

(vii) Annual Report on the working and activities of the United Bank of India for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(viii) Annual Report on the Working and activities of the Dena Bank for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(ix) Annual Report on the working and activities of the Syndicate Bank for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(x) Annual Report on the working and activities of the Union Bank of India for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(xi) Annual Report on the working and activities of the Allahabad Bank for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(xii) Annual Report on the working and activities of the Indian Bank for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(xiii) Annual Report on the working and activities of the Bank of Maharashtra for the year ended the 31st December, 1971, together with the Accounts and the Auditors' Report thereon.

(xiv) Annual Report on the working and activities of the Indian Overseas Bank for the year ended the 31st December, 1971, together

with the Accounts and the Auditors' Report thereon.

[Placed in Library. See No. LT—3172/72 for (i) to (xv)]

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

STEEP RISE IN PRICES OF ESSENTIAL COMMODITIES

SHRI BABUBHAI M. CHINAI (Maharashtra) : Sir, I want to make one submission before this Calling Attention motion is taken up. The subject of this motion is the rise in prices and you have been very kind to attach importance to it and to give us opportunity for this on the very first day. Through a calling attention motion within some 45 minutes this subject cannot be discussed in full and you cannot focus attention on the important aspects. I would therefore request you and through you the Minister of Parliamentary Affairs to give us some time for a discussion of this subject, at least three to four hours, so that we can put forward our points of view in detail. The prices are running away in such a manner that the economy of the country is in grave danger.

DR. K. MATHEW KURIAN (Kerala) : We support the suggestion.

SOME HON. MEMBERS : We want a full discussion.

MR. CHAIRMAN : If you give notice I will consider it.

SHRI DAHYABHAI V. PATEL (Gujarat) : I have given notice.

DR. BHAI MAHAVIR (Delhi) : Anyway let the Calling Attention motion be proceeded with.

SHRI MAHAVIR TYAGI (Uttar Pradesh) : This is the most important question which the country is facing. Our House being responsible for the States, we cannot allow it to go away like that. I would therefore suggest that you give this House ample oppor-

[Shri Mahavir Tyagi.]

tunity to discuss the question and highlight the actions which are required to be taken by Government.

MR. CHAIRMAN : Mr. Ganesh was in charge of the Calling Attention item because the Finance Minister was busy in the other House with the same Calling Attention matter. Now I suggest that Shrimati Sushila Rohatgi, the Deputy Minister, read the reply or the Statement of the Minister. After that we will take some other item. As soon as the Finance Minister is free, he will come and answer your questions.

DR. BHAI MAHAVIR : What is the particular point in her reading it. The Minister can read it when he comes and the questions can be put to him.

SHRI MAHAVIR TYAGI : Some time must be fixed for a full-fledged discussion also.

MR. CHAIRMAN : The arrangement was—as I have been told—that Mr. Ganesh will deal with this item in this House as Mr. Chavan had to deal with the same item in the other House. That was the arrangement made by the Government. But Mr. Ganesh has suddenly fallen ill. He is in hospital and, therefore, it would be convenient if Mr. Chavan answers your questions. Let the Statement be read.

SHRI MAHAVIR TYAGI : Our request is not only for replies to our questions. We also want a full-fledged discussion and the provision of time must be made for it.

MR. CHAIRMAN : Mr. Kulkarni, you now please read the Calling Attention matter.

SHRI A. G. KULKARNI (Maharashtra) : Sir, I call the attention of the Minister of Finance to the steep rise in prices of essential commodities causing great hardship to the people, especially in low and middle income

groups, and the steps Government propose to take to meet the situation.

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRI-MATI SUSHILA ROHATGI) : Mr. Chairman, Sir. The recent pressure on prices has become a matter of concern and I share the anxiety of the Hon. House regarding the rise in the prices of essential consumer goods, particularly food articles, and the consequent hardship caused especially to the lower and middle income groups. The All-India Industrial Workers' Consumer Price Index (base 1949=100) for May 1972 (the latest available) has increased by 6.3 per cent to 238 from its level of 224 for May 1971. The Consumer Price Index had remained fairly steady between June 1970 and May 1971, but rose thereafter and reached 239 in November 1971; in the following three months there was a downtrend and for February 1972 the index stood at 235. From March 1972 there was again an upward trend and in May 1972 the Index had slightly crossed the level of December 1971. At the wholesale prices, particularly of food articles, since May 1972 have been increasing, the Consumer Price Index for June and July (when available) is likely to reflect a similar trend.

The Consumer Price Index is constructed directly from the indices of 50 centres in the country and retail price indices are not compiled commodity-wise on the national level. The retail prices, however, closely follow wholesale prices, and a review of the latter shows that the current pressure has developed mainly from the first week of May 1972. The price rise which earlier took place between June and September 1971, principally due to seasonal factors, was corrected substantially in the following nine weeks; but then there was renewed pressure because of fears of a shortfall in sugar production. Delay in winter rains also had some impact on market psychology.

The recent price rise owes its origin to seasonal pressures which come into play from the beginning of May. Between May 6 and July 15, 1972, the wholesale price index has risen by 4.8 per cent. The food articles group is higher by 8.3 per cent and within the food groups, foodgrains, edible oils, and sugar and allied products show increases of 8.9, 11.3 and 10.2 per cent respectively.

As I have already mentioned, some pressure on food articles is a usual phenomenon during this part of the year. However, this time the seasonal factors have been accentuated because of delay in the onset of the monsoon and the current dry spell. Moreover, contrary to earlier expectations, the output of foodgrains in 1971-72 has failed to rise; in particular, the production of coarse grains appears to have declined significantly as a result of the damage caused by floods and drought during 1971-72. Thus, the pivotal role in raising the general price level has been played by the agricultural commodities which have been in short supply, such as coarse grains, pulses, and sugar and allied products whose prices have risen rather sharply over the year, *i.e.* by 15.8 per cent for jowar, 39.4 per cent for bajra, 25.3 per cent for pulses and 28.3 per cent for sugar and allied products.

At the same time, the recent price pressure has left cotton prices unaffected. These have declined by 2.5 per cent and cotton textiles have also shown a downward trend.

Apart from the above mentioned factors which have been responsible for the recent price-rise, there has been a substantial increase in money supply in the preceding years because of the refugees from Bangla Desh and the confrontation with Pakistan. The impact of such monetary expansion had to be felt sooner or later. On the other hand, the imports of foodgrains have

been declining from year to year and concessional imports have ceased from January 1972.

As the Hon. House is aware, a fairly restrictive monetary policy is being pursued since January 1970, when the credit controls on bank advances against food-grains, oilseeds and edible oils had been tightened up. Recently, further curbs have been imposed on bank advances against groundnuts in Gujarat. In order to keep monetary demand within reasonable limits, the Government has been effecting economy in non-plan expenditure, and the State Governments have been told not to resort to overdrafts from the Reserve Bank of India and to clear the outstanding ones according to a phased programme. In addition, various other administrative measures have also been taken. In January 1972 the Food Corporation of India had been directed to undertake open market sales of wheat to check the rise in its prices which took place about that time; the Corporation has also been opening sales centres in important places for sale of foodgrains (including pulses). Similarly, the Government made voluntary arrangements with the sugar mills in January 1972 for distribution of 60 per cent of the sugar production to the consumers through fair price shops at fixed prices; this arrangement has been put on a statutory basis from July 1, 1972.

As regards ensuring adequate supply of cereals to the weaker sections of the society, the Government has been operating a public distribution system which operates through a net work of over 1,25,000 fair price shops. The available information from the States shows that the issue of foodgrains through the public distribution system has increased in recent months. Stocks of foodgrains with the Government at present are over 9 million tonnes and instructions have been issued to the

[Shrimati Sushila Rohatgi]
State Governments to extend the coverage of the public distribution system both in the urban and rural areas.

The economy has been operating on a fine balancing of demand and supply in several key sectors. The ultimate solution lies in increasing production, both in the agricultural and industrial sectors; this is being attempted through planned development. In regard to the former, the Government has been initiating long term measures to increase productivity and yield through the development of new strains and hybrid seeds. It is hoped that these measures will result in reducing fluctuations in output and will lead to stabilisation of prices.

DR. Z. A. AHMAD (Uttar Pradesh) : There should be a discussion on this particular question.

MR. CHAIRMAN : Dr. Ahmad, several hon. Members have said this in the House.

SHRI S. G. SARDESAI (Maharashtra) : The statement should be in our hands. It is a very long and detailed statement containing a lot of statistics. We cannot just ask questions until the statement is in our hands. This is necessary. It gives all sorts of statistics. How can we remember them, unless the statement is given to us ?

SHRI MAHAVIR TYAGI : It may be circulated.

MR. CHAIRMAN : Will the hon. Minister supply a sufficient number of copies for Members ?

SHRIMATI SUSHILA ROHATGI : I think hon. Members are quite correct in asking for a copy of it. It is a detailed statement. We shall try and supply the maximum number of copies in the shortest possible time.

MR. CHAIRMAN : Yes.

DR. BHAI MAHAVIR : Shall we get the statement ? We should know the time for that also.

THE MINISTER OF STATE IN THE DEPARTMENT OF PARLIAMENTARY AFFAIRS AND IN THE MINISTRY OF SHIPPING AND TRANSPORT (SHRI OM MEHTA) : Mr. Chavan is replying to a Calling Attention notice in the other House. He will come to this House as soon as he is free and reply.

MR. CHAIRMAN : In the meantime the copies may be made just now and as soon as they are ready they will be supplied to the Members; by then Mr. Chavan will be able to come.

SHRI N. G. GORAY (Maharashtra) : Sir, the point is . . .

MR. CHAIRMAN : You want time for study ?

SHRI N. G. GORAY : Yes, actually. What will Mr. Chavan reply to unless we raise certain specific questions, unless we pose the questions ?

MR. CHAIRMAN : On the one hand you ask me to give you opportunity for discussion. Now I have allowed this already, questions may be put, and let me be given an opportunity of considering the other prayer that you have made. I do not want to convert the calling attention motion into a debate. That would be a wrong procedure.

STATEMENT BY MINISTER RE FLOOD SITUATION IN THE COUNTRY

THE MINISTER OF IRRIGATION AND POWER (DR. K. L. RAO) : Sir, I beg to lay on the Table a statement (in English and Hindi) on the flood situation in the country. [Placed in Library. See No. LT—3175/72].