

श्री शिव चन्द्र झा : उपसभापति महोदय, मैंने देखा है कि आप स्ट्रिक्टली नियम के मुताबिक चलने वाले हैं। इसलिये मैं ने...

श्री उपसभापति : आप अपनी बात कहें।

श्री शिव चन्द्र झा : मेरा पूछना है कि यह कार्पोरेशन जो आप बनाने जा रहे हैं, संशोधन करके, इतने लाख से इतने लाख, आपकी मर्जी के मुताबिक जैसा होगा, वैसा करेंगे, परन्तु आपने एयर सर्विस में खास करके बिहार को लेकर कौनसा सुधार किया है ? मुजफ्फरपुर और दरभंगा को एयर सर्विस में लाने की आपकी क्या कोई योजना है ? दूसरे, झवारा और दरभंगा स्टेशन, अग्रेज आने जमाने में जैसा उनको छोड़कर चले गये थे वैसे ही अभी हैं। मालूम होता है कि उनके लिये देश में आजादी हुई हो नहीं है। तो क्या आप झवारा एयरपोर्ट को आजादी दिलायेंगे ? झवारा से गंगतोक जो...

श्री उपसभापति : ठीक है। समाप्त कीजिये।

श्री शिव चन्द्र झा : बम्बई से आप चालिये गोवा प्लेन में। वहाँ हम लोगों को क्या मालूम होता है जैसे किसी बक्से में बन्द करके हमें भेजा जा रहा हो...

श्री उपसभापति : इस प्लान में आ गया है।

श्री शिव चन्द्र झा : जो सारी सर्विस है वह टिप-टाप वाली होनी चाहिए। यह सर्विस टिप-टाप वाली नहीं है। उपसभापति महोदय, खर्चा ज्यादा होता है कार्पोरेशन ज्यादा लेती है, इसलिये उसको इनको मॉन्टेन करना चाहिए आप कहीं भी चले जाइये, दिल्ली एयर पोर्ट से लेकर कहीं भी, जहाँ भी जायेंगे

वहाँ देखेंगे कि उनकी दशा और भी खराब होती जा रही है। इसलिये मेरा यह कहना है यह जो विधेयक ला रहे हैं, इसको एक कम्प्रीहेसिव विधेयक के रूप में लाइये।

श्री उपसभापति : ठीक है।...
(व्यवधान)

श्री धर्मवीर : महोदय, दिल्ली से न जाने कितने प्लेन सीधे कलकत्ता जाते हैं...

श्री उपसभापति : यह आप कह चुके हैं।

श्री धर्मवीर : लखनऊ जाते हैं, पटना जाते हैं। इलाहाबाद राष्ट्रीय दृष्टिकोण से ऐतिहासिक दृष्टिकोण से और धार्मिक दृष्टिकोण से एक महत्वपूर्ण स्थान है। इसलिये वहाँ केलिये डेली सर्विस हेतु मैं मंत्री महोदय से निवेदन करूँगा कि वे इस बारे में आश्वासन दें।

MR. DEPUTY CHAIRMAN; The question is:

"That leave be granted to introduce a Bill further to amend the Air Corporations Act, 1953."

The motion was adopted.

SHRI A. P. SHARMA; Sir, I introduce the Bill.

MOTION RE THE CURRENT PRICE SITUATION AND THE STEPS TAKEN BY GOVERNMENT TO TO TACKLE IT

MR. DEPUTY CHAIRMAN; Now we shall take up discussion on the Motion by Shri Vehkataraman.

THE MINISTER OF FINANCE (SHRI R. VENKATARAMAN); Sir, I beg to move the following Motion.

श्री शिव चन्द्र झा (बिहार) : मेरा प्वाइंट आफ आर्डर है।

श्री उपसभापति : जब विल आयेगा तब आप बहस में हिस्सा ले सकते हैं।

श्री शिव चन्द्र झा : मेरा प्वाइंट आफ आर्डर है उपसभापति महोदय।

यह जो सरकारी प्रस्ताव है, सरकार का रेजोल्यूशन है इस सम्बन्ध में हम लोगों का नो डेट यट नेम्ड मोशन है।

श्री उपसभापति : क्या ?

श्री शिव चन्द्र झा : नो डेट यट नेम्ड मोशन। मेरा यह कहना है कि इसमें प्रिफरेंस विरोधी रेजोल्यूशन को दिया जाये। नो डेट यट नेम्ड मोशन जो है इसको कभी लिया नहीं जाता है ऐसी परिस्थिति में उनका ही रखा जाये। इससे दोनों बातें हो जायेंगी। विरोधी दलों की तरफ से उनका भी मोशन हो जायेगा और सरकार भी चाहती है। तो दोनों ही हो जायेंगे। क्योंकि एक तरह से सरकार को मौका भी मिल जाता है और विरोधी पार्टियों को इनीसियेटिव मिलेगा। मेरा यही कहना है कि इस तरह के जो मोशन सरकार लाये उसमें विरोधी दलों के मेम्बरों की तरफ से जो है उसको प्रायोरिटी दी जाये न कि सरकार को।

श्री उपसभापति : जब सरकार की तरफ से कोई प्रस्ताव विचार के लिये आयेगा उसको बरीयता मिलेगी उस पर विचार होगा। आपका जब होगा तो आपके प्रस्ताव पर विचार हो सकता है। लेकिन जब किसी विषय पर सरकार की तरफ से अगर कोई प्रस्ताव आयेगा तो उसको बरीयता दी जाती है।

SHRI R. VENKATARAMAN; Sir, I beg to move;

"That this House do consider the current price situation and the steps taken by Government to tackle it."

Mr. Deputy Chairman, Sir, the problem of inflation is a matter of deep concern to the Government as well as to the people of this country. I wish to make it clear at the outset that if in the course of the debate, in order to defend the position of the Government, we take certain strong positions, or refute in strong language some of the statements made by the Opposition, it does not in any way show lack of concern or even lack of an attempt on the part of the Government to tackle this situation. A debate like this, as you know, can be used for several purposes. It can be used as a sort of political polemic in which each side may try to score a debating point and try to sling mud at each other. If that is the line taken, I would only say it is unfortunate. If a debate of this kind which the entire nation is concerned, is used for the purpose of drawing the attention of the Government to the shortcomings, if any, and is also used for the purpose of suggesting improvements, I will be the first person to acknowledge with very grateful thanks the various suggestions made in this matter.

Having made these preliminary remarks, I wish to place a few broad facts before the House and reserve all my statements as well as arguments to the reply. By way of initiating the debate, I wish to confine myself to a broad statement of the current position as well as the attempts made by the Government to tackle this situation. Sir, it is no use denying the fact that the inflationary pressure in this country, as also in the rest of the world, is a phenomenon which almost defeats the best of the greatest minds of the world. Unfortunately, owing to certain conditions in the international situation, the whole world has come under extreme pressure of inflation, and we in India cannot

isolated from those circumstances. At the same time, I wish also to point out * that while the developed countries may be able to stand a certain measure of inflation, a weak country, ' a poor country, a developing country like ours will not be able to stand the same measure of inflation as the developed countries are able to do.

The statistical position I will explain. I have never stated in all the months I have been in charge of this Department that inflation had been controlled. I have always used the expression that the pressure of inflation has been moderated. I will substantiate that statement. In the year 1979, i.e. from the 1st of January, 1979 to the 12th of January, 1980, as near as possible to the date on which this Government took office, the rate of inflation was 22.2 per cent.

Now, from January, 1980, that is the 12th January, 1980 . . .

SHRI ARVIND GANESH KULKARNI (Maharashtra); Is it on point-to-point basis or on average basis?

SHRI R. VENKATARAMAN; I will explain the whole thing. Sir, when you compare the performances of the two Governments, then you compare the level of inflation reached when one Government was in power, and then say what the level of inflation reached was during the 'next Government over the same period. If you want to compare long periods, over ten years, then you take the averages. This is what economists do. In order to compare the short-term developments or variations in the price level, we take the point-to-point basis. But when we take the long-term developments, that is the decade from 1950 to 1960 compared with the decade from 1960 to 1970 or from 1970 to 1980, then you take the average because point-to-point comparison is not appropriate. I have always said that the basis for comparison is point-to-point. We had a long debate when I presented the

Budget statement here, and I had very carefully and clearly explained that it was on a point-to-point basis that the comparison should be made.

I have explained the position with regard to the averages as well as the position with regard to the point-to-point basis. This is on a point-to-point basis. On this basis, the rate of inflation from January, 1980 to the week ending the 10th of January, 1981, was 14.8 per cent. I have already contended, as I said, that the rate of inflation has been brought down. I have never said that the rate of inflation has been stopped or that the rate of inflation has been controlled or that there was no inflation at all. This is a claim which we have never made nor is it possible for anybody to make. Even a magician cannot do it, let alone economists. From January, 1981 to the 8th of August, 1981, that is the current period, the rate of inflation on an annual basis is 10.3 per cent as against 14.8 per cent before. Sir, this amplifies the statement which I have made, that there has been a deceleration in the rate of inflation after the 1st of January, 1980. The endeavour of the Government to decelerate the rate of inflation has proved fairly successful though I would not be happy with the situation. I would like to see that the price reaches a plateau, it does not go further up, or it stabilises at some point. But then, as I said earlier, it is because of a number of international factors that it has not been possible to achieve that ideal state of affairs.

Now, for example, the most important causes which led to the inflationary spiral are that in the year 1979 our oil import; was of the order of Rs. 3,000 crores, and in the year 1980 our oil imports cost Us Rs. 5,400 crores. We are importing to the tune of nearly Rs. 13,000 crores of both oil and capital goods. From the countries from which we are importing these articles, we are also importing not only the capital goods but also the inflation in those countries which supply

Ibhn R. Venkataraman] the capital goods. Those countries ha_ve been affected by inflection Their cost of production has go_las up. We import their machines and capital goods at higher prices. And when we bring them into this country and then we start manufacturing goods with those capital goods, naturally ou_r cost of production goes up. Therefore, one of the main reasons is the reflection of the inflation that takes place in the rest of the world in respect of things which we ar_e importing and which we have to import willy-nilly because we have no option in this matter.

The second factor, Sir, which has caused an amount of price pressure is the rather poor production in 1979-80. That was a year of drought. As a result of the drought, the production of commodities went down. I have got a number of figures for this. For instance, if you take wheat production, in 1979-80 it was only 31.56 million tonnes as against 36 million tonnes in the next year. And generally the year has been one in which there has been a shortfall of production in cereals secondly, sugar, thirdly, pulses and fourthly, edible oils. Now, if you look at the family cost of living basket, the family budget basket, if you take it into account, you will find that the most important items which go into that basket are cereals, pulses, edible oils and sugar. And unfortunately in 1979-80 all these things were in short supply. The production of all these commodities had gon_e down. The drought in 1979-80 was one of the worst which we have seen in the last 30 years, and consequently there has been a shortfall in production which reflected in the next year, bringing a very high pressure on price-. Now that persists, in spite of the fact that in the next year we have improved the production of each one of *these* items, not very much but marginally. But if I look at the picture before me, that is, the period 1981-82, I can give a message of cheer and a message of hope because in the first place, the

infrastructure has behaved very well. The production of coal ha_s improved, the production of steel has gone up.

SHRI U. R. KRISHNAN (Tamil Nadu): But you are going to import coal.

SHRI R. VENKATARAMAN; No, no, that is different, I will tell you, now that you have raised it. We have to import what i_s known as metallurgical coal for the purpose of steel, and the ordinary coal we are not importing. It is metallurgical coal—in common language it is called coking coal— that w_e have to import.

Then in regard to production of steel, we have increased it by 25 per cent. In fertilizers, we have increased production by more than CO p2r cent over last year in the first quarter. If you compare the first quarter ^{or} 1980-81 with the first quarter of 1981-82, there has been a substantial increase in every one of these things. Abo the performance of the power sector is very good. Power generation shows an improvement of 19 per cent during this period under comparison.

Now, take industrial production also. Here, the production show_s an improvement of 10.6 per cent in April-May 1981-82 over the corresponding period in 1980-81. Agricultural production is satisfactory and the monsoon having been good, we expect to have a vry good crop, perhaps as good as the best in the previous years—133 million tonnes. This is the outlook in respect of . . .

SHRI SANKAR PRASAD MITRA (West Bengal); Why does not the common man feej the impact of this improvement?

SHRI R. VENKATARAMAN; It takes some time. Improved production in the first two or three months does not get itself reflected immediately on the next day. It will 3 P.M. be reflected. It is my hope that it will be reflected. And the other step taken in order to maintain supplies and thereby reduce the pressure of inflation is import of

essential commodities. Many people have asked us the question: Why have you imported wheat at a time when you pretend that you have the best crop? Why have you imported sugar at a time when your crop is said to be very good? In respect of edible oil they don't say that because edible oil is in short supply and we have always been importing edible oil, and in spite of our best efforts we are not able to produce enough of it within the country. The Agriculture Minister is devoting special attention to the production of edible oil seeds. Now, I will explain why it has become necessary to import wheat. On 1st October 1979 the opening stock was 20 lakh tonnes. On 1st October 1980 it had fallen to 6.22 lakh tonnes. The reason is this: As a result of the drought, as a consequence of the drought, the Government have had to redouble the food-for-work-programme and the drought-relief-programme, and the offtake of the drought-relief-programmes upto the end of 1980-81 was of the order of about 40 lakh tonnes. And the result was that the supply in hand became almost precarious. So unless we have sufficient stock on hand, even if the production is good in the country, we will not be able to maintain prices, unless the Government has control over the stock. What is the point in traders and others having stocks? They cannot be compelled to sell at a particular price. So the Government must intervene to feed the distribution system. And that is why, in order to build up the stock, it has become necessary.

The second point is this. If we had given higher prices to the local wheat producers or grain producers, it would have pushed up the prices in the local market; the issue price would have been higher. And if the issue price becomes higher then the prices will automatically go up. If you, on the other hand, augment the supplies from outside, then, the prices will go down. Therefore, Members appreciate the difference. If you begin to absorb the supplies which are available

within the country, if the Government goes on buying it and paying a higher price as some Members have suggested, the local price will go up. And if we buy at a higher price, then we will have to issue it at a higher price than we bought for, because the issue price will have to take into account the cost of various things like transport, interest, so many things ...

SHRI RAMAKRISHNA HEGDE (Karnataka): Sir, somebody on the Treasury Bench is snoring and that is causing disturbance to us. I am sorry to say this. I want to listen to the Minister, but this snoring by somebody on the Treasury Bench is disturbing me.

SHRI R. VENKATARAMAN: Mr. Hegde, you are giving me a compliment. It shows that my voice is musical and it makes people go to sleep.

SHRI JASWANT SINGH (Rajasthan). Sir, just a clarification...

MR. DEPUTY CHAIRMAN: NO, not at this stage. You will have a chance to speak. He is not yielding.

SHRI JASWANT SINGH: But I don't have a chance. Just one clarification. ...

SHRI R. VENKATARAMAN: Let me finish first and then you can ask. How can you ask anything before listening to what I am saying? The same thing will apply to sugar. We want to augment the available supplies. In order to augment the available supplies within the country, we have to add to the stock in the country. Therefore, if some people are hoarding, blackmarketing or holding back stocks, they will pay a very high price or penalty when the Government is able to release stock at the price they have said they will issue. This is one of the best methods by which we can beat hoarders and black-marketeers. This refers to the supply management theory which I have been adumbrating right from the beginning. This theory consists of all these various aspects. If you recall, in the middle of April 1981 I had said that the supply management

[Shri R. Venkataraman] implies also import of sufficient quantities in order to keep up the stock availability within the country. If we are able to take care of the need of the people, particularly the essential needs of the people, firstly, by increasing production, and secondly, by increasing supply through various methods including imports, then it will be possible to hold the price line at a fairly reasonable level. We cannot say that we can hold the price line completely at a stable level and nobody has been able to do it anywhere in the world. Yet we, will be to hold the price line at a reasonable level. This is the first part.

The second part is that price increases have been brought about by a large liquidity in the economy. This liquidity in the economy has been caused by legal as well as illegal means. The large supply of money which comes through the Reserve Bank for various activities adds to the legal circulation of money. The large amount of money which goes outside the banking system accentuates pressure on the prices. The trade is very clever and speculators are even cleverer. They just find out how or what commodities will be in short supply and immediately the black money rushes to that area. Wherever there will be a short supply of a commodity they corner that particular commodity. Last year, as every hon. Member knows there was an acute shortage of sugar because the accounted and unaccounted money had gone into this particular item and it had made sugar almost bitter and not available at all. With large supplies of sugar which we have contemplated, with its large availability, the hoarders and black marketeers and persons with that kind of money of a different hue have now shifted their ground from sugar to other areas, namely, pulses and edible oils. These are the two areas where they are now operative. In order to beat their activities in the field of edible, oil, Government are going to import large amount of edible oil. What we have succeeded in

doing in the area of sugar, we are trying, to do in the area of edible oil and succeed. This is what we are trying to do. This kind of money has got to be controlled. Several attempts have been made through, what I used to describe, the carrot and stick policy. We tried carrot; we tried stick and we are now trying other method*. And this is one of these methods to put black money under control.

So far as Reserve Bank money is concerned, we have taken a number of steps so that credit availability is not too large with the result there is more liquidity in the economy which, in turn, causes inflationary spiral. Here, the steps we have taken are these.

Firstly, I have said that industries, particularly large industries in MRTP should rely more and more on their own resources and resources mobilised from the public and not from the financial institutions. Secondly, I have increased the rate of interest on debentures to 13.5 per cent so that there is greater mobilisation of resources from the public. Thirdly, in respect of advances from the Reserve Bank as well as from commercial banks to non-priority sectors like trade, etc. there will be higher rediscount rate of interest with the result they will not be able to get them. We have taken care at the same time to see that credit is made available for productive purposes while it will not be made available for purposes like hoarding and profiteering and a number of other steps we have taken. We have also taken steps to mobilise public savings through the National Savings Certificates and so on. These things take time and we are hopeful that when all the anti-inflationary package through the Reserve Bank and the banking system matures, we will be able to control the money supply.

DR. BHAI MAHAVIR (Madhya Pradesh): How much time would you need for this?

SHRI R. VENKATARAMAN: Whatever time you want to give me.

DR. BHAI MAHAVIR: Just now you have got half-an-hour. But, for all these measures to show their results, how much time do you think you need?

MR. DEPUTY CHAIRMAN: Let him come to the end of his speech, please.

SHRI R. VENKATARAMAN: You are asking about the time for these measures to show their results? I thought you were asking me about the time I need now.

Sir, I am no prophet. But I always make attempts to solve problems and all that I can say is that if the trend continues at the level at which it is doing, from the 1st of April to the 30th of June, if the trend continues at the same rate, then the price level will show a greater degree of deceleration than it has shown in the last year. That is the thing which I can assure you.

DR. BHAI MAHAVIR: You can be more vague than this also.

SHRI R. VENKATARAMAN: Yes. we have to be. I have no apologies to make for importing. I have already told you that my philosophy is to see that there is greater availability of supplies and there is no harm in importing. It is much better that we import and give the people their primary necessities of life rather than cling to a particular principle and make the people starve. I do not believe in that kind of a philosophy and I have no apologies to make in this behalf.

The only other point which I would like to make at this stage—It is because I am going to take a longer time in replying to the debate when the Members make their points—is that the sum total of all these would be a salutary effect on the economy from both sides, from the supply side and from the demand side. So far as the supply side is concerned, production will increase, production not only of primary goods, but also of manufactured goods, thanks to the better performance of the public sector, the

railways and the coal sector and also augmented by the imports. So far as the demand side is concerned, it will be controlled through the Reserve Bank and by the various monetary policies which we have taken and, ultimately, I do hope, we would be able to meet this situation better than what we have done.

Before I close, Sir, I must say something about the comparison. I have always dealt with the Wholesale Price Index because it immediately reflects the price situation. But, so far as the Consumer Price Index is concerned, there is a time-lag of four to five months, some times six months, between the Wholesale Price Index and the Consumer Price Index. Therefore, it has not been possible for me to compare the Consumer Price Index. In fact, I would say that the evil that men do lives after them. Like that, whatever mistakes I may make will come to my successor; whatever mistakes the previous man made will come to me. It is because the time-lag makes it difficult to have a comparison. But, if you take the basic comparison, namely, the Wholesale Price Index, the position which I have explained gives a trend that is decelerating and not just going up.

Sir, I move.

The question was proposed.

SHRI SANKAR GHOSE (West Bengal) : Mr. Deputy Chairman, Sir, it is always a pleasure to listen to the Finance Minister. But, listening to his mellifluous voice, one cannot forget the fact that the price situation today is critical and the economic situation is very grave. The Finance Minister has asked us to wait for some period. For how long, he has not indicated and he has given us hopes. He has analysed the situation very well. But, unfortunately, he has not given us the prescriptions or the policy directions on the basis of which the critical situation that we face today can be solved. In the last two or three years we had the advantage of a very good foodgrains reserve and foreign exchange reserve. These two assets were our greatest assets in fighting in-

[Shri Sankar Ghose] Inflation and in having a good base for production and planned development. Within a period of a year or so, the foreign exchange position has become very alarming and the balance of payment position gap is more than Rs. 5000 crores. We are told that we have to import. We are told that unless we import wheat, unless we import sugar, people will starve. But we are not told that when there is a record production of wheat, about 36 MT, we could not reach our procurement targets. We are told that traders have become very clever and they are operating in new ways, and to meet their cleverness we have to import.

Sir, import is creating jobs outside. Production is outside. It is creating unemployment inside. Therefore, Sir, some questions have been raised. We would like to know from the Finance Minister how this situation about foreign exchange reserve and food-grains reserve has become so critical in such a short time? Sir, why should the Government with such enormous political power, unchallenged political power, feel so helpless before voters, before blackmarketeers, before profiteers, and why we have to import when our procurement machinery should be high? Sir, so far as we are concerned, in one of the worst years, 1978-79, there was a procurement of 8 million tonnes, and this year with a production of 36 million tonnes, procurement is not even 6 million tonnes, when the procurement price has been increased. Sir, are we going back to the days of PL-480, that we have to import from abroad? These are the questions which we would like the Finance Minister to answer.

Sir, about sugar, there was availability of 53 lakh tonnes of sugar, and we had to import about 2 lakh tonnes. Edible oil import is there. But we would like to have a larger programme for development of edible oil in our whole country, so that about Rs. 600 crores worth of edible oil we have not to import.

Sir, on the question of import which is linked with the price rise, steel we have to import; cement we have to

import; aluminium we have to import. Have you reached the maximum capacity in our steel, aluminium and cement industries? Is there total and complete utilisation of our capacity? Sir, therefore, if we are to fight inflation, we have to fight inflation by increasing the production if we have to increase the production we have to improve our capacity; there must be full utilisation of the capacity. Unless the economy is managed properly, we cannot fight this demon of inflation.

Sir, on the question of import of wheat and sugar, the most important thing is to have a strong distribution system. You cannot have a strong public distribution system unless you have control over supplies. You cannot control the supplies, unless there is a proper procurement machinery. Why is it that the Prime Minister had to make an air dash to Chandigarh? Why is it that the States of Punjab and Haryana do not fulfil their targets? Why is it that traders and hoarders were allowed to have their way and we have to import from the United States at a higher price and complicate our balance of payment position. We have to ask for Rs. 5000 crores loan from the International Monetary Fund because of the balance of payment position. Why should we create this gap in the balance of payment position when through better procurement machinery and strong public distribution system, we can fight this evil? Inflation is the worst form of taxation. Inflation is the taxation of the weakest and the poorest and the transfer of resources to the rich. How do you fight inflation unless you have a public distribution system under which wheat, cloth, edible oils, sugar and other essential commodities are given to the poor? Therefore, we want a stronger policy so far as the public distribution is concerned so that we have control over supplies and procurement. We want firm measures against the hoarders, black marketeers and profiteers. We do not want to hear that they have become clever. Well, the Government should not only be clever, but they should be firm.

said that a mild dose of inflation is good for the economy. It stimulates the economy. Now, what is this mild dose? I think he has said that about one per cent inflation per month, *i.e.* about 12 per cent inflation per year, is good. Is it the Finance Minister's view? Does he think that a 12 per cent inflation per year is good. In the last two years, inflation had been a little less than 40 per cent. One-third, of the real income of the poorest people has been eroded and the rich have not suffered. The black marketeers and the hoarders have not suffered. They are not oppressed by inflation. They are benefited and enriched by inflation. Therefore, if a 12 per cent rate of inflation, according to the Finance Minister, is good, does it mean that he won't be doing anything up to 12 per cent? I can understand it in a developed economy. I can understand it in an economy where there is full employment or in the western economy. I would like the Finance Minister to enlighten us whether he is still of that view that a mild dose of 12 per cent inflation per year is good. If that is the Government's view, it means that up to 12 per cent the inflation is desirable and they will not do anything to fight it. If it goes beyond 12 per cent, then they would fight inflation. Apart from the 'food-for-work programme', public distribution system and employment-oriented programme, the last time when the Finance Minister presented the budget, the deficit financing was about 1600 crores of rupees*. On petroleum products and coal and steel, the price rise was imposed. That was the inflationary potential injected into the economy. Through the two Budgets, about Rs. 600 crores of inflationary potential was injected into the economy. And a deficit financing of about Rs. 1500 crores was injected into the economy. About Rs. 3,000 crores of inflationary potential was generated in the economy though we say that we shall fight inflation. Therefore, Sir, when the last Budget was presented, we said that the real budgetary exercises, the real mobilisation of resources it takes

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Mr. Sankar Ghose] in place outside the Budget by price rise, outside the Parliamentary control. And the Budget was presented as a populist Budget. All the newspapers felicitated the Finance Minister. The Finance Minister got bouquets all the way for about seven days or a month. Thereafter, the result of the pre-Budget exercise was felt on the prices. And every person realised what the effect on the prices

..; Sir, on the prices, the Finance Minister mentions about the point to point Comparison or average comparison. Sir, we always knew the average comparison. Sir, the Finance Minister is a great economist. So far as I see, the Finance Minister is a good man. He is a very competent economist. Only his Government's economic policy is not good and not competent, and as incompetent as the Finance Minister as an economist is a competent economist and as bad as the Finance Minister as a person is a good person. But this is the paradox of the situation. That shows that there is no general control of the economy. That shows that the procurement is not reaching the target, that procurement is nobody's child and it is an orphan. Nobody is concerned with procurement. That is why we do not reach our production target in steel, cement and coal because it is nobody's concern. So far as the inflation is concerned, there is a deficit financing to the extent of Rs. 2,000 crores per year. Last year, it was Rs. 2,000 crores and this year also it is Rs. 2,000 crores provided the blackmarketeers will give some crores of money. They have given about Rs. 100 crores. I hope the Finance Minister will give us the exact figure. It was assumed that Rs. 800 crore will come through the Bearer Bonds. On the assumption that Rs. 800 crores will come from the black-marketeers, the arithmetic of the Budget was drawn and there was a gap of Rs. 1900 crores. Now, only Rs. 100 crores have come, and the deficit will be

to tackle it

about Rs. 3,500 crores. And, therefore, with a deficit of more than Rs. 4,000 crores in two years, it is bound to have a great pressure on the prices. If you are considering the Government's measures to tackle the price rise, we must know what the policy is to control the extent of this deficit financing. The Planning Commission had fixed for the Sixth Plan a deficit financing to the extent of Rs. 5,000 crores for five years, i.e. Rs. 1,000 crores per year. Already a deficit financing of Rs. 2000 crores per year has been there, 70 per cent of the deficit financing of the entire Rs. 5,000 crores has been there. This pressure is there. So, I would like to know whether that figure has also been

SHRI R. VENKATARAMAN. At constant prices,

SHRI SANKAR GHOSE: Is it at the constant prices of 1979-80? As we are told, in economics, you read about the Robinson Crusoe economics, not the prices which the housewife pays. But in an artificial situation, in a Robinson Crusoe economics, in that situation, that position may be there. Therefore, Sir, if it is at constant prices, I would like to know from the Finance Minister whether the Plan figures are also at constant prices and they will increase.

SHRI R. VENKATARAMAN: Yes. All the figures in the Plan are at 1979-80 constant prices.

SHRI SANKAR GHOSE: I am not on that question. If you have given a Plan, say of Rs. 95,000 crores in the public sector, is it at the constant prices so that in this index it will be up by about 50 per cent? If that is the answer, then -----

SHRI R. VENKATARAMAN: Yes, yes. It is our endeavour.

SHRI SANKAR GHOSE: So, this is your endeavour and this is not your programme and this is not the plan.

SHRI R. VENKATARAMAN: What is the difference between endeavour and programme?

SHRI SANKAR GHOSE: Therefore, Sir, what the Finance Minister is saying is important. The Finance Minister is saying that so far as the deficit financing is concerned, there it will go on increasing as the prices are rising, but the Plan allocation will not increase as the prices are rising. This is what the Finance Minister has said so far. Sir, the other thing that I want to mention is that if we have to fight inflation through increase of production in the long run, maximum emphasis has to be given to agriculture, to irrigation and to employment-oriented programmes. I would ask the Finance Minister to examine the Plan, the latest Plan, that has been presented, I find that that has not yet been discussed. Even in the earlier Plan of 1978—88, so far as agriculture is concerned, it was provided that 17 million hectares more will come under* irrigation. (Time bell rings) This has been reduced to 13 million hectares. If so, the production will decrease and the prices will rise.

Similarly, Sir, it was estimated that the man-years of employment that will be generated in the 1978—83 Plan would be 49 million man-years. Has it been reduced to 34 million man-years now? Therefore, I want to know from the Finance Minister what are the long-term programmes for fighting inflation by increasing production because the allocation so far has...

MR. DEPUTY CHAIRMAN: You will have the opportunity when we discuss the Plan. Please conclude now.

SHRI SANKAR GHOSI: So far the industry is concerned, the Finance Minister has also indicated what steps are being taken.

MR. DEPUTY CHAIRMAN: Please leave it. You will get an opportunity later on to ask these things. The time is over.

SHRI SANKAR GHOSE: Then, Sir, I am concluding. But before concluding I would again ask the Finance Minister to spell out the policy measures, short-term, medium-term and long term, that are going to be adopted. Let there be a national consensus on that. If you can spell out the policy measures that is a good thing but defence and apology is another thing because prices are increasing. We would like the policy measures to be formulated so that the entire House can come forward to join your efforts and this real great menace of inflation can be checked. Thank you.

SHRI JASWANT SINGH: Mr. Deputy Chairman. Sir, you had earlier given me permission to speak.

MR. DEPUTY CHAIRMAN: No, no. I did not say.

SHRI JASWANT SINGH: Sir, I will take only one minute. STOP

MR. DEPUTY CHAIRMAN: Members have just started discussion on this question. If I permit you, others will also ask. Yes, Shrimati Khaparde*.

SHRI JASWANT SINGH: Sir, I will be very brief.

MR. DEPUTY CHAIRMAN: You will have a chance to speak. Your party may give you a chance. Shrimati Khaparde, please.

SHRIMATI SAROJ KHAPARDE (Maharashtra): Sir, the price rise of essential commodities is really alarming in the last four years starting with the mis-rule of the non-Congress Government at the Centre, particularly, the Charan Singh Government. The anti-consumer policies of these Government plus their poor economic management of the country has set the ball rolling. There is no doubt that in the last two years the Government at the Centre is trying to meet the trend of spiralling

[Shrimati Saroj Khaparde]

high prices, by taking various measures.

[The Vice-Chairman, (Shri Dinesh Goswami) in the Chair]

But, as we know, the disease is so deep rooted that we would get only temporary relief and the pain remained. Sometimes the agony increases defying all the treatments. The reasons for this disturbing situation 'are manyfold. The international conditions have been far from satisfactory. Sir, there has been inflation all around the globe. There is hardly any country which is unaffected. The price rise is running riot everywhere. One of the main reasons for such a situation is the increase in the prices of petroleum products. We have no control over this increase. But, as everyone else in the world, we are also affected by this price rise of petroleum products. The cost of transport has gone up. The cost of farm inputs has gone up. On the home front the picture is not very happy. Apart from the droughts and floods, the political atmosphere also turned against the people and the country. Whatever public discipline the previous Congress Government tried to bring in the country...

SHRI RAMAKRISHNA HEGDE:
Through emergency.

SHRIMATI SAROJ KHAPARDE;...
was purposefully disturbed by the Janata Government. Whatever good things were initiated by us, the Janata leaders considered it proper to upset them. This is not only true of the fiscal policies but also social and moral consideration...

SHRI RAMAKRISHNA HEGDE : Name them.

SHRIMATI SAROJ KHAPARDE: They damaged the national fabric from all corners. They had also one intention and that was, whatever the Congress has done is all bad and should be undone by them. Sir, the Congress Government has, therefore, an uphill task before them. It takes

time to construct a house; but it requires no time to demolish it. Whatever the Congress Government achieved over the years, the Janata Party Government required less than 2 years to do everything which should shatter the economy and disturb social and moral fabric of the nation. The Congress had to do a fresh beginning.

We are a democracy. In our type of democracy, the politicians have to face the electorate. They have to seek the approval of the people every five years or whenever the election is held in their work and achievement. But in this democracy, those who sit on judgment over the actions and performance of the politicians, are unfettered. Whatever the public opinion may be, they do not bother and pass the judgment in whatever way they feel. Sir, they are answerable to none. It is such people many times that the politicians have to watch and worry about, because whatever the Government may do to meet the hopes and aspirations of the people, can be struck down by the stroke of the pen in the protected chambers by simply saying that it¹, violates the Constitution or a particular law. Many of the progressive actions of the Government have suffered such a fate resulting in the non-implementation or delay in implementation of many good things.

Mr. Vice-Chairman, Sir, apart from the natural calamities, the ills of the society such as black-market ing, hoarding and profiteering, have contributed to the staggering rise of prices. Government are also aware of these ills. They have initiated a number of stringent measures to curb these ills. What we have to see that laws enacted in this regard should be implemented ruthlessly, I hope, Sir, the Government will be able to do it next time to improve the situation by these measures. The laws have been there. Now they are amended and made more stringent. Let us enforce them in their right spirit and I am sure

the results will be there. I hope you remember that our national leaders - had talked about the public flogging of black-marketeers, hoarders and profiteers. But even our amended laws do not go to that extent. If need be, this Parliament will give more powers to the Government but let these anti-people elements be checked so that the ills of inflation and galloping prices are controlled. Sir, the people want action and I am sure the Government will not lack in it.

Then there is a question of public distribution system. Unless we have an effective public distribution system, whatever we do, our efforts will always be one step short of success. We have *seen* that even though there has been sufficient flow of supplies of essential commodities in the market, the price rise has defied us. We would have faced a difficult situation but for the public distribution system.

Sir, it is necessary that the State Governments should be taken into confidence and improvements should be effected in this field. I am glad, Sir, that the morning cup of tea has again started *Theering* us. It has become sweeter as the price of sugar has started tumbling down. I hope, soon, the consumer will start getting sugar at Rs. 5 or Rs. 6 per kg. I hope, the same thing will be achieved in regard to other commodities like edible oils and so on. Sugar and edible oils have been the largest factors in pushing up the price index, specially during the festival season. I am sure, Government are doing their best. I wish them all success, with all my heart. Thank you very much for giving me this opportunity to speak on this discussion,

SHRI RAMAKRISHNA HEGDE:
This is a "maiden" speech.

SHRIMATI SAROJ KHAPARDE: Do not go on arguing with me.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): You should

thank the Opposition that they do not interrupt you.

Now, Mr. Oza. Your party has ten minutes,

- SHRI GHANSHYAMBHAI OZA (Gujarat); Sir, the Finance Minister, for whom I have great regard, is a good economist. But he is a better advocate. I have been seeing his advocacy for the last two years. On the top of it, _____

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): This is a dangerous combination.

SHRI GHANSHYAMBHAI OZA: He has got a very sweet tongue. But somehow or other, he does not make the lives of the people sweeter.

He started his speech with an observation that this is not a subject which should be looked at from a party point of view. As a matter of fact, when it was decided that I should participate in this debate, the

I first sentence that I wrote in my note was that we should look at this problem from a national point of view. We should not try to derive any advantage from the present situation. But unfortunately, you cannot resist the temptation. Sometime, you cannot resist it.

I have been congratulating the present Government for one thing. It was good that the Janata Party was in power at least for three years so that they can take shelter for whatever is happening, so that they could attribute everything which is going worse or bad to these three years. They should thank their stars that we were in power at least for three years so that they can take shelter and try to protect themselves, for whatever is going wrong in this country. Leave aside that thing.

SHRI RAMAKRISHNA HEGDE: Earlier, they used to take shelter under the Opposition.

SHRI GHANSHYAMBHAI OZA: He started his speech by giving

[Shri Ghanshyambhai Oza] figures about the rate of inflation. He said, it was 32 per cent and that it came down to 14 and then to 10 per cent. He is trying to take credit for this. But he is forgetting one thing. There is a proverb. 'The last straw that breaks the camel's back'. Instead of putting the last straw, he is putting tonnes of load on the poor camel, namely, the consumer. On the top of 22 per cent inflation, instead of containing it, instead of bringing it down, he has put 14 per cent more and ten per cent more, which make up a total of 24 per cent. He is forgetting this. He should not take credit for everything which is happening. Sometimes, certain things happen here, our country which are beyond our control. Leave aside this thing.

Why this present situation? To my mind, to my humble thinking—I am not an economist nor do I want to pose as one—black money is being generated in this economy to a very large extent. Dairy, it is being generated and at every level. It is not only generated in crores and in lakhs, but in thousands also. Not only the hoarding capacity of hoarders and blackmarketeers is going up in this country but the hoarding capacity of persons who are in entrenched positions today, the hoarding capacity of entrenched employees, is also going up. You go to the cities. We find that the purchasing capacity of persons, not of the hoarders but of the entrenched employees, whether in the public sector or private sector or in the Government, who can get their salaries raised, has gone up. Their hoarding capacity is not so much as that of the blackmarketeers and hoarders, but as consumers they can keep in their stock more consumer goods than they used to do before. I remember one case. Many years back there was some short supply of salt in Saurashtra area where I happened to be a humble Minister. Wagons were expected after two or three days, but a scarcity was created. Very big queues were formed before the salt shops. We went round and tried

to persuade people: Why are you in a hurry to purchase salt? There is so much salt in Saurashtra that we can feed the whole country. But in the queue what did we find? We found that a son of a Civil Supply Officer, holding the highest office, standing in the queue with a bag to purchase salt. We had to pull him out and scold him, asking: Haven't you got salt in your house for about a month or so? But this is the tendency of the people. So, generation of black money at every level, hoarding capacity at every level is going up. These are the things. He says that if we import some consumer goods, we will be able to contain prices. I am surprised that he is still not disillusioned about this. In the past also I had requested him not to import sugar or cement. After all for marginal deficits you are importing sugar, but at what price? You are paying through your nose. Your wheat purchase; that was not kept as secret, it went out and the price shot up. That is what is appearing in the press. So, this marginal deficit can be covered if we can take care of our distributive system. Unfortunately, in this country we have been seeing that things are fast deteriorating. Take whatever front you like. Take the front of law and order. Take the front of judiciary. Take anything you like. The whole thing is collapsing, is fast deteriorating. So, we have to create a climate. We have to create a climate in this country that every conscientious citizen behaves in a manner that the economy of the country demands of him. But that climate is not being created. As I have been saying very often, in this poor country we cannot afford to lose away our hard earned foreign exchange. We have to build up our economy and we have to build up our infrastructure. As I said yesterday, we were not independent when industrial revolution took place in other countries. So, we have to fill up that gap. We are hundred years back. So, we have to go ahead fast and we have got to have a very

good industrial base so that poverty can be removed. We have to shift the population which is relying upon agriculture to other sectors of our economy, secondary sector of industry and tertiary sector or social services. Unless we do it, we will not be able to remove poverty and this we can do only by rapid industrialisation in this country to shift our working population from primary sector to other sectors. Therefore, we must take care of our foreign exchange. What is happening? I said to my young friend Mr. Barot, like a prodigal son in current consumption we are wasting our future generation's prosperity. Therefore, we must be very careful. You can manage your economy properly if you create a climate at the top. At the top what is the climate, what is the behaviour pattern that we are laying down before the people of India? It is not of austerity, not of simplicity which this poor country demands of us. Lakhs of people followed Gandhiji, sacrificed their career, went about in *langoti* and simple clothes. Why? Because of his behaviour pattern. He used to say: "I want not tonnes of sermons, but an ounce of practice". If austerity is practised at the highest level, it will percolate amongst the people down below and they will say: "Instead of taking two spoonfuls of sugar, we will take one spoon of sugar and pull on with it". Our country has to be pulled out of this difficult situation, particularly about the consumer goods. You have to create a climate in the country. Shri Lai Bahadur Shastri tried to do it in this country. He said: "Miaa a meal". The poor fellow did not have enough time at his disposal. But he created this climate by his behaviour pattern. He was a simple man, an honest, upright man who led a very simple life. That created a climate in this country. What is the climate today? Fingers of corruption can be pointed at the highest of us. I do not refer to the ruling party alone. We have seen on the floor of this House as well as the other House that fingers of corruption can be pointed at the highest amongst us. Naturally the people will say: "All right, they are taking

crores of rupees by corruption, we will have lakhs, according to our capacity and according to our level of employment." This is the climate today. That is the way in which the whole structure is being rid of all good values.

Mind you, you have just now passed the Essential Commodities Act, providing for deterrent punishment. You have acquired certain powers. In this country, hanging in the punishment for murder. But what is happening? Murders are going on. Rape is to be punished with a very stringent punishment. What is happening? Crimes of rape, murder and other heinous crimes are going up in spite of the heavy punishments prescribed for them. So that alone is not going to help you. Death penalty has not brought down the number of murders. In the same way, don't rely upon it alone, but try to create a climate. Please take your colleagues into confidence—your party people. We are also prepared to share with you all these things. Let us lay down a behaviour pattern by our simple living so that the vast population of India may feel proud about it.

What is happening today is that before the poor people, the dishonest and corrupt people are being honoured; they are being respected. Those who are wallowing in luxuries are also respected. This is not the way to build a good society. All these punitive measures will not help unless you create a climate in this country whereby people will be able to say: "No, we will do without this thing, but will not import it. We will see that the poor people get these things at the proper prices". That is what is needed. Thank you.

डा० हर प्रताप सिंह (उत्तर प्रदेश) :
आदरणीय उपसभाध्यक्ष जी, आप का हृदय से आभारी हूँ कि आप ने मुझ को विधान विज्ञ मंत्री जी के द्वारा प्रस्तुत वर्तमान मूल्य नीति तथा सरकार के द्वारा उठाये गये कदमों से सम्बन्धित प्रस्तुत संकल्प पर अपने विचार प्रकट करने का अवसर दिया। मैं उसका समर्थन करने को बड़ा दुःखी हूँ। मैं अपने को केवल खाद्यान्न

डा० चंद्र प्रताप सिंह

के मूल्यों तक हो सोमित रहना चाहता हूँ। मान्यवर, मूल्यों की स्थिति पर विचार करते समय हम लोगों को आरोपों और प्रत्यारोपों में न पड़कर इस बात का प्रयास करना चाहिए कि समस्या का मूल कारण क्या है और साथ ही इस बात पर गम्भीरता से विचार करना चाहिए कि इस समस्या का हम किस प्रकार से निराकरण कर सकते हैं। इसके लिए हम सब लोगों को सम्मिलित प्रयास करना चाहिए। श्रीमन्, राष्ट्र में जिस प्रकार से जनसंख्या में वृद्धि हो रही है उसका प्रभाव सर्वत्र मूल्यों पर पड़ता है, आज भी पड़ रहा है और आगे भी पड़ता रहेगा। यदि इसी प्रकार से जनसंख्या में वृद्धि होती रहो तो मुझे इस बात का भय है कि मूल्यों में अधिक तीव्रता से वृद्धि हो सकती है। हम लोगों का कर्तव्य है कि जनसंख्या में वृद्धि पर नियंत्रण पाने के लिए परिवार नियोजन के पक्ष में वातावरण तैयार करें। उसके लिए हम जन-प्रति-निधियों को परिवार नियोजन को स्वयं अनाकर जनता के सामने उदाहरण प्रस्तुत करना होगा तभी राष्ट्र में परिवार नियोजन के पक्ष में अनुकूल वातावरण बना सकेंगे क्योंकि जब जनसंख्या को दर में कमो आयेगा तभी मूल्यों पर नियंत्रण पाया जा सकेगा।

श्रीमन् माननीय सदन इस बात से भोसहमत होगा कि मूल्यों पर प्रतिक्रिया भी असाधारण रूप से प्रभाव पड़ता है जिस पर सरकार का कोई नियंत्रण नहीं है। समय-समय पर अतिवृष्टि अनावृष्टि के कारण मूल्यों पर प्रभाव पड़ता रहा है। जब कृषकों के घर में स्वयं खाने के लिए अन्न नहीं तो उन्हें खाद्यान्न देने के लिए विवश नहीं किया जा सकता। जब देश में अन्न का उत्पादन कम होगा तो उसका मूल्यों पर, खाद्यान्नों के मूल्यों पर प्रभाव पड़ना स्वाभाविक है। श्रीमन्, सरकार को एक ओर कृषकों को उनकी

उपज का उचित मूल्य दिलाना पड़ता है और दूसरी ओर उपभोक्ताओं को कम मूल्य पर खाद्यान्न उपलब्ध कराना पड़ता है। यह कार्य अत्यन्त कठिन है। भारत कृषकों का देश है। उनकी उपेक्षा नहीं की जा सकती। उनको अपनी उपज का उचित मूल्य प्राप्त होना ही चाहिए।

श्रीमन्, मूल्यों की चर्चा करते समय हम लोगों को कूप मंडक नहीं रहना चाहिए। हम लोगों को यह भी देखना चाहिए कि विश्व के अन्य देशों में मूल्यों की क्या स्थिति है क्योंकि जब तक हम तुलनात्मक अध्ययन नहीं करते हैं, तब तक हम अपने देश के साथ न्याय नहीं करते हैं। मुझे एशिया के देशों में, यूरोप में, अमरीका में, आस्ट्रेलिया में जाने का अवसर मिला है और मैंने स्वयं देखा है कि दूसरे देशों में जितनी तीव्रता के साथ मूल्यों में वृद्धि हो रही है, भारतवर्ष में उतनी तीव्रता के साथ मूल्यों में वृद्धि नहीं हो रही है।

4.00 P.M.

और मैं इसके लिए अपने देश की प्रधान मंत्री को धन्यवाद देना चाहता हूँ। मैं यह भी कहना चाहता हूँ कि हमारे सुयोग्य वित्त मंत्री जी और उनके सहयोगी भी बधाई के पात्र हैं। श्रीमन्, यह एक वास्तविकता है कि मूल्यों में स्थिरता आ रही है। यह भी सत्य है कि पिछले वर्षों में जिस प्रकार से मुद्रा-स्फीति हो रही थी उसके नियंत्रण में भी सरकार को सफलता मिल रही है और इन कार्यों के लिए सरकार बधाई की पात्र है। मैं किसी भी राजनैतिक दल पर आरोप नहीं लगाना चाहता हूँ। मगर वास्तविकता वास्तविकता है और वह वास्तविकता यह है कि इस देश में जनता पार्टी के शासन काल में और चौधरी चरण सिंह के शासन काल में जो देश की आर्थिक स्थिति बिगड़ी थी उसको इतने कम समय में सुधा नहीं जा सकता था।

डा० भाई महावीर : क्या इसको सुाने में 10 साल लगेगे ?

डा० खर प्रताप सिंह : मैं तो इस बात के लिए प्रधान मंत्री जी को प्रशंसा करना चाहता हूँ... (व्यवधान)। इतने कम समय में उन्होंने इसको सम्भाला है। मैं समझता हूँ कि विश्व का कोई भी प्रधान मंत्री इतने कम समय में इतनी बिगड़ी हुई स्थिति को सम्भाल नहीं सकता था।

मान्यवर, मैं इस सम्मनित सदन का बहुत समय नहीं लेना चाहता हूँ। मैं देख रहा हूँ कि मेरे कटु सत्य कहने से मेरे मित्रों को कष्ट हो रहा है... (व्यवधान)।

डा० भाई महावीर : मनोरंजन हो रहा है।

डा० खर प्रताप सिंह : श्रीमान्, अंतिम बात मैं यह कहना चाहता हूँ कि सन् 1980 में जो लोक सभा का चुनाव हुआ था उसमें भारत को महान जयन्ता ने उस समय की सरकार के प्रति अपनी अप्रसन्नता व्यक्त और उनका मुख्य कारण मूल्यों की वृद्धि थी जन्ता ने प्रधान मंत्री श्रीमती इन्दिरा गांधी की नेतृत्व वाली कांग्रेस पार्टी को पुनः सत्ता में इस विश्वास के साथ भेजा था कि देश का बढ़ती हुई कमर्तों पर नियंत्रण होगा और बढ़ती हुई मुद्रा-स्फाति पर काबू पाया जाएगा। अभी देश में जो चुनाव हुए, विशेष कर उत्तर प्रदेश में, जहाँ का मैं निवास हूँ, विरोधी दल के सम्मानित सदस्यों को पता है कि ये जितने भी उप-चुनाव हुए उनमें शत-प्रतिशत श्रीमती इन्दिरा गांधी की पार्टी की विजय हुई। जो इस बात का प्रमाण है कि... (व्यवधान)

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI: No interruptions please.

डा० खर प्रताप सिंह : भारत को महान जयन्ता इस बात से संतुष्ट है कि प्रधान मंत्री श्रीमती इन्दिरा गांधी के नेतृत्व में जिस पार्टी को उतने सत्ता में भेजा है उसने निश्चित रूप से मूल्यों पर नियंत्रण पाया है और जो मुद्रा-स्फाति हुई है उस पर नियंत्रण हो रहा है। यही कारण है कि शत-प्रतिशत सीटों पर हम विजयी हुए। मान्यवर, मैं तो यह भी कहना चाहूँगा कि भारत के लोकतंत्रोप इतिहास में अमेठी संसदीय

निर्वाचन क्षेत्र से आदर्शपूर्ण राजीव जी जितने बड़े बहुमत के साथ विजयी हुए हैं वह इस बात का एक उजलन्त उदाहरण है कि भारत की कोटि-कोटि जनता को श्रीमती इन्दिरा गांधी के नेतृत्व में और आदर्शपूर्ण राजीव गांधी के नेतृत्व में पूर्ण विश्वास है। हमारी कांग्रेस सरकार तीव्रता के साथ मूल्यों पर नियंत्रण पा रही है। हमारे देश में जो मुद्रा स्फाति हो रही थी उस पर नियंत्रण पाया जा रहा है। हमें जो विजय मिली है अमेठी संसदीय निर्वाचन क्षेत्र में, जो हमारे साथीयुक्तता चाहते हैं... (व्यवधान)

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Mr. Bagaitkar, please. We are running short of time.

डा० खर प्रताप सिंह : भारत को कोटि-कोटि जनता को श्रद्धा है हमारे विद्वानों पर, हमारी नौतियों पर, हमारे आदर्शों पर और हमारे मूल्यों पर। मैं अपने सम्मनित साथियों को विश्वास दिलाता चाहता हूँ कि हमारी प्रधान मंत्री श्रीमती इन्दिरा गांधी के नेतृत्व में हम बड़ी तीव्रता के साथ समस्याओं का निराकरण कर रहे हैं और निकट भविष्य में, मैं उनको विश्वास दिलाता चाहता हूँ एक दल के साधारण कार्यकर्ता के रूप में कि, ये जो समस्याएँ उनको दिखाई पड़ती हैं, ये समस्याएँ बहुत कुछ उनका उषम की हुई हैं, उनके द्वारा चाल-बाजरी करने वालों, जमाखोरी करने वालों, मर्कटिपर्स को जो समय दे दिया गया था और जिस पर नियंत्रण पाने में बहुत समय लग रहा है, मुझे विश्वास है कि हमारी प्रधान मंत्री के नेतृत्व में हमारा सरकार ऐसे कदम उठायेगी जिससे, जहाँ पार्टी के कुशासन काल में, चाँधरा चरण सिंह के कुशासन काल में जो प्रामाणिक तर्कों द्वारा मूल्यों में वृद्धि हुई थी जो अस्थिरता पैदा हुई, उन पर निश्चित रूप से नियंत्रण पाया जा सकेगा। धन्यवाद।

MR. VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Dr. Bhai Mahavir. You have only nine minutes at your disposal. I hope you will keep the sense of time.

DR. BHAI MAHAVIR: I will take 10 to 12 minutes. -

MR. VICE-CHAIRMAN (SHRI DINESH GOSWAMI): It you conclude within 10 to 12 minutes, I agree. Kindly do not go beyond that.

DR. BHAI MAHAVIR: I will do my best to abide by your instructions.

MR. VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Conclude it within the time-specified by you.

DR. BHAI MAHAVIR: I should start thanking my hon. friend for the amusing interlude in this, otherwise dull and boring debate.

The hon. Minister, in a good mood of humility, said that he was not a prop phet and that, therefore, he could not make any prophesy. But he could give a very 'vague and indefinite assurance. I do not know, Sir; but it was, on the 6th of June, that in the Press a report appeared referring to it saying that the price rise had reached a plateau and that even if there was no fall in the following months, there would be no rise either. That was a very positive and very definite statement. It is after that report also that we have had a period two-and-half months or so, and I think he would have done well to justify at least that statement of fact if it was not a prophesy: I think it was a prophesy also because he had estimated or he had hoped that the prices, even if they did not come down, were not likely to go up. Does he really feel satisfied that the performance of the economy or the performance of the price index ...

SHRI R. VENKATARAMAN: "Where is that statement?"

DR. BHAI MAHAVIR: The report on that statement appeared in the *Times of India* of the 6th June, 1981.

SHRI R. VENKATARAMAN: Excuse me. It is not my statement.

SHRI SADASHIV BAGAITKAR (Maharashtra): It appeared in your name.

to tickle it

SHRI R. VENKATARAMAN: It might have appeared in my name*. People misreport and the *Times of India* is the best of that category.

DR. BHAI MAHAVIR: I hope the *Times of India* will accept this compliment with a pinch of salt. (Interruptions)

SHRI R. VENKATARAMAN: May I just explain? There is some misunderstanding. I said, the tendency of prices would be to fall, then reach a plateau and then fall. They will not fall down tremendously. It is the tendency which I mentioned. I have never, in the course of these 2½ months that I have been in office, said that the prices will not rise.

SHRI. RAMAKRISHNA HEGDE: Sir, actually it might have escaped the attention of the hon. Minister. But I have seen editorials in economic dailies on the statement of the Finance Minister saying that his claim about inflation reaching the plateau is contrary to the present situation. I do not know whether that has also escaped the notice of the hon. Minister.

SHRI R. VENKATARAMAN: I have not come across that but you may send me that. I repeat my statement Not only now but last year on the budget also, you asked this question; you mentioned the same thing. And I am sufficiently well versed in, 'economics' not to make that stupid kind of statement because in this inflationary world, when all over the world prices are increasing, if you say that the Finance Minister of India would be so stupid as to say that prices will not increase, well, you are paying me a poor compliment.

SHRI RAMAKRISHNA HEGDE: You are a very clever person and you will not make that statement, I know. But that was not contradicted, (Interruptions)

DR. BHAI MAHAVIR: No one from this side would describe the Finance Minister as stupid; we would not be that stupid. But we certainly

believe, we certainly have a feeling that the Finance Minister sometimes tries to give us a very rosy picture which is not justified by the prevalent circumstances. It was in October last year that he said that by November or by December the prices would begin to stabilise. Only the other day in that multi-Minister press conference, we heard him declare that the inflation would be contained at a reasonable level. That is a very beautifully vague type of assurance that he is capable of giving and such assurances, added to his very pleasant smile, do satisfy many Members of the House. But, Sir, they do not satisfy the housewife; they do not satisfy the consumer who has to stand in long queues and buy his requirements. In this connection, I would like to draw his attention to a recent report—I hope that also will not be dubbed as a stupid report on the part of some presswallah—"Big Jump in Workers Price Index in Delhi". This is *Times of India* of the 25th August and it says:

"For the first time in seven years the consumer price index for industrial workers in Delhi has taken a whopping jump of 15 points in just one month from June to July which has brought the index to 476."

It is a rise of 15 points in just one month. Such a rise was there only seven years earlier. So during this period of seven years, nobody has been able to achieve this distinction of raising the workers' index by 15 points.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): I do not find any housewife present in the House for the discussion today. That is most unfortunate.

SHRI JAGDISH PRASAD MATHUR (Uttar Pradesh): Husbands are there.

DR. BHAI MAHAVIR: One housewife we had on this side, but after reading a very excellent speech, she made an excellent departure.

SHRI R. VENKATARAMAN: Sh* is not a wife.

DR. BHAI MAHAVIR: A housewife need not be a husband's wife. A house-wife is one who looks after the House.

MR. VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Maybe, the Finance Minister, knowing that he will receive only brickbats from the housewives, got some of them smuggled outside the House. I do not know.

DR. BHAI MAHAVIR: The other day the Finance Minister wanted to institute a Nobel prize for somebody who could find a remedy for black money. I had expected in today's speech if he would promise a Nobel prize for somebody who could give a recipe for control of inflation also. But he has done something very close to that. He says only a magician would be able to do that. We had made a mistake in expecting such a thing. I think my friend here has gone out.

He has describing the Prime Minister and her party as a band of magicians. Unfortunately this magic is some-how turning upside down and is not yielding the results expected. He has again repeated the very old story of what happened during Charan Singh's days and during Janata days. That seems to be his pet theme without which no discussion on economic affairs can be considered sufficiently valid. But they forget that during the earlier years, whenever prices had risen, they had risen in years of monsoon failure. Whenever there has been bad monsoon, the crops have failed and prices have gone up. I have some figures here, in 1966 16 per cent rise was there. In 1967-68 11 per cent rise was there. In 1967-68 11 per cent rise was there. In 1972-74 also there was an unprecedented rise because of bad monsoon. In 1976-76 there were good crops and therefore, the prices actually came down. And everytime all observers have been able to link the movement of the price index with the weather and they have been able to connect it and say, if there is fit

[Dr. Bhai Mahavir] bad weather, if the monsoon failed, and if there are floods or if there are untimely rains, we are bound to be in for a bad time in respect of the price index also. But here we are being told that because there was a draught in 1975, therefore, we have to put up with larger prices this year also. And this is in spite of the great magical dispensation which this Government has been able to provide 'i; the country.

Now the Finance Minister was good enough to say that there is a gap, there is a time-lag, of four to five months between the wholesale prices and the retail prices. Now I would like to ask what 'She justification is for this 15-point rise in the consumer price index, in the workers' consumer price index, in Delhi. And this, mind you, does not include the latest dose of increase in prices in respect of petroleum products and fertilizers, because these things do not enter the consumption of the industrial worker, so far as the price index as it stands. In spite of aU this, the Finance Minister and the Government of the day keep on tel-Jing us the same old fairy tales to> justify, instead of accepting failure where a failure has taken place. There has been some discussion about how much price rise was there in the years 1979v-80 and 1980-81. It was claimed to be 16.4. But I am told that even the Planning Commission in its mid-year appraisal of the Annual Plan has found that the average wholesa'e price for 1980-81 was 18 per cent higher than that of the previous yearfg and not less than that, i have tried to find some explanations. In an article I was able to find this. Of course, tne explanation of the Finance Ministry may be that the press people are stupid and their reports are misleading. But explanation I got was this Two incomparable fignre_g wer_e compared by the Finance Minister. He took the provisional figures for the last week of March 1981 and compared them

with the final estimatts of the week-ending March 29, 1980. What i_a us'-r/'y done for the purpo_{se} of making a comparison j_s that proviso-nal figure_s of a particular period are compared w_{ith} the provisional figures Of the corresponding period, and sot with the actual figures. Anyway, this is 'for the Government and the Finance Minister. If they wish to keep them-selveg in some sort of delusion and keep on saying that their p?rformance ha_s been better, at least the man on the street, the person who has to pay through hi_s nose for his essential requirements, does not accept these explanations. Thi_s jump in the workers' price index is revealing from another point of view. Twenty-two points rise i_s in the 'foodstuff_s alone, right from cereals to vegetables, pulses, edible oil, wheat and of course sugar all have gone up. And my good friends from the other side have been complimenting the Government for the 'fall in the sugar price. The Finance Minister was good enough to say that sugar has become bitter. But it was bitter during the Janata regime and during: Shri Charan Singh'g regime when it was selling at Rs. 4 -. Now it i_s selling at Rg. 6|50 and it i_s considered to be very rasily availab'e anj has become sweeter. And he want_s us to thank him for that. The fact of the matter is that whatever dispensation the hon\ Finance Minister hag been able to give us, he continues to b~ an incorrigible optimist. Hi_s ontirmism is so winning and ig so overwheVning that he 's able to promi_{se} us or,--thing o_r the other. Even when we know that practically we seem to be lost in some storm in which he find_s himself totally helpless as things are, he goes on promising us many things. Why he has become that helpless, we are not able to understand. The illmanaged economy is pulling us down a steep hill through inflation and the Government is just watching and observing it in a helpless manner. On_e description I found in a paper is so interesting. It says "we are abashed with printed

money and the purchasing power of the rupee is drowning in this flood" The fact of the matter is that the Government is unable to check deficit financing or stop it. The Finance Minister had postulated Rs. 1,975 crore₃ in the last year's budget. But actually the Reserve Bank's credit to the Government shot up by Rs. 3,298 crores. The Reserve Bank credit is the index of the real borrowings of the Government. The situation is that they are trying now to squeeze money in the hope of being able to contain inflation. The type of squeeze, however, is trying to impose through the Reserve Bank lending and on the borrowings of industrial houses is such that the likelihood is that it will affect the productive effort and the rate of growth which otherwise are showing signs of coming up because of the better performance in the coal sector, power sector and transport sector. What we are unable to understand is that in spite of these improvements, they are not being reflected in prices today. I want to know from the Finance Minister how much time he wants us to accept as the intervening period between these good signs and the real results thereof in the form of availability of articles at cheaper rates. That, he is not able to tell us.

He said that he wants to import wheat % well as sugar. Sugar is being imported to the extent of two lakh tonnes. With the best monsoon we are having the best crop of the order of 53 lakh tonnes. Five to six lakh tonnes are reported to be this year's carry over. Government will have for themselves two-thirds of it, say something like' 36,00,000 or 37,00,000 tonnes Now this import of 2 lakh tonnes is not going to improve the situation. It is nothing more than flea-bite. They now want to rely on this import. What is more interesting is that we are being told that we are also exporting sugar at the same time. (*Time bell rings*) I do not have time to deal with wheat import and other things. I wish to suggest that the superfluity or too much of money that is being gene-

rated because of deficit financing has to be checked. If it has to be checked, it could be done only through better management of the economy and through a very deliberate and ruthless policy of economy at the Governmental level. I would like to tell him for his consideration that this is an area where we are totally failing. He should not take it wrong when I mention our President's visit to London. I do not know how the President was advised to visit London for the sake of attending the marriage of Prince of Wales. The money that was spent...

SHRI R. VENKATARAMAN:
Generally we do not discuss President's visit. President is not discussed. You may criticise the Government for whatever it has done.

DR. BHAI MAHAVIR: What I was saying was "how the President was advised..."

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): The hon. Minister is right. Normally speaking we do not bring in President for the purpose of debate. We have rules like that.

SHRI HAREKRUSHNA MALLICK (Orissa): Sir, he has not taken the name of the President. He has only said, "how the President was advised" That is all. (*Interruptions*)

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): That is all right. Mr. Mallick, please do not elaborate. Yes, Dr. Bhai Mahavir.

DR. BHAI MAHAVIR: I did not mention the President, but only the manner in which the high dignitaries of our country attend such functions' as marriages in capitals of other countries. You see the way the Prime Minister takes a full Boeing for the purpose of her visit to Kenya. These are not things which will set an example of economy before us. I find today, Sir, that there is an advertisement by the CSIR.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Please conclude now.

DR. BHAI MAHAVIR: It seems that the CSIR is carrying on a campaign of advertisement claiming success in the matter of research, I do not know whether this is a way of saving money. An institution, wedded to or deputed with the task of providing research does not have to go to the public as if seeking votes for the purpose.

Then, Sir, the last thing. The Finance Minister said at that time, when we wished to raise the issue about the IMF loans, that we would have an occasion to discuss it. Here, Sir, for his consideration and comments, I will read out only four lines from an editorial of "The Hindustan Times",—"The World Bank View" It says:

"The Indian Government has deliberately sought to create an impression that somehow India would escape the harsh conditions normally attached to big IMF loans. It should be pointed out that the rupee has already been devalued against the American dollar by about ten per cent in recent months. This piecemeal devaluation apart, many observers regard the Government's recent economic measures—the anti-strike Ordinance, the petroleum products' price hike, the credit squeeze and the upward revision of the cash reserve ratio of banks—as unilateral gestures to please the conservatives packing the IMF executive board."

If this has something to do with reality, Sir, I think it is the most disgraceful state of affairs when the Government comes forward in big ways, ostensibly to solve our problems, but really under pressure, either overt or covert from any institution, IMF or otherwise.

With these words, Sir, I conclude by saying that I cannot accept the Finance Minister's diagnosis of the present situation and I would urge upon him to reconsider these things in the light of what I have said. Thank you, Sir.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Yes, Mr. Ram-chandran.

SHRI JASWANT SINGH: Sir, just one minute. I will not take more than a minute.

Sir, the Finance Minister has said that he has two principles on which he bases the entire management of our economy. One is supply management and the other is demand management by reducing money supply, which is very good. Now, on supply management, there was some justification raised for the import of wheat. The Ministry of Agriculture has informed us, rather has informed me in answer to a written question, that the landed cost of the imported wheat is going to be 190 rupees a quintal. (Interruptions). I am told that it is going to be Rs. 19(5.40). I stand corrected. And, Sir, the supply price is going to be Rs. 145/- per quintal. Now, from where does the balance of Rs. 50/- come? Or, there should be a subsidy of Rs. 50/-. If supply is being managed, how do you manage the supply side in an economy which has not the purchasing power?

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): That is aU right. You have put your question. Yes, Mr. Ramachandran.

SHRI JASWANT SINGH: I am grateful for giving me a chance.

SHRI M. S. RAMACHANDRAN (Tamil Nadu): Mr. Vice-Chairman, Sir, I appreciate and welcome the various steps taken by the Government so far to arrest the increasing trend in the prices of several commodities. At the same time, Sir, I feel that I would be failing in my duty if I do not bring to the notice of the Government the fact that the people at large are not satisfied with the results. No one can dispute the fact that there is general discontent among all sections of the community.

Sir, in the last two Budgets, our Finance Minister granted a number of concessions to the various industries.

But I wish to point out that none of these benefits were passed on the consumers. Let us take the recent example. The tea planters of the country, particularly from the South, made a big hue and cry and of certain concessions from the Government. But I do not think there is any reduction in the price of tea available in the shops. Let us also take the example of edible oil, Sir. There is no justification for the increase in the price of edible oil, particularly when we take note of the point that a huge quantity of oil has been imported in the country, and also >9 view of the prevailing prices of oilseeds.

Sir, the Finance Minister was good enough to invite suggestions from the Members of this House. I would like to make one or two suggestions for his consideration.

Sir, for a very long time the organised sector of the employees in this country, to whichever political ideology they belong, have been demanding that all industrial establishment in the country should be compelled to open fair price shops and sell essential commodities to their workmen at subsidised prices. It is these salaried employees sometimes who are prepared to pay any price demanded by traders, and as a result the prices are shooting up. If at least this section of the community were supplied with essential goods at reasonable prices, it will work as a means of arresting further increase in prices.

Secondly, Sir, there is a lot of suppression of production and suppression of sales in a number of consumer goods, particularly food articles. Take, for instance oil. One reason for this large amount of suppression of production and sale in black-market is to reduce the sales-tax liability imposed by various State Governments. In some cases, the rate of tax is so high that the producers feel it will be profitable for them to suppress the production and sell those things in black market.

There is also another point I would like to bring to the notice of the hon. Minister, Sir. The Excise Inspectorate is not as effective as it should be. I am coming, Sir, from an area where nearby there are a large number of oil mills which produce oil, particularly groundnut oil. Almost all these oil mills are allowed to suppress their production by 30 to 40 per cent and all the suppressed production is sold in black market. If they are brought to the regular production list and regular market and regular sale, the pressure on oil prices may not be this much as we are having today.

Sir, I would urge upon the Government to continue to be vigilant and take further necessary steps to hold the price line.

Before concluding, Sir, I would like to appeal to all my colleagues, particularly those in the Opposition, not to support any action which disrupt production, leading to shortage and consequently further increase in price. Far from helping the Government in bringing down the prices before the by-elections in the States for Lok Sabha, they were praying for increase in prices in the hope that this increase in prices will have an effect on the election results. The last bye-elections were fought more on the basis of the prices then ruling. But in spite of the increase in prices, our party candidates were returned to power. This does not mean that the people are satisfied with the prices that were prevailing. But in spite of their afflictions and in spite of the higher prices, the people of this country believed our leader and our party. They also believed in our capacity to hold the priceline. They also believed that this can be done and controlled only by the Government led by Shrimati Indira Gandhi and by no other person. At the same time, I would like to give a word of caution to my own leaders. This comparison with the other countries does not satisfy anybody. We cannot be compared with the developed countries where the inflation is

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(Shri M. S. Ramachandran] higher. There is no other country in the world which is having half of its population under the poverty line. Therefore, what is needed now is not statistical comparison, but action and nothing but action. Thank you, Sir.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Mr. Bagaitkar. Eight minutes.

SHRI SADASHIV BAGAITKAR: Sir, because of the paucity of time, I would skip the statistics which have already been cited. I would invite the attention of the hon. the Finance Minister to one fact. In the last 3 years, even the wholesale price index has been going up and on August 8, it has risen to 287.2. So, basically, taking shelter behind the whole-sale price index will not help because it includes seasonal fluctuations also. He will agree, I hope, that the citizens are not concerned with the wholesale prices, but with what they have to pay actually for their daily necessities which are of utmost importance. Sir, the Janata Government and the Charan Singh Government are the scapegoat and they are being used by everybody including the Finance Minister. Let us not forget that when Shri Charan Singh took over as Prime Minister, the wholesale price index was 215 and when he left on 9th January 1980, the index number was 223.8. So, there was a rise of 8.8 points in five months. It means that there could have been a rise of 10 per cent in the whole year. In fact, we find that in the later period, the jumps in the price index have been much more than what it was during the Charan Singh Government. I do not think it is good to find scapegoats inside the Parliament and outside the Parliament. I would also like to dis-own this. It is the question of consensus, which is being raised by some members here. As far as economic policy is concerned, it is asking for the moon. The economic policies have a direct bearing on the political philosophy of the ruling party and it

wants to help the monopolists, the capitalists, etc. It wants to take huge amounts of black money for elections. It is not a situation in which some sort of consensus can be arrived at. So, that is totally out of question. Therefore, I would request the Finance Minister that instead of making somebody the scapegoat, it would be very much helpful to us if he could kindly tell us what steps exactly the Government is going to take, apart from saying that they are vigilant, they are keeping a close watch, they are monitoring and all that. It does not help. Sir, another reality is that in the last month, the Government will have to shell out Rs. 68 crores towards the additional dearness allowance due to the constant rise in prices. The fact of constant price rise is there which the Government cannot deny. So, where is the effort and where is the success of the effort whereby the prices come down? This reflects the obvious. Therefore, the question is what exactly the Government wants to do to bring down the prices. Sir, their one option is import sugar, import edible oil, import wheat and all that. That is not going to help for the simple reason that it is also being said that the inflation is imported inflation, what is called the cost push inflation. So, if the Government tells that the inflation has an element of import, again I believe that it is not going to help control the inflationary spiral if large scale imports of these commodities along with petroleum products are made. What is required is how you manage the economy. For example, take the wheat import. In spite of the fact that we had a good wheat crop and huge stocks of wheat were available, I know it for a fact that wheat from Punjab and Haryana was diverted to the high price regions like Bombay, Gujarat and Rajasthan, and in this simple transaction Rs. 180 crores were minted by corrupt bureaucrats, traders and the agents of these men. Rs. 180 crores is not a simple sum. The procurement of wheat there was

Rs. 130 per quintal and it was selling in the regions i mentioned at about Rs. 270 per quintal. Instead of procuring wheat in these areas in an efficient manner by paying proper price to farmers, the Government ultimately decided to import wheat, the landed price of which would not be less than Rs. 196 as mentioned here.

Therefore, Sir, the simple question of managing the economy is very important. The same thing has happened in the case of sugar. Even when the Government had ample sugar stocks, they did not care to release the stocks to bring down the price when the sugar was gelling at Rs. 14 to Rs. 16 per kg. Sir, yesterday's 'Economic Times' carried a news item that Rs. 2 crores have been minted by the sugar syndicate by manipulating the market. Therefore, Sir, the question is: Has Government got the political will to manage the economy in a way that would serve the consumers? The consumers' price index is jumping all the time. It cannot be denied. Sir, 'the Political and Economic Weekly' of last week—8th—15th August:— has given the statistics. If the Finance Ministry cares to go through this, it is very clear that the worst sufferers are the poorer sections of our society. Therefore, Sir, what is lacking is that this Government does not have the political will to manage the economy in a way that would help the consumers, the ordinary citizens and the middle classes. That is the bane of the whole policy.

Sir, we have been discussing about the public distribution system. What is being done? Are you aware that in Bombay the consumers are turned out because there are no supplies of wheat Sugar, kerosene and edible oil? They have to stand in queues for hours together but because there are no proper supplies they get nothing. So,

When we discuss or talk of public distribution system, we should find out whether the Government have done anything sufficiently to stock these meagre ration shops that are there. Actually, what is required is that the Government must undertake to supply on the same lines as was done formerly in the war-days, when statutory rationing was there, when the ration cardholder was assured of a certain minimum supplies, some quantity of wheat, rice and other things. Unless the public distribution system is strengthened, the position cannot improve. But I am sure the Government is under heavy obligation of oil magnates in Bombay like the Godrej and Omar Ahmad and they are getting palmolive oil secured from the Government, without processing. They get it from the Government at the rate from Rs. 4,000 to Rs. 7,000 and they are selling it at a profit, without processing, at the rate of Rs. 10,000 a tonne. That is the situation. (Time Bell rings.) Whom do you really want to help is the question? It appears that the Government has lost control over the economic situation for the simple reason that you do not have the political will to discipline the economy, to discipline the capitalists and help the citizens of this country. Unless this is done, any amount of blaming predecessors or any amount of mere promises and good wishes are not going to help and if the situation which is already out of hands is not to explode, you must take immediate stern measures. My friend says, the opposition should not exploit the situation. There is no question of our doing anything. Your own policies are driving the economy to a point where explosive situation would be created and there would be explosions all round. It is not for us to do it. It is due to the faulty policies which the Government of India is pursuing. Therefore, my submission would be that the Government should give up this attitude that in order to manage the economy, they have to manage the

[Shri Sadashiv Bagaitkar]

imports only. What I have come to believe is that the hon. Finance Minister had earlier emphasised to manage the economy of the country, through managing money. From managing money supply, it seems, very skilfully, he is changing rails and he has now come to believe that it is better to manage the demand, thereby trying to keep the expenditure of the population at a very low level, which is hurting them. (*Time bell rings*). I would submit that it is for the Government of India to consider these matters and come forward with a very strong programme of public distribution and taking stern measures against capitalists, traders and monopolists who are playing with our economy.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Yes, Mr. Harikishan Singh Surjeet. You have eight minutes at your disposal. So, kindly try to finish in time.

SHRI HARKISHAN SINGH SURJEET (Punjab): Mr. Vice-Chairman, Sir, the Finance Minister has again been trying to defend the price policy of the Government. He seems to be unaware of the gravity of the situation. If he goes through all his statements made since January 1980, he will be able to find that he has failed to fulfil the commitments made. His appeal for suggestions also has fallen on deaf ears so far as his party is concerned because everybody has tried to justify what is happening today on the price front.

Now, the major slogan during the elections of 1980 was to bring down the prices. That slogan has now been given up completely. Now the words coined are: to bring down the rate of inflation. There is the big difference between the claims made at that time and now what they are aiming at. In that context, if we go through the figures, they are presented in such a way that it is made to appear that India is in a far better position today than many other countries and that nothing

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much can be done except taking a few measures here and there. Then it is argued: What can we do? It is world phenomenon, it is so all over the world. They talk about the world. They claim that India is a socialist country but they forget to quote world of socialism. They should also understand what Poland is facing today. It is a very serious situation. I do not like that India should have to face that situation. But if they compare with the situation in the world, they will find in socialist world, this type of inflation is not there, nor is there price rise of this type. So when they talk about the world, they should be fair enough to say that, in the capitalist world it is so, and we are also part of the capitalist world, our fate is also like that.

Now, the Finance Minister may accuse the papers. But when we come to real position we find not a single paper is there which is not giving an alarming news of growing prices and inflation. If he does not believe papers, he can go and ask any housewife what is their fate and how they are feeling and whether the prices are coming down. I will, Sir, just quote one or two papers. I quote the *Indian Express* which has stated that even after the anti-inflationary measures, "these measures came during the week ending July 11, the very next day the wholesale price index went up to 284.6 points." This was the position on that day. Then again on 5th August, it is stated in the *Statesman* that "almost every man, woman and child in Delhi agrees that if the present Government has worked at all, it has to increase the price allround. Not a week passes during which the price of one essential commodity or the other does not rise. The man in the street has to cope with the budget and its exorbitance. The man in the street has sugar prices on the one hand, the petroleum prices are raised next, then comes the turn of cereals and finally the runaway price spiral in edible oils and traders are predicting that

in a week's time, there will be an alround increase in the prices of soaps and detergents." Not only this, you compare the retail figures. The Finance Minister tried to avoid that question by saying that there is a gap, and he is not quoting the consumer price index. But if you see the price rise in various items, you will find that the wheat price which was Rs. 1.30 in 1979, has gone up to Rs. 2 per kg. vanaspati has gone up from Rs. 9.15 to Rs. 14 per kg, refined oil from Rs. 53.50 to Rs. 90.92—that is, 70 per cent rise, and desi ghee is not available, it has gone up from Rs. 22 per kg to Rs. 37—that is 70 per cent increase, milk price has gone up from Rs. 2 to Rs. 3.80—90 per cent increase, but is not available. This is the position. The increase has been from *54 per cent to 90 per cent, and this is not taken into account. Even controlled cloth price is going up by 50 to 60 per cent. These things had been quoted here.

On 24th, the Times o/ India stated that for the first time in 7 years, the consumer price index for industrial workers in Delhi has taken a hopping jump of 15 points in just one month, from June to July. And this increase does not take into consideration the increase in the price of petroleum, diesel and gas because all these items are not included in the industrial workers price index. This is the position so far as prices are concerned. But the Finance Minister argues that there is nothing much to worry, we are trying and taking measures. What are the measures? For this, they have said, we are trying to increase the production. Yes. Good. They say, we are trying to increase \ the supplies through imports. They say, by this, they will be able to bring down the prices. But I think, it is very difficult. He has not tried to understand the situation. Now, it has been mentioned that next year's production is going to be 133 million tonnes. This year's production itself is estimated to be of the order of 131 million tonnes. A good production has been envisaged. Then, how is it that in spite of this

production, they are not able to get sufficient stocks of wheat? The reason lies in the fact that they were not prepared to pay Rs. 10 per quintal to the peasants. It is only the common peasants who have suffered. It is not the richer sections and landlords who have suffered, whom they want to protect. It is the poor and middle peasants who have been forced to sell their produce and who do not have the holding capacity, who had suffered. They have been forced to sell everything in the market. Who are the people who have been benefited? It is the landlords and the big traders, who have the holding capacity. It is only these people who are indulging in hoarding. If the Government had the guts and the courage and if they had the policy to mop up all supplies and production, then, it would not have been difficult for them to manage. It would not have been necessary for them to go in for imports, spending so much foreign exchange which we need so badly today.

It is this failure which they want to cover up by imports, so that they can build up the stocks and they can carry on the public distribution system, although a lot of production has been there in our country. They are not thinking of doing anything for these common peasants who had suffered. They are arguing that if they give more prices to the peasants the prices of foodgrains will go up and inflation will increase. For this, they want the peasants to suffer. They want to run away from their responsibility. They want to throw the burden on them. They are not bothered about them. They are not concerned about them.

Two days back, figures have been given, how much money has been amassed by the monopoly houses, how far, to what extent, their assets have grown, in thousands of crores. Not only their assets have grown but their profits last year have also grown enormously. We have seen, how, in one year, their profits have increased. They are not concerned

[Shri Harkishan Singh Surjeet] about it. They have not been able to touch them. These profits could have been utilised to subsidise the supplies of foodgrains and so on. I would say, if they go about in this way, they would not be able to control the situation. They have failed in this respect.

Since 1930, they have been promising to bring down the prices. What about the inflation rate? When the Finance Minister made his Budget speech, he said inflation will be reduced. Is it the same now? What new factors have come into operation? He says that there was drought situation that year. But then, we had a buffer stock of 20 million tonnes of foodgrains. He has used this. What has happened later on? The production was better. In spite of that, the situation is difficult now.

If the suggestions are required, they are there. But the Government is not going to implement them, because, they want to give a free hand to the trader to loot and exploit the peasantry and to cheat the other people also. If they require suggestions, the first thing they should do is to curb the profits of monopoly houses, who have amassed a lot of money. How is it they have been able to amass a lot of money? Then, Sir, the Government should take over the wholesale trade in food-grains and sugar. Take, for example, sugar. Sugar production this year has been very good. It is estimated that next year's production will also be good. In such a case, why should we depend on these traders? Three or four years back, we were thinking of not issuing licences to sugar factories, because, we had sufficient stock of sugar and we thought we would not be able to consume what has been produced.

Another suggestion I would like to make is, that, they should organise the public distribution system through the fair price shops so that the common man will be able to get supplies of essential commodities through the public distribution system. Even this Rs. 1.45 in regard to \

wheat, is not given to the poor agricultural labourers in the rural areas. This is only limited to the cities and towns. If the suggestions are needed, they are there. But they do not want to act them. That is why I would ask the Finance Minister to realise the gravity of the situation and not feel contented about it. It is not a question of justification. There is no question of justification. It cannot be justified, because, this price situation and the problem of inflation is being discussed in every house. I would request him to ponder over the situation, to make a big change in the policy itself and to take first steps against the hoarders and blackmarketeers. He should also take steps to organise the public distribution system to supply the necessities through the fair price shops. Only then, a solution can be found. Thank you. 6 P.M.

SHRI P. N. SUKUL (Uttar Pradesh): Mr. Vice-Chairman, Sir, the success of any Government is judged by two things, the price situation and the crime situation. If the prices tend to rise and crimes also tend to rise, no Government can continue to have the favour of the public for long. And this is exactly what happened with the Janata and the Lok Dal Governments. When the Budget of Mr. Charan Singh came in 1979, unprecedented rise in prices was noticed. Prices of essential commodities of daily human consumption rose from 20 to 50 per cent and that is why. Sir, with the rise in crimes and with the rise in prices the people of our country felt that the Janata Government and the Lok Dal Government were not going to solve their problems, and that is why they rallied round our party and Mrs. Indira Gandhi in such a big way. At the very outset I wish to congratulate our Finance Minister and the Government of Shrimati Indira Gandhi for taking various measures to check the rising prices, especially of the essential commodities, and as a result of these measures the production—Industrial as well as agricultural—has gone up and the rate of Inflation

has been arrested. The rate of inflation which was 22.2 per cent during the Janata and Lok Dal rule of the country in 1979, came down by as much as 38 per cent during the following year, that is, the first year of the Government of Mrs. Gandhi, and as explained by the Finance Minister, between January 1981 and August 1981 it has further come down to 10.3 per cent and it is not a mean achievement. Agricultural production has gone up by 18 per cent in 1980-81. While there was a decline of 15.5 per cent in 1979-80. Industrial production has marked a rise of 4.1 per cent in 1980-81 while it had declined by 1.4 per cent in 1979-80. The wholesale price index rose by 21.4 per cent in 1979-80, but came down to 16.4 per cent in 1980-81 and now the rate is said to be 6.3 per cent. Though the rate of inflation is lower, still as our Finance Minister just told us, the annual rate of inflation is still high. Prices of essential commodities like milk, vegetables, cereals, pulses, edible oils are also high and are tending to rise further. All India industrial workers consumer price index has risen by about 7 per cent in the current year only, that is 1981. Since January 1981 the all India industrial workers consumer price index has registered a rise of 7 per cent and even this rate of growth in prices is not small. Sir, it is the wage earners and the common man who have been hard hit by this continuous rise in prices of essential commodities. Since January 1980 the wholesale price index has risen by more than 25 per cent whereas the all India industrial workers consumer price index has risen by 7 per cent. The wholesale price index during the last seventeen or eighteen months has risen by more than 25 per cent and the rise in retail prices has also been much more. This has naturally gone a long way to upset the family budget of a common man, whom our Finance Minister and our Government is keen to help. Therefore, Sir, through you I would request our Finance Minister to try his level best to keep

the prices under the strictest possible control. Here, Sir I cannot help giving vent to my own apprehension that due to rise in the prices of petrol and petroleum products, non-availability of the desired money through the special bearer bonds and lastly because of the big loans that our Government now propose to take from the International Monetary Fund, the budgetary deficit this year may be much more than initially expected. The budgetary deficit this year will be much more than initially expected and to bridge up the same, much more money supply may be necessary. It is a vicious circle and all this is going to raise the inflation in this country.

It is unfortunate that in our country the prices are linked with agricultural production and money supply. Sometimes the money supply was more, but the inflation was not that much. For example, in 1977-78, our money supply grew by 14.5 per cent, in 1978-79 by 18.8 per cent, in 1979-80 by 17.3 per cent and in 1980-81 it has grown by 15 per cent. There is no check on this expanding money supply. I very much apprehend that the inflation will be much more and the prices might be much more.

Now, Sir, I am anxious mainly about the working class—the wage-earners. Yesterday, our Finance Minister said that the Government is not committed to increase the wages of the workers although the prices might rise. This is a very serious situation. If we cannot freeze prices, if we cannot hold the price line we have absolutely no right to freeze the wages of the wage-earners in the country. Because if these belonging to the working class, the toiling masses, are not paid well, if they do not get due compensation against the rise in prices, they will feel frustrated and our production may go down, which may, again, be responsible for further rise in prices and a very serious state of affairs. So I wish to request our Government if you cannot hold the price line, at

[Shri P. N. Sukul]

least do not try to hold the wage line of the workers and the wage-earners. Go on giving them the due compensation against the rise in price, which you have not been able to control.

This vicious circle of rising prices can be controlled through various measures, that too not so easily. What is required is higher production, fullest utilisation of capacity, maximum curbing of imports, maximum encouragement to exports and lastly a very efficient public distribution system to prevent hoarding. Also, Sir, smuggling has to be stopped because this rise in prices has also something to do with the smuggling across our borders. I will request the Finance Minister and through him the Government to keep in view all these factors and to try their best to control the prices, so that the people may always be with us and our respected leader, Shrimati Indira Gandhi and her Government.

SHRI U. R. KRISHNAN: Mr. Vice-Chairman, Sir, at the outset I would not agree with the Finance Minister's statement that the Government is importing wheat, sugar, cement and coal in order to augment the public distribution system and thereby to contain the inflationary trends. The Finance Minister has not even whispered a word how they are going to improve the production of these commodities. Simply by importing these things, they cannot contain the inflationary trends. I would appeal to the Finance Minister that he should come out with a categorical statement giving the steps this Government proposes to take to augment production. Day by day, not only the prices of consumer goods but also those of goods end commodities produced or manufactured in India are soaring up beyond the means, and reach of the common people. The worst hit because of the price rise are the middle class people, the unorganised labour and workers. The main reason for the price rise is the Government's policy. The present

Government has failed to formulate a correct policy to contain the price rise from the time it assumed office and now the problem has gone out of its hands. Sir, black money and illegal transactions are playing a vital role in this sphere. Today also there was a Calling Attention regarding the Rs. 40 crore hawala transactions which were going on for so many years. The Government is afraid of black-money holders, black-marketeers, hoarders and tax evaders. The Special Bearer Bonds Scheme has brought about Rs. 380 crores of unaccounted money. This itself would clearly go to show how unaccounted money is playing a vital role in the Indian economy. With the consumer prices still rising, industrial production lagging and budgetary deficit threatening to overshoot the set limit and the trade gap sure to cross Rs. 4,000 crores, this year may confront the Government with grim economic challenges. Industry has eaten the carrot and failed to produce more. The Government has no choice but to take bold measures to put the economy on the road to recovery. It is a pity to note that even though the Government has pumped in commodities worth Rs. 4,000 crores into the public distribution system during 1980 for the common man's use and for stability of prices, the prices constantly rose during 1981. Price management should be regarded as all the more remarkable in the background of inflationary pressures of oil price hike, higher transportation costs and allied factors. Many times the fall in the wholesale price index has not quite percolated to retail markets. It takes an estimated period of two and a half months to percolate to remote retail markets. The percolation is seen to be faster whenever there is a rise in the wholesale price index.

Sir, the official wholesale price index for all commodities—base year 1970 equivalent to 100—was 258.8 during the week ending January 10, 1981. But the official wholesale price

index for the week ended July, 25, 1981 was 285.7. The statistics show that every week the prices of food articles are increasing, affecting the common people. Within a period of six months during 1981, there is a price rise of about 27 points. I would like to know from the hon. Minister what is the instrument that he is armed with to control the rising prices. I would like to know whether it is impounding of DA or freezing bank advances or increasing the interest rate for loans or the Maintenance of Essential Services Ordinance or something else. He should take the House into confidence and come forward and inform this House of the way in which he is going to control the rising prices.

Sir, according to the statistics available, wholesale prices have registered an increase of 35.8 points during the last one year. The highest increase in wholesale prices last year was recorded in foodgrains. Its index rose from 203 to 232.4. Even in this group, the major increase was on account of the rise in the prices of pulses. The index for pulses rose from 272.1 to 340.7, thereby registering 63.8 points. Among food articles, the major increase was in the price of oil seeds. Its index rose by 42.4 points. Among the food articles, sugar, khandsari and gur recorded an increase of 55.6 points. Edible oils also registered a big increase—47.1 points—during the last year. In the textile group, cotton textiles recorded an increase of 16 points and woollens, less than seven points. The prices of tyres and tubes also rose by about 38 points. All these things would go to show that the common man's articles of daily use are being priced at more rates than that, his income is not meeting. Then how can the price increases be borne by the people in the unorganised sector and those whose income fluctuates day to day? The Government will have to take a number of hard decisions. The farmers are on a war path clamouring for higher prices. Similarly, the administered prices of a number of

crucial commodities—steel, coal, cement, non-ferrous metals, drugs, etc.—will per force have to be raised. It

is a known fact that streamlining the distribution system and imposing various types of controls cannot convert shortages into surpluses. It is heartening to note that production in both the public sector as also the private sector has been low. During 1980, in April and October production of consumer goods largely in the private sector also fell by 16.3 per cent. Sir, it is often seen that the fall in the price index is not reflected in the actual market prices at the rated level. This is not an unusual phenomenon especially in a country where the organised sector is an exception rather than the rule. Sir, in India, only 20 per cent of the population is being covered by fair price shops and the rest are left at the mercy of the private traders.

Sir, lastly, I would like to appeal and advice my DMK friends, especially Mr. Karunanidhi and others, that we are going to demonstrate.....

SHRI V. GOPALSAMY (Tamil Nadu): Do not bring in politics. We are discussing the price situation in the country. What is the relevance of this? What relevance has it got?

SHRI U. R. KRISHNAN: Let me complete, whether it is relevant or not. (Interruptions)

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): I have not heard what he said.

SHRI R. RAMAKRISHNAN (Tamil Nadu): He should not be so sensitive when the name of his leader is mentioned. (Interruptions).

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMI): Mr. Gopalsamy, if he says something... (Interruptions).

SHRI V. GOPALSAMY: I would also speak.

SHRI U. R. KRISHNAN: I can speak about the rise of prices in the State when I am making my points to the Central Government. (Interruptions)

SHRI V. GOPALSAMY: I am very sorry to say that he is

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMY): You are participating in the discussion, Mr. Go-palsamy. Yes, Mr. Warjri.

SHRI ALEXANDER WARJRI (Maghalaya): Mr. Vice-Chairman, Sir, I am not an economist and I do not intend to speak on all-India basis as others are speaking. The Finance Minister has detailed the whole thing. When it comes to inflation, he says it is 12 per cent. It may be true for Delhi. But I would like to ask him whether he has studied the price indexes of the different parts of the country. For example, the price increase in the area from where I come, the North-East, is double or triple of what it is in Delhi. The prices of things in the North-East have gone very very high. In fact, it is impossible for many of the people in the North-East to live on the essential commodities sent from the rest of the country because of the hike in the prices of many things, especially of oil. And it takes a lot of time for things to be taken from this part, of the country to Gauhati and then from Gauhati they are to be taken by trucks. Naturally, the prices of things have become very high. While we are complaining about sugar costing Rs. 6 per kg. here, we cannot think of getting it there at Rs. 6 per kg. In Manipur, for example, the price of sugar is Rs. 12 per kg. The price of salt is Rs. 4 to Rs. 5 per kg. And steel and building materials we cannot even think of. Even the Government Departments had to stop bringing materials from other parts because of the high transportation cost and because the contractors have refused to deal with them. Only a few days back it was one estimate and now it is double of that amount already. I would like to say that the prices of the essential commodities, especially sugar, dal, edible oil etc. are more, double, than those in the rest of the country. I regret that the Finance Minister has totally ignored

this fact, that in places like the North-East, inflation is not 12 per cent, but, I think, it is more than 45 per cent. About another thing also, I would like to remind the Finance Minister. In the North-East there is shortage of the small coins. Coins are not at all available. When we go to the shopkeepers, they would give only tokens or coupons. There by the customers have to go and buy things again and again from the same shop and receive the coupons from them. Or, they will give sweets or something else in place of the coins. I would like to ask the Finance Minister if he is aware of this shortage of the coins in the North-East.

Finally, Mr. Vice-Chairman, Sir, I would like to say that in some States like Mizoram everything is being subsidised, in the cost of the essential commodities, subsidy has been given to States like Mizoram I think other States also deserve to have the subsidy. The prices of things, especially in the hilly States of the North-East, should be subsidised.

THE VICE-CHAIRMAN (SHRI DINESH GOSWAMY): Mr. Hegde your party's time is up. Can you make your contribution in five, six minutes?

SHRI RAMAKRISHNA HEGDE: Mr. Vice-Chairman, Sir, when Mr. Venkataraman was appointed as a Minister in the Central Government, I had expected that he would be in charge of Industry because he was known as the Father of the Industrialisation of Tamil Nadu. He had shown exceptional ability; now I wish he was appointed as Minister of Industry.

Sir, with all my admiration¹ for his ability as a Minister, I am afraid, I am not at all convinced either by the analysis of the present situation given by him or by the remedies he has suggested or by the way he has adopted. He himself sounded that he was speaking with lack of conviction.

Sir, I am not going into the aspect of the price rise, item by item, the

price rise during the last one year or two months or two years and so on. But I would like to submit that today, in the present economy, the price rise is not the result of short supply of any commodity. One of the two main factors for inflation and price rise, namely short supply is absent today; and that is a paradox. And here I want to draw his attention to the fact that because of excessive induction of money into the economy, artificial scarcity has been created and the prices are continually increasing. And to some extent, the Government itself is responsible. It has adopted a cost-push method. Now, for instance, was it necessary to increase the price of the Janata cloth by 15 per cent? Was it necessary to increase the excise duty on fertilizers? Was it necessary to increase the price of steel and also of sugar? Today no commodity is in short supply. Mr. Venkataraman said that even in regard to steel, during the last six months there has been an unprecedented increase in production to the extent of 60 per cent. Why then did he agree to the import of steel? When there is a glut in Haryana and Punjab in regard to wheat, why did he agree to import 15 lakh tonnes of wheat from abroad? Sir, wheat is produced in Punjab and Haryana. Luckily all these surplus States are headed by Chief Ministers belonging to his own party. Sir, is it not a fact that because of the failure of these Chief Ministers to procure adequate quantities of foodgrains, Mr. Venkataraman has been obliged to import unnecessarily such a huge quantity of wheat and also sugar? Sir, when the Janata Party Government went out, even during the leanest period there was a stock of 17 lakh tonnes of sugar in this country. And today also the scarcity that we face is only an artificial scarcity. Now, is there no adequate measure to deal with the black-marketeers, to deal with the hoarders? Recently the National Security Act was passed and on the floor of this House it was said that that measure

was necessary to deal with such kind of anti-social elements, I would like to know how many of such black-marketeers and hoarders and smugglers have been arrested under this Act.

Sir, the second point to which I would like to draw his attention is that there is absolutely no discipline in regard to Government expenditure. And this is how more and more money is injected into the economy. I would like to know what are the measures which Mr. Venkataraman has taken in regard to curbing expenditure on non-Plan schemes. Now the Chief Ministers from the Congress States—not from Kerala or Kashmir or West Bengal—come to Delhi at least ten times a month. When Rajiv Gandhi was elected, the whole Cabinet from Madhya Pradesh wanted to hire a special plane to come to the Capital to pay homage to him. Is it not unnecessary expenditure? Is it not a great drain on the public exchequer? I would like to know from Mr. Venkataraman what measures he has taken to see that no State incurs overdraft. Recently I saw that more than Rs. 1,000 crores by way of overdraft was adjusted. It is a book adjustment. Each State Government is advanced that amount of money which that particular State Government is in overdraft to the Reserve Bank of India by way of short-term and medium-term loans. Sir, this, to my mind, is the main cause today for the inflation.

Now, take, for instance, Maruti nationalisation.

[Mr. Deputy Chairman in the Chair]

With what conviction could he say that it was a necessary expenditure? I can give you a hundred such items where the Government has been spending without any justification, without any need, without any reason. Because, either somebody in the Government or the party wants it. I can sympathise with Mr. Venkat-

[Shri Ramakrishna Hegde] raman. It is not because of lack of ability that he has been unable to control inflation. I can appreciate that there is a lot of pressure on him. Certain measures like the Bearer Bonds that he has taken to deal with black money, notwithstanding his own admission, were not a brain child of his. They have not yielded any results. He has himself agreed that he expected about a thousand crores of rupees through this measure. But it has yielded only Rs. 300-odd crores. There is a very heavy amount of income-tax arrears, to the extent of Rs. 300 crores. I would like to know from Mr. Venkataraman what measures the Government has taken to see that these arrears are collected. Everybody is speaking in terms of a package deal. Even the Prime Minister made a reference to the so-called package deal in her recent press Conference. What is the package? I hope Mr. Venkataraman realises that through these measures the Budget that was presented to Parliament has gone totally out of shape, has become totally meaningless. Why then was there any need for a Budget? Every Minister comes out with a new mini budget. I do not know how the Finance Ministry is having any kind of discipline or any kind of control on the various Ministries. Today, according to my own estimate, if he exercises strict discipline on his own colleagues and on the State Governments where his own party is in power, a minimum amount of Rs. 1500 crores can be saved. All expenditure in regard to non-plan schemes must be stopped and strictest vigilance has to be exercised by the Finance Ministry in regard to every item of expenditure. I do not know whether, as part of this package deal, package programme, to fight the inflation and price rise, the Government of India is thinking in terms of demonetisation of hundred-rupee notes. It is in the air. Even that will not solve the problem. Therefore, my concrete suggestion to the Finance Minister is that you please see that today the illogi-

cal, unnecessary, imports that you are indulging in are stopped, strictest possible economy measures must be applied not only in the Centre but also in the States; you must completely ban the advance of money by the financing institutions for trading purposes at least for six months, and lastly, he must realise that ultimately the price rise in two commodities, that is, sugar, by Rs. 2 per kg. and onions by 30 paise per kg, was responsible for bringing his party to that side. If the Government fails, whatever might be the excuses—they can say the Janata Party did this, the Janata Party did that or Charan Singh did this and Charan Singh did that—the people are not going to be convinced. This kind of finding scapegoats will not pay you in the long run any dividends. Therefore, I would like to suggest to him, to take the strictest measures. Mrs. Gandhi, as Prime Minister, has invited the Opposition Party leader, in regard to a few issues to discuss and find out a common ground. I am surprised that no such meeting of representatives of opposition parties was ever called either by the Prime Minister or the Finance Minister to discuss price rise. I suggest that such a meeting should be held.

SHRI V. GOPALASAMY: My Deputy Chairman, we are discussing the problem of price situation in our country. The problem is a Himalayan problem and in our country the person who is tackling this problem is our hon. Finance Minister who is the pride of South Indian intelligentsia. ...

SHRI SANKAR GHOSE: Why not Podia?

SHRI V. GOPALASAMY: After all there is local patriotism.

When he advocated the policy of import of foodgrains and sugar from foreign countries, he said that it was to tackle the problem of hoarders. Mr. Hegde was very correct in saying that we have got the enforcement machinery and a comprehensive legislation to tackle them. We cannot just blame the hoarders to justify import of foodgrains which is at the cost of indigenous farmers. This one aspect I want to place before the hon.

Pittance Minister for has consideration,

A_s far a₃ inflation is Concerned, it is not an indigenous problem. It is a global problem. Economists are baffled at this problem and politicians are tongue-tied and consumers throughout the world are fuming and fretting and suffering because of price rise. At the same time when we compare the inflationary, trend or rate of inflation of other countries with that of our own country, the position here is very encouraging and promising. The report of the World Bank of August 1980 makes stark revelation of annual rate_s of inflation iVi different nations between the sixties and the seventies. When We just go through the figures given in this publication, we will know to what extent other countries are subjected to this very serious problem. For instance, in Bangladesh it was 3.7 per cent in 1960 and 17.9 per cent in 1970. In Burma it was 2.7 r>er cent in 1960, but 13.7 per cent in 1970. India 7.1 per cent in 1960, but only 8.2 per cent in 1970. In Sri Lanka it ha_s risen from 1.8 per cent in 1960 to 11.8 per cent in 1970. Pakistan from 3.3 per cent to 14.6 per cent. Philippines from 5.8 per cent to 13.4 per cent. Chile from 32 per cent to 242 pe_r cent Brazil from 46 percent to 100 per cent. Israel from 6.2 per cent io 160 per cent. It js fantastic. Japan from 4.8 per cent to 9-6 per cent. United State_s 2.8 per cent to 6.8 per cent.

Regarding inflation, the second world and third world countries are blaming the first world countries particularly America. Th_e balance of payment situation in early 1970 started this price spiral. The first world countries particular by America is blaming the fourth world under-developed countries on account of soaring price of oil. This is the problem throughout the world. Also w_e see the problem of transfer of inflation from one country to another country. At the sam_e tim_e there *s another indigenou_s factor which is one of the root cause of inflation, namely, the

parallel economy. Thi_a was discussed in thi_s House. The Government ha_s taken many steps to tackle this problem of parallel economy or black money. Sir., the Flirianae Minister introduced the Special Bearer Bonds Scheme. But we have not succeeded "o the extent we expected. At the Fam_e time, Sir. the Finance Minister informed this Hous_e that if this measure dil not succeed, he would ihtro-cuce s'jnie other device. Sj, what other device V'u ere going to introduce, we do not know and we are waiting for that. Sir, Mr. Hegde was mentioning about the Income-Tax arrears. There are hig sharks in our country who have not cleared their dues to the extent of lakhs of rupees, to the extent of crores of rupees. Sir, we can understand if an ordinary person, a commonman, who is very poor and who is not able to clear his dues, is not able to pay this 'irrears and w_e can give som_e relief. The ryot_s and the farmers ar_e not able to pay their dues and they want postponement and we can understand that. But big people, particularly thos_e who are connected with th_e silver screen, who are In the cinema industry, who have minted money, have not paid their arrears and those people must be severely punished. Whoever he may be, whatever position he may hold, he must be severely punished. And also, Sir. those persons wh_o have violated the foreign exchange rules should be severely dealt with.

MR. DEPUTY CHAIRMAN: Mr. Gopalsamy, this has a special reference to your State, I suppose.

SHRI V. GOPALSAMY: Ma_a be. You may presume. But I am not mentioning anybody -----

SHRI R. RAMAKRISHNAN. Very good.

SHRI V. GOPALSAMY: ...because I 'am not dragging thi_s into petty politics. But the person^ whe havte violated the foreign exchange rules, those who have not paid their Income-Tax arrears, must be severely dealt with.

[Shri V. Gopalsamy]

Sir, inflation is a problem and I think it is a very serious problem. Shri Sankar Ghose was actually elaborating on the whole issue and was giving facts and figures and I was listening to it with great attention. No doubt, Sir, inflation problem is a very serious problem. But I can compare this problem to Goliath. So, Sir, I will compare our Finance Minister to David and I wish this David success in his efforts. Thank you, Sir.

SHRI M. KALYANASUNDARAM (Tamil Nadu). Sir, the price situation in our country is only a mirror of the economy as a whole and the policies which are driving the economy. So, there is no use either complimenting our Finance Minister or running him down. Even if the same Mr. Venkataraman were the Minister of Industry in Tamil Nadu now, as he was before, I do not know what he would have done. It is not an individual's capacity or efficiency or inefficiency, Sir. But it is the policy. What is the policy towards our economy, towards the trade, towards distribution, towards production and so on? All these, combined together, have resulted in this situation. The more important thing is our policy towards our exports and imports. If the House examines carefully our policy and analyses our exports and imports and the price structure of our exports and imports, it will come to the inevitable conclusion that the imperialist countries are looting our country much more than what the Britishers did during their rule in this country. A few days ago, Sir, the honourable Minister of Commerce, and the Leader of this House, was giving us some details with regard to tea. Whether it is tea or coffee or any other consumer goods that we export, we only export at the cost of the consumers of this country. For every kilogram of tea that is exported, our country is losing about four to six rupees. Who is bearing the burden? The burden is shifted to the consumer. Every

man or every woman or every child who takes tea in our country has to pay for the export. Now, how much have you earned? The export earning is going down. The same is the case with regard to coffee. Now, Sir, we are exporting all sorts of things, meat, fish, fruits; everything we export. All consumer goods are being exported. What for? To earn dollars to pay for foreign debts. This is one of the main reasons for this increase of prices of consumer goods. The basic policy must be changed. We should fight for a reversal of the price structure in the international market. That is where the role of our country becomes very important—one of the biggest countries in the world. We are playing an important role in international politics. Our country plays an important role in the non-alignment. The same role must be played here.

Imperialism is there everywhere. Imperialist penetration, not only politically but also economic penetration of imperialist countries, that is there through multinationals, through IMF, through World Bank loans, is much more dangerous or it is as dangerous as supply of F-16 to Pakistan or supply of arms. So there should be no compromise on economic relations. What is the policy that is being pursued? What is the use of blaming the Finance Minister? What can he do? He is asked to pursue or carry out a policy and he is doing it, with the best of his ability. He is able to convince the Cabinet with regard to the need to accept the IMF loan, whatever may be the conditions, and he is able to make the conditions as innocent as possible to the country. And he will accuse me if I say it is all ideological and say, What is it? You seem to have IMF worms in your brain... (Interruptions). It is the Finance Ministers, your predecessors, right from Asoka Mehta to R. Venkataraman and you people who are responsible for importing these vicious worms into this country and make the people suffer. What can he do? He is doing his best in the present.

sent circumstances. The previous speaker, Mr. Gopalsamy, said that he was proud that he is a South Indian. Whether he is a South Indian or a North Indian is not the question _____

SHRI V. GOPALSAMY; The fact cannot be denied... (Interruptions)

MR. DEPUTY CHAIRMAN; He can take pride for that,

SHRI M. KALYANASUNDARAM: After BH> it is the policy that they are pursuing that is important. (Interruptions) There were more eminent people before Mr. Venkataraman. Mr. T. T. Krishnamachari was there. He also failed. Everybody has a history of failures. Whether South Indian or North Indians, all have * history of failures.

SHRI V. GOPALSAMY; But they have managed to some extent.

SHRI M. KALYANASUNDARAM: Nobody has managed. The result is growing impoverishment, high prices, unemployment.

SHRI V. GOPALSAMY; That fo throughout the world, even in USSR and _____

SHRI M. KALYANASUNDARAM: Not so. Speak with some knowledge. No Socialist country can be accused of inflation or unemployment, except to some extent Yugoslavia and China. (Time bell rings)

A few minutes more; I am finishing. We do not want this paper money. Distribute essential articles to the workers. Why should they clamour for increase in the rates of dearness allowance. If you can stabilise prices and distribute the essential articles of life to the workers at reasonable prices, it will be better. What prevents you? Whatever is produced is partly consumed for export and partly for hoarders and black-marketeers. Hoarders and black-marketeers are responsible for high prices. How to check this menace. I spoke about the essential articles such as foodgrains, sugar, etc. Is this the strategy to

tackle high prices and hoarding. The hoarders will not part with the hoarded stock and the Government is so powerless to take over the hoarded stock. They have to import. But how much can you import and who will pay for these imports? What is the price at which the imports are made? There is more than 26 lakh tonnes of sugar available with the millers. I do not know the figure about foodgrains that is lying hoarded. You have no courage or the policy or the moral strength to take that. The entire people will support you if such a bold decision is taken to bring out the hoarded stock. Particularly the working class and the rural poor will support such a policy. Yesterday, we discussed about cement in this House. The Government says that the price of cement is Rs. 29. But which dealer is selling for Rs. 29. It sells for Rs. 70 a bag. Building workers are going without employment. Only black-marketeers are purchasing cement at that price. So, the black-marketing, black-money and high prices are the symptoms of a disease. This disease is deeper in our economy because our policy is to make the rich richer. Have any of these monopoly houses suffered due to high prices? Take the accounts of the monopoly houses, of Birlas, of Tatas. Their assets have grown. Their profits have increased. Their investments have increased. Unemployment has grown. What is this policy? When they go to elections, they talk of rising prices. When Janata was in power, they talked about onions, gold and sugar. What is the price of gold now, Mr. Venkataraman?

SHRI V. GOPALSAMY; It is Rs. 162 per gram.

SHRI M. KALYANASUNDARAM: What was the price then? What was the price in 1977 when the Janata Government came to power? What was the price when they left? Whether it is Janata party or the Congress party or the Communist party the problem is the same. Which party is ruling is not the problem. What is

[Shri M. Kalyanasundaram]

important is which policy is operating and which cause is being supported. I have an approach. It is not an ideology. Mr. Venkataraman will try to excuse himself by saying that Kalyahasundaram is speaking about the ideology. But ideology is necessary. Our nation has an anti-imperialist ideology. We have an anti-capitalist ideology. Our ideology is not pro capitalist, pro imperialist. Our ideology is the ideology of the Inhabitant people, the working people. It is so from the Karachi Resolution. As a nation, we have evolved that policy. Are you implementing that policy? That is what I am asking you. So, I do not want you to use this thing for politics. Rise above politics. You have to decide which class you are going to defend and which class you are going to attack. Unless we are clear about it, which party rules is not the point. Tomorrow Congress may go and somebody else may come. If they pursue the same policy, nothing is going to happen and the situation will be worse, I will appeal again to do something to strengthen the public distribution system. At least save the people from starvation. Immediately he will say that there are no starvation deaths because no death is reported as starvation death. People are under-nourished, especially the working classes and the rural poor, and the middle-classes. Many of the consumer items have gone away from the dishes of the people. Ghee is not available. Our children will not know what ghee is. Ghee was used in 'Yugya'. It has disappeared. Every nutritious thing is disappearing. Most of the people have become vegetarian because they cannot get mutton or meat, they cannot even get fish.

SHRI RAMAKRISHNA HEGDE: Even vegetables are not available.

SHRI M. KALYANASUNDARAM: My friend says about the vegetables. So, how are you going to sustain this nation? How are you going to preserve the power of the muscle, power of the people which is more impor-

tant than your machine power; Without muscle power, which machine can work? Sir, this is the state of affairs after 34 years of independence. Should we not honestly do some self-introspection as to why is this happening? Whoever may be the party, it is not the party politics which I want to bring here. What is the promise that the ruling party gave? What is the promise that this very Mr. Venkataraman gave during the introduction of the Budget in this House? Even the walls would remember it. He said; "The prices have reached the plateau; they would not rise further". After that, he himself was responsible for rising the prices of petroleum products, fertilizer and everything which will in turn escalate the transport charges. Every State is now clamouring for a rise in the transport fares. What can the State Governments do? But the State Governments cannot escape their responsibility, whether the Anna DMK Government or the West Bengal Left Front Government or the Kerala Government. They also must bring pressure on the Central Government to change the policy. (Interruption) I am not referring to you. I am referring to all the State Governments. They should not excuse themselves. Of course, they are not responsible for the policies. I do agree. There is no use of blaming one Chief Minister or one State Government. The Central Government is responsible. What is the policy the Government is pursuing? It is an out and out capitalist policy. Within the capitalist framework it is impossible to solve the problem of prices, to solve the problem of corruption, to solve the problem of blackmarketing, to solve the problem of unemployment. So, before it becomes more serious, before the people take the law into their own hands, the Government should wake up and do something to give relief. Thank you, Sir.

SHRI R. VENKATARAMAN: Mr. Deputy Chairman, Sir, we have had a debate very much like the general debate on the Budget.

SHRI M. KALYANASUNDARAM:
Naturally.

SHRI R. VENKATARAMAN: We discussed all the subjects and all the things that are generally discussed during the Budget. Sir, I shall try to confine myself largely to the issues which are before us.

Sir, the issue with regard to inflation is not connected with the Political ideology. In fact, my esteemed friend, Mr. Kalyanasundaram delivered an election speech.

SHRI M. KALYANASUNDARAM: That is how you should escape yourself. What else do you speak in elections?

SHRI R. VENKATARAMAN: The Platform which Mr. Kalyanasundaram represents went and told the people that the ideology which they represent will solve the problems of India. Unfortunately, the people did not accept it.

SHRI M. KALYANASUNDARAM: That is why they are suffering.

SHRI R. VENKATARAMAN: There is no point in his again coming and telling the House that the ideological solution which he has got is a panacea for all ills, for all people all over the world, I must at the same time concede that so far as the totally controlled economies are concerned, it is possible to maintain prices.

SHRI M. KALYANASUNDARAM: Thank you for admitting this truth.

SHRI R. VENKATARAMAN: But the issue before the country is not whether you are prepared to have a totally controlled economy. The people have rejected that. Therefore, to say that in a totally controlled economy it is possible to do something which in a market economy under which we are functioning we are not able to do, is not suggesting a solution to the country. Maybe, some day he will be 6 P.M. able to convince the masses and he may probably succeed. But the Government...

SHRI M. KALYANASUNDARAM: The masses will learn from their own experience.

SHRI R. VENKATARAMAN: ...has to fulfil the mandate it has received from its people and the mandate does not admit of adopting a totally controlled economy in this country.

I must also offer a personal explanation to my esteemed friend. We have been together in jail right from 1942. When I say that Kalyanasundaram has a bee in his bonnet, I do not mean anything derogatory. In fact, this expression, a bee in one's bonnet, means that some people have some fixation and Mr. Kalyanasundaram has a political fixation and he is repeating it. That is all that I say, and not that some vicious germ has entered into anybody's head or anything of the kind.

Sir, I will now proceed to deal on the basis that we are committed to a democratic system, with a market economy and what best can be done in those circumstances. A number of very valuable suggestions were made and I would like to mention them at the outset I agree with a number of points which have been made by my good friends and I will only deal later with the points on which I have a difference of opinion.

On the first question that we must increase the supplies of essential commodities in the country through increased production there can be no two opinions. My esteemed friend, Shri Sankar Ghose and a number of others mentioned that we must produce larger quantities of edible oilseeds and that we must have a programme for such production. Sir, the Minister for Agriculture as well as the Minister who is in charge of Civil Supplies have repeatedly stated before this House that action is being taken to increase not only the cultivation of edible oilseeds but also increase the productivity of edible oil, which is very important. The green

[Shri R. VENKATARAMAN]

revolution that has been achieved in agriculture through increased productivity gives us confidence that we will be able to achieve the same kind of results in the production of edible oils.

DR. BHAI MAHAVIR: Sir, may I ask a small question? Is it not a fact that even in the matter of agriculture our productivity is much below the world average in respect of wheat, in respect of rice, in respect of a number of oil-seeds? So, let us not be complacent. I would like to know whether that is not a fact.

SHRI R. VENKATARAMAN: I am talking of the productivity a decade back and now. I am only saying that we have increased our productivity and that gives us confidence that we can increase productivity in other areas also. In agriculture, it is very difficult to compare countries because it depends on a number of factors like climate, fertility of soil, and adoption of methods, and so on. I never pretended that we have achieved the highest productivity in the world. All that I said was that our experience in increasing the productivity in agriculture in our country over the years has given us confidence and that we can extend this to the field of edible oils.

Sir, the second point which was strongly raised is that the public distribution system should be strengthened. Here also, we have absolutely no difference of opinion. In fact, I would like to give some figures as to the number of fair-price shops that have been increased during this period. The number of fair-price shops that we had in January, 1980 was 2.36 lakhs; by the end of December, we increased it to 2.75 lakhs and now in July, 1981, we have nearly 3 lakhs of fair-price shops. Therefore, on this also, there is no question that Government is lagging behind. On the contrary we are doing our very best to increase the number of fair-price shops.

i to tackle it

I may also mention at this time that not all the public distribution system all over the country is functioning satisfactorily. Some States have very efficient public distribution system, notably, Kerala for instance, West Bengal, Maharashtra, Tamil Nadu and to some extent Madhya Pradesh also. But in other States, it has all been in shambles and, therefore, attempt to strengthen the public distribution system is constantly before the Government and we are now giving very serious attention to this problem.

Then the next point which everybody said is that in respect of these commodities which are in short supply, we should try rather to increase production, and not rely on imports. Here also there is no difference of opinion. But, at the same time, why we have imported, I have mentioned even in my opening speech. We are going to create a buffer stock in respect of sugar. Here, Mr. Hegde will not get annoyed if I tell him that at a time when the country had a large surplus of sugar and its production was very high at 70 lakh tonnes, instead of creating a buffer stock at that time, the Government reduced it, did away with the dual pricing, and allowed the free of sugar to crash with the result that next year, people did not cultivate sugarcane, and we were left with the legacy of shortage in sugar. This Government will not make that mistake. And one of the purposes of having the sugar import is to see that we create a buffer in respect of sugar, if there is a surplus production and a shortage in production in the country.

SHRI HAREKRUSHNA MALLICK: May I have a small clarification? The hon. Minister just said that he is of the opinion to trigger our own production and help the economy but at the same time he is importing and he is justifying the import of wheat and sugar to create buffer stock. I want to know whether this is not a contradiction.

SHRI R. VENKATARAMAN; T do not see any contradiction. Please sit down.

SHRI HAREKRUSHNA MALLICK: Sir, he says he is importing to create a buffer stock; at the same time... (Interruptions)

MR. DEPUTY CHAIRMAN; All right; he does not accept it as a contradiction. Let him reply,

SHRI HAREKRUSHNA MALLICK: How does he say so? He is misleading the country; he is misleading the people and the House.

SHRI R. VENKATARAMAN; This is not a conversation. Please sit down.

SHRI HAREKRUSHNA MALLICK: He is whiling away the time of the House. He is making contradictory statements. He should not while away the time of the House. (Interruptions)

MR. DEPUTY CHAIRMAN; Mr. Mallik, you may not agree with him.

SHRI HAREKRUSHNA MALLICK: He should justify his statement.

MR. DEPUTY CHAIRMAN; He is justifying. If you are not agreeable, what can he do?

SHRI HAREKRUSHNA MALLICK: You cannot protect him like this. I have made a point. He may differ with it. But he should justify what he is saying.

SHRI R. VENKATARAMAN; I think, truth hurts. The fact of the matter was that when there was surplus sugar in the country, the dual pricing system was done away with and sugar was allowed to be sold freely. There was a crash. All the stocks were exhausted. The result was, we got the legacy of an inadequate sugar stock. (Interruptions)

DR. BHAI MAHAVIR; We accept that that could have been the best policy. Actually, the proposal was there. But it was not implemented.

SHRI R. VENKATARAMAN; We disagree. We believe that in the case of essential commodities, it is neces-

sary to have a dual policy, dual pricing policy, in order that we may meet the needs of the vulnerable sections of the society. We believe in the upper class, the better off class, if they want more than what is allowed, in going and buying it in the open market at a higher price. It is this policy we have followed in the past. As a result of not following this policy at that time, this situation had arisen. At a time when you had a good buffer stock, when you had surplus sugar, you have created a situation in the country, whereby, the next Government when it took over, found itself without any stock having been left behind.

SHRI M. KALYANASUNDARAM: This is a quarrel between you two.

SHRI R. VENKATARAMAN; We will not commit that mistake. We will see to it that when there is surplus production, we create a buffer stock.

DR. BHAI MAHAVIR; Was there really no stock? Do you really mean what you say? Was there really no stock when this Government came to power?

SHRI R. VENKATARAMAN; Very low stock. Very poor stock.

DR. BHAI MAHAVIR; We would like to know the figures.

SHRI RAMAKRISHNA HEGDE: Fifteen lakh tonnes of sugar was in stock when the Janata Government resigned. I got this figure through a question which was answered by the Minister of Agriculture.

SHRI R. VENKATARAMAN; The point is, with 38 lakh tonnes production next year, whatever was in stock was totally inadequate. That is why, the price shot up. He is only proving the point which I am making. Had this policy been pursued, there would have been sufficient stock. We require about 55 to 60 lakh tonnes of sugar to meet the needs of the country. If that was not available, at a time when you had surplus stock, then you are only to blame yourself.

[Shri R. Venkataraman]

The next thing I would like to mention is this. I can quote the figures in regard to the price index. Here again, people can be hurt. I suppose, comparisons have to be made only with the year which is preceding the year in which we took office. Whether it was Janata or within the Janata something else, it is not my concern.

DR. BHAI MAHAVIR: It was your creation.

SHRI R. VENKATARAMAN: It is none of our concern. We inherited a state of economy in which this was the state of affairs. The state of affairs was that, the wholesale price index had increased from 186 to 227, an increase of 22.2 per cent. From that level of 22.2 per cent which had been the increase, we brought it down to 14.6 per cent and so on. This is what I said. I entirely agree that this is not an answer to the people. This is definitely an answer to those who criticise me, about the inflation not being controlled and all that. This is not an answer to the people, because, my ten per cent or nine per cent comes over a phenomenal 22.2 per cent increase, left as a legacy by the previous Government. Hence, even where the price increases by 1 per cent, it is not one per cent, but it is 23 per cent, 22 per cent having been contributed by others. Therefore, I am not defending the increase in price. But I am certainly defending my Government against the criticism that we are responsible for this increase. The next point I would like to deal with is the one that has been made about foodgrains distribution, that there has not been the same amount of distribution that had been allowed earlier. This is what Mr. Sankar Ghose said that actually the food distribution has been reduced. On the contrary, I find that in the period 1979 the offtake of food-grains was 11.66 million tonnes and in the year 1980 the offtake was 14.84 million tonnes from our public distribution system. Therefore, actually

we have supplied more food during the period 1980 from the public distribution system to our people and to that extent we have really satisfied the felt needs of the large mass of people.

Then, the question was raised about the oil prices, that oil prices have been increased and an increase in oil prices amounts to taxation. I am yet to see an economist facing this kind of conundrum, that raising the price of a commodity amounts to taxation. If Tata increases the price of its steel it is not taxation, but if SAIL increases it, it is taxation. This is something which passes all canons of logic. Prices of commodities will have to be determined on the basis of their cost of production. If the cost of production of commodities go up in our economy, the consumer or the purchaser or the user has to pay. If the purchaser or the user does not pay, the consequence would be that it will be a deficit in the budget and it will have to be subsidised. If it is subsidised, it will create a deficit and if it is financed by a deficit, then it will, again, have the same inflationary effect that my hon. friends say. A person who travels by train must pay for the cost of the service, a person who gives us something must pay for the cost of the service, a person who does not use the service should not be called upon to subsidise the user of the service. Yes, Dr. Mahavir, now you may say what you wanted to say.

DR. BHAI MAHAVIR: If you are mentioning about other prices, I am not referring to that. But the recent increase in the prices of petroleum products is not justified by anything happening in the supplying countries. The price in the international market was coming down and raising the prices for the purpose of checking consumption is certainly something of a manipulation. Well, you may call it a good measure but it is not justified by outside events.

SHRI SADASHIV BAGAITKAR: Before you proceed further, I hope what you said applies to agricultural

prices also, I nope it applies to the puchafer also.

SHRI R. VENKATARAMAN: The point is this, all over the world oil is priced at the same level as the international price. U.K. produces oil, Norway produces oil, Indonesia, everybody produces oil and those who produce the oil internally they price it at the same level as it is internationally priced. And this money does not come to the Government directly. Mr. Sankar Ghose knows it very well that this money goes to the ONGC and the Oil India which are selling it at that price. In our budget, we have provided a large sum of money, in our Plans we have provided a large sum of money for the accelerated programme of oil exploration schemes. We were providing it till now from the budget. Now we say that this will come out of their own resources. Therefore, to that extent indirectly it is a benefit. But to say that it amounts to taxation is most illogical. It is true that we will get some other benefit, but which party says that the Government should not get any benefit by doing what is fair and what is being done by all countries all over the world? Why should we not do so? That is something which is being done by every oil-producing country in the world. Therefore, Sir, this criticism has no meaning. On the contrary it will help—as I am going to show—reduce my deficit.

The point was raised by Mr. Sankar Ghose, that my deficit will be worth Rs. 3,700 crores. Or Rs. 4,000 crores or something like that. Sir, this was the same kind of prophecy that was made before last year's budget also. Everybody told me, before I presented the 1981-82 budget, "Your budget deficit will be Rs. 4,000 crores". Nobody ever said anything less than Rs. 3,000 crores, and actually my revised estimate was only Rs. 1,975 crores.

DR. BHAI MAHAVIR: What was the total figure of the Reserve Bank's lendings to the Central Government?

SHRI R. VENKATARAMAN: My friend is confusing between, what is called, economic deficit and budgetary deficit. I am talking of the budgetary deficit. You all said that my budgetary deficit will be Rs. 3,000 crores and 4,000 crores, but it was only Rs. 1,975 crores. Like that, this time also I will allow you to speculate. I will not give you what my figure is.

SHRI RAMAKRISHNA HEGDE: Mr. Venkataraman, if you remember, in my speech I had said that the budgetary deficit will increase to Rs. 2,000 crores, and it has come true.

SHRI R. VENKATARAMAN: You are entitled to your views. You can't draw me out. I am not going to say that. I will reserve it till I present, if at all I present, the next budget.

SHRI R. RAMAKRISHNAN: Why not?

SHRI R. VENKATARAMAN: One point was made about the foreign exchange reserves. Yes, Sir, our foreign exchange reserves are going down. It is admitted. The foreign exchange reserves are going down because of our very large import of oil. Rs. 5,400 crores is our import on oil. It represents 71 per cent of our entire exports and nearly 50 per cent of our total imports, and with this large oil import we will necessarily have to incur this exchange deficit. At the same time, we are accelerating our programme of oil exploration and God willing we are able to achieve a measure of success in Bombay High and other areas, then the whole situation will change. Our import of oil will go down and once the import of oil goes down, the foreign exchange reserves—everything—will become very easy for us. In this connection I would like to say that so far as oil consumption is concerned, it was deliberately decided that oil consumption in India should be brought down, and one of the ways in which it could be brought down is to increase the prices to the level of international prices and we increased the prices of crude, petroleum products, etc., with a view to

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seeing that our consumption goes down. I am hoping that this consumption will also go down and we will be able to show better results.

SHRI SADASHIV BAGAITKAR: What about some more drastic measures for reducing the use of oil?

SHRI R. VENKATARAMAN: I will come to that later. I have got your point also.

Sir, certain hon. Members said that the exchange rate is adverse to us and that we are depreciating our currency. I wish to explain to the House that ours is a floating rate of exchange and it is related to a basket of five currencies, and as and when these currencies change, the exchange rate will fluctuate. It so changes that now the dollar is appreciating and our currency in relation to the dollar is going down but, at the same time, if you compare it with other currencies, for instance, as on July our rupee has appreciated against the sterling by 13 per cent, against the Deutschmark by eight per cent, against the Yen by two per cent and against the French franc by 10 per cent. Now, if you look at those currencies in relation to the US dollar, you find that those currencies have also depreciated. You cannot say that the Japanese currency or the British currency or the Deutschmark has been devalued. These kinds of fluctuations do take place, but there is no question of devaluation on that basis. It will appreciate against certain currencies, as I have pointed out, and it will depreciate against certain other currencies and it will not amount, as people say, to any kind of devaluation.

Then, Sir, on the Sixth Plan allocations also, Shri Sankar Ghose made certain valid points. He said, "What is your strategy for increasing production". So far as the total outlay on irrigation in the Sixth Plan is concerned, it is Rs. 10,258.68 crores. In addition, there are institutional finances to the tune of Rs. 1,700 crores. The irrigation potential

which *s going to be created as a result of this will be 16.7 million hectares. Similarly, he has laid great emphasis on power generation and power production. The additional generation which we envisage during the Sixth Plan would be of the order of 19,666 MW and we are hoping that we will be able to achieve this target, though in the first year it has not come up to the original Plan level.

Sir, the Members asked me a question; What is your long-term and medium-term strategy? So far as the medium-term strategy is concerned, it is to augment supplies and we augment supplies both by increasing production and by imports. So far as the long-term strategy is concerned, it is to become self-reliant. And in so far as self-reliance is concerned, we will concentrate on production of such goods in which we have a competitive advantage and then be able to export them so that we may be able to import the other commodities and services which we are in need of. Here, I must make a distinction between self-reliance and self-sufficiency. Government do not propose to adopt a policy of self-sufficiency in the sense that they will produce everything within this country. On the contrary, they will adopt a policy of self-reliance in which they will produce those goods and services in which they have a competitive international advantage and then use it for the purpose of having the necessary imports. And this is a proper approach to the problem. Otherwise, if every country sought to be self-sufficient, there! will be no international trade, there will be no shipping, no insurance and none of these things. This is the long-term strategy and the short-term strategy, which I have stated.

A number of Members have discussed about the black money and I said that I will recommend the name of the economist for a Nobel Prize if he can find a solution to the black money. I have a report from the Financial Times of London, in which they have stated that the black

money in the United Kingdom has become so rampant that if all the incomes produced in the unorganised sector were subjected to the prevailing average rate of taxes, this alone will imply a current revenue loss exceeding 9 billion pounds indicating the massive distribution of income from taxpayers to avoidance, etc. Therefore, this is not a thing with which we are alone in this world. But we have to take a very stringent action. Actually, hon. Members will recollect from the figures which we have given that we have stepped up the number of raids, searches and seizures for income-tax. Last year, we conducted about 3,700 searches and seizures and we actually seized about Rs. 30 crores. In the first quarter of this year, we have conducted searches and seizures and we have already netted Rs. 2.5 crores, seized Rs. 2.5 crores. Therefore, the unrelenting action against the hoarders and blackmarketeers goes on, and we will not give any quarter to those who tried to evade the law. Beyond that, we will not be able to quantify what exactly the position will be because we do not know where the money lies, and how the money lies. It is only on the basis of information that we take action.

Some hon. Members have said that we must observe greater austerity in our economy. Sir, the non-Plan expenditure is not all administrative expenditure. The Finance Commission classifies the Plan expenditure and the non-Plan expenditure. What is Planned expenditure in the Fifth Plan becomes non-Plan expenditure in the Sixth Plan. Therefore, every one of the non-Plan expenditure cannot be treated as a wasteful expenditure or an administrative expenditure. Three major items constitute the non-Plan expenditure apart from that for maintaining the services already established under the Plan. They are: Defence, interest payments and administration. So far as the defence is concerned, we have no control, and no Member of this House will ever say that we should be parsimonious in the matter of

defence of our country. & as far as the interest payments are concerned, they are a contractual obligation. The more we borrow, the more we pay interest, and it cannot be cut down. So far as the administrative expenditure is concerned, it is very much under control. Actually the increase in the administrative expenditure is hardly 2 per cent. This is the position. Therefore, I would like to assure the hon. Members that the administrative expenditure is not going up. Still, I agree with the hon. Members that there should be stricter control over the expenditure and that every single item of wasteful expenditure should be avoided.

DR. BHAI MAHAVIR: Is it the Finance Minister's case that there is no scope for economy?

MR. DEPUTY CHAIRMAN: Let him complete; let him reply.

DR. BHAI MAHAVIR: Should we have estentatipu, display of expenditure just being a big country?

MR. DEPUTY CHAIRMAN: You have made your point please.

SHRI R. VENKATARAMAN: You have not understood. I said that some Members, not you, said that all the non-Plan expenditure must be cut down. I said that it was not possible. If you cut down the non-Plan expenditure, the expenditure which was incurred for the maintenance of the previous Plan, will be wiped out. Therefore, I said that it was not correct. Then I said that those were the three major items of the expenditure.

The administrative cost, we are trying to cut down as much as possible. We have also taken a number of measures to cut down the expenditure.

Some question has been put in this House or the other House, *I do not* know. I am going to place on the Table various items which have been included in the economy measures.

[Shri R. Venkataraman]

Then, Sir, the last point which was mentioned, I think, was about the I.M.F. These were the various points raised. I have assured the House. . .

SHRI SHRIDHAR WASUDEO DHABE (Maharashtra): Mr. Deputy Chairman, I want to ask a question. The hon. Minister said that the purchasing power should be cut down and for that the price of petroleum should be increased. Also there was a question about the money circulation. You have no price-freeze in the free-market economy, and a large number of people are not covered by the public distribution system and are affected by the price rise. Is there any proposal as a part of cutting down the purchasing power, to have any price-freeze or wage-freeze so that the workers need not purchase many things.

SHRI R. VENKATARAMAN: By way of putting questions they cannot get the future policy of Government. I will not disclose what proposals Government has. There are matters, various aspects of which, Government will have to consider and take a decision. Therefore, you cannot get from me by way of putting a question. I am not that . . . (Interruptions) .

SHRI HAREKRUSHNA MALLICK: Why is the Minister lowering his voice? (Interruptions).

SHRI R. VENKATARAMAN: Well, I cannot give any reply. That is all I said.

About the other point, our trade deficit is of the order of Rs. 5,500 crores and our reserves are Rs. 4300 crores in foreign exchange. If we use this away in one or two years, then what will happen? We will be without any foreign exchange and we will be in a desperate position. Therefore, people must give me credit for being able to negotiate such a big loan for this country. It is the biggest that the IMF has ever given to any country. Even the United Kingdom was able to get hardly 3 billion. Here I am trying to

get the biggest loan so that we can save the economy. If we do not get a loan of this magnitude, then our foreign exchange will be eroded in a short time. If the foreign exchange position is eroded and you are not able to meet your foreign exchange obligations, the present creditworthiness which you have in the market will go down. Today, Mr. Deputy Chairman, our country enjoys a very high reputation in the international money market. We raised 800 million dollars last year in the Euro-dollar market and on terms which many people considered very attractive and they were envious of the way we have been able to do it because our capacity for repayment, our economic strength, our record of payment of our obligations, all these things are so high. Now, in the face of these things, we should negotiate from a position of strength. When we have a large amount of foreign exchange and we are able to command respect in the market, it is better then to go in as a borrower than going when you are poverty-stricken and you have no status and no position. And at that stage nobody will give you anything. In fact, even a borrower must wear a silk coat before he goes to borrow.

DR. BHAI MAHAVIR: The complaint was that we have accepted terms under pressure from the IMF. (Interruptions).

SHRI R. VENKATARAMAN: Have a little more patience. It will be known when it is signed. There is a convention that neither I nor the bank should disclose these things. We respect conventions. If you don't respect conventions, then do whatever you like when you come to office. But we are a party which respects conventions and we, therefore, observe conventions. Therefore, when the matter comes up later, they will see. And until then I want them to go on making as many mistakes as possible. Thank you.