

श्री राजनारायण : आप का कहना कोई मान रहा है ?

MR. CHAIRMAN : Yes, Mr. Kulkarni.

SHRI A. G. KULKARNI : Sir, I would like to know from the hon. Minister whether he is aware that the Dharia Commission was appointed to inquire into the pricing system of essential commodities as well as the public distribution system. The main thrust of the recommendations of the Dharia Commission was on dual pricing system of essential commodities, especially of those which were of mass consumption. I want to know whether this Report has been gone into and whether the principle of dual pricing policy is being extended to other commodities and whether the public distribution system is being strengthened because it seems that the prices of industrial raw materials and agricultural raw materials have no relation whatsoever with the final price which is being paid by the consumers to the final producers. I want to know whether the Government desires to review this pricing policy so that it benefits both the consumer and the producer of the product.

SHRI K.R. GANESH : Sir, as I have already indicated, the Dharia Committee's Report is under examination.

SHRI A.G. KULKARNI : You stated earlier that you had not read it.

SHRI K.R. GANESH : Yes, I have not read it.

MR. CHAIRMAN : Under examination does not mean that he has read it. Yes, Mr. Ganesh.

SHRI K.R. GANESH : Sir, the second question was in relation to the public distribution system. I have already indicated.

SHRI A.G. KULKARNI : Sir, the basic point was : what is the relationship between the cost of basic raw material of a thing and the final price being paid by the consumer to the producer ?

SHRI K.R. GANESH : Sir, in my replies to the questions of the hon. Members earlier I have tried to answer that it is the basic policy of the Government to fix up prices in such a way that the producer is benefited and that he gets a remunerative price as well as that the consumer is not left absolutely at the mercy of the producer. These are the twin objectives

which have to be borne in mind in having a judicious pricing policy.

MR. CHAIRMAN : Shri Bhupesh Gupta.

SHRI BHUPESH GUPTA : No, Sir I do not want to put a question.

MR. CHAIRMAN : Shri Shekhawat. Now, this is the last question.

श्री मेरोसिंह शेखावत : समाप्ति महोदय, मैं यह जानना चाहता हूँ कि नई खाद्य नीति की घोषणा होने के पश्चात् सरकारी प्रवक्ताओं के नाम पर समाचार-पत्रों में जो इस बात के समाचार प्रकाशित हो रहे हैं कि सरकार देश के अन्दर जो दो लाख दुकानें हैं सरते मूल्य पर पाल वितरण करने की, उसमें कमी कर रही है और इस बात का भी संकेत मिला है कि दो लाख की संख्या घटा कर एक लाख की जा रही है तो यह बात कहा तक सही है और क्या यह मोहान धारिया कमेटी के ऊपर आधारित है ?

SHRI K.R. GANESH : Sir, I do not have this particular information as the hon. Member has said whether it is intended to reduce the number of 2 lakh fair price shops that exist. It is, however, the intention of the Government to continue the public distribution system by supplying these shops with the essential things required either by procurement or through levy.

SHRI B.S. SHEKHAWAT : My particular question is कि नम्बर रेड्यूस किया जा रहा है ।

SHRI K.R. GANESH : I will require notice for this question.

Rise in prices of essential commodities

*32 SHRI KRISHAN KANT : †

SHRIMATI SARASWATI
PRADHAN :

SHRI KALI MUKHERJEE :
DR. K. MATHEW KURIAN :
SHRI BHUPESH GUPTA :
DR. Z. A. AHMAD :

SHRIMATI SUMITRA

G. KULKARNI :

SHRI V. B. RAJU :

SHRI NIREN GHOSH :

SHRI GURMUKH SINGH

MUSAFIR :

SHRI J. S. TILAK :

SHRI CHANDRA SHEKHAR :

SHRI A.G. KULKARNI :

Will the Minister of FINANCE be pleased to state :

† The question was actually asked on the floor of the House by Shri Krishan Kant.

(a) Whether it is a fact that there has been steep rise in the prices of essential commodities since the Union Budget for 1974-75 was presented in Parliament;

(b) if so, what has been the percentage of rise in the wholesale and consumer price indices as well as the percentage of price increase relating to essential commodities, commoditywise, so far; and

(c) what steps Government propose to take to arrest the price rise ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI K. R. GANESH): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) and (b) A table giving Wholesale Price Indices of selected items for the weeks ended 23-2-74 and 30-3-74 is attached [See below] The Consumer Price Index for March 1974 is not yet available.

(c) As would be seen from the table referred to above, whereas the All Commodities index has recorded a rise of 2.5 per cent between 23-2-1974 and 30-3-1974, that for food articles has risen by 1.5 per cent. In other words, the increase has been mainly in respect of non-food items; the biggest rise has been in the case of kerosene and has resulted from the higher prices of imported crude. Some increases would also have been the result of the 1974-75 budget proposals.

As has been mentioned in the Economic Survey 1973-74, the prices of manufactured goods are becoming adjusted to increases in the prices of raw materials, and this trend continues for the present. Nevertheless, Government have been concerned over the rising trend in prices, and have taken a number of measures to prevent the further build up of inflationary pressures. Thus, the credit policy was tightened up from May 1973 onwards by raising the Bank Rate and minimum lending rates, and by immobilising over Rs. 400 crores of bank deposits through upwards revision of the variable reserve ratio. The busy season policy put physical limits upon commercial bank's borrowings from the Reserve Bank and also made lending by the latter discretionary. This has resulted in slowing down the rate of growth of money supply which, in 1973-74, came to 14.2 per cent as against 15.7 per cent in 1972-73

Along with efforts to mop up excess liquidity in the banking system, steps have also been taken to control aggregate demand through fiscal measures. In August last, Government decided to reduce its expenditure for 1973-74 by Rs. 400 crores, and it is estimated that a saving of Rs. 370 crores would have actually resulted thereby. Similarly, market borrowings were stepped up and came to Rs. 472 crores (net) as against the original budget provision of Rs. 326 crores. As a consequence, netbank credit to Government has tended to stabilise from October 1973 onwards. Between end-to October 1973 and end-March 1974 net bank credit Government declined by Rs. 15 crores: the Reserve Bank's net credit to Government stood reduced by Rs. 51 crores over the same period.

Budget for 1974-75 envisages a deficit of Rs. 125 crores as against the revised estimates for 1973-74 of about Rs. 650 crores. The market borrowings programme is put at Rs. 498 crores (net), that is, at a higher level than last year. It can, therefore, be hoped that deficit financing this year would be lower than last year's level, even after account is taken of some additional expenditure on the payment of dearness allowance to Central Government employees.

The whole question of establishing an efficient distribution system which would safeguard the interests of the consumers was referred to a Committee appointed by the Planning Commission, and the Report of that Committee is presently being examined. Implementation of the Committee's recommendations would, it is hoped, result in ensuring equitable distribution of the most common items of consumption, and would, therefore, help to mitigate the adverse effects of price increases which take place from time to time, either because of special factors or as an indirect consequence of the development effort. For, in the ultimate analysis, it has to be recognised that the control of inflationary pressures is dependent on larger agricultural and industrial production at which our programmes of development aim. It has been unfortunate that agricultural production fell sharply in 1972-73 and industrial production was stagnant during the past year because of power cuts, shortages of essential raw materials and transport difficulties. The improvement in agricultural production in 1973-74, combined with revival of industrial activity which should take place with an improvement in the power situation,

should, to a considerable extent, help in reducing inflationary pressures. However, in view of the world fuel crisis, and considerable uncertainties in regard to imports of vital raw materials, this may take a little time.

*Index Numbers of Wholesale Prices
(1961-62=100)*

Week ending		Percentage Variations	
23-2-74	30-3-74	30-3-74 over 23-2-74	
All Commodities	276.0	282.9	+2.5
Food Articles	317.2	321.8	+1.5
Foodgrains	324.8	336.2	+3.5
Cereals	295.7	309.8	+4.8
Pulses	455.7	455.3	-0.1
Fruits & Vegetables	308.1	305.2	-0.9
Milk & milk products	308.7	306.1	-0.8
Fish, eggs & meat	474.0	473.2	-0.2
Edible oils	379.5	379.3	-0.1
Sugar & allied products	275.2	269.7	-2.0
Miscellaneous food items	217.7	237.5	+9.1
Coffee	204.4	198.2	-3.0
Spices & condiments	417.3	467.4	+12.0
Kerosene oil	267.2	320.6	+20.0
Industrial Raw Materials	325.2	322.0	-1.0
Manufactures	228.6	234.1	+2.4
Cotton textiles	192.9	199.8	+3.6
Soap	167.2	167.2	No change
Drugs & medicines	148.7	148.7	No change
Paper & paper products	167.9	170.9	+1.8
Tyres & tubes	164.5	156.0	-5.2
Matches	114.1	114.1	No change

MR. CHAIRMAN. Yes, Mr. Krishan Kant.

DR. K MATHEW KURIAN : Sir, on a point of order. Part (b) of this Question refers to the wholesale and consumer price indices. Now, the hon. Minister's statement refers only to the Wholesale Price Indices and there is an obvious gross error that there had been an increase of 1.5 per cent in one year in the wholesale prices. The Government has not given us, deliberately, data regarding consumer prices. Is it in order whether such a statement could be given on the floor of the House ?

MR. CHAIRMAN : I will ask him that. Now, please sit down.

SHRI KRISHAN KANT : The hon. Minister has given the indices of wholesale prices

and the increase given under 'Food Articles' is 1.5 per cent while for all commodities the increase has been 2.5 per cent, since the budget was presented. Is the hon. Minister aware whether there has been an increase of 50 per cent in many of the commodities? I specifically want to know about two factors. Firstly there has been increase in the issue price of wheat by 30 per cent and secondly in the price of cloth declared by my friend, Shri Chattopadhyaya there is an increase of 30 per cent. it is a new gift given to the nation by my friend. Now I want to know whether the increase of 30 per cent both in the price of wheat and cloth will not have a spiralling effect on prices of other commodities by the end of the year through the actual price rise is only 17 per cent.

DR. R.K. CHAKRABARTI : He has no reply.

SHRI K.R. GANESH : I have a reply, Sir, the hon. Member is aware that the wholesale price is prepared by the Ministry of Industrial Development and the average consumer price index is prepared by the Labour Bureau in the Ministry of Labour. As far as the latest consumer price indices are concerned, they are not available. They are available for the earlier period. The hon. Member has asked about the increase in the issue price of wheat as well as the increase in cloth price. This question has been discussed here. The fact is that the issue price of wheat had to be increased because of the increase in the procurement price. If it is the intention of the hon. Member that the issue price of wheat should not be increased then his ultimate objective of having a serious effect or impact on the inflationary price is bound to be lost because if the issue price is not increased, it can only be at the expense of the public exchequer. It will amount to hundreds of crores of rupees and, therefore, I would request the hon. Member to co-relate this integrated process. It has to be an integrated process in which production has to be increased, deficit financing has to be kept at as low level as possible and the consumers have also got to be saved. This integrated approach required that the issue price of what be increased. Regarding the question of cloth my senior colleague is there, if we have to have a larger percentage of coarse cloth then it is necessary that the price of standard cloth increased so that the larger quantities of coarse cloth could be produced by the mills

and they could have the necessary investment for that.

SHRI KRISHAN KANT : The question I asked was whether the Government has visualised what will be the ultimate impact of the rise in prices to the overall economy. He has given the figures but I want to know whether it is not fact that after every announcement of the Finance Minister in this House about the steps taken, there have been subsequent rises in prices. That is why I asked whether he considered the effect of all these spiralling prices ultimately by the year end and what is he going to do about that? What has been the total increase in the deficit financing since the budget was adopted? Is it not a fact, as the Minister calculated, that deficit financing of about 350 crores of rupees has already taken place?

SHRI K. R. GANESH : It is not correct to say that since the budget was introduced, deficit financing has gone up to Rs. 300 crores. The hon. Member is a knowledgeable member is a committed member..

SHRI A.G. KULKARNI : Is he correct or you are correct? Naturally he is correct if he is a knowledgeable person.

SHRI BHUPESH GUPTA : All members are committed members.

MR. CHAIRMAN : 'Committed' is not an unparliamentary word.

श्री राजनारायण : अनुपालियामेट्री न हो मगर इन्फ्लेशन तो है। कोई मेम्बर कमिटेड नहीं है। यह कहना सदन का अपमान है। कम से कम हम तो कमिटेड नहीं है।

SHRI K. R. GANESH : I was trying to say it will not be correct to say that deficit financing has already increased to Rs. 300 crores. It is absolutely wide of the mark. The budget has been there only for the last six weeks.

Sir, the impact of various steps that the Finance Ministry has taken, fiscal steps, monetary steps, market borrowings, does indicate that money supply has come down and does indicate that there has been a slight impact created in controlling inflationary prices.

SHRIMATI SARASWATI PRADHAN : In view of the steep rise in prices of essential commodities of daily consumption, do the Government contemplate to have full control of essential commodities relating to procurement supply and pricing, to bring about lowering of prices?

SHRI K. R. GANESH : These matters are always under consideration and now as the hon. Member knows, as far as foodgrain is concerned, certain adjustments have been made. But if Government is forced to the wall and has to have full control, Government will not hesitate after mature consideration.

SHRI KALI MUKHERJEE : Sir, in view of the fiscal policy through deficit financing in States and the Centre during the last few years by advancing 400 crores of rupees to grain-dealers during 1972-73, surrendering to the landlord by reversing the wheat takeover policy, higher pricing of coarse cloth by 30 per cent and more, creating dual market for cloth, for sugar, resulting in rampant black market in kerosene and other essential food-stuffs to be used by the poor and middle-classes, do you not agree with me Sir, that the present trend of violence in the country is mainly due to the above effects? If so, what steps are you going to take to save the situation at this critical time of the country so that the poor can save themselves from the hands of your Ministry?

SHRI K. R. GANESH : Sir, the price situation is difficult, is a cause for concern and is a national problem. There is no dispute with the hon. Member that unless the price situation is controlled, unless an impact is made on the anti-inflationary pressure political and other social repercussions are bound to happen. There is no difference with him on that. The only difference is with the argument that he has given that this has led to increase in the price spiral. I do not agree with that argument.

DR. K. MATHEW KURIAN : Sir, as I mentioned earlier in the point of order—and you have not given a ruling on that—the question referred to...

MR. CHAIRMAN : You put the question now.

DR. K. MATHEW KURIAN : I would like to know from the hon. Minister whether it is a fact that in the case of wholesale prices the real increase was much larger than what is shown in this document because the Government statistics takes into account only controlled prices while the wholesale prices in the market are much higher. Therefore their statistics is fictitious. In this connection may I know whether the Government has collected any statistics regarding working class consumer price index for this period of one year? Surely,

the Government must have statistics and may I know whether it is true that the prices of many of these commodities which have been shown to have declined have in fact increased by anywhere between 50 and 100 per cent ? Sir, this document conceals more than what it reveals.

MR. CHAIRMAN : Your question is too long; sit down please.

SHRI K.R. GANESH : Sir, the wholesale price index as worked out by the appropriate authorities has been given. I have already indicated that as far as the consumer price index is concerned, for this particular period the consumer price index is not available. It will be available only next month. The consumer price index for earlier period was available on the basis of which dearness allowance was sanctioned in February.

DR. K. MATHEW KURIAN : I am questioning the very basis of your statistics including your calculations.

SHRI K.R. GANESH : Sir, these are statistics which are compiled by the appropriate authorities. As far as the consumer price index is concerned it is compiled by a body in which there is the Labour Ministry, in which the trade union representatives are there and others are also there. It is compiled like that. The hon. Member is entitled to his own opinion that these statistics are not realistic but these are the statistics that are available to the Government.

DR. K. MATHEW KURIAN : Sir, on a point of order. The Minister's reply in the statement says that some increases would have been the result of the 1974-75 Budget proposals. Surely, the Government must have some figures regarding the consumer price index showing which of them have increased after the Budget. Let them tell us what they are. Otherwise what is the point in their simply saying that . . .

MR. CHAIRMAN : I think he has explained that. Mr. Bhupesh Gupta.

SHRI BHUPESH GUPTA : Sir, the hon. Finance Minister claims that his Budget for the current year would be anti-inflationary. Now even according to the statement which has been given it does appear that the Budget boosted the prices of almost all the essential commodities enumerated here. May I know whether he has found out by proper investigation that the actual price rise in the case of

cereals and other essential commodities is of a much higher order than what is shown here ? Is he aware that in Calcutta in the industrial area non-rationed rice is selling at the rate of Rs. 3-50 and even Rs. 4/- and that is the position in many other parts of the country ?

SHRI K.R. GANESH : I have already indicated generally that there is price-rise and there is no dispute about it. The question of price-rise is of great concern to the Government. Whether one set of statistics is correct or the other set of statistics is correct, that is not the question. Price-rise is there and it is a matter of national concern. I have already indicated the efforts which the Government are making to make an impact on the price-rise by having an integrated policy. I also agree with the hon. Member that unless some impact is made on the question of price-rise, our very system of parliamentary democracy as well as our values is in danger. About that there is no difference between the hon. Member and the party here.

DR. Z.A. AHMAD : In view of the enormous increase in the price of foodgrains in recent months and the fact that contradictory and strange news is appearing in the press regarding the new relationship that has been established between the Government and wholesale dealers in foodgrains, may I know from the hon. Minister what commitments were made by the wholesale dealers? What assurances were given by the wholesale dealers to the Government on the basis of which the Government thought it advisable to permit the re-entry of wholesalers into the market, thus reversing its earlier policy and to what extent are the commitments that have been made by the wholesale dealers being implemented actually in their dealings with the Government to-day, now in regard to the purchase and sale of wheat?

SHRI KALI MUKHERJEE : Complete surrender.

SHRI K.R. GANESH : I have indicated that due to certain realities of the situation the wholesale take over of wheat could not be implemented properly. The hon. Member knows more than I do as to what are the weaknesses in the whole system and why it could not be implemented.

DR. Z. A. AHMAD : I know that, but what are the commitments which exist between

you and the wholesale dealers ? What commitments have they made ?

SHRI K. R. GANESH : The Government order in there on the basis of which the wholesalers have been allowed. There has been no commitment to the wholesale dealers.

MR. CHAIRMAN : What is the commitment made by the wholesale dealers—he asks.

SHRI K.R. GANESH : The commitment by the wholesalers is that they will give fifty per cent as levy.

DR. Z. A. AHMAD : You say they have made some commitment. What is their commitment ?

MR. CHAIRMAN : He has given the Government's view.

SHRI V.B. RAJU : The Minister in his statement has given us information regarding the measures that the Government has taken to control the rise in prices, but in net effect what has been there ? The present rate of price inflation is between 27 and 28 per cent. Over and above there is the experience of the earlier two years. In 1971-72 it was 11.7 per cent and during 1972-73 it was 26.2 per cent. Now, it ranges between 27 and 28 per cent. I do not think historians will say that any democracy could bear a continuous inflation of more than 15 per cent. It will actually affect the root of democracy. These measures have been taken last year, but what has been the net effect ?

MR. CHAIRMAN : Kindly put your question.

SHRI V.B. RAJU : Just one second. What I am trying to make out is that these measures have not yielded results. May I know whether the Government thinks about having a fundamental and basic approach? The main cause of inflation is the excess money supply in the market, the level of which is about Rs. 10,500 crores, out of which Rs. 4,500 crores have been added in the Fourth Plan period. What are the steps which the Government propose to take for reducing the money supply and its pressure on commodities ? Are they with drawing some money from the market ? Has the Government thought about it ? Is the Government going to take such a step ?

SHRI K.R. GANESH : I agree with the hon. Member that the system cannot bear

a very high inflationary pressure. I have already indicated that. That the understanding of the Government also. The other point was about the steps that the Government have initiated, whether it is a question of credit restraint or of keeping deficit finance at a low level or of market borrowings or of reduction in the expenditure to the extent of about Rs. 400 crores, and the contention of the hon. Member is that it has made no impact because the money supply is there and that unless this is 'pumped out, the situation will not change. I would like to give some information in this regard that in the sphere of money supply the restrictive credit measures initiated in May last have succeeded in halting the rate of growth of money supply, though in absolute terms, the expansion may still be one which will require looking into and which will require further efforts. In money supply, the rate of increase came down to 14.2 per cent in 1973-74 as against 15.7 per cent in 1972-73. Further, as a result of the fiscal instruments that the Government have been using these results are discernible. There, there has been a decline in the net bank credit to Government by Rs. 15 crores and in the Reserve Bank's lending to Government by Rs. 51 crores between end-October, 1973 and end-March, 1974. In the corresponding period of 1972-73, the net bank credit to Government had increased by Rs. 517 crores and the Reserve Bank's credit by Rs. 586 crores. Since the past one year or two, the credit to Government sector which was largely responsible for the increase in the money supply has to an extent been halted by the figures that I have given.

SHRI V. B. RAJU : I am not in the habit of rising up again. But, Sir the point which I have tried to emphasise has not been answered. The orthodox measures that were being employed were not able to take back the excess money supply. I asked whether the Government has any new approach to actually take back some money when the Minister himself has admitted that the pressure is not ending. That was what I wanted to know.

SHRI K.R. GANESH : As the hon. Member knows, a number of economists of various categories have made many suggestions. These are being studied. Recently, the Reserve Bank officials and the Finance Ministry officials have been asked to look into them and find out what further steps can be taken.

SHRI NIREN GHOSH : The statement made by the Minister is completely wrong and as such, I consider it is a breach of privilege of the House. But after saying this, I would put the question. Is it not a fact that the All-India Consumers' Society was appointed by the Planning Commission to assess the rise in prices after the Budget and they came to the conclusion that there has been 50 per cent to 70 per cent rise in the prices of all the essential commodities. Is it not a fact that your credit restriction became credit juice with Rs. 300 to Rs. 700 crores to pump into the market ?

Is it not a fact that you were scrambling throughout the world for the purchase of five million tonnes of foodgrains ? From which countries, on what basis and on what terms ? If there has been a rise of 50 per cent to 70 per cent after the Budget in the prices of essential commodities, in the next few months it will become 100 per cent and there will be complete economic chaos in the country. Your policy will not do anything except leading to complete economic chaos.

SHRI K. R. GANESH : It is known that over the year there has been a rise of about 25 to 26 per cent. These figures have been given. These have been included in the Economic Survey itself.

SHRI NIREN GHOSH : No, no. What I said is after the presentation of the Budget The All-India Consumers' Society...

MR. CHAIRMAN : Let him complete the answer.

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SHRI K. R. GANESH : Sir, the question related to the price increase since the Budget that is, about last five weeks. As I had indicated in the reply, in the last five weeks since the Budget the percentage of rise has been about 2.

SHRI NIREN GHOSH : He is evading my question. . .

MR. CHAIRMAN : Let him complete the answer.

SHRI NIREN GHOSH : He is not replying. . .

MR. CHAIRMAN : I will not allow these interruptions.

SHRI NIREN GHOSH : It is not interruption. You may transfer my question. . .

MR. CHAIRMAN : No. You have to sit down, please. I am requesting you to sit down.

SHRI NIREN GHOSH : That I will abide by. But I want a specific reply to my question.

MR. CHAIRMAN : I will not allow this sort of thing.

SHRI NIREN GHOSH : But you should see to it that he answers my question. He should not evade it.

MR. CHAIRMAN : Unless the answer is complete I will not allow any hon'ble Member to interrupt the Minister. If the answer is incomplete I will call him again.

AN HON'BLE MEMBER : The question Hour is over, Sir.

MR. CHAIRMAN : All right. The question Hour is over.

SHRI NIREN GHOSH : I should make one submission to you humbly. Kindly see to it that in this House the Ministers take care to answer questions and do not resort to the practice of evading. This has now become a practice. This was never so before.

WRITTEN ANSWERS TO QUESTIONS

Tourism Development Corporation in States

*33. **SHRI NABIN CHANDRA BURA-GOHAIN :**

SHRI K. B. CHETTRI :

SHRI ROSHAN LAL :

SHRIMATI SARASWATI

PRADHAN :

DR. R. K. CHAKRABARTI :

SHRI N. R. CHOUDHURY :

Will the Minister of TOURISM AND CIVIL AVIATION be pleased to state the names of the States which have set up Tourism Development Corporations ?

THE MINISTER OF TOURISM AND CIVIL AVIATION (SHRI RAJ BAHADUR) : Tourism Development Corporations have been set up in the states of Himachal Pradesh, J&K, Karnataka, Kerala, Rajasthan and Tamil Nadu. The Govts. of Gujarat, Haryana, Madhya Pradesh, Uttar Pradesh and West Bengal are considering setting up such Corporations.