

RAJYA SABHA

*Tuesday, the 23rd March, 1976/the 3rd
Chaitra, 1898 (Saka)*

The House met at eleven of the clock,
Mr. Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Cost of living index

*301. SHRI GIAN CHAND TOTU:†
SHRIMATI SUMITRA G. KUL-
KARNI :

SHRI GULABRAO PATIL :
SHRI AWADHESHWAR PRA-
SAD SINHA :

Will the Minister of FINANCE be pleased to state :

(a) what is the present cost of living index; and

(b) what steps are being taken to ensure that cost of living index does not shoot up and that the price-line is held?

THE MINISTER OF FINANCE (SHRI C. SUBRAMANIAM) : (a) The All India Industrial Workers' Consumer Price Index (1960=100) stands at 298 for the month of January, 1976.

(b) The Index, which had reached a peak of 335 for October 1974, has thus declined by 11 per cent. Looking at the trend in wholesale prices it is expected that some further decline in the Consumer Price Index will take place, particularly as the prospects for the growth of the economy have improved considerably over the past few months. Government are taking all possible measures to hold the price line and they are confident that, in the light of improved prospects for agriculture and industrial growth, the price level can be kept reasonably stable.

SHRI GIAN CHAND TOTU : Sir, may I know from the hon. Minister (a) the quantum of increase in the cost of living index in the last three years and (b) the main factors responsible for the same?

SHRI C. SUBRAMANIAM : I said the cost of living index has come down and if

†The question was actually asked on the floor of the House by Shri Gian Chand Totu.

the hon. Member wants to know for the previous years I have got figures for 1974-75 and 1975-76 also. In 1974-75 in April it started with 315 and it went up, as I have already stated. The highest figure, the food index, reached was 383 and it is only with reference to the food index I am giving it. In the same way, the consumer price index has gone up. In October it was 335. Since then it has been consistently falling and it was 298 by the end of January. February should show a further decline. The original increase was due to inflationary conditions and due to various causes, international and national.

SHRIMATI SUMITRA G. KULKARNI : May I know from the hon. Minister what is the basis for the formulation of these indices? What is the procedure and how are these collected?

MR. CHAIRMAN : It is known.

SHRI C. SUBRAMANIAM : We have got certain specified centres, fifty odd centres throughout the country and the consumer basket, particularly for industrial workers, is taken into account, which includes alcohol, tobacco, cinema and various other things. It is on that basis the calculation is made every month.

SHRI GULABRAO PATIL : May I know from the hon. Minister whether there is a steep fall in agricultural prices compared to manufactured goods and, if so, what is its impact on the economy?

SHRI C. SUBRAMANIAM : Recently there has been a steeper declining trend with regard to agricultural products and even industrial raw materials, but as far as the cost of manufactures is concerned, it has been quite steady. From that point of view the trend has gone in favour of the industrial sector as against the agricultural sector. At the same time, we have also to keep in mind the earlier years, 1972-73 and 1973-74, when there was a steeper rise in agricultural prices. As a matter of fact, now the balance is what it was in 1971-72.

SHRI AWADHESHWAR PRASAD SINHA : May I know from the hon. Minister whether the retail prices at which essential commodities are actually available to the consumer are taken into account for arriving at the cost of living index and whether the cost of all consumer goods,

including luxuries in which the common man is hardly interested, is also counted in the calculation of the cost of living index?

SHRI C. SUBRAMANIAM : As I said, there is a basket of goods which are supposed to be consumed by the industrial labourers as such or the common man. Only those are taken into account in calculating the cost of living index.

SHRI KALYAN ROY : The Minister must be very pleased now with a certificate from Mr. Palkhivala in regard to the Budget. My question is, is he aware that in the organised sector, in the textile, jute, engineering and other industries, there has been a sharp drop in the payment of dearness allowance? Has it been reflected in the prices of manufactured goods? Has any enquiry been made to find out how far the cost of living index, which is compiled in Simla, is reliable? It has been found that they only take into account the wholesale price and do not reflect the retail price, which is important for the working class.

SHRI C. SUBRAMANIAM : The demand for increased dearness allowance was specifically based on these figures. When it comes down, you have certainly to rely on this, when the demand was made on the basis of these very index numbers. In regard to his other point, in certain areas, the dearness allowance payable has been reduced because of this and to that extent, the cost of production should have also come down and should have been reflected in the prices. But unfortunately, this has not happened. This is what the Civil Supplies Ministry is looking into, not only with reference to this, but with reference to the cut in excise duties also. There are general complaints that the cut in excise duties also is not reflected in the prices at which the commodities are sold. It looks as if, whenever there is an increase, everybody jumps at it and they immediately increase the price. But if it has got to be cut down, everybody seems to hesitate about it. This is where we should have a more rational system to control the prices as such.

SHRI SYED NIZAM-UN-DIN : The hon. Minister has already admitted that there has been a steep fall in the prices of agricultural commodities. My question is, if the commodities produced in the agri-

cultural sector are taken out of the consumer basket, what would be the cost of living index for the common man in this country?

SHRI C. SUBRAMANIAM : The food basket is the main component of this index and the entire food basket comprises goods produced in the agricultural sector. We can do some exercise on this. But I do not know what is the relevance of it.

श्री सीताराम सिंह : मैं माननीय मन्त्री महोदय से यह जानना चाहता हूँ कि खेती में जो चीजे पैदा होती हैं और कारखानों में जो चीजे पैदा होती हैं, इन दोनों के बिक्री मूल्यों में विषमता को देखते हुए कोई मूल्य संतुलन की नीति चलाने पर क्या सरकार कोई विचार कर रही है? दूसरा प्रश्न मेरा यह है कि जब किसान को उनकी खेती में पैदा होने वाली चीजों के उचित मूल्य नहीं मिलेंगे तो वह इन चीजों को क्यों पैदा करेगा और इस बात का असर कारखानों के ऊपर भी पड़ेगा। ऐसी स्थिति में मैं मन्त्री महोदय से जानना चाहता हूँ कि क्या सरकार इस संबंध में कोई इस प्रकार की योजना बना रही है जिससे इस देश में मूल्य संतुलन की नीति चले ?

SHRI C. SUBRAMANIAM : Sir, some sort of a balance would have to be maintained. This is what we are doing through the taxation system and through various other control measures. I do agree that we have not reached a stage where we could positively assert that a balance in favour of agriculture is always maintained.

श्री सीताराम सिंह : सभापति जी, इसके मायने तो यह हुए कि किसानों के साथ अन्याय किया जाता है और उद्योग-पतियों से सहयोग किया जाता है।

SHRI R. NARASIMHA REDDY : I would like to know from the hon. Minister whether it is desirable to entrust this task of compiling the cost of living index to independent economic institutions which have no subjective interest in the matter.

SHRI C. SUBRAMANIAM : The whole question of what should be contained in this basket is under review now and, perhaps, the hon. Member's suggestion also

could be taken into consideration. But I cannot say that what is being done is not objective.

SHRI N. G. GORAY : Sir, the matter that causes concern is that as soon as there is a bumper crop the first to suffer is the agriculturist who produces the goods. From the replies that were given just now by the Finance Minister, it is very clear that the fall in prices is due mainly to the slump in prices of agricultural commodities. Now it creates a very grave imbalance so far as the urban population and the rural population are concerned. The Agricultural Prices Commission has also very firmly said that the support prices should not be reached. If this is what is happening, then I do not know how a sort of balance between the manufactured commodities and agricultural commodities can be reached and how it will be possible for you to see to it that the kisan is not to be made afraid of the bumper crop. If he thinks that every time a bumper crop is there his prices are going to fall to such an extent that he has to resort to distress sale, then I suppose, the whole economy will be distorted.

SHRI C. SUBRAMANIAM : That is why we have, what we call, a support price policy, as has been stated by the Minister for Agriculture. We would not allow the prices of agricultural commodities, particularly foodgrains, to fall below a particular level. Even with regard to the oilseeds there are certain purchase operations so that there might not be a steep fall. But I am in full agreement with the hon. Member that unless the farmer is assured of a remunerative price he is not likely to increase the production, and that is the policy of the Government.

SHRI G. LAKSHMANAN : Will the hon. Minister be pleased to state whether it is because of the efforts taken by the Government or because of nature's gift that the prices have come down?

SHRI C. SUBRAMANIAM : Sir, of course he does not believe in God. I do not know his professions. But his party professes not to believe in God; that is the public declaration. God works also through men. We may call it nature or God. Nature also works through the instrumentality of man and, therefore, whether it is

by nature or by God we take the credit, or discredit.

SHRI SANAT KUMAR RAHA : Sir, I want to know from the Minister as to how far this cost of living index's decline has been correct in situations where, on the one hand, income of the agricultural producers is being eroded and, on the other, the prices of manufactured articles are not proportionately decreasing. How far is this cost of living index correct in relation to the erosion of incomes of agricultural producers?

SHRI C. SUBRAMANIAM : Sir, the index is quite correct but this relates only to industrial labour. Unfortunately the agricultural labour and the agricultural sector is not taken into consideration and, unfortunately, all of us here are advocates of the industrial labour in the urban sector.

SEVERAL HON. MEMBERS : No, no.

SHRI C. SUBRAMANIAM : Most of us.

SHRI KALI MUKHERJEE : We are interested in the rural labour also.

SHRI C. SUBRAMANIAM : Most of us are, including the hon. Member. I am sure he is more interested in the industrial labour.

SHRI KALI MUKHERJEE : Rural labour.

SHRI C. SUBRAMANIAM : The index is all right. Now, what should be the approach with regard to agriculture and development of agriculture and the rural sector as a whole is a matter which is being debated now and even in the Budget Speech I have made a specific reference to this aspect.

Rate of interest charged by Nationalised Banks from agricultural Sector

*302. **SHRI JAGDISH JOSHI :**†
SHRI KASIM ALI ABID :
SHRI IBRAHIM KALANIYA :
SHRI KHURSHED ALAM KHAN :

Will the Minister of REVENUE AND BANKING be pleased to state :

(a) whether it is a fact that rate of interest charged by nationalised banks from agricultural sector is on the high side;

†The question was actually asked on the floor of the House by Shri Jagdish Joshi.