

(a) whether it is a fact that Indian hockey players, recently, rebelled against the management of Hockey India – A newly formed federation of the State Hockey Associations in the country and refused to participate in the training;

(b) if so, the reasons therefor; and

(c) how the matter has since been resolved?

THE MINISTER OF STATE IN THE MINISTRY OF YOUTH AFFAIRS AND SPORTS (SHRI PRATIK PRAKASHBAPU PATIL): (a) to (c) The protest by Indian Hockey players was on account of non-fulfillment of contractual agreements by their federation. These payments are based on commercial sponsorship arrangements made by the federation and the Government has no role in such matters.

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#### SHORT DURATION DISCUSSION

##### **Situation arising out of continued rise in prices of essential commodities in the country**

LEADER OF OPPOSITION (SHRI ARUN JAITLEY): Sir, I am extremely grateful to you for having not only allowed this discussion but also having allowed this discussion to take place in preference to other Business of the House considering the vital importance of this issue. We have in the last few Sessions, Sir, been practically discussing this, almost in every Session, and the object really is that it is not merely the thrill or the pleasure that we get out of debating this issue, ideally we wanted a Parliamentary referendum on this issue, and that is why for the last two days we wanted to press for a discussion on a Resolution which involves voting. But, in view of the arrangement arrived at in the House, we once again want to draw the attention of the Government to a complete inaction of the Government on the kind of misery being inflicted on the people of this country by this unprecedented price rise, particularly the increase in the prices of food articles of this country. We find that despite the fact that we have been discussing it with almost every Session, prices have been on the increase. Apparently the gravitational principles do not seem to apply to the price management policy, as far as this Government is concerned. Because what happened in the last few months, if you look at the prices on the food front today, the situation seems to be far worse. But, before I go to the crux of the issue, I would like to make a brief comment whether this Government is taking serious steps as a part of its larger economic management, as far as this issue is concerned.

Sir, the Budget Session, which is the first Session every year, the principal Business, Sir, besides the policy of the Government and its performance enunciated in the Address of the President to the Joint Session, also involves major decisions on the Economic Policy of the Government, be it the Budget, the Economic Survey or the Rail Budget. This exercise started yesterday. And, what

happened yesterday itself if it seriously had to reflect upon the economic management of this country, it started by some kind of a comic exercise, which was not even a relief, as far as this country is concerned. This showed the lack of seriousness, as far as this Government is concerned on the economic management, Sir.

Sir, when I heard how Railways will run medical institutions, sports facilities, I was wondering what Mr. Ghulam Nabi Azad and Mr. Gill are going to do in the months to come. I recollect, Sir, that long ago, there used to be an advertisement of Tata Steel which used to state, "We also make Steel". That seems to be the policy of some of these Ministries, particularly Railways, that this Government seems to be following because what was the concern, as far as the core issues are concerned, was absolutely marginal. Now, if you translate the same approach to other departments of this Government – the Consumer Affairs Ministry, the Food and Agriculture Ministry – headed by our distinguished Shri Pawar, what was the approach of his party as far as the price management situation is concerned? His party has a journal called 'Rashtra Vaadi'. The journal went on to make an editorial comment saying, 'So what if sugar prices in this country have risen? If you do not consume sugar or if you consume less sugar, you are not likely to die.'

SHRIMATI BRINDA KARAT (West Bengal): They say that the sugar patients will have less problem!

SHRI ARUN JAITLEY: Sir, medically what Brindaji says may be an appropriate comment for a person afflicted by problems on account of excessive consumption of sugar, but historically this was ridiculing the misery of the people. In fact, when we grew up in schools and colleges, the extreme example of ridicule to the misery of the people used to be Marie Antwanete's comment, 'If you do not get bread, start eating cakes!' So, if sugar prices skyrocketed, thank God, you would not die by consumption of sugar, that is what the official journal of NCR editorially commented. But, the NCP, then realising the embarrassment, at least tried to distance itself from the editorial.

But, another wise journal called the 'Congress Sandesh', yesterday made another editorial comment in its search for alibis for failure. The Congress Sandesh said yesterday, 'Besides the party's mouthpiece, Congress Sandesh has warned that carelessness in dealing with issues related to human feelings will cost us dearly,... Some practical difficulties in coordination amongst the Prime Minister's Office and various Ministries are natural in coalition Governments, Sir, I can only call it a confessional statement of this Government. It says that there is a 'natural' lack of coordination as far as the Prime Minister's Office is concerned and various Ministries of this Government are concerned, particularly in dealing with sensitive issues like price rise!

Sir, we see today a situation where there is only an attempt as far as the blame game is concerned. Is the Food, Agriculture and Consumer Affairs Ministry responsible for this? Is the Oil and

Natural Gas Ministry responsible? Is the Prime Minister's Office not being able to coordinate? Ultimately, we survive in this Parliamentary democracy in a cabinet system. In a cabinet system, there is an element of collective responsibility. In a collective responsibility, the Prime Minister as the head of the Cabinet is more responsible than his other distinguished colleague. Sir, leadership is not the art of making compromises for the sake of coalitions. After all, leadership also involves an element of enforcing certain amount of discipline amongst all Ministers who hold office particularly on account of the pleasure of the President on which, in our democracy, is the pleasure of the Prime Minister. Therefore, we cannot live with a system where the Prime Minister's Office feels helpless and the party's mouthpiece says, 'We cannot help it, there is a lack of coordination'! This kind of indiscipline cannot be countenanced under any circumstances. As a result of which we must now have action as far as the Government is concerned on an important issue like price rise.

So, what do we find today? We are just emerging out of a situation where the world faced recession. We also faced some element of global slow down. I am grateful for the Prime Minister that he is here. He is a very distinguished economist and he knows, perhaps, better than most of us. The normal principle is when there is a lack of economic activity, when consumers do not reach markets, when jobs are lost, when salaries are cut, when revenues are less, obviously money in the pocket of consumers is far less. Therefore, globally when you are in a slowdown situation, prices are bound to come down and world over we saw almost negligible or negative rates of inflation as far as those items were concerned. But even during the slowdown period, food inflation was one factor, which in India continued to rise. We were also affected. There were sectors where people were losing jobs, the purchasing power of the consumer had gone down, there were salary cuts, there were pink slips which were being given, the traders were earning less, the manufacturers were not able to sell their products and despite inadequate or reduced economic activity and less money in the pocket of the consumer, which should have essentially led to prices coming down, we still had food prices going up. In the last few months, they have actually skyrocketed. The food price inflation in this country now moves between 17 and 19 per cent. What conclusions do we draw from this? Has this Government run completely out of ideas how to deal with the situation? Obviously, it has. Can't this Government anticipate shortages if there is a supply side problem and take action or pre-emptive action in time so that the shortages or inadequacies in the market could be addressed adequately? Is there a manipulation of policy in some fields or in some areas, which is contributing to the difficulties and miseries as far as this area is concerned? Or is this Government primarily involved in the exercise of finding *alibis* for its own failures and finding some reason or the other why the prices are going up, and, therefore, the Government itself is not responsible? Or is this Government merely adopting a 'do nothing' approach and when price cycle will globally change, hopefully, it will have some impact in India, and, therefore, prices in India will also come under some element of control? Sir, if we look

at the latest figures, the Wholesale Price Index, which is not a representative price index because there is wide divergence between the Consumer Price Index, what the consumer actually pays, and the wholesale price index, today the increase is 8.56 per cent. Over the next month and a half, it is again anticipated to touch a double-digit inflation. Now this was something, which we used to witness ten or fifteen years ago and before that. Otherwise, we even had forgotten the use of phrase of 'double-digit inflation' in India. It has come back now and it came back last year. The price index for industrial workers is 14.9, agricultural workers 17.21—these are the percentages of inflation – and for food prices it is 17 to 19 per cent. Let us look at the actual rise in food prices, which the consumer pays. I read a detailed article in the *Times of India* which actually elaborated that between the *mandis* and what the actually consumer buys in terms of vegetables and fruits from his retail shopkeepers, the price difference is several fold. Therefore, the 17 to 19 per cent inflation figure, which we are talking in terms of price in *mandis*, what the actual consumer buys from his retail shopkeeper, the *Times of India* says, is several times over and above that figure itself. Sir, now we are facing a situation where the Government's inability to control inflation is almost like unlegislated tax on the people. A large part of your income today is being spent on account of this unprecedented price rise. If the quantum of increase goes unchecked – as the way it is – only in the vague hope that in future it will come down, it is going to cause immense amount of misery as far as the people are concerned. Sir, look at the December figures. If I just take some items, processed food-27 per cent increase, potatoes-17 per cent increase, onions-45 per cent increase, dal-45 per cent increase, cereals-14 per cent increase, Sir, if the Railway Budget provided some kind of a comic situation, I won't call it a relief...

SHRI SWAPAN SADHAN BOSE (West Bengal): Sir, I object to the use of the word, 'comic'.  
...(Interruptions)...

MR. CHAIRMAN: Pease, please ...(Interruptions)... Please continue.

SHRI ARUN JAITLEY: Sir, yesterday evening, we saw another form of thrill or relief in terms of a spectacular performance by Sachin Tendulkar, a double century. I think, at least in term of inflation, this Government is competing dal prices with Sachin Tendulkar. It has almost achieved a century. It has crossed a century as far as the dal prices are concerned. It has crossed a half century as far as sugar prices are concerned. This is the performance as far as this Government is concerned. Therefore, in search of this it starts looking for all forms of alibis. How do you deal with, 'what can I do?' Sir, we are told, "O, we had a drought this year and on account of drought this year we had 18 million tons less of food production. The kharif crop was badly affected and because it was 18 million less this year, prices are bound to go up, therefore, the drought situation affected the prices." This is the first alibi which is being given. So, I recollect more districts being affected, more uneven rainfall. The year was 2002 as against 18 million less of food grain production. The fall was 40 million tons and 40 million ton less of food grain production should have created havoc in the market. The

Government had stocks. Stocks were off-loaded into the market. The consumer was protected and we ended the year with 3.4 per cent wholesale price index inflation. Now, the claim of this Government is that yes, we have adequate stocks. Well, then, you should have anticipated it. You should have repeated what happened in 2002 where the inadequacy of foodgrain production was 40 million tons less. You counted that drought situation, flooded the market with foodgrains so that the consumer is not affected. That is why we keep stocks in such large numbers. But, the management of food economy was entirely different. We are now told, 'well there is a lot of future trading which was started when the NDA was in power. The commodity exchanges came up'. Well, these are all experiments to be done when you are dealing with a surplus economy on foodgrain. If your population is rising, if your foodgrains increase and production is not adequate along with it and you have now transgressed in the year 2010 into an economy of shortages, you can't afford to have those experiments of a surplus economy when you are in a scarcity economy and therefore, the Government should have anticipated the scarcity and gone in for a policy change because circumstances now have changed. You have four and a half lakh crores of future trading which takes place; the actual lifting is only one per cent of that. So, the balance 99 per cent is actually only future trading. Now, whether this also impacts inflationary expectations and has an impact on the price market is a fact that the Government had to consider. Only 1 per cent is actually traded in terms of physical lifting. The rest of the lifting does not take place and it has taken place only on paper! Therefore, anticipate a situation of shortage and bring about policy changes as far as the Government's functioning is concerned. But, all this is something which the Government did not anticipate.

The third alibi I found was, let us start blaming the State Governments and put the ball in the court of the Chief Ministers. Also, suggestions were made that non-UPA Chief Ministers are not co-operating, you need to crackdown as far as hoarding is concerned, etc. You called the Conference of the Chief Ministers earlier this month. You circulated the data of raids and actions taken by the State Governments. But that entire data has a different story to tell. If you translate it into simple arithmetic, you will know that 83 per cent of the raids and searches took place in States which have non-UPA Chief Ministers and 17 per cent took place in States which have UPA Chief Ministers. Sir, this is your own Governmental data as far as crackdown on hoarders is concerned. But, you have turned a blind eye on the data and you start saying, 'well, the States are not co-operating. The States need to come down more heavily as far as hoarders are concerned.'

Sir, you also, now, say that the sugar industry is also in a strange kind of crisis of its own. We failed to understand, as far as sugar is concerned, if you anticipated the shortages, then either you have stocks in readiness, or, you rely on imports. What kind of policy manipulation taking place as far as sugar industry was concerned? The mill-owners interests are also very large. They also find their way into Governmental thinking. So, the entire change of legal framework, which you have brought about on account of which this House was adjourned once or twice during the last Session, was a policy which the Government was bringing to do away with the State Advisory Prices and replace it with FRP essentially to help sugar mills. You export 48 or 49 lakh tonnes of sugar out of this country at Rs. 12.5 per kg and you import back at Rs. 36! Obviously, this is going to have its impact on prices. Sir, on 15th February, 2010, you allowed export of 10,000 tonnes of sugar to Europe when there is scarcity in the market, because you have an international commitment. It is only when noise is made in the media you have realised that we are going through a phase of shortage, we cannot comply with that international obligation and you cancelled it. But, honestly, what the Congress *Sandesh* says is a question which every hon. Member of this House must ask, 'Was there no co-ordination between the Prime Minister Office and the various Ministries of this Government? When we are passing through a major sugar crisis and no let down in the sugar prices is likely over the next few months even to comply with international obligations, how have you picked a period of shortages and say 10,000 tonnes more will go to the Europe?' If you cancelled it yesterday, and this obligation could be deferred to a period till we have surplus, well, this should have struck somebody on 15th February this year itself. I have given to understand that almost 9 lakh tonnes of sugar is lying at Kandla and other different ports and awaiting for processing. I would be glad if the hon. Minister tell us if they are going to be used to flood the market in order to bring down the prices as far as sugar is concerned. I have now found an argument being advanced that we are a pro-farmer Government and, because we repeatedly increase the MSP more than what previous Governments have done, the MSP increases have resulted in this new burden as far as consumers are concerned.

The MSP increases are intended to compensate the farmers because the cost of fertilizers is going up, the cost of power is going up, the cost of petrol is going up, the cost of diesel is going up, his cost of living is going up. Therefore, the farmer has to be compensated. But the long-term impact of increase in MSP is not what the Government, now, seems to be arguing. And, the MSP increase, in the short run, can result in the increase of prices, as far as consumers are concerned. But once MSP increases are given and a particular crop cultivation is made attractive, the acreage of

cultivation of that crop increases and the increased production lead to drop in prices. So, if you increased prices 5 years or 6 years ago, as far as MSP is concerned, in the immediate short-term an MSP increase may contribute to an increase in prices, but in the long-term an MSP increase has to result in increased acreage of that particular crop and, therefore, brings the prices down, as far as that crop is concerned. The MSP increases have been made by repeated Governments. They have taken place now also. And, the farmer, in accordance with the cost of living and the cost of various inputs has, now, to be compensated.

The difficulty is not merely that the Government has run out of the ideas as to how to deal with the situation, but it has also become a little insensitive. You need Ministers, you need spokesmen of the Government who come and assuage the feelings of the people that they are attempting, these are the difficulties, these are the international prices, and so on and so forth. But you say that consumption patterns have changed! People are eating more! People are no longer starving! Earlier also we had Food for Work Scheme and you had *Anytodaya* scheme for distribution of ration at extremely cheap rates to the weaker sections of the society. Therefore, the same people, who are now getting the benefit of the NAREGA Scheme, were also earlier getting the benefit of Food for Work Scheme and other schemes of the Government, Therefore, to say that you had socially-friendly schemes and suddenly that has resulted in shortage, I don't think is sensitive enough on the part a Government to say that.

Sir, then, the oil prices also increased. Well, in the last few months, as far as oil price increases are concerned, most of it had been absorbed by the oil companies. It has not yet been translated to have its impact as far as the consumers are concerned. But the Government must bear in mind one fact that in the current duty structure that we have, as far as oil prices are concerned, every increase in global oil prices, which is, then, eventually transferred to the consumer, a different enrichment of the Government is also taking place. So, in a place, like Delhi, when you start adding various kinds of duties, you will have an excise duty of 33 per cent. So, if the global prices go up from 50 dollars to 80 dollars, there is five upon eight increase as far as excise duty collection of the Government is concerned. Every 5 that you collected in terms of excise duties goes up to 8. The custom duty increases also go up, though the custom duty component duty itself is marginal. The sales tax being collected by the States, in Delhi it is 16.7 per cent, also increases. Therefore, when the prices are increasing, at least, in terms of total volume, keep the increase as revenue neutral as

far as the State is concerned; that is, irrespective of the increase the Government gets the same amount of revenue, as far as oil is concerned. But if the Government's quantum of revenue also increases because of percentage increase, then, the consumer is hit in two ways. He pays more for his petrol, diesel and kerosene oil. The Government also stands to earn more because the percentage of duty being the same, and not being rationalised, also goes up and, then, the impact of this, besides on direct purchase of oil, on all other commodities is also going to increase. So, the consumer is being hit in different ways as far as this is concerned. So, the Government has to be more sensitive and say, 'Well I won't have any unjust enrichment of profiteering as far as the increase of oil is concerned; I will be revenue-neutral and earn the same amount of revenue, irrespective of the increases in the prices of oil.' But the Government doesn't have that policy.

Finally, Sir, do the Government's statistics which are regularly released to us also reflect the true picture as far as price rise is concerned? When I say that Wholesale Price Index goes up by 8.56 per cent, today the gap between the CPI and the WPI, the Consumer Price Index and the Wholesale Price Index, has widened. The Reserve Bank itself says—and I just quote what the Reserve Bank told the Parliamentary Committee. Sir, I am quoting, "Inflation assessment has become increasingly complex in recent times due to large divergence between the WPI inflation and various CPI inflation measures." Then, they go on to further add, "However the divergence between inflation rates of WPI and CPI has widened in the recent period and the WPI inflation turning negative for a few months even when the Consumer Price Index inflation was in double digits." So, when every week we were being told that inflation is negative and this is a great achievement of the Government in the slowdown period, the Consumer Price Index, the Reserve Bank says, was actually in double digits. That is the real impact of what the consumer has to pay. That is how the consumer is adversely affected and therefore the Reserve Bank says that in the last few years, the WPI and the CPI are converging. Now, we do find that you just cannot rely on one measure of inflation. The main reason is that the WPI does not have that much impact on food as the CPI has. Secondly, the WPI does not include service sector which is included in the CPI, So, there is no point us being confronted week after week with a price index which doesn't reflect the cost of food or doesn't entirely reflect the cost of food because for the average citizen that is the first requirement as far as food is concerned. So, this 8.56 per cent increase, which will become double digit by next month, is entirely on paper, if not fictional. The real price impact of this may be almost one-and-a-half to two times of that index. Now, a large number of countries in the world, in the last Session we were told almost 156 countries, have converged this into a Consumer Price Index because that is the real reflector as far as the price



situation is concerned and the Government must seriously consider having one price index which actually gives the factual situation, rather than give us a fictional figure week after week which actually tells the consumer that prices have come down; but nobody is really willing to come out and face the reality that that figure is inaccurate.

Sir, the factual situation has worsened since we last discussed this. The Government cannot plead that 'there are alibis, there are global factors; there are shortages; I am unable to handle.' The Government has to act. If Governments can't act, the Governments must perish. The price situation is one area where the Governments must act and the Governments can't plead this kind of helplessness as far as the price situation in the country is concerned, and, Sir, it is precisely for this reason that we are extremely grateful to you for having allowed this debate ahead of other scheduled items on our agenda because this is one area – which the entire Opposition, and, I am sure, there are many friends in the UPA also who think alike – where the average citizen of this country is being almost driven to the wall where his family budgets don't match and, therefore, we expect the Government to come out with some action and for a long-term dealing to, at least, conceive coming out with some kind of a food price management policy, rather than just depend upon natural and international cycles for the prices themselves to come down. Sir, if there is a single largest failure, as far as this Government is concerned, it is its management of the food prices. And, we in this House will be failing in our duties if we did not draw the attention of the Government to this one glaring failure. I am grateful to you, Sir.

DR. K. KESHAVA RAO (Andhra Pradesh): Sir, it is a sigh of relief that we have settled down to discuss this issue. I am not trying to make any debating point here nor am I trying to indulge in some kind of a political rhetoric nor polemics because the economics of price is simple and straight. It is not looking into WI or CPI. As the hon. Leader of Opposition himself said, they differ from ground reality to what is on papers. Now let us really look into what we are trying to talk about. It is good that everyone, today, is concerned about the price rise. It is a very important and a critical issue. There is no denying the fact that in the last two days when we were indulging in some kind of procedural wrangles, all that we said was that we will do discuss this issue. The seriousness that has been attached to the subject came through the Presidential Address. The Budget is yet to come, which will, certainly, focus on this issue and you would have a lot of time to discuss this issue. Added to that, we would also have a real full-fledged discussion if we so want. Anyhow, it is very nice that the Leader of the Opposition has brought in the subject. Before I really try to present a straight, simplistic formulation as to what price rise in this country at this stage is, I would like to go and respond to his

alibis because I have no alibi to seek nor has the Government any alibi to seek. It is very true that whenever we talk about an issue, we do find out as to who is being blamed. It is not a blame game. Today, the price rise is to be discussed not insulated from what exactly is happening around the world, not even your own market. We have just come out of very critical two years of global meltdown or slowdown. We are on the guard and proudly so this country which has come out so magnificently where not a single bank was closed, not a single deposit had to be guaranteed, not a single factory had to be closed, due to meltdown on the other hand, in 2008 and 2007, even going back, you had a growth rate of six to seven per cent. I am not trying to bring other extraneous issues into this thing; I am trying to tell you how the growth rate relates itself to what is known as the offshoot of a development which as a result of distortion finds in the price rise. The economics of price rise has time line and also the market line. If you look into that, you would understand that this growth rate which today is supposed to be 7.5 could surge. Further to a very comfortable stage from where we can look through the entire market with comfort. I am sure, as you said, it is not an 'alibi', it is a fact on record, which I would assert, that if there is some kind of a distortion and aberration in any developing economy and, particularly, against the backdrop of what is happening around the world and is to be seen, you would find the backdrop of the slowdown. Then, the way you came out, the monetary system, the way you wanted to put the money in the pockets of the consumer, etc. India is, essentially, let me submit, Sir, is a consumer-oriented economy. A Keynesian in Prime Minister like Dr. Manmohan Singh knows the secrets of job the well unless you put the money into the pockets of the consumers society in such circumstances, the economy will not brighten. The doubt that you raised: that the empty shrunken pockets would bring down the prices is something new that I must learn in economics and price rise polemics. It is wrong.

Sir, it is a two-way cycle. It is the holistic approach that one must look into. It is not only the supply or the demand alone or even their mismatch; supply must be of that which is needed while demand must be one which is affordable. In the situation of a slowdown, what becomes affordable is when you go to help the consumer. What has this money that has gone into the pockets of the consumer, the higher spending in the rural areas, the increased income of the rural people, done? It has helped us to face the situation of international slowdown, it has helped us to stand up, pull up our socks and tell people around the world that we can still grow and not only sustain ourselves. The hon. Member has himself said that we had exported sugar. I shall come to that later. Let us understand that the sugar that you are talking about, the preferential quota system under contractual

obligations, is always compensated. The moment you load and send 10,000 tonnes, you get it back. I shall deal with these of things later. But, Sir, the point is that he wanted to have a parliamentary referendum. I understand the two or three alibis that he has brought in, but I have not understood his point. With all respect, I ask and on what exactly he was trying to seek the opinion of the people here. Every one of us knows that there is a price rise; every one of us is dismayed; every one of us is feeling really bad about it; but what we are trying to do is, wait for some more time. The World Bank Report and the UNDP Report has said that inflation would come down to 5.3 in another three months, and we assure you from the reports that are available to us ...*(Interruptions)*... It is over.

SHRI RAJIV PRATAP RUDY (Bihar): The hon. Prime Minister had said that the worst was over. ...*(Interruptions)*...

MR. CHAIRMAN: Please, allow the debate to continue. ...*(Interruptions)*...

DR. K. KESHAVA RAO: I am prepared to be corrected by anyone. Now, let me tell you ...*(Interruptions)*...

MR. CHAIRMAN: Please, allow the debate to continue.

DR. K. KESHAVA RAO: Sir, let us have a look at the domestic market scenario. It is true that we had the worst kind of drought only recently, with 338 districts in 14 States being declared drought-affected. It is nothing new that we have a price rise today. As the hon. Leader of the Opposition had said, price-rise has been haunting us for long. In 1972, we had the worst kind of a situation. In 1998, we had a similar situation, I am talking about the drought of 1972 and the price rise of 1998. He has given us figures showing how prices have been going up. I too have got figures with me and I would like to check up myself to see what it is. One point on which I personally agree with all of them is on forward trading and future trading on which there are a few doubts and reservations. There are two schools of thought here; one thinks that it must be introduced while the other thinks that it should not be. That is a matter to be discussed and decided in the overall context of managing the economy as such, and not prices alone.

Sir, we had thought that the Khariff crop had failed but the Rangarajan Committee Report tells us that it was actually better. The Third Estimates which has come, says that the shortage is not of 14 million tonnes but only 12 million tonnes. The Rabi prospects, according to the Food Minister, have brightened, it is going to be more, even though it would be a little less than what it was last year. With the Khariff and Rabi crops being good and our own stocks in the warehouses also being good, we have released something like 3.5 million tonnes of food grains only recently to make available an extra 10 kilograms to the people. This is in addition to the three million tonnes that we gave last year

and it continues. The food supply line is being maintained very well and there is no need for any jitteriness on our part. With the Khariff and Rabi crops being well and with the stocks in our warehouses, the supply line should be safe. But what kind of supply line is it? What is the money that we can pay? We have pumped it into the rural area as income, not as some kind of a dole which is bad for economy. We have given more for NREGP, infrastructure, the new projects that have come, the power projects and water conservation is being taken up. All these kinds of things go not only to help the consumer and strengthen the rural economy, our economy as such, against the backdrop of the price rise but also help in increasing the production, which the Leader of the Opposition has said. When he talked about MSP, he was very right that it is a paradox, a perplexing paradox, that we think of increasing the MSP and we have doubled the MSP. What was Rs. 490 in 2001 has become Rs. 1000 and what was Rs. 512 has become Rs. 1100 in a decade. We know that this kind of doubling MSP might join into the very vitals of the price rise. But as the hon. Leader of the Opposition has agreed, this will also, in the long run, would help in increasing the productivity because the agricultural activity would become lucrative enough for a man to stay on. Sir, this is one. But what do we do in between? In the short period, interregnum period, we don't sit pretty in our own seats watching what exactly is going to be the price line. We get into subsidy regime. Subsidy again is some kind of a variable. It is not a permanent thing which is put into the pocket of a person. It depends on the financial position and the needs. The food subsidy we give today, Mr. Chairman, Sir, was earlier Rs. 12,000 crore and now it has become Rs. 65,000 crore. Why are we doing this? Our economy being strong, our manufacturing sector doing well, our inflows being very good, our investment being slightly up, we try to strengthen the rural milieu so that our economy can stabilise. This kind of money is going in which is not going in as a dose but going in as a permanent income, for the real assets that is to be created. Mr. Chairman, Sir, when I was in Brazil the four countries which were attending were surprised to learn about NREGP that was being launched in India. When so much of money was being spent, they asked how could this money come from. And when they were told and convinced that this money was nothing but another service expenditure to get the assets in return, which would go in the holistic fashion to build the economy, they were all in praise. All of us do that. When NREGP was brought in, people thought how could so much of money come from. But the moment it started producing results within two years, when it started producing assets, we came to know how it is going to strengthen the economy. So, this kind of subsidy we are looking forward. What exactly we look at when we talk about the price rise? As Mr. Ahluwalia was saying in a lighter vein to the hon. Chairman yesterday that he was not a practising lawyer. He used

the pleading to press his point that he could speak anything, relevant or irrelevant too when he doesn't know things of filibustering. Why he said it? ...*(Interruptions)*... I am saying it in a lighter vein. He said that because when we know what we are talking is not relevant to the point, we can go on talking. All of us here are not 'practising householders'. As you said about the price of grocery items, they keep on changing. It is our people who know about it. We are trying to romanticise the difficulties of such poor man. I have seen this all through my life because I can understand somebody. ...*(Interruptions)*...

MR. CHAIRMAN: Please, resume your places ...*(Interruptions)*... Don't interrupt the debate ...*(Interruptions)*... You will get your chance.

DR. K. KESHA RAO: I am not so erudite as you are; I am not so articulate as you are; I do not have that much command over language as you have, but nonetheless, what I was trying to tell you is that if the price rise is affecting the poor man, not you and me going in Ambassador cars and sitting in air-conditioned rooms, then, that poor man must be looked after through subsidy or any other measures. All the help must go to him. That is what I was trying to say. When I said, 'as a hon. practising lawyer', or, 'as a hon. practising householder', we are not nearer to the situation, while that poor man is. Let us not romanticise in his name; let us understand the situation. That is what I was trying to address. Today, when we think of the supply line – now it is a temporary arrangement – when the Leader of the Opposition talked about the economic management of price line, this is exactly the price management. The economics of price management is nothing but looking into immediate concern of the poor man. It is not about middle-class people or upper middle-class people. It is not about profits of big people which are being affected. This is not about the shopping centres that have been closed because the subsidy directly goes to PDS. All that is to be done in this country is to strengthen the PDS. Not only PDS, you also need to strengthen what is known as 'open market intervention'. It is true that PDS, today in this country, – I am sorry, I would even say it on record – is not functioning as it should be functioning. Except for two or three States, PDS, if not dysfunctional, at least, is not as good as it should be. While we must strengthen it, yet the immediate alternative available is market intervention. But, at the same time, we must also be alert that if we go for tender system in market intervention, where the wheat or *atta* is likely cornered by the mill-owner for his other products, the markets go dry. That is one thing where the management has to be alert. The one 'alibi', of which you talked about, is drought. The drought was very much there. But, we have come out of it. Today, We are very comfortable. Our stocks are good. Supply line is good. What exactly we need to do? It is not a blame game, each one blaming

the other. But, nonetheless, the fact remains that the State Governments, which look into the provisions of Essential Commodities Act, the prohibition of Black Marketing Act, need to be vigilant. All that the Central Government can do is support them, give them all kind of encouragement and moral support to say that they stand by them in difficulties and tell them to act. If it is required, as has been done only recently, the Central Government can provide another extra quota, if it is available, which is available today in this country, to protect their consumers in the States. This is how co-ordination takes place. Now, I come to the issue of other 'alibi'. My friend has quoted about the lack of co-ordination. It is very true. The hon. Member is very good in tearing the contexts whenever he quotes issues. The quote here is torn out of context, but nonetheless, let me correct it and say that we believe in a co-ordinated, collective, holistic approach and taking everybody along. There is no denying the fact, no shying away from the fact that if we need to call someone to tell us and correct. So, this kind of a collective responsibility, that emerges in a coalition Government, more than that of a Cabinet form of Government, becomes more important and more pointed. That is what exactly the coordination means. The comical interludes of the Railway Minister, about which he said, is something upon which I would not like to comment. But, Sir, let us now think, with the supply line, with the PDS line being strengthened, we must need to look for a permanent and a long-term policy projection. Long-term policy projection is nothing but increasing the food production. Here, our scientists need to be taken to the field, be allowed to blend with the milieu, blend with the farmer and help him out to see that the yield increases, and, not only the acreage. We are trying to increase the acreage as we have done in case of sugar. Sir, I will not take much time but I will only take up the edible oil because the hon. Member referred to it.

In the edible oil sector, we are not self-sufficient. Everyone knows about it. We do import. Today, there is something known as food problem in the world. The world food problem exists not because there is shortage. Although Brazil had a rainy season, whereby sugar is not available to us. When I say that there is an international food problem, I only refer to the prices. The prices rule high there. We need to do this.

In the oil sector, where we are picking up and opting for different varieties of oils, right from Palm oil to several other varieties, we are conscious of the fact that a timely policy formulation always helps us, and, it has helped us. On behalf of this Government, let me say with all pride that the price increase in the edible oil sector is 15 per cent in our country as against 23 per cent in the world market, although we are importers, essentially importers. It is due to the timely intervention of the market and the imports, we have saved the situation with this supply line we see that once our own supplies are not good, when our own production is falling short, when our own godowns are not able to supply us, what we look to is imports, and, that we are resorting to, as long as they are available.

We need to see that products which are under certain price pressure are not exported, to bring down scarcity situation in the country in the domestic field. What we do is that we are banning the exports. And, we are continuing to do that. So, the export arena, the foreign trade, the domestic distribution system, the supply in our agriculture are all in place. But one thing with which I do agree is that agriculture continues to be the Achilles' heel of the Indian economy. In spite of all that you do it still continues to be the Achilles' heel, and that can only be countered or faced through a concerted and effective manner, and, that is where the agriculture scientists like Dr. Swaminathan and others need to come in to help us out.

These programmes which the Government is taking up for strengthening the rural economy should also go to help that particular thing. If NREGA's profile has been changed, it could further be changed to see that it helps the agriculture more under the rural regular infrastructure. What we need today more in the agriculture field is the power, the water. With all said and done it is the functioning of PDS, the targeted PDS – let us keep the PDS aside for some time go for whom we mean it. If that is strengthened, what would happen is that this price frustration will not affect the man whom we want to serve. Thank you.

MR. CHAIRMAN: Before I call the next speaker, let us take up laying of papers.

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#### **PAPERS LAID ON THE TABLE**

##### **Public Enterprises Survey - Annual Report (2008-09)**

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI VILASRAO DESHMUKH): Sir, I lay on the Table, a copy (in English and Hindi) of the Public Enterprises Survey (Volumes I, II and III) Annual Report on the performance of Central Public Sector Enterprises, for the year 2008-09. [Placed in Library. See No. L.T. 1713/15/10]

##### **Notifications of the Ministry of Personnel Public Grievances and Pensions**

THE MINISTER OF STATE OF THE MINISTRY OF SCIENCE AND TECHNOLOGY; THE MINISTER OF STATE OF THE MINISTRY OF EARTH SCIENCES; THE MINISTER OF STATE IN THE PRIME MINISTER'S OFFICE; THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS; AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI PRITHVIRAJ CHAVAN): Sir, I lay on the Table, a copy each (in English and Hindi) of the following Notifications of the Ministry of Personnel, Public Grievances and Pensions (Department of Personnel and Training), under sub-section (1) of Section 37 of the Administrative Tribunals Act, 1985: