expenditure of the Government in terms of indirect expenditure and to the society also. They pumped too much liquidity in the economy.

SHRI MENTAY PADMANABHAM: Who proposed the elections?

PROF. CHANDRESH P. THAKUR: I should add a fourth reason that balance of payments position deteriorated during your period. Mr. Gurupadaswamy, do you remember when you were the Minister for Finance, how much problem

was there for you to keep the wheels moving?

SHRI M. S. GURUPADASWAMY: You know that we inherited a bad situation.

PROF. CHANDRESH P. THAKUR: You made it worse. That is the whole thing.

SHRI M. S. GURUPADASWAMY: We improved it.

PROF. CHANDRESH P. THAKUR: Assuming that you got an economy which was sick, you slaughtered it further. The way you mismanaged the petroleum products import or indigenous production....

SHRI M. S. GURUPADASWAMY: We never brought Gulf war.

PROF. CHANDRESH P. THAKUR: But you did not anticipate the problem that there could be a problem of crude supply.

SHRI M. S. GURUPADASWAMY: I imposed a lot of curbs on petroleum products consumption.

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PROF. CHANDRESH P. THAKUR: What was the final result during the Gulf crisis? . . . (Interruptions) . . .

SHRI M. S. GURUPADASWAMY: Let me tell my friend, we imposed curbs on consumption of petroleum products.

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): There should not be any direct conversation between the two Members. Please address the Chair.

PROF. CHANDRESH P. THAKUR: If you had invited my suggestion, I could have told you that you should plan for alternative sources of crude supply, consider the possibility of deferred payment arrangement and continue to have indigenous production flowing. All the three things were open to you. But you were too busy in politically mismanaging your-

self instead of rational thinking and taking corrective steps. So we have inherited that situation. Mr. Manmohan Singh is a brave man.

SHRI MENTAY PADMANABHAM: He is making economic mismanagement and you are making political mismanagement.

PROF. CHANDRESH P. THAKUR: Lung power does not help in managing the economy. You have to take concrete steps. I must compliment you people that you are beginning to see the rationality of the propositions in the budgetary formulations that he has made and the way the Opposition is supporting him in the crisis management. We are going through a deep crisis and one of the consequences of the deep crisis is the pressure on the price front. Don't you appreciate this part that by the fiscal course correction a concrete steps has been taken? When Mr. Yashwant Sinha led the office, as a result of the balance of payment crisis, there was a savage cut. Did he have any opportunity to allow imports to be more liberal compared to the time when he took over charge? There are only three ways in which you can do supply and demand management. Two things are very important. One is domestic supply. Of course, this is the fourth year in a row that the monsoon has been good. But in this year, there has been a delayed monsoon and it has not been uniform throughout the country, particularly in the regions of Rajasthan and Madhya Pradesh and certain parts of U.P. and Bihar. The production of groundnut and other edible oilseeds are going to be affected adversely because of the delayed monsoon.

The second thing is, had the foreign exchange situation been good, perhaps, he could have imported. I do not know even now. I would expect the Government to cut corners and see if it could import some essential items. I believe art assurance has been given on edible oil import.

Then, for petroleum products, there has been a freight increase. You mismanaged

[Prof. Chandresh P. Thakur]

the whole ONGC process. And that problem is continuing. The AGP Government in Assam, whatever it did, sowed the seeds of disharmony as that time and they are continuing to chase the whole process of disruption. And what is happening today? Only after the current round of violence, the entire ONGC struck work. It brought a setback to the indigenous production. *(Interruption)*.

SHRIMATI BIJOYA CHAKRA-VARTY (Assam): I want to raise a point of order.

PROF. CHANDRESH P. THAKUR:
MudMrt, there is no point. of order

जरा सुनली, यह तो फॉर्मलियर बात है,
आपके घर की बात है।

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): She is on a point of order. Let me hear her.

SHRIMATI BIJOYA CHAKRA-VARTY: I fail to understand the hon. Member mentioning the AGP Government. He said they sowed the seeds of disharmony or something like that. I want to know whether the Member wants to say that the AGP Government is responsible for the price situation today. How is it connected with the subject of discussion here?

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): You want to say that there is no relevancy.

PROF. CHANDRESH P. THAKUR: The simple point I am making is that given the financial crisis that we have, we need to have more indigenous production of crude. Fortunately or unfortunately, it has been subjected to disruption. Who is responsible for that? Whether the AGP is responsible marginally or substantially, I leave to the great wisdom of my gracious colleague. But they cannot wash off their hands. *(Interruption)*.

SHRIMATI BIJOYA CHAKRAVARTY:
I want to make a correction.

PROF. CHANDRESH P. THAKUR: I am speaking. You are not speaking. You have made your point of order. You cannot have a second point of order... *(Interruption)*.

SHRIMATI BIJOYA CHAKRAVARTY:
When a misstatement is made, it must be corrected. Kindly permit me. I will correct it.

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): Are you going to yield?

PROF. CHANDRESH P. THAKUR: I will yield. If you want to make some point, go ahead.

SHRIMATI BIJOYA CHAKRAVARTY:
Sir, there is disruption of oil movement. I know. But it was not in the AGP Government days, but in the days of the Congress rule and President's rule in Assam, from 1980 to 1985. The AGP came into power in the year 1985 and only in the month of November. Disruption of oil movement had been there when your party Government was there, when President's rule was there, in Assam. Recently, for six days there was a strike by the ONGC, that caused a loss of Rs. 50 crores. I do not know what the Member has to say about this.

THE VICE-CHAIRMAN (DR. NAGEN SAIKIA): Mr. Thakur, please make your points and conclude. The time is over.

PROF. CHANDRESH P. THAKUR: I do not have much to say at the moment because I expect that the current measures which the Finance Minister has assured hold out some hope. But I would like to warn the Government that there is no running away from the fact that there is a pressure on the price front, partly because of the continued distortion in the macro-economic management and partly due to the short-fall in supplies. Then devaluation has taken place and our capacity to import has been somewhat hampered substantially. Under these conditions, there should be some priority. Number one, the poor and vulnerable section should be protected on a priority basis. If our Pub-

lie Distribution System, which Ude Prime Minister has repeatedly promised, is well-stocked and its delivery system is sufficient, perhaps, a relative safety net will be available to them.

Secondly, on a selective basis, the Finance Minister could consider importing such items which are essential in nature and are likely to affect the common people's consumption basket.

The third thing is that the promised curb on the Government expenditure should be reflected in concrete action on a time-bound basis.

All said and done, I still retain optimism in the outcome of the overall economic package which the Finance Minister has made. I realise that this necessary gestation period is required, but it should not be longer than what is necessary and for that, an all-round vigilance and course correction would be required.

The last point I would like to say is that in this whole process, one cannot rule out the possibility of hoarding with the calculation for profiteering and the business community, that is the prime hoarders, is hand in glove with some of the State Governments. So the Central Government will have to be vigilant and should come down heavily on such people who are likely to play havoc through their hoarding

SHRI SHABBIR AHMAD SALARIA (Jammu and Kashmir): Mr. Vice-Chairman, Sir, the statement made by the Finance Minister, is no doubt exhaustive but it is not convincing. When the Budget was announced, if it was everybody's guess that we would have to see this day except for the Finance Minister and some others who had hopes that notwithstanding the Budget and the policies being pursued, the prices would not rise. It was a writing on the wall that this day had to dawn. It is true that the economic situation which was inherited by the present Government was very serious and bad and that steps had to be taken to deal with it

effectively and the Government deserves appreciation for having taken necessary steps but the question of rise in prices is alarming and the reasons why this led to this have to be borne in mind. One of the foremost reasons, to my mind, has been the fact that there was already a 25 per cent hike in petroleum products brought about by the former Government, which as Mr. Gurupadaswamy said, was intended only to last till the Gulf crisis but had been continuing, to that was added the additional increase on petroleum products which therefore led to a price rise because once you raise the price of petrol and petroleum products, the effect on the prices of commodities is bound to take place That plays a pivotal role. Now the second difficulty which arises and which leads to rise in prices is the fact that we have been resorting in the past to deficit financing and that has been abnormal and this time also, the deficit financing has been one of the causes for leading to price rise and if it is continued at this rate and is not contained, the hon. Finance Minister may find difficulty in controlling the spiralling prices which threatens to go up higher and higher. The poorer sections of the society are most affected and the statement of the hon. Minister has taken note of it, that essential commodities in particular are undergoing greater rise in prices and that has worried him, and rightly so. Therefore, necessary measures have to be taken. The third reason which led to rise in prices was also the Railway Budget which *did* not spare sugarcane also from the rise in freight charges. The other charges of passenger tickets have also been raised and obviously the businessmen have to realise them from the consumers. The taxation proposals contained in the Budget have also led to the price-rise. this is not now disputed that this is the situation. The hon. Minister has however expressed optimism that he will be able to hold the price-line. By referring to the old statistics of the rise in prices he has tried to console us and to console himself, but I don't think that it can be so as Ghalib had said;

[Shri Shabbir Ahmed Salaria]

हमको मालूम है जर्मन की हकीकत, लेकिन
दिल के बहलाने को गादिब ख्याल अच्छा है,
हमको मालूम है जर्मन की हकीकत लेकिन
दिल के बहलाने को गादिब ख्याल अच्छा है -

Now I would like to make certain submissions in this regard. The current Budget has provided that there will be a deduction of income-tax at source in the case of fixed deposits. This, I am told, has led to discontinuation of the fixed deposits in many banks and has also lessened the rate of fixed deposits, the rate at which we are getting fixed deposits in the banks. That means the money is coming out and is adding to liquidity. Further, the hon. Minister may look into these; points—whether he can persuade the Government and its departments to cut down wasteful expenditure and those ways of expenses which were resorted to by hon. Ministers, by high officers, whether they can take to tightening of the belt and lessening of those expenses; whether over-staffing can be done away with; whether he can find a way out by getting rid of such enterprises which are a milestone round the neck of our economy. He may also consider whether he can do something to lessen the rates of petroleum products so that the rate at which their prices are going up is arrested somehow. These are my submissions and I hope the hon. Minister will consider them, (ends)

DR. YELAMANCHILI SIVAJI: Sir, the rising prices, high prices, are making of the present Government and the Minister wanted to take shelter under the umbrella of comparing the figures of 1988-89, 1989-90 and 1990-91 in his own subtle way. A trained bureaucrat, he wants to shift the blame saying that it was the regime of Mr. V. P. Singh during 1990-91 which was responsible for the rising prices. Sir it is not a fact. For the last one year the the prices have been rising and the first reason for the price-rise is high taxation. For the last one year additional taxation to the tune of Rs. 10,000 crores has been imposed by the Government in various forms. During October, 1990 the petrol

† [] Transliteration in Arabic script.

was hiked by 25 per cent and it was calculated at that time that it would be about Rs. 2300 crores and on 15th December last excise and customs duties were hiked amounting to Rs. 1,340 crores Depreciation allowance amounts to another Rs. 769 crores. Surcharge on income-tax raised from 8 per cent to 12 per cent amounts to Rs. 60 crores All these amounts to Rs. 4,450 crores. Sir, in the present Budget of Dr. Manmohan Singh the new levies are to the tune of Rs. 2,600 crores and if calculated on an annual basis it amounts to Rs. 3200 crores. All these things put together comes to about Rs. 10,050 crores for one complete year. Naturally there has to be inflation in the country.

Sir, another point is the administered prices of the public sector units producing fertiliser, steel, cement or other products. They are raising the price of sugar very high and the consumer has to pay a lot. There is a nexus between the industry and the Government, both the people in higher-ups as well as the bureaucrats. There is a nexus between the two. There, fore, there is no control over the prices of goods manufactured by the industry.

Sir, on the 5th of this month there was a question about the price of bulk drugs in the country. The hon. Minister has said that Phenytoin Sodium which is used for epilepsy was sold at Rs. 236 per kilogram. But when we enquired from the market the seller stated that each 100 milligram tablet was selling at the rate of 22 paise but when one kilogram of Phenytoin Sodium is tableted and marketed it costs something like Rs. 2,200. Sir, simply for packaging and marketing the ratio is 1 : 10. The same is this situation with Metronidazole, used for amoebiasis. As regards the bulk price of Metronidazole there is a declaration that it costs Rs. 428 per kilogram. Simply after packing and marketing they are sold at the rate of Rs. 1,625. The same is the situation with Ibuprofen. One kilogram of Ibuprofen costs Rs. 450 but in the retail market it

is sold at Rs. 1,634. Same is the situation with the antibiotic by same 'Amoxicillin Trihydrate'. It is sold at the rate of Rs. 2,090 per kilogram but in the retail market it is sold at the rate Rs. 8,860. The same is the case with Analgin. It is a simple antipyretic. Every common man is compelled to use Analgin for temperature or is pain-killer. Analgin in bulk costs Rs. 251 per kilogram but in the retail market it is sold at the rate of Rs. 900. It appears that there is no control by the Government over the prices of life-saving drugs. There is a nexus between the Government and bureaucrats and the industry in looting the consumer left and right and the Government is keeping quiet and they are not serious in reducing the prices of drugs and other essential commodities. Sir, it is a fact that even sugar is being smuggled to the neighbouring Pakistan and Bangladesh and the Government is keeping quiet. They are not prepared to control smuggling of sugar to the neighbouring Pakistan and Bangladesh. Even coal is smuggled. I was told that every day two rakes of coal at the rate of about 2,000 metric tons are smuggled to Pakistan under the nose of the Government of India. But they are not serious to control that. Sir, there is regular hike in the transport charges of railways; there is regular hike in the prices of power and the price of everything is hiked. The Government is not serious to regulate the prices.

Therefore, I would like to advise the Government to make it a point to control the revenue budget, to control their revenue expenditure and to see that something goes for Plan expenditure and also that some hard decisions are taken to regulate the prices in the market so that the common man may not be affected, fends)

[The Vice-Chairman. (Shri M. A. Baby; in the Chair)]

PROF. SOURENDRA BHATTA-
CHARJEE (West Bengal): Mr. Vice-

Chairman, in the course of today's discussion, a discussion not commensurate with the gravity of the situation, a very old point was made, a very untenable point at that, when honourable Prof. C. P. Thakur tried to lay all blame at the door of the interregnums of 1977-79 and 1989-90 to emphasise that these two interludes were really responsible for all the ills of the economy. He said something like that. Now, if what was built up in thirty years from 1947 to 1977 by the Congress by way of economy could be subverted just by two years of interlude, after nine years of rule by the same party if there came an interregnum of less than a year and it could undo the economic system which had been built up, then it must be said that the system which was built up was essentially poor and weak. Our present Finance Minister is not a traditional Congress-I. Now he belongs to that party. But he must have a close look at what the ailments of the economy were from the very beginning of our independence. That is one aspect of it. Without that, perhaps the treatment may not be really fruitful. The question is today the statement of the Finance Minister tries to make light, I am constrained to say, of the 15.3 per cent inflation. We laymen know it that these official figures — I do not mean Government; there are agencies doing it; it is our idea — actually do not reflect the real condition obtaining in the market in respect of the consumers, because they have to pay a much higher price. So the 15.3 per cent would really come to something higher. But it has been placed at that level by the rule of average, so to say. The Finance Minister has raised the question of some other average by which it may be even lighter. Perhaps that may be counterproductive in view of the task before us. The question of containing inflation and the other side of it, making the prices make a downward journey — that has to be made possible. Devaluation is one thing which was unilaterally imposed on the country. And then the IMF loan and the World Bank loan, World Bank from which we are the biggest borrowers in the whole world — that is our record. Now another staggering amount has been cleared by the

{Prof. Sourendra Bhattacharjee}

International Monetary Fund. Keeping in view this prospect the devaluation was done. The devaluation made our exports cheaper and the imports dearer. We have to depend on imports for many of our essential commodities. And there has been an increase in the prices of these because of devaluation. We saw about 20 per cent devaluation. And what would be the effect? I think, so far as I can remember, what the Finance Minister told was that the Government expenditure would be lowered. If our borrowings increase like this, how can the Government expenditure come down? Perhaps, at the present moment, on interest alone, India pays about 14 per cent of our Government spending. With further borrowings, definitely it will come to about one-fourth or mercifully it may be one-fifth of it.

Sir, about the question of money circulation, the exact figure is not with me. It is a case of too much money chasing too few goods. Goods are always too few. The Finance Minister has said correctly that three successive good crop seasons should not have resulted into these things. But the fact is that it has resulted into these things. Why? It has to be taken into account whether too much money has been brought into circulation in the market. I expect the Finance Minister to deal with this aspect whether there has been an increase or there has been a decrease. That alone may not solve everything. But that is a factor which leads to increase in the prices. So, these are the various aspects one has to consider.

Sir, my appeal to the Finance Minister would be it is not the Finance Minister who decides everything, but, at the same time, he is to provide the guidance to the Government in respect of this—without trying to wish away the increases, let him recognise the fact, let him try to analyse the factors responsible for the increase, and try to do away with them. Or, as someone said earlier, if it is not possible, then we should be told in clear terms that it cannot be done in the present state of our economy. Otherwise, at one time, he stoutly maintained that there

would not be any price increase because of the Budget proposals. When the prices went on increasing, then he made a statement—I saw it in the press—almost like an astrologer's prophecy, that 'from the first fortnight or the second fortnight of the next month, prices will be coming down'. On what basis has this statement been made? All these things should be made clear. But in any case, let him say what the real position is in this regard. Without taking recourse to sophistry, come to the brassstacks and say these things, even if it is rude, even if it is shocking, in clear terms.

KUMARI CHANDRIKA PREMJI KENIA (Maharashtra): Sir, the subject which is uppermost in the minds of the people is the runaway inflation. No doubt, on the one hand, we welcome the bold measures adopted by the hon. Finance Minister to meet the unprecedented fiscal and economic crisis faced by the country. The steps taken by the hon. Finance Minister are most welcome, the steps like liberalisation of economy, liberalisation of trade policy, devaluation of the rupee—I am sure, the second devaluation of the rupee is on the anvil; he cannot run away from the fact—and, of course, the IMF loan. But on the other hand, we should not lose sight of the fact that the plight of the common man is very badly affected because of the runaway inflation. As you know, Sir, India is a poor country and 40 per cent of her people still live below the povertyline. As far as the runaway inflation is concerned, the *Time of India* in its issue dated September 11, 1991, suggested a startling state of affairs. And I quote:

"The genie seems to be slipping out despite best efforts. The annual rate of inflation based on the wholesale price index had reached 15.2 per cent by August 24, 1991. In a few months it is likely to go up to 18 per cent. And in all probably, it will not stop there..."

The inflation is heading towards 20 per cent. That is the statement made by the *Times of India*.

The common man is hit very hard, and particularly the housewives and the common man have really to see to it that

both ends meet within a limited budget. When the housewife goes to the market she finds almost all the items, be it vegetables, edible oil or fruits, out of the reach of the housewife or the common man.

THE VICE-CHAIRMAN (SHRI M. A. BABY): One need not be a housewife to know that.

KUMARI CHANDRIKA PREMJI KENIA: She may not be a housewife. She can be just a woman. I also go to the market. In spite of the fact that I have to come to the Parliament I do go to the market often.

SHRI V. NARAYANASAMY: You find out what is the prevailing price of sarees in the market!

KUMARI CHANDRIKA PREMJI KENIA: He buys vegetables first and then sarees. (*Interruptions*)

I have raised this issue in various fora. Starting with it, we had an all-party meeting convened by the Prime Minister on the fiscal measures immediately after the advent of the present Government. And I would urge upon the hon. Finance Minister to give top priority to the impact of inflation on the common man. One high-power committee is already functioning under the chairmanship of the hon. Finance Minister. And at the suggestion of the President in his Address to the Joint Session of Parliament the Prime Minister has also formed another high-power committee to monitor the prices and supplies of essential commodities. But I think this is not enough.

I would now like to give reasons for the runaway inflation. Let us see the macro-economic imbalances which, I think, are the main factors. As stated in the Economic Survey, 1990-91, the build-up of inflationary pressures in recent years is due to (a) fiscal imbalances resulting in a higher increase in money supply, liquidity overhang and thus effective demand, (b) supply and demand imbalances in sensitive commodities mainly due to

shortfall in domestic production and inability of the Government to import desired quantities because of pressures on the balance of payments, and (c) the consequent inflationary expectations.

Now, coming to the specific reasons of the hike in the prices of essential commodities, the increase in prices of cereals, particularly of rice and wheat, is attributable to the substantial increase in procurement prices and the consequent rise in issue prices. The continued increase in the prices of pulses was caused by the persistent excess demand. The sharp increase in prices of edible oils was mainly due to shortfalls in the domestic production and the inability of the Government to import larger quantities on account of the foreign exchange constraint.

In fact, an attempt was made in Maharashtra by Shiv Sena and Shiv Sena party workers to distribute 'Dhara' oil which was available to the people at a lower rate. And I must say that a very good response was given by the people in Maharashtra to the distribution of 'Dhara' oil. But, unfortunately, the rates of 'Dhara' shot up and they were put at par with palmolive oil.

The Gulf surcharge of 25 per cent on domestic price of petroleum products imposed with effect from 15th October, 1990, had an overall impact of 1.5 per cent on wholesale price index. I would request an Finance Minister to do away with the Gulf surcharge of 25 per cent. This surcharge was imposed at the time of Gulf crisis. We have almost overcome the Gulf crisis. I would, therefore, request the Finance Minister to do away with the Gulf surcharge of 25 per cent.

Now let us see what is the impact of Budget on inflation. The *Economic Times* has stated that the Budget had sought to raise Rs. 2,617 crores through fresh taxes in 1991-92 and administered a 20 per cent hike in prices of petroleum products except diesel and kerosene. The Government has argued, in fact the Finance

[Kumari Chandrika Premji Kenia]

Minister had also come out with a statement saying that this will not lead to inflation. The Government argued that the inflation rate would not increase but the 2 percentage points increase which actually turns out to be 10.05 per cent to 12.09 per cent proves that the Budget has a strong inflationary potential.

I would like to make certain suggestions for the Finance Minister to consider while he takes measures to scurb inflationary tendencies in the country. The Government expenditure is increasing day by day. The latest figures available show that 17 per cent of the budgetary allocations are on the Government expenditure. This is a wasteful expenditure. We are not able to spend money on development plans simply because the bulk of the money is being utilised for the Government expenditure. There is a necessity to revamp the public distribution system. It is very erratic, defective and faulty. The hon. Finance Minister has said that he is going to redesign the public distribution system. I would like to know from the hon. Finance Minister what measures he contemplates while redesigning the public distribution system. In fact, many of the items which are supposed to be distributed through public distribution system are not at all available. But if you go to the open market, these very items are available at higher prices. When you go to the public distribution shop, the items which are given to you are of sub-standard quality. Kindly see that these irregularities are checked. The hoarders, black-marketeers and economic-offenders and anti-social elements who make hay while the sun shines, will have to be warned and strict action will have to be taken against them. Thank you for giving me this opportunity to speak on price rise.

श्री रणजीत सिङ्ग (हरियाणा) :
वाइस चेयरमैन सर, आज फाइनेंस मिनिस्टर साहब के प्राइस राइज स्टेटमेंट पर मेरे बहुत से माननीय साथियों ने अपने

अलग-अलग सजेशन रखे हैं। मैं समझता हूँ कि बहुत कुछ ऐसी चीजें हैं जो बड़ी मीनिंगफुल और रचनात्मक थीं। मैं भी कुछ अपने सुझाव दूंगा।

प्राइस राइज कोई आज की बात नहीं है। यह एक कान्स्टेंट फिनामिना है जो कि पिछले 40 साल से है और मैं यह समझता हूँ कि पिछले साल 5 में यह बहुत ज्यादा बढ़ रहा है, जैसाकि आनरेबल मिनिस्टर साहब के स्टेटमेंट से यह पता लग रहा है कि पिछले कुछ दिनों में यह 15.2 परसेंट बढ़ा है और अगले 4 महीनों में मैं समझता हूँ कि यह 20 परसेंट तक बढ़ जाएगा जैसी कि "इकनामिक टाइम्स" या "टाइम्स आफ इंडिया" की रिपोर्ट है। मेरे से पहले चन्द्रिका जी ने सारा डिटेल् में बताया है। यह सब क्यों हो रहा है? इसके पीछे कारण क्या है यह देखना ज्यादा जरूरी है। कांस्ट बढ़ रही है हम सब लोग जानते हैं। मैं समझता हूँ कि यह एक ऐसा विषय है जिसमें देश के सौ फीसदी लोग अफेक्टड हैं। अगर कामर्स मिनिस्ट्री के हैं तो 15 प्रतिशत होंगे, अगर किसी और मिनिस्ट्री के हैं तो उससे कम या ज्यादा हो सकते हैं। पर यह ऐसा है कि चाहे देश का अमीर आदमी हो उस पर भी रहने के लिए, खाने के लिए इस प्राइस राइज का इफेक्ट पड़ता है।

जो कारण हो सकते हैं उसमें यह हो सकता है कि उत्पादन कम हुआ हो, लेकिन उत्पादन कम नहीं हो रहा है, न ही डाइट का मामला है, या कोई वार है तो फिर इसका कारण क्या है। कुछ एक कारण जो मैं समझ पाया हूँ उनको मैं आपके धू इस हाउस को बताना चाहता हूँ। इन सब नार्मल कंडीशन्स होने के बाद जो कुछ कारण हैं वे ये हैं कि जो नान-प्लान एक्सपेंडिचर है वह बहुत बेतरतीब से हो रहा है। मैं आपको कुछ फिगर्स दे रहा हूँ जो मैंने कलेक्ट किये हैं। गत 10 सालों में जो नान प्लान एक्सपेंडिचर है वह 17.6 परसेंट बढ़ा है। 1981 में यह 24,383 करोड़ था।

और 1990-91 में यह बढ़कर 1,60,171 करोड़ रुपये हो गया। 1991-92 में, मतलब एक साल बाद यह फिर 1,13,422 करोड़ रुपये तक होने जा रहा है। मैं समझता हूँ कि इससे सरकार का जो नान-प्लान एक्सपेंडिचर है, उसकी यूटिलिटीजेशन का पैसा खर्च होता जा रहा है। इससे हमारी सारी पब्लिसिटी स्टैंडिस्टल हो जाती है।

दूसरे, मैं कहूँगा कि 1981-82 में नान-प्लान का जो प्रतिशत था, वह 58 प्रतिशत था और जो अब बढ़ कर 71.9 प्रतिशत हो गया है। मैं समझता हूँ कि इतना किसी भी देश में इन्कीज नहीं हुआ, जितना हमारे यहाँ हो रहा है। इसके उलट जो प्लान एक्सपेंडिचर है, वह 42 प्रतिशत था, जो कि घटकर 28 प्रतिशत रह गया है। तो मैं समझता हूँ कि इन्हीं में सारी बात आ रही है, कि जो कारण हैं, किन कारणों से हमारे देश में प्राईस राईज या जो फाइनेंशियल कंजिडेंस है, वह क्यों बिगाड़ रही है।

दूसरे मैं अपने बतलूँगा कि जैसा कि मैं नान-प्लान एक्सपेंडिचर की बात कह रहा था, कुछेक ऐसे उदाहरण मैं दे रहा हूँ जिससे हाऊस सहमत होगा कि मैं ठीक कह रहा हूँ। क्योंकि मैं हरियाणा स्टेट से आता हूँ, वहाँ ऐसे कुछ एक्सपेंडिचर हुए हैं, जो पिछली बीस साल से पड़े हुए हैं और बीच में कोई काम 20 परसेंट छोड़ दिया गया, कोई 40 परसेंट करके छोड़ दिया गया और कोई 80 परसेंट करके छोड़ दिया गया। एस.वाई.एल. सतलज-यमुना लिंक जो पंजाब-हरियाणा वाइफरकेशन के बाद हरियाणा को पानी देने के लिए बनाई गई थी और जिस वक्त यह प्लान सैंक्शंड हुआ था, उस पर टोटल 180 करोड़ रुपया खर्च होना था उसका 80 प्रतिशत काम अब तक कंप्लीट हो गया है। उस पर 450 करोड़ रुपया खर्च हो गया है और जो 20 प्रतिशत रिमेनिंग है, उसका अध्यक्ष महोदय, अब जो अगे खर्च होगा अगर वह कंस्ट्रक्शन स्टार्ट हो गई, जो अभी हुई है पंजाब के टैरोरिज्म

की वजह से या किन्हीं और कारणों से, जो कि सब नोन है उस बात की चर्चा करना ठीक नहीं है।

मैं समझता हूँ कि वह जो 20 प्रतिशत बैलेंस है, जो आगे रह रहा है, उस काम पर चार सौ करोड़ रुपया फिर खर्च होगा। तो मेरे कहने का मतलब है कि एस.वाई.एल. के बनने पर जहाँ 180 करोड़ रुपये खर्च होना था, अब जब वह कंप्लीट होगी, तो उस पर 800 करोड़ रुपये से ऊपर खर्च हो जाएगा। यह प्लान 1970 में सैंक्शन हुआ था। जो हरियाणा के फार्मों को पानी दिया जाना था, वह नहीं दिया जा रहा है।

इसकी यूटिलिटीजेशन प्रतिशत भी नहीं है।

ऐसे ही मैं दूसरा इन्स्टांस कोट करूँगा कि करनाल में आयल रिफाइनरी है। यह 1974 में सैंक्शन हो गया था। वहाँ लैंड खरीद ली गई, पैसा लगा दिया गया। पैसा वहाँ लगाया पड़ा है, वहाँ गवर्नमेंट ने 150 करोड़ या 200 करोड़ रुपये खर्च कर दिया है, उसके बाद जो चार हजार करोड़ रुपये का प्रोजेक्ट था, जो टाटाज के साथ साईन हो गया था, वह प्रोजेक्ट वहाँ पड़ा है। क्वेश्चंस लोक सभा में तथा राज्य सभा में भी आते हैं। मिनिस्टर महोदय, स्टीन में जो नार्मल प्रैक्टिस होती है, उसमें रिप्लेई मिल जाती है, पर उसके बाद उसमें कुछ नहीं हो रहा है।

ऐसे ही मैं बताता हूँ कि दिल्ली-अमृतसर जाएं, चार लेन रोड बननी थी। यह सब से बिगेस्ट पूरे देश का नेशनल हाईवे है। एक कॉन्टिनेंटल कंस्ट्रक्शन कम्पनी है, पिछली बार जो हमारे सर्वेस ट्रांसपोर्ट मिनिस्टर, श्री मनुभाई कोटडिया थे, उनसे भी मैंने क्वेश्चन पूछा था। तो कॉन्टिनेंटल कंस्ट्रक्शन कम्पनी ने इस पर अब तक 780 करोड़ रुपये खर्च कर दिया है और दिल्ली से लेकर 70 किलोमीटर तक यह रोड बनी पड़ी है। उसकी बाढ़ है जार्डस हो रहे हैं, एक्सीडेंट्स

[श्री रणजीत सिंह]

हो रहे हैं, मिट्टी पड़ी है, कभी बरसात हो रही है, वह सब खराब हो रहा है, उसका कोई फायदा नहीं हो रहा है। तो जब इस ढंग के काम हो, तो गवर्नमेंट को प्रायर्टी पर इन्फेक्सपेन्डेंट करना चाहिए। उसके रीजिस क्या हैं, क्यों इस तरीके से वह रुका हुआ है, इसको गवर्नमेंट आफ इंडिया में या जो सर्फिस ट्रांसपोर्ट मिनिस्ट्री है, उसको स्टेट गवर्नमेंट से टेक-अप करना चाहिए कि इतना बड़ा प्लान जो है हमारा नम्बर एक प्रायर्टी यह है। वह क्यों चल नहीं रहा है, जो इस तरीके के काम हैं, वह सारे सरकार के नोटिस में रहने चाहिए, इनका रिवीजन होना चाहिए। यह नहीं होता है। इस करके यह सारा नुकसान हो रहा है। मैं लम्बी डिबेट में नहीं कहूंगा। हल्द्वीया परियोजना, विजयपुर-जगदीशपुर-हजीरा पाईपलाइन की योजना है। (घंटी)—मैं दो मिनट में अपनी बात समाप्त कर रहा हूँ।

दूसरा मैं आपसे कह रहा था कि खाली विदेशी ऋण लेने से ही प्रोबलम्स को सॉल्व करना कोई तरीका नहीं है। अगर मैं गलती नहीं कर रहा, आनरेबल फाइनेंस मिनिसटर साहब वहाँ बैठे हुए हैं, अभी तक हम दुनिया में सब से बड़े कर्जदार हैं। विदेशी ऋण किसी देश ने इतना नहीं ले रखा, जो हमारा आज तक का कर्जा है। जो मेरी इनफॉर्मेशन है, उसके हिसाब से 3,11,359 करोड़ रुपया हमने विदेशों से ऋण ले रखा है और उसके बाद भी हमारे हालात पहले से ज्यादा खराब होते जा रहे हैं।

तीसरे, मैं कहूंगा कि जो गवर्नमेंट आती है तो वह पहला प्राणिक करती है कि साहब हमारा सरकार आते हैं—हम इन्फ्लेशन से पहले यह कहते हैं कि प्राइस राइज कंट्रोल करेंगे और अब गवर्नमेंट बन जाती है—तब तो मैं इस गवर्नमेंट को और तब ही मैं पिछली गवर्नमेंट को कह रहा हूँ—मैं तो बहुत क्लियरली, आनेस्टली अपनी ओपीनियन दे रहा हूँ।

कि इन्फ्लेशन के बाद अब तक का यह ट्रेंड रहा है कि प्राइस राइज बढ़ता है चाहे वह 5 परसेंट बढ़े, 10 परसेंट बढ़े, 15 परसेंट बढ़े, इसी सरकार ने चुनाव से पहले कहा कि हम सौ दिन में प्राइस राइज कंट्रोल कर देंगे। आदरणीय वित्त मंत्री जी बैठे हुए हैं, और इनका अपना ही स्टेटमेंट आज है, जितना प्राइस राइज हुआ है और भागे जो होने जा रहा है, जो चैक नहीं हो रहा है मैं यह समझता हूँ और मेरा कहना ठीक है। दूसरा ये आदरणीय मंत्री जी में बहुत आदर सहित कहूंगा कि हम सब पोलिटिकल आदमी हैं, लोगों में जाते हैं, कोई एक्शन करेंगे तो हमें पब्लिक के प्रति एक रेस्पॉन्सिबिलिटी से जाना पड़ता है, कोई और आदमी मैं इनकी तारीफ भी करूंगा कि इन्होंने आउट रिप्लिटिज सामने रखी है जब बजट पेश किया है, अगर कोई और आदमी लोगों में जाएगा तो हमें डर रहता है कि होस्टाइल मूड मिलेगा, लोग इस तरीके से करेंगे, वह करेंगे। जैसे अशोक मिला को वेस्ट बंगाल में एक मौका मिला था, वहाँ के चीफ मिनिसटर ने दिया था कि सरकार को फाइनेन्शियल क्राइसिस से बाहर निकालिए, ऐसा हमारे माननीय सरदार मनमोहन सिंह जी को आदरणीय नरसिंह राव जी ने मौका दिया है। इन्होंने कुछ काम बहुत अच्छे भी किए हैं जिसकी मैं तारीफ भी करूंगा कि इन्होंने बिल्कुल हकीकत सामने रखी है, पोलिटिकल बजट नहीं रखा है, पर इस बात से प्राइस राइज में कोई हल नहीं होता, प्राइस राइज चैक करने के लिए जो जरूरी बात है जैसा मैंने कुछ सुझाव दिए कि जो हमारी नान-प्लान स्कोम्ज है प्लान्ड वे में कितना कस हुआ है, इन बातों को देखने हुए हमें इस पर बहुत कड़ाई से यह करना चाहिए। मैं समझता हूँ कि कई बार एक फैसला लेने में, उधे कार्यान्वित करने में बहुत सख्त, हैवी हैंड से भी करना चाहिए। मैं मनमोहन सिंह जी से यह भी कहूंगा कि इस मामले में बहुत कड़ाई से और बहुत सख्ती से कदम उठाने चाहिए। देश के जो 300-400 बड़े घर हैं, सभी बराबर के सिटीजन हैं

किसी के खिलाफ मेरा वह नहीं है, मैं, जो सब से बड़े स्टॉकिस्ट्स हैं हींडरज जो लोग करते हैं उनके खिलाफ गवर्नमेंट को सख्त एक्शन करना चाहिए और मैं समझता हूँ कि अगले 20 दिन में रिजल्ट सामने आ जायेंगे। अगर कांस्टेबली सब मिनिस्टर्स अपने अपने डिपार्टमेंट से इस तरीके की बात करें। दूसरा मैं एक सुझाव देकर अपनी बात खत्म करूँगा। मैं समझता हूँ कि इस हाऊस के सभी मैम्बर्स इस बात को एग्जीक्यूट करेंगे कि हमें एक हाई एवर्ड कमेटी मैम्बर्स पार्लियामेंट की बनानी चाहिए, जो कि दोनों हाउसेज में हों और सभी पार्टियाँ के लोगों को चुनकर बनानी चाहिए। इसके मैम्बर्स क्या हों यह गवर्नमेंट का काम है, मिनिस्टर्स का काम है, या जो पहले कमेटी बना है उसका काम है। इसमें एक तो यह दिखता है कि पूरे हाउस को कंफिडेंस में लिया जाता है। दूसरा लोगों का कोऑपरेशन मिलना चाहिए वह कहीं भी, किसी पार्टी में है। इसमें सभी पार्टियाँ/के एम्पीज हों, 15 हों, 20 हों, 25 हों, 30 हों, यह मोडेनिटीज तय की जा सकती है। उस कमेटी को इतनी पावर दी जाए कि जो एक्सपर्ट्स हैं, चाहे वह इकोनॉमिक्स दिग्गज हैं, चाहे वह ट्रेड से हैं, चाहे कामर्स से हैं, चाहे एग्रीकल्चर सेक्टर में हैं, जिसे कमेटी ठीक समझे कि यह बढ़िया सलाह है उसे नामिनेट करे। इसलिए इसमें नामिनेट करने की पावर कमेटी को होनी चाहिए। दूसरा इस कमेटी की पावर इतनी वास्तु होनी चाहिए कि यह कमेटी जो रिक्मेंड कर दे बहुत स्पेसिफिकली लॉग टर्म अरेंजमेंट देख कर अपनी रेकमेंडेशंस दे, जिसे गवर्नमेंट गिंसियरली इम्प्लीमेंट करे। अगर दोनों हाउस के मैम्बर्स की ऐसी कमेटी बनाएंगे तो मैं समझता हूँ कि प्राइस राइज पर हमें पहले दो महीने में ही बहुत अच्छे रिजल्ट्स मिलेंगे और यह चैक हो सकती है। कमेटी जो रेकमेंडेशंस करे उसका टाइम-बाउंड इम्प्लीमेंटेशन हो। जब दोनों हाउसेज की सभी पार्टियाँ के लोगों की कमेटी हो तो फिर उसके बाद उसके इम्प्लीमेंटेशन में मैं समझता हूँ कि कोई सिक्क नहीं होनी चाहिए और दोनों हाउस उसका पूरे

मन से समर्थन करेंगे। आज देश के सामने बहुत चैलेंज हैं और प्राइस राइज इस वक्त देश में सब से बड़ा चैलेंज है जिस पर हमें बहुत मुस्तीदी है, किसी तरीके से काबू करना चाहिए, यह मैं कहना चाहता हूँ। अपने मुँह जो समय दिया, अपने थोड़े समय में मैं अपनी तरफ से जो बेहतर बातें कह सकता था वह कहीं और इसके लिए मैं आपकी धन्यवाद देना चाहता हूँ। जय हिन्द।

SHRI JAGMOHAN (Nominated): Thank you very much, Mr. Vice-Chairman. I will be very brief and I will not repeat what has already been stated.

All that I want to do is to invite the attention of the hon. Finance Minister to the problems of implementation. The policy may be very good, but, actually, it is the implementation which matters. I think much greater attention needs to be paid to the problems relating to implementation.

At present, the structure of our administration is such, the environment in which the administration has to function is such, [negative results come] More people are employed on negative jobs than on positive jobs. More people are employed on unproductive jobs than on productive jobs. Unless this basic defect is removed, I am quite sure, the policy intentions will not be transformed into reality and our problems will go on mounting.

One of the reasons for the price rise is that no effective action is taken against the racketeers, hoarders, blackmarketeers and smugglers. Large amounts of land have been cornered by vested interests. Huge assets of the State are cornered by these people. But no one is looking into that. This is an extremely important point.

The other thing which I want to point out is in regard to some of the decisions which we are taking concerning subversion and terrorism. After all, the prolongation of the agony also involves a lot of money. If there is a clear-cut policy in regard to

[Shri Jagmohan]

Punjab, Kashmir and Assam, a lot of expenditure can be curtailed and a lot of problems can be solved. I find that, sometimes, you adopt a very soft line and, sometimes, you adopt a very hard line, with the result that you fall between the two stools. We never achieve any results. Today, we find that in regard to Assam, a different line is being taken than the one taken only about fifteen days ago. Similarly, in Kashmir, in Punjab. In the case of Punjab, I do not want to say whether the decision to hold elections was right or not. I do not

the elections was right or not. All that I say is that we should take into account the consequences of the cancellation and the "huge amount of expenditure that was wasted in the process. When we are facing such a crisis, can the nation afford to take a decision of this nature which will involve a huge wastage of expenditure?"

These are the points I wanted to make. The other points have already been made by my colleagues and, therefore, I do not want to repeat them. Thank you.

THE VICE-CHAIRMAN (SHRI M. A-BABY): I hope Manmohanji will take note of Jagmohanji's points.

श्री अनन्त राम जायसवाल (उत्तर प्रदेश) : उपसभाध्यक्ष महोदय, मैं उन बातों को नहीं दोहराऊंगा जो कि मुझ से पहले के वक्ताओं ने कहीं हैं। एक चीज जो उठती है, वह यह कि सरकार जो अपनी आमदनी जुटाती है, वह टैक्स में जुटाती है और जहाँ तक शरीकों का मवाल है, उनमें भी क्रिमी तरह की कोई कमी नहीं आयी है बल्कि वह बढ़े ही हैं। तो बजट का एक बड़ा हिस्सा, देसी और परदेसी कर्जों के प्रिंसिपल और इंटरेस्ट को बढ़ा करने में जाता है और आगे भी जाएगा।

इसलिए जो डेफेसिट को कम करने की बात कही जाती है, वह बहुत ज्यादा समझ में आनेवाली नहीं है क्योंकि यह कर्ज बढ़ेगा और इसी के साथ-साथ इसके ऊपर और इंटरेस्ट की अदायगी बढ़ेगी। यह तो एक चीज है।

दूसरी चीज, यह है कि जब ये कर्ज लिए जाते हैं तो जो कर्ज देने वाले हैं, वह अपनी ओर से कुछ शर्तें भी लगाते हैं, जैसे रुपए का अवमूल्यन हुआ। उसका मतलब यह होता है कि हम से कर्जा लीजिए और हमारा माल महंगा खरीदिए तथा अपना माल सस्ता बेचिए। इस तरह जब बाहर से महंगा माल आएगा, खासकर जिसकी इंडस्ट्री और दूसरी जगहों में जरूरत होगी तो जो उनसे चीजें तैयार होंगी, वह महंगी ही होंगी। वे सस्ती होने वाली नहीं हैं। तो महंगाई का एक बड़ा कारण यह होता है कि जो कर्ज लिया जाता है, उसके साथ शर्तें कबूली जाती हैं और शर्तें यह रहती हैं कि कर्ज देनेवाले कहते हैं कि हमारा माल चाहे वह टेक्नोलोजी हो या चाहे दूसरे गुड्स हों, उन दोनों को और महंगा खरीदिए और अपना सामान सस्ता बेचिए जिसका असर हमारे यहां चीजों के दामों पर पड़ता है।

तीसरी चीज, ये टैक्स हर साल बराबर बढ़ते हैं। इस बजट में भी 26-27 अरब रुपए के नए टैक्सेस आए हैं और अगर रेलवे वगैरा को जोड़िए तो वह और ज्यादा होंगे तो यह भी अपना असर डालते हैं। फिर इसके बाद जब महंगाई आती है तो सरकारी कर्मचारियों की तनखाएं भी बढ़ती हैं। नतीजा यह होता है कि एक ऐसा दुष्चक्र चलता है जिससे बाहर निकलने का रास्ता नहीं मिलता है। इसी तरह जब कभी महंगाई का शोर होता है तो कहा जाता है कि अपनी वितरण व्यवस्था को ठीक कर लीजिए। उपसभाध्यक्ष महोदय, मेरा यह विनम्र निवेदन है कि मांग और पूर्ति के बीच में जो अंतर है, उसको सार्वजनिक वितरण प्रणाली से भरा ही नहीं जा सकता है। उसे केवल पैदावार को बढ़ा करके ही भरा जा सकता है।

3.00 P.M.

मैं यह कहना चाहूंगा कि आजादी के समय से आज तक हमारी आबादी तो बढ़ गई है, गुना और अगर दाल की पैदावार को देखें तो उसमें बड़ी मुश्किल से डेढ़ गुना की वृद्धि हुई होगी। जो पहले दाल की पर केपिटा खपत थी, उसमें भी बराबर कमी होती जा रही है और उसमें बढ़ने की कोई गुंजाईश ही नहीं है। तो दाल तो महंगी होगी ही। फिर हमारे यहां जो समाज है, वह दो हिस्सों में बंट गया है—एक तरफ बड़े लोग हैं, जिनके पास पैसे की कमी नहीं है और दूसरी तरफ गरीब लोग। जिनको पैसे की कमी नहीं है वह बाजार में जिन चीजों की कमी है, ज्यादा पैसे से खरीदते हैं। गरीब आदमी के हिस्से की भी खरीद लेते हैं। इसका भी चीजों के दाम पर बड़ा असर पड़ता है।

उपसभाध्यक्ष महोदय, गवर्नमेंट ने कभी नहीं सोचा कि अपने गरीब देश में जरूरत है खेती के लिए पैसे की और कारखाने के लिए पैसे की। इसके लिए कुछ दिनों के लिए, हमेशा के लिए नहीं कहता, कुछ दिनों के लिए कम से कम यह करते कि बड़े आदमियों के पास ज्यादा पैसा ही नहीं रह जाए। उसके लिए टैक्स स्ट्रक्चर में सुधार करने या उन मदों को खत्म करते, जिसमें कि वह पैसा कम खर्च होता। लेकिन, उसकी तरफ ध्यान नहीं गया। कहा जाता था कि इसकी सीमा बांध दी जाए देश में, जब तक जरूरत है खेती और कारखाने में पैसे की तब तक किसी भी आदमी को एक हद से ज्यादा न आमदनी हो, न खर्च करने की छूट हो। अगर आमदनी होगी भी तो उसको बैंक में जमा किया जाएगा, उसको निजी खर्च के लिए नहीं मिलेगा। लेकिन उसको भी नहीं सोचा जाता। नीचे की आमदनी बंध जाए, वह ही नहीं है।

माध्यम, इसी से जुड़ा हुआ यह सबाल है, जिसकी ओर सरकार को ध्यान देना चाहिए। आप लाख व्यवस्था कर लीजिए मनमोहन जी, लेकिन जब तक

प्राइस पालिसी आपकी निश्चित नहीं होगी तब तक इसमें कोई सुधार होने वाला नहीं है। जहां तक वितरण प्रणाली का सबाल है, हमने ऐसी सेवा ही नहीं बनाई, जो ईमानदार हो। अष्टाचार में डूबी हुई वितरण प्रणाली कभी भी लोगों को राहत नहीं दे सकती, आम आदमी को राहत नहीं दे सकती। हमने उसको बनाने की कोशिश ही नहीं की कि सार्वजनिक वितरण प्रणाली सेवा ईमानदार सेवा बनाई जाए। वह बात है ही नहीं।

एक मुझाब मैं देता हूँ कि चीजों के दाम, खामकर जीवनोंपयोगी चीजों के दाम बांधने की कोशिश की जाए। इसके लिए कई दफा कहा गया है और बड़े विद्वान लोगों ने कहा है, डा० लोहिया जैसे लोगों ने कहा है, मैं समझता हूँ कि उनमें बड़ा अर्थनीति को जानने वाला कोई था ही नहीं और उन्होंने कहा था कि कारखाने की बनी हुई जो जीवनोंपयोगी चीजें हैं उनकी कीमत लागत और ढलाई खर्च से ड्योढ़ी से ज्यादा नहीं होनी चाहिए और जो किसानों की चीजें हैं उनकी पैदावार एक फसल और दूसरी फसल के आने तक, दोनों के बीच में 20 सैकड़ा से ज्यादा नहीं होनी चाहिए। यह दाम की निश्चित नीति है। अगर इस नीति से आप दाम बांध दें और उसके बाद अगर कहीं कोई कमी रहती है तो वितरण प्रणाली का आप इस्तेमाल करें तो शायद लोगों को कुछ राहत हो।

उपसभाध्यक्ष महोदय, आज किसी नरेसन की जरूरत नहीं, किसी अंकड़े की जरूरत नहीं। हर आदमी रोज बाजार जाता है और महसूस करता है। जब वह बाजार जाता है तो उसका कन्जेरा मूंह को आ जाता है कि किम हिमाव से सब्जी मिल रही है। अगर एक परिवार दो या तीन आदमी का है तो उसमें 25-30 रुपए की सब्जी ही लग जाती है। इसी प्रकार आप छाछ तेलों का भाव ले लीजिए या दूसरी चीजों का ले लीजिए, बराबर बढ़ रहे हैं। आदमी क्या करे? क्या खाए? कहाँ रहे? क्या पहने? आज यह समस्या है और इसकी तरफ सरकार का जितना ध्यान जाना चाहिए,

[श्री अनंतराम जयसवाल]

उतना ध्यान नहीं जा रहा है। मैं तो कहूंगा कि कोई निश्चित चीज करो, खाली उम्मीद की जाएगी कि यह दिन आएंगे तो यह हो जाएगा, वह दिन आएंगे तो वह हो जाएगा, इससे काम नहीं चलेगा क्योंकि आज तक हुआ नहीं, आगे होने वाला नहीं। यह जो चक्र चल रहा है, इसके निकालने का कोई रास्ता नहीं, जब तक आप नए सिरे से सोचना शुरू नहीं करेंगे :

आपको बहुत-बहुत धन्यवाद, जो आपने मुझे मौका दिया !

SHRI JAGESH DESAI: Mr. Vice-Chairman, Sir, today I am not speaking as a person who knows something about economics or financial matters, I am speaking here to voice the feelings of the people of this country. Yes, on 31st August, 1991, the inflation rate went up to 15.27 per cent, but this does not give a correct picture. Herein all the items of services are included whereas we are concerned with the items which the masses of this country consume, not the services which they want to have. When Shri V. P. Singh became the Prime Minister, there were high hopes in this country that prices will come down. Similarly, in spite of the worst situation under which this Government is, people have faith that this Government can bring down the prices or, at least, see that they do not rise further. They are watching us. But they will not pardon us, they will not forgive us if we fail them and, as such, we have to take some drastic and concrete action to bring down the prices.

What is the dimension of the increasing prices? Sir, I was shattered when I saw to what extent they have gone up. To say that they have gone up only after the budget and because of the levies in the budget, I think, will be deceiving ourselves. Yes, they have gone up, but they have been going up since the last one-and-a-half years.

SHRI M. S. GURUPADASWAMY:
Since the 80's !

SHRI JAGESH DESAI: Listen to me, I am giving the figures. You say that this is because of the budget proposals. Yes, it is, to some extent—I don't deny it.

SHRI MENTAY PADMANABHAM: Mr. Desai, please refer to the Reserve Bank reports from 1980 onwards.

SHRI JAGESH DESAI: Please, I want to show the dimension. I don't want to say 15.27 per cent and all that but I want to say something different.

What are these items? If I remember correctly, in the month of June when I was reading the *Financial Express*, I found that within one week the price of *jowar* had gone up by Rs. 75 a quintal. And this *jowar* is consumed, by whom? The Adivasis and other poor people of this country in Maharashtra and Gujarat. Sir, within the span of three-and-a-half months—from 27-4-91 to 10-8-91—part of that before this Government came into being and after that, what is the picture? The price of rice had gone up, in these 31 months, by 30 per cent, *jowar* by 50 per cent, arhar dal by about 35 per cent, masoor dal similarly, potatoes by 150 per cent, onions by 20 per cent, and dry chillies by 180 per cent. The prices of all these items, which are required by the common man, when we have the best of monsoons, why are they going up? Why are the prices of foodgrains, like *jowar* and rice going up? Why is the price of arhar dal going up? In the case of sugar, we had maintained the level of production of 108 lakh tonnes in the past many years, and this year that has been surpassed. In spite of that, sugar prices are going up by 25 per cent and *gum* prices are going up by 25 per cent. Regarding edible oil I will not say because production has not gone up, but the prices of all these commodities are going up. So, what concrete action does the Government want to take to bring down the prices? That is what I want to know from the Government. Only saying that

it is because of fiscal deficit and because of seasonal reasons is not going to convince the people. Here we have to take some policy decisions.

AN HONOURABLE MEMBER: Like what?

SHRI JAGESH DESAI: I am coming to t*at.

Are we going to say that the prices will be determined by the market forces? In this country when the demand is much higher than the supply, are you going to say that the prices will be determined by the forces of supply and demand? When the supply can be restricted artificially, do you want the prices to be fixed on the basis of supply and demand? I will give you just one example only. In my own experience, as a Minister in the Maharashtra Government, when I was coming from Pune to Bombay, at Lonavala I read "THE ECONOMIC TIMES" in which it was written, "20,000 tonnes of sugar hoarded in Bombay." I immediately came to my office. I sent some of my very confidential officers to search the godowns of all the sugar merchants. What did they find? They found that the stock was according to the stock register. Not a single ounce of sugar was more than what was shown in the stock register. Then how was the price going up? How was this reported in "THE ECONOMIC TIMES?" Then, after some thought, I found out that sugar which was sold according to the Sugar Order was actually lying in the sugar mills. Shankar Raoji knows all these things because at that time he was my Chief Minister. To what extent it was done, I do not want to say about that. According to the Sugar Order, weekly despatches had to be done of this quantity to the place where it should be sent. Instead of sending it, it was all lying in the sugar mills, and an artificial scarcity was created, and the price was going up.

That is why I say that I have lost faith in this rule of supply and demand. I have myself lost hope in that theory. As such I feel that where there is a short-

supply and the demand is high, we have to interfere, the Government has to interfere by some type of machinery to see that the prices remain at a reasonable level.

Sharmaji is here. His place is Himachal Pradesh. Yes, the highest number of raids were there. The second largest number of raids was in Himachal Pradesh after Punjab. About 13,806 raids were conducted in Himachal Pradesh. I am giving the figures. The first highest was in Punjab, and the next was in Himachal Pradesh, What was the result? The number of persons arrested was nil. The number of persons prosecuted was nil. The number of persons convicted was nil. The value of goods confiscated was nil. Raids of this type were conducted. I must compliment West Bengal, Maharashtra, West Bengal and others have done the best work as far as raids are concerned. Now I know why the prices were going up at that time when Mr. V. P. Singh was the Prime Minister. The BJP is a party supported by the merchants who are black-marketeers. Here we are seeing the disease. That is why the prices were going up. If you want to take action against hoarders, you have to fix a quantity—the stocks should not exceed that quantity—and see that if any hoarding is done, it should be confiscated and the persons should be prosecuted. Then only will things improve. Otherwise, they will not improve.

Manmohan Singhji, you say that the price rise is because of seasonal factors. I must say that this is one of the best statements given by the Government on a Calling-Attention notice, giving the facts and figures without hiding anything. The action plan we wanted even in this statement on the Calling-Attention notice so that we could have given more suggestions to improve upon that. As far as the seasonal aspect is concerned, you have rightly said that it should happen in the third quarter in October, November and December the prices should come down compared to those in the earlier two quarters. Yes, it is a good thing. But what is it in practice? When Mr. V. P. Singh was the Prime Minister, you will

[Shri Jagesh Desai]

be surprised to know the fact which I am bringing before this House, that was the only year in which the prices had gone up in the months of October, November and December as compared with those in September, August and July. I am giving figures. As regards the rise in the prices, it is written in the reply here. In September 1990, the wholesale index was 180, in October it was 183, in November it was 185 and in December it was 186. That is why because of the experience he must have had in that Ministry, Mr. Gurupadaswamy knew it that that was not correct. That is why he wanted that he should not be in the fool's paradise. But I must say this is a normal phenomenon. The foodgrains are coming in the market in this season and the prices should fall. But in spite of the bumper crops also, the prices had not fallen. So, if you have any kind of thinking of normal economic law, I may point out that I have lost faith in the economic laws. That is why I feel we have to take some kind of action. I do feel it is possible to resort to some voluntary action. We should fix the margin of profit. I don't want to fix the prices, but the margin of profit of some essential commodities both at the wholesale level and at the retail level. Then we have to monitor that these items are sold within that margin of profit. Let the businessmen live and let the consumers also live. Though it is difficult to implement it, but if you talk with the trade associations at the wholesale level and the retail level as to what should be the margin of profit on edible oil, foodgrains, sugar and other items of mass consumption, you may arrive at a way out. This is what we had done in Maharashtra when I was handling that department. To some extent we were able to do it. I don't know whether it can be done at the all-India level or not. If some kind of voluntary mechanism is evolved to ensure that margin of profit is charged, then only prices will come down. Otherwise they cannot

- come down. I don't want to go further on
- this aspect, but as regards the money

supply and other arguments, I may say the people are not going to listen to these arguments. They want prices should come down. When I go to the market, I find vegetable have become a luxury for the people even up to the middle class. As least keep the prices of Arhar dal and Roti at a reasonable level and he will be satisfied. So, please see that items of mass consumption at least foodgrains and dal, are kept under constant review and check. Then only you can ease the situation. Otherwise people will curse us, you and the Government. Please don't allow that to happen.

SHRI GURUDAS DAS GUPTA: Echoing the sentiment of the hon. Member that the record of Mr. V. P. Singh will not be broken by the Government led by Mr. P. V. Narasimha Rao, I feel the Minister in charge of enforcement of law and order should be called upon to kindly make an intervention and inform the House as to what is his perception. Does he consider profiteering and black-marketeering a problem? if so, what action will the Home Minister take to curb that? I wish the leader of the House makes an intervention on this important discussion on price rise in the country.

THE MINISTER OF HOME AFFAIRS (SHRI S. B. CHAVAN): I think the hon. Member knows very well that these are the things which ought to have been done by the State Governments themselves. The Home Ministry at the Centre cannot do anything. It is very true. The hon. Member has complimented West Bengal, but at the same time has pointed out the loopholes in the working of the Governments elsewhere. Therefore, what will be the advice of the Central Government to the State Governments. (*Interruptions*) This is how he is passing on the buck.

SHRIMATI BIJOYA CHAKRAVARTY: Mr. Vice-Chairman, Sir, I agree with the hon. Members on this side who have expressed their opinion that unrealistic policies pursued by the Government and the insincere implementation of the policies have given a blow to the common people of this country. What we have

seen is that the annual rate of inflation in terms of the wholesale prices index in 1990-91 at 12.1 per cent is higher than the rate of inflation at 9 per cent in 1990-91. The remarkable fact is that inflation does not hit every sector equally. The prices of industrial goods have increased at a lower pace than those of the essential commodities. The tragedy is that even after the Seventh Five Year Plan, we have seen a big gap between demand and supply and the gap is widening day by day and hour by hour in our country. Dwindling state of domestic production too adversely affected the balance of payments position. This caused the galloping rise in the prices of essential commodities. It has hit the common people very hard. Now, the common people do not have sufficient money to buy even a morsel of food. Taking advantage of the situation under one pretext or the other, the unscrupulous traders are hoarding the essential commodities. They have increased the price of every essential commodity. It is true that the Government have admitted their failure to control the price line. The party in power has promised in their manifesto that they would control the prices of essential commodities within 100 days but they could not succeed in doing so. But what they achieved is simply to help in the steep price rise in every essential commodity. It is very hard to accept that the Gulf crisis or the disturbances in Assam, Jammu, and Kashmir and Punjab are the major reasons for the rise in prices. But there are so many others reasons also. The Government view is like that. But they are following an ostrich-like policy. The Government have failed to see what was the real situation.

So far as North-Eastern States are concerned, the less said the better. So far as Assam is concerned, within one year there were two successive Army deployments. It has hit the people of the State very hard. Last year, in the months of November and December and in January this year the Army was there. Because of the fear of Army, the agriculturists could not go to their fields and reap their har-

vests. Even this year also again the Army has been deployed when the agriculturists have to work in the fields during the monsoon season. So it has adversely hit the economy of not only Assam but all the North-Eastern States. So I appeal to the hon. Home Minister who is present here—he is sending the Army though he promised otherwise—instead of sending bullets and bayonets, he should send some essential commodities so that the people of Assam can survive.

Last year the production of crops was very high. But the farmers did not get remunerative price. It is because of the faulty procurement policy and faulty distribution system of the Government. I also feel that the sudden rise in procurement prices and the support price may cause rise in the prices of essential commodities. Moreover, increase in the petrol price and the rise in Railway freight rates, train fares, have contributed to the steep rise in the prices of essential commodities.

I do not want to take much time of the House. What I want to suggest to the Government is that:

1. Government should follow down-to-earth policy.
2. Government should stop giving prior information to the blackmarketeers and hoarders before raiding their godowns.
3. Government should deal with unscrupulous traders very sternly.
4. The Minister should improve public distribution system.

I think if these suggestions are followed the Government can control the inflation and give a fillip to the common people of the country.

SHRI G. SWAMINATHAN (Tamil Nadu):
Mr. Vice-Chairman, Sir, the speaker who spoke before me, Shri Jagesh Desai, had been saying that frequent raids, serious raids, had to be conducted against hoarders and blackmarketeers. I fully concur with his view. Traders de-

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finitely make money and they have a large margin. But as has been said by the Home Minister, this is what the State Government is expected to do. One more point should also not be forgotten.

We have been conducting raids for a long number of years. Before coming to Parliament, I was a legislator for nearly 20 years in Tamil Nadu. In the last 20 to 25 years, every year, whenever price go up, there had been a strong plea from hon. Members that traders and profiteers are making a lot of money and raids had to be *ccsadiicted*. *Ji* .has become a ritual to be performed every year. We conduct raids and say that we have caught so many people and the Essential Commodities Act has also been made strict and stringent. Yet, by conducting raids, we are not able to reduce the prices. It may have an ameliorative action whenever there is price increase. Price rise is something like fever. Fever is not in itself a disease. There is some infection elsewhere. Maybe due to the wrong policies that we have pursued, the fever of price rise in there. What we are doing by way of raids on traders is as if we are giving paracetamol. You give paracetamol every four hours. Most probably the fever will come down. Seeing that the fever has Lome down, if you stop paracetamol, again there will be fever. The point is, why do traders and merchants hoard? It is because of inflation. When there is inflation the traders is able to make money by hoarding. Naturally he prefers³ to do so. God has given everybody the "instinct of self-preservation. Everyone has to live. These people try to take advantage of the inflation and by hoarding commodities, try to make money out of it. You imagine a situation when there is de-inflation, when tomorrow India is going to have a situation where the inflation has become minus. In one country, Saudi Arabia, I found it was minus inflation. Suppose you are able to create that condition in India. Let us hope that the hon. Finance Minister will be able to bring about that during his tenure. What will happen to prices then? The trader is not going to make any money. Definitely he will not stock or hoard. He will

try to sell away as quickly as possible. My point is, inflation causes hoarding and hoarding causes again this kind of price rise. Ultimately, the whole system has got something wrong. Some infections is there. This is what I want to point out. That does not mean that I do not want these raids to go on. Raids have to go on. But that is not the solution by itself. It can only be a palliative.

The main point I am dwelling on is that nobody is to blame for the increase in prices and inflation except the Government. Some people say it happened over a period of four years or five years or six years. Somebody says last year, when V. P. Singh Government was there, there had been inflation. If you really take into account the rupee value, from 1964 up-till today, it has come down to 9.4 paise. What does that mean? It has not started suddenly in V. P. Singh's regime. It has been happening over 20 to 25 years. When we started planning, inflation also started. During the First Five-Year Plan, there was not much of inflation. Subsequently from the Second Planning Period onwards, it has started and it has been moving up. Ultimately we have come to this stage. The hon. Minister himself has said that deficit financing has been adopted by the Government for a long period of time. From the Opposition, we have been saying that deficit financing is not good. But the Government has been saying that deficit finascing to a certain Itvel is stimulant for growth. That is what they have been saying. About 10 or 15 years ago, we had been .discussing about deficit financing in Tamil Nadu. The Government itself came up with the view that deficit financing is necessary or the development of economy. By deficit financing, money supply is increased. Everybody knows money supply is more than the GDP now. When M-3 and the net Reserve Bank credit go on increasing and tht GDP level is low, naturally, what is between the GDP and the net credit will be the inflation. That is what is happening in this country and I do not want to dilate upon it because the hon. Finance Minister and every Member here knows about that-I squarely say the price rise is due to wrong fiscal policies adopted by the Government over a period of years. One

more thing I may like to say is that the model of planning and budgeting that we have been adopting over a period of years is also the reason. Recently, I read a report from USSR, wherein they have said: "The Plan model that the USSR have been following, has been the reason for the collapse of the USSR economy. Thereafter, "IZUESTIA" reported that the collapse of the Indian economy is also because India followed the Russian model. I did not get the cutting because it will take a long time to read the press clippings. The planning function—how we have been doing in the country—is just contrary to what we plan in our own household. In our household, we will plan according to the money that we have. In our National planning we have been planning on the basis of our needs and wants. India is a poor country and it needs so much of road, electricity, hospitals and so on. On the basis of the needs, we calculate the total planning and then we try to find out as to how to get the resources. I don't have the figures with me. About 20 years ago, the total Budget of the Government of India was somewhere about Rs. 3150 crores. Now, it has gone up to Rs. 50,000 crores or Rs. 60,000 crores. I found that there is nearly 100 Per cent increase every year on the total expenditure of the Government and naturally, revenue has not come up to that extent because we go on spending in excess of the money we have with us. There are more and more demands in a democracy. People want roads, they want hospitals. Ultimately, the Government is forced by the Members of Parliament, by the legislators and by everybody who say "you give me this thing, you give me that thing" as if the Finance Minister has got money for everything. It is the old story of a King who wanted each of his subjects to come to his palace with a pail of milk and pour the same in a vessel and then when they go away to take back pail of milk with them. Everyone thought that his neighbour will bring a pail of milk with him and for his part brought only water and poured the same in the vessel and thereafter everyone took away only water and there was no milk available. Sir,

everyone thinks like this in our country and is expecting much from the Government. They want everything from the Government. It is because of the concept of welfarism that we have brought in. "I want more schools, I want mid-day meals, I want health care and I want this and that thing" and ultimately the whole finance has crumbled. I personally feel that the planning has to be completely remodelled. I have already referred to it in this House. I do not know why you should have planning at all. Suppose, I advocate a plan holiday, people may say, you don't want to have planning. There are many countries which do not have this kind of fiscal, total centralised planning. Even today, I read a speech made by the Chief Minister of Orissa. Even though I do not concur fully with him, there is sense in what he says. He says, "because of the central planning, the whole economy has collapsed. Planning has become a burden." Ultimately, the planning itself has to be revamped you should have a sort of an indicative planning and financial planning and not this kind of physical planning. Sir, for want of time, I would only say a few more things. The productivity of the country has to be increased. Unless the productivity is increased, no country will be able to become rich. Ultimately, we have been saying even capital formation is wrong. We have been saying profit making is wrong. That is the very concept and we have heard about it in this very august House. If somebody makes profit, we say, he is a profiteer. If somebody has saved and accumulated capital, we say he is a capitalist. We say these two words are bad words. In any country which has advanced, the people have earned, they have saved and have created a capital. Naturally, capital can be created only after making a profit. Without a profit, any company, any system or any person, cannot go up in life. In a public sector industry, the word profit was such a wrong word that we have been using surplus in its place. We never wanted to say public sector industry should make a profit. We have only been saying that public sector industry should make a surplus. A very highly placed person, a bureaucrat, who was formerly even the

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Chief Secretary of the Tamil Nadu Government, was managing a public sector industry. I have been talking with him and have been asking him, how is the profit calculated- He said, "Mr. Swarni-nathan, don't talk about profit. It is a wrong word". I said, what should I called it? He said, "if at all, you want to talk say it as surplus". The public sector industry is only there to create some sort of an industrial atmosphere or infrastructure and not to make a profit. It should not make a loss. This is a negative concept. With these kinds of negative concepts we have been running, never creating higher GDP and then productivity has not been increasing at various levels. About workers, I do not want to say much. At all levels, the improvement has to be made. What has happened recently? I read about USSR. I read about their economy. Sir, give me two or three minutes and I will (finish). He said, in USSR in an industry there are 3,500 people. The same kind of company was being managed in West Germany by 2,500 people. Recently, a friend of mine who is a member of my party had been to Germany. As a Minister he went to West Germany and in a tour he went to East Germany. At that time there was the Berlin Wall. Now there is no Berlin Wall. He says, now when you go from West Berlin to East Berlin, you find West Berlin is like an oasis and East Berlin like a desert. This is now the whole thing cmmbles. This is what has happened. In every place *it* is happening. Viewing the whole thing in a different perspective is very necesssary.

Regarding recommendations I would like to say that when productivity has to grow up, incentive has to be given. Unless you give incentive, nobody will work. Nobody will work for the country. Suppose you say you work for the country. God has given this instinct to a huma"- being that he works for himself and for his family. Unless that incentive i? given to him and you work for the country, you work for the na-

tion you work for this, you work for the community—ultimately nothing transpire. So to produce goods you should give a proper incentive, especially to those who are producing essential commodities. If incentive is not given, we will not produce essential commodities. If I manufacture a scent, it is not an essential commodity. Then I can say I can sell it at any level. Suppose I produce paddy or medicine, then tomorrow you will say fix up my level. This is what Shri Jagesh Desai said. "For essential commodities you give the minimum price". If you give the minimum price for an essential commodity and you allow the other man to go free to sell at any price which he wants, unless it is a non-essential commodity, then ultimately how does the mind work? The mind works in this way. If I am a manufacturer, I will try to produce a non-essential commodity for the market and not an essential commodity because I am not getting a profit. Ultimately there should be some parity. Now the parity cannot come. If you raise the prices or if you fix up the prices and then ask him to sell even according to the market, the consumers will resist. The consumer wants more at less price. So you should try to create a parity between a consumer and a producer. I am coming from Thanjavur district. There the people have been producing paddy for the last 30 years. They are paddy producers producing eighty to 90 per cent essential commodities. There is hundred per cent levy on paddy. If you go to Thanjavur district — I have seen Thanjavur district —/you will not find any change. Somebody from the Central Government came there. He said, "Swaminathan, Thanjavur district has changed in the last three decades". He was a Central Government Secretary. Then I asked him, "Sir. what do you mean by change?" He said, "Old buildings have become older. That is the change I have found in Thanjavur district." Thanjavur district produces' essential commodity and the Government gives only the levy price and does not allow them to sell it at market prices. Then naturally we are unable to improve their position as there is no parity in the country between the agricultural produce and other

manufactured items. It is so bad that their producers' are becoming poorer and poorer every day. Ultimately if we want to have proper working conditions, people have to create productivity. You give the producer proper incentives; otherwise, this kind of an ostrich-like policy will never work.

Now I am coming to company taxation. Under this kind of company taxation, what is happening is that no body is able to save. I am not talking of very large companies. I am talking of moderate companies, small companies. Even small companies, medium companies, large companies, everybody has got the same kind of taxation. At least for small companies you should give a different slab of taxation. Suppose somebody makes Rs. 5 lakhs, somebody makes Rs. 10 lakhs, he is also treated like somebody who makes Rs. 10 crores. The slab is the same for each and every-*hoiy*. Ultimately, you are not having enough to plough back into the companies. You have to go for loans from the banks and the banks are nowadays not charging 14.5 per cent or 15.5 percent. Today they are allowed to charge 19 or 20 per cent. You will find very shortly many more of the small-scale industries going sick. I am afraid the same thing would happen here as in the case of West Germany and East Germany then competitiveness has to be brought in. If you bring in competitiveness when the man is already not able to compete and you are also not allowing him to plough back whatever profits he earns in the company, he will be in trouble.

As regards the income-tax exemption limit, the middle class people demanded raising the limit, but you have not raised it. This limit of Rs. 22,000 has no meaning over a period of years. With 13.4 per cent inflation and with the addition of one per cent every year if you calculate the inflation rate for the last two or three years, it comes to an enhanced amount, that is Rs. 30,000. For purchasing the same goods the middle class has to spend so much more. Sir, you have to give some

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kind of advantage to these people, otherwise under the present price situation they will get into grief.

Finally, Sir, I would like to sound one more idea which is a strange idea. In India, Sir, we have been talking about alleviation of poverty. We never say that you create richness, you create wealth because saying "create wealth" is wrong according to our policy. When I go in cycle and when I see a hurdle there, suppose I should not go on and dash with the hurdle or something there, it is naturally because of the negative idea or positive idea that works in the mind. The subconscious mind of the human being is where the idea works. If you have a positive idea that positive idea will work; if you have a negative idea then that negative idea will work. What we are talking over a period of time is alleviation of poverty. Why can't we say poor people should become middle class people, middle class people should become rich people and rich people should become wealthy people? We don't have a positive mind. We have always been saying "to remove poverty", "to reduce poverty" and "garibi hatao". This is the kind of slogan that we have been using. Ultimately, what we want to avoid we have been getting. This kind of financial policy is essential. Sir, I am very happy you have given a Budget and you have talked with appeal. It has not been talked in the Parliament for a long time because of fear of criticism. Most probably the world situation is such that it is very conducive to you to talk and. I hope, even though you may not be able to reduce the prices very sharply as you anticipate, with these crops coming you may be able to reduce it little; but a magic cannot be done. I feel it will take a longer time for you to do that but in the meanwhile people should have patience and you should see to it that the lower down people do not suffer because of the price rise. This is all what I want to say. Thank you.

श्री आनंद प्रकाश गौतम (उत्तर प्रदेश) : माननीय उपसभाध्यक्ष महोदय, मंहवाई का असर सारे देशवासियों पर

[श्री आनंद प्रकाश गौतम]

पड़ता है भले ही जिनकी आमदनी ज्यादा है उन्हें सिर्फ अहसास होता है और जिनकी आवश्यकता से कम आमदनी है उनकी तो कमर ही टूट जाती है और बहुत परेशानियों को झेलना पड़ता है। महोदय, हमारे पूर्व वक्ता सभी माननीय सदस्यों ने इस बात का पूरी तरह से जिक्र किया है कि बाजार में जो उपभोक्ता वस्तुएं हैं उनके दाम आसमान पर चढ़ गए हैं, चाहे खाने की सब्जियां हों चाहे तेल-मसाले हों, चाहे अन्य उपभोक्ता वस्तुएं हों, चाहे कोई और चीजें हों। दाम लगातार बढ़ते ही जा रहे हैं, बरसों से बढ़ते चले जा रहे हैं, उनका कोई रोकने का इतिहास हमें अभी तक नहीं दिखाई दिया, न ही रोकने का कोई सिस्टम हमें तैयार कर पाए है। यह एक बड़ी दुखद बात है। कुछ कारण जो समझ में आते हैं आम तौर से जिनके कारण महंगाई बढ़ती है, वह यह है कि जब भी हमारे यहां चुनाव हुए हैं निश्चित रूप से लोग मन बना कर के चुनाव के बाद तुरंत अपने सामान का दाम मनमाने ढंग से बढ़ा देते हैं। सरकार कुछ नहीं कर पाती है न उनको रोक पाती है या कुछ दबाव होता होगा कहीं उनसे प्रभावित होते होंगे लेकिन चुनाव का असर महंगाई पर भयंकर नभ छाप छोड़ता है। बजट हम पर साथ प्रस्तुत करते हैं। बजट से पहले भी कुछ चीजों के दाम बढ़ जाते हैं और बजट के बाद तो निश्चित रूप से हर चीज के दाम बढ़ते हैं। बजट में सरकार अपना रेवेन्यू बढ़ाने के लिए कुछ करों का प्रावधान करती है, इसलिए वस्तुओं के दाम बढ़ जाते हैं। जैसे एक चीज आप ले लीजिए। पिछले वर्षों में दो-एक बार पेट्रोल का दाम सरकार ने बढ़ाया है। सोचें उसका सीधा असर किसी पर रहा हो या न रहा हो लेकिन हर श्रद्धालु उसकी बजह से चीजों के दाम बढ़ा देता है एक रिक्शा चालक जो स्वयं अपनी रिक्शा चलाता है, वह भी अपने दाम इसलिए बढ़ा देता है कि पेट्रोल का दाम बढ़ा गया। उससे पूछो कि पेट्रोल तो हमारे रिक्शा में नहीं लगता है लेकिन उसके कहने का मतलब यह होता है कि पेट्रोल से हमारे खाने का सामान जो

ढो कर आता है वह महंगा मिलने लगा है इसलिए हमें और अधिक पैसा कमाने की आवश्यकता है, इसलिए हम दाम बढ़ा रहे हैं। इस तरह से कहीं न कहीं यह एक दूसरे के साथ लिक्ड होते हैं। मैं यह कहना चाहूंगा कि जब सरकार अपनी तरफ से किसी चीज का दाम बढ़ाए तो निश्चित रूप से जो उपभोक्ता वस्तुएं हैं या जो देश में और पैदावर की वस्तुएं हैं उन पर यह देखें कि लोग मनमाने ढंग से दाम न बढ़ाएं। जरूर देखना चाहिए कि जिस औसत जिस अनुपात में सरकार मूल्यों की बढ़ोतरी की घोषणा करे वह यह देखे कि अन्य वस्तुओं का मूल्य लोग उसी अनुपात के अनुसार बढ़ाते हैं या मनमाने ढंग से बढ़ाते हैं।

इससे बहुत कुछ राहत आपको मिलेगी। दुकानों पर जाइये तो कोई भी सूची आपको इस तरह की नहीं मिलेगी जिससे पता चले कि किस चीज का कितना मूल्य है। बेचने वाले के जो मनमर्जी में आये, वह कह दे, उसको आपको देना पड़ेगा। मेरा अनुरोध है माननीय वित्त मंत्री जी से कि निश्चित रूप से सभी दुकानों पर आप मूल्य की एक सूची टांगने का पक्का और कठोरतम कदम उठाइये जिससे लोगों को पता चले कि किसका मूल्य कितना है।

एक चीज और मैं कहना चाहूंगा। जो हमारी दोहरी डिस्ट्रीब्यूशन पालिसी है इससे भी महंगाई बढ़ती है। इसको कहीं न कहीं देखना पड़ेगा। जब हम एक चीज को कंट्रोल करते हैं और आधी चीज को खूले बाजार में बेचते हैं तो उससे होडिंग बढ़ती है, बाजार में उसकी कमी आती है और लोग उसकी होडिंग करके महंगे दामों पर बेचते हैं। अतः यह भी एक बहुत बड़ा कारण है। इस दिशा में माननीय मंत्री जी कोई सख्त कदम उठावें और जो दोहरी उपभोक्ता नीति है उसको समाप्त करने का प्रयास किया जान चाहिए अन्यथा ये दाम इस तरह से बढ़ते ही चले जाएंगे और कहीं इन पर रोक टोक नहीं लग पाएगी।

एक और विडम्बना है कि जो हमारी खाद्य वस्तुएँ हैं जो किसान खेतों में पैदा करता है उसका मूल्य तो तय करता है खरीददार, जो भाव देने वाला है वह उसका मूल्य तय करता है लेकिन जो कारखानों में चीजें बनती हैं उसका मूल्य तय करने वाला है पैदा करने वाला। यह भी एक विडम्बना है,। उनके ऊपर भी कहीं न कहीं इस प्रकार की रोक लगनी चाहिए कि अगर मूल्य बढ़ते हैं तो लाभ, लागत और लेबर इन तीनों को कॅलकुलेट करके सरकार स्वयं इनके मूल्य निर्धारण का कोई न कोई एक अपना सिस्टम बनाये जो कि इन कारखानों के वस्तुओं के मूल्य भी तय करे। मैं समझता हूँ कि इन सब चीजों के करने से काफी राहत मिल सकती है। किसानों को इससे सबसे बड़ी परेशानी उठानी पड़ती है। उसका सामान तो कम भाव में चला जाता है, खरीदने वाला तय करता है और जो चीजें वह खरीदता है उसको अकसर मंहगी मिलती हैं। यह जो पद्धति है इसको भी समाप्त करने की दिशा में सरकार को कोई न कोई सख्त कदम उठाने की आवश्यकता है। मैं समझता हूँ कि इस मंहगाई को कंट्रोल करने के लिए अगर हम कोई अच्छा कदम उठाये तो यह देश के विकास का एक सबसे अच्छा रास्ता होगा जिससे कि हम अपने देश का विकास आगे ले जा सकेंगे। इन्हीं शब्दों के साथ मैं आपको धन्यवाद देता हूँ।

SHRI SUBRAMANIAN SWAMY (Uttar Pradesh): Sir, at this fag end I will not take much time. Both Manmohan Singh and I have been Professors of Economics. So we know what is what...

THE MINISTER OF FINANCE (SHRI MANMOHAN SINGH): I am no match for you.

SHRI SUBRAMANIAN SWAMY: But there are matters of general public interest which have to be focussed on this question of price rise. There is just absolutely no doubt that there has been a gallop in the prices and the first thing I would like to say is that (here are two principal reasons

for this price rise and I hope Prof. Mas mohan Singh will acknowledge if ratSiel than try to evade it. The first is the *pre* mature devaluation of the rupee. I certainly agree with him that the rupee is overvalued...

SHRI JAGESH DESAI: That was overdue.

SHRI SHABBIR AHMAD SALARIA: When you become the Finance Minister you do it even faster than he did it...

SHRI A. G. KULKARNI (Mahara shtra): He was a Finance Minister.

SHRI SUBRAMANIAN SWAMY: But at the State level. I think I can have an opinion different from theirs, if you permit. ..

SHRI SHABBIR AHMAD SALARIA: You are entitled to it.

SHRI .SUBRAMANIAN SWAMY. As I said, it is my view and it has been for some time, and as Commerce Minister I also made it public that the rupee was overvalued, chat it should be somewhere around Rs. 32 to a dollar. But before you can get advantages from the devaluation, the country has to gear itself up for developing export surplus, an infrastnue-ture capability to deliver that export surplus to your ports, a marketing ability abroad to sell it: otherwise. the devaluation would only mean that the cost of imports will go up and if the cost of imports goes up. not only your internal cost-push inflation takes place, as has happened now, but even the exports which are dependent or* imports to a large extent, they too would go up in cost and the effect of the devaluation would be negatived. Furthermore, with the abolition of the CCS that took place simultaneously, the true benefits that the exporters were to get anyway from that devaluation did not come through. As a consequence, the devaluation that took place only led to the increase in the cost of imports of vital imports which we have been importing from abroad and using in industrial production. So. that is, in my opinion, one reason. I am not

[Shri Subramanian Swamy]

against devaluation *per se*. I would say that if it had come after the package that he subsequently came out with, and it had been worked out and the exports surplus regimes had been worked out, and then the devaluation came, the country would have been greatly benefited. I think, he put the cart before the horse and... (*Interruptions*).

SHRI DINESHBHAI TRIVEDI (Gujarat): Perhaps, devaluation is again coming.

SHRI SUBRAMANIAN SWAMY: No, it is not coming...

SHRI DINESHBHAI TRIVEDI: Yoi, are also giving assurances on behalf of the Government.

SHRI SUBRAMANIAN SWAMY: I am not assuring. I know...

SHRI V. NARAYANASAMY: The package is in the pipeline.

SHRI SUBRAMANIAN SWAMY: What package is in the pipeline?

SHRI V. NARAYANASAMY: The package for improving the economy.

SHRI SUBRAMANIAN SWAMY: The pipelines should come first and then the devaluation.

Anyway, I would like the Finance Minister's opinion both as a Finance Minister and true to his profession as a Professor of Economics whether he has indeed estimated the impact of devaluation on the cost push inflation in the country. That is point number one. Point number two is, Sir, I think, he should not get himself trapped by the International Monetary Fund and the World Bank on this question of fiscal deficit. Sir, I think, the taxes that he imposed in the Budget these could have been avoided and the deficit could have been allowed to grow to that extent. In my opinion, the inflationary impact of indirect taxes is much more than the inflationary

impact of a comparable deficit in the Budget. And, therefore, then have, in my opinion, been a sort of rail roaded into this concept of 6^{1/2} per cent GDP—fiscal deficit ratio. There is nothing sacrosanct about this number. I do not know from where this number has come about. Except for the World Bank, no economic text book or research paper or a body of economists who are truly professional have given any sanctity to this number of 6i per cent. Therefore, he should not feel any pressure to reduce the fiscal deficit to 6j per cent. In fact, he should try to avoid at this point of time indirect taxes. And even if necessary he may accommodate subsidies. Subsidies ultimately have to go. But there are ways to do it. I mean, you can give an overdose of medicine. You can do in stages. But I am not going into that point. I am only saying that the indirect taxes that he has put across the board on consumer goods and essential items, that is also responsible in this country for the galloning inflation that we are seeing, and I would like there fore the Finance Minister's reactions to these two points. Thank you, Sir.

SHRI MANMOHAN SINGH: Sir, am grateful to all the hon. Members when have taken part in this debate. I share the concern of the House about the present situation. I also agree with them that all possible efforts have to be made to arrest the rise in prices. I wish to assure all the hon. Members that the Government take very seriously the task of bringing inflation under control. We have taken some measures. If these measures do not yield desired results, we will also explore other possible mechanisms, remedies. We will give serious thought to all the suggestions that have been made on the floor of the House.

SHRI GURUDAS DAS GUPTA: Which are the other... (*Interruptions*).

THE VICE-CHAIRMAN (SHRI M. I. BABY): Please permit the Minister.

SHRI MANMOHAN SINGH: On the thing that I want to say is that I am not in the business of apportioning blame

today, there is no doubt that there has been written, the way textbooks have been written, the way biudents have been taught; that becomes a folklore—that this country can become rich by deficit financing, that the consequences of deficit financing on the balance of payments can be controlled by putting controls on imports that domestic prices can be controlled by putting a large number of controls, administratively, by fixing prices individually. I respectfully submit to this House that this line of thinking 'has exhausted its potential in terms of delivering the goods. Over a period of time, the control mechanism has become so complicated that it is proving very difficult to administer these controls efficiently. When India's economy was relatively small, particularly when the industrial economy was very small, it was easy to allocate licences among various users on the basis of priority and non-priority. But India's industrial economy has now grown enormously. What was possible forty years ago is not possible to do today. And if you try to do the same thing in the same old way as you did forty years ago, then the whole administrative system will crumble as it is crumbling. With the massive amount of corruption that is going to be talked about in our public life—people 'have talked about the inefficiency of our administrative system—these inefficiencies will multiply. If this is the only route we adopt to solve the problems of production or problems of poverty alleviation or controlling problems of prices, I think this country is truly at the crossroads.

SHRI GURUDAS DAS GUPTA (West Bengal): He speaks of control because there has been corruption. This statement of his will be taken as an encouragement by the hoarders. How... (*Interruptions*).

THE VICE-CHAIRMAN (SHRI M. A. BABY): Let the Minister.. .

SHRI GURUDAS DAS GUPTA: The Minister happens to be new in the country.

SHRI MANMOHAN SINGH: I do want to say that we have a positive approach to deal with the problems of this country. I

think that several hon. Ministers have said here that in the final analysis the standard of living is a matter of high productivity. I think we have to recognize in this country, as other countries have recognized, that there are no shortcuts to it. This country cannot remove poverty, this country cannot become rich merely by spending its way into prosperity. The root cause of our problems has been persistent low productivity of investment in the public sector as well as in the private sector. Whether you like it or not, the fact is that until 1980 India was getting a large inflow of foreign aid at a very nominal or at almost no rate of interest, I think over a billion dollars we were getting from IDA at zero rate of interest, repayable over a period of fifty years with ten years' grace period. When that low cost money was coming, all the results of inefficient functioning of our economy were not coming to the surface. Now, with 1980's that era, I think, began to go into the background. India's share of IDA assistance has been drastically cut. In that place we had to borrow on hard, commercial terms. And if you borrow on hard commercial terms, if the rate of interest is, let us say, 10 per cent, now 72 X 10, the whole thing multiplies in 7 years. If you borrow on commercial terms and if your productivity and your investment is as low as in this country, you are bound to go into a debt trap, both domestically and internationally. That is, I think, the moral of the story. If we want to deal with India's economic malady, whether it is price, whether it is production, then I think, we have to improve the underlying productivity of our economy and that is what the economic package that our Government has unfolded seeks to achieve.

I am not going to promise you that prices can be controlled overnight. But if we follow a consistent path, I am confident that the rate of inflation will be treatedly moderate. If we pursue fiscal policies of the type that I have outlined. If we pursue monetary policies which are fairly tight today, you will see in the coming months a reversal of inflationary expectations.

[Shri Manmohan Singh]

My esteemed friend Shri Subramanian Swamy has referred to the fiscal deficits, that we are excessively pre-occupied with the fiscal deficits. He is far more learned in Economics than me. I have forgotten most of my economics. Therefore, I would not cross swords with him. But I may remind him that 6.5 per cent as a fiscal deficit target is something which our Government inherited from the Government of which he was a distinguished Member. This was a commitment which the previous Government made to the Parliament as well as to the International Monetary Fund. Therefore, I think at this stage it is not possible for us to enge on that commitment. I am convinced personally that it is good for this Country to get away from this path of piling up excessive internal deficit and excessive external deficit. For the first time in India's history we have produced a Budget which places the size of Central borrowing at a level lower than the past. If we persist on that path during the next 10 years, I think we would begin a new chapter in the fiscal management. In the short-term we are operating under certain handicaps. Inflationary pressures are building up not today but over a period of time. But in the past we had an outlet, we could always import tilings. The country does not produce adequate quantity of vegetable oil. It does not produce adequate quantity of pulses. In fact the per-capita production of oil-seeds and pulses in India has been going down. So, this country has got used, over the last decade, to importing almost a million tonnes of vegetable oils from abroad. Unfortunately, that option is not open to this Government because of the situation that we have inherited; we have almost no foreign exchange to import vegetable oils, we have no foreign exchange to import essential commodities like even fertilizers. We have to find a solution to problem of inflation with one hand tied to the back. It is in this background that I would like the House to appreciate the difficulties that we do face. If we don't have unlimited amount of foreign exchange then

obviously we have to rely on fiscal mechanism as well as monetary mecha-These two mechanisms are in place and I do believe that they would lead to a reversal of inflationary expectations given the crop prospects, good as they are.

Dr. Subramanian Swamy and several other Members referred to the effects of devaluation. I wish I were in a position that I could have planned for devaluation in the way Dr. Subramanian Swamy said I should have done. But we came into office, I faced a situation when there was a very heavy run on the rupee. In the first four months of the current fiscal year from April to July the country had lost one billion dollars of non-resident deposits. We simply did not have these manoeuv-rability to face that situation. There was a grave crisis of confidence all over the world as well as the Indian exporters and importers believed that the rupee could not be sustained on that value, that reckless speculation was taking place. It was in this background that I did, I think, take a change to reverse these expectations through a change in the exchange rate and I think we may not have brought about any increase in exports—and I don't expect that exports can increase in the short term; that was not expected even—but I think We did succeed in reversing those types of expectations, that this massive haemorrhage of large-scale capital flight from this country has nearly come to an end and that is how we have bought time. Now we have bought time to deal with the underlying causes of India's fiscal crisis, underlying causes of India's balance of payment crisis, and, therefore, I do submit that in this situation in which we were placed, it is certainly true that devaluation may have strengthened the cost-push element in some segments of our economy; but when you look at the prices of vegetables rising, prices of potatoes rising. I don't think anybody can say that the price of potatoes is rising, because there has been a devaluation. Now there are more basic factors, I think, to the overall... *{Interruptions}*

SHRI GURUDAS DAS GUPTA: What is the reason for increase in price of potatoes if there is no element of speculation or hoarding in the country? He is beating about the bush.

SHRI MANMOHAN SINGH: There are inflationary expectations which have been building up and, therefore, in those inflationary expectations, an element of speculation and an element of hoarding do take place. It is the duty of this Government to come down heavily on hoarders, and I can assure the hon. Members that as far as the Central Government is concerned, it recognises that in a regime of shortages, it is essential that traders and hoarders should not be allowed to take advantage of those shortages to make excessive profits.

Now, from the very day that our Government came to power, I have myself been in touch with all the Chief Ministers, and the hon. Minister of Civil Supplies has been in touch and I think, as the hon. Home Minister said, this is not an area in which Central Government by themselves can achieve results. A great deal depends upon the co-operation of the State Governments and I do hope that all State Governments would be alert to the needs of the situation. I am not denying that in a situation like this, where there are shortages of essential commodities, where cornering of scarce commodities is taking place, it is obligatory on the part of the administration, both at the Centre and in the States, to ensure that anti-social elements are not allowed to take advantage of the scarcities. Our government recognises the great importance of anti-hoarding drive and strengthening the mechanism to see that hoarding does not become a growing menace in the months to come.

PROF. SOURENDRA BHATTACHARJEE: On a point of clarification. The Minister has said, echoing the Home Minister, that for the control of prices, taking action against hoarding and black-marketing, is essentially within the purview of the State Governments. Now, considering the mature of

the economy, the hold exercised by the Union Government over it, and considering that in spite of our general facade of federalism, there are largely centralised rules, what specific role the State Government and the Union Government may play through the committee set up, and otherwise also?

SHRI GURUDAS DAS GUPTA: Government consider calling a meeting very urgently either of the Chief Minister of the States along with the Central Government, or any other Minister deputed by him, to discuss the general strategy for States and the Centre to come hard on hoarders and to ensure that bottlenecks in supply are not taken advantage of?

THE VICE-CHAIRMAN (SHRI M. A. BABY): If the Minister yields to you, you can speak.

SHRIMAJI RENUKA CHOWDHURY (Andhra Pradesh): Sir, in sympathy for the economics that you are talking about, I, as a housewife, am concerned about the other end because I am at the receiving end. With the prices of vegetables being expensive, I can barely afford to feed my family. I know, for sure, that the farmers have not been benefited. They are producing, but they supply at the same rate as earlier. It is the middleman who is benefited the most. It is a wonderful suggestion that the Central Government and the State Governments should sit together and decide the issue. Did you consider involving the common man? Will you consider using television as the medium with specific parameters where a citizen would be made known that this is where he can go and report, this is where he can debate, and this is where a housewife can go and demand? Would you consider having a column in the newspaper

[Shrimati Renuka Chowdhary]

which would give the specific prices on that day, like what we do in Andhra Pradesh? We have a rough price list so that we know that we are not being taken too much for a ride. If you do this, it becomes the people's movement. You are using the TV to justify inflation; you are trying to explain to the people to bear with us. So, in the light of this, for the benefit of my sisters who are struggling with the budget because our husbands have not got increased salaries, and in view of the fact that the prices have gone up—I don't think that Parliament is going to increase our salaries either—some concrete move which is tangible has to be put into effect immediately. At this moment, I also humbly submit that rising crime rate is totally in proportion to the rising prices and the shortage of essential commodities. The educated youth is no longer an asset. We have armed them with a weapon against the system. It is not the means to gain their ends.

SHRI JAGESH DESAI: I am very happy with what you said that we cannot allow excessive profits to be garnered by the businessmen because of the scarcity. But how are you going to define excessive profits? I am at a loss to understand this. Without defining what is excessive profits, how can you take action?

SHRI DINESHBHAI TRIVEDI: I will be very brief on two points. We are talking about the hoarders and black-marketeers. Added to that is the tax eva ters. I personally feel that those

who pay 100 per cent and more of taxes are cheated. I have been honest enough to pay my taxes. Now, those persons who have not paid taxes, you have really rewarded them by firstly devaluing the rupee. They send the money abroad, then they get foreign exchange and they get more rupees. I hope you will be more strict and do something for the common man, whom Renukaji was talking about, who are honest in paying taxes. I too feel cheated—The second point is that when we are talking about the foreign exchange crunch, I do not understand what is the idea of permitting Foreign Travel Scheme (FTS). I do not understand why we are permitting FTS money when we are really sending our gold out. We are devaluing the rupee. But at the same time we are permitting people to go abroad with \$500. We have been talking about the BCCT There have been cases of Forged Passport rightly or wrongly reported where FTS money was taken on such Passports people by tickets for the neighbouring country and utilise the foreign exchange. There are so many such cases. I strongly feel that the Government should do something to check this.

THE VICE-CHAIRMAN (SHRI M. A. BABY): I request the Minister not to yield to any more Members and not to yield to inflation also.

SHRI MANMOHAN SINGH: The Member, Shri Gurudas Das Gupta mentioned whether I would consider calling a conference of Chief Ministers. Well, I certainly have no hesitation. But this is a J subject which is dealt with by my colleague, the hon. Minister of Civil Supplies.

I will certainly pass on this suggestion for his consideration.

Renukaji mentioned the need to create public opinion, in fact, that was the point on when I really wanted to end my speech. Now, in a situation in which there are scarcities, and when these scarcities cannot be dealt with through the cities cannot be dealt with through the normal Government mechanisms because we do not have enough foreign exchange, because the responsibility of the society to see that people do not corner stocks, that they do not take undue advantage of these scarcities to indulge in profiteering. That is why we need a very strong consumer movement in this country— It has to become a mass movement. This is not a task which can be undertaken by the Central Government or by the State Governments. In each locality, there are traders, but there are also the consumers. Now, she is very right that information should be available. The question is, what is the reasonable profit? Hon. Member, Shri Jagesh Desai, asked; 'How are you going to fix the price? Let me say, Sir, that it is not possible through a Central fiat to fix the price which would be applicable to.. .

SHRI JAGESH DESAI: I asked about the margin of profit.

SHRI MANMOHAN SINGH: It is the responsibility of the State Governments and the local authorities. I do hope that she conference which has been talked about, if it comes about, will discuss, precisely, these measures.

I would like to end on this note that inflation, today, presents a major problem for the country. Our Government is fully alive to its responsibilities. I am confident, despite the doubts that have been expressed by some sections of the House, that the coming months will see a definite improvement on this front. *(Interruptions)*

SHRI GURUDAS DAS GUPTA: Sir, the hon. Minister has only lectured on the philosophy of the new economic line. This is a speech which will boost the morale of the people who are increasing prices in the country. The country needs hard decisions. But the Minister has again yielded to the pressures of the new philosophy. Therefore, as far as the

common people are concerned, there is nothing new in it and there is no assurance from him. It is absolutely bewildering, absolutely dissatisfying and absolutely alarming. *(Interruptions)*

THE VICE-CHAIRMAN (SHRI M. A. BABY): We now take up further discussion on the BCCL *(Interruptions)*

SHRI GURUDAS DAS GUPTA: I wanted the Minister to inform the House about the other measures. But he has not replied. Let him say what are the other measures up his sleeve. This is only a tall talk.

SHRI A. G. KULKARNI: The arguments put forward have been ably replied to by the hon. Finance Minister.

SHRI GURUDAS DAS GUPTA: This person is not touched by inflation.

THE VICE-CHAIRMAN (SHRI M. A. BABY): We take up further discussion on the BCCL *(Interruptions)*

SHRI SUBRAMANIAN SWAMY: Sir, time to take up the discussion on the time now is 4.20. This is the right BCCL

SHRI DINESHBHAI TRIVEDI: Sir, the Minister has not replied to my query. I take it that he has no answer to my query. *(Interruptions)*.

**SHORT DURATION DISCUSSION RE
THE AFFAIRS OF THE BANK OF
CREDIT AND COMMERCE
INTERNATIONAL (OVERSEAS
LIMITED—(Contd))**

THE VICE-CHAIRMAN (SHRI M. A. BABY): We shall now continue with the discussion on the BCCL Shri Gurupadaswamy. The time is only 4.18.

SHRIMATI RENUKA CHOWDHURY
SHRI P. UPENDRA (Andhra Pradesh):
Let us observe two minutes' silence.

SHRI UPENDRA (Andhra Pradesh): Let us observe two minutes' silence.

SHRI M. S. GURUPADASWAMY (Uttar Pradesh): I am not caught by 4.20. I am very happy.

SHRI A. G. KULKARNI (Maharashtra):
4.20s are in the Bank. Not here.

AN HON. MEMBER: Not only in this Bank but in foreign banks also.