

# RISE IN PRICES OF ESSENTIAL COMMODITIES

- \*50. SHRI BHUPESH GUPTA:  
 SHRI SURAJ PRASAD:  
 SHRI BHOLA PRASAD:  
 SHRI YOGENDRA SHARMA:  
 SHRIMATI SAVITA BEHEN:  
 SHRI SHYAMLAL GUPTA:  
 SHRI N. K. SHEJWALKAR:  
 SHRI LAL K. ADVANI:  
 SHRI PITAMBER DAS:  
 SHRI JAGDISH PRASAD  
 MATHUR:  
 SHRI PREM MANOHAR:  
 SHRI V. R. MOHAN:  
 SHRI SITARAM JAIPURIA:  
 SHRI BRAHMANANDA  
 PANDA:  
 SHRI THILLAI VILLALAN:  
 SHRI K. A. KRISHNA-  
 SWAMY:  
 SHRI V. K. SAKHLECHA:  
 SHRI SANAT KUMAR  
 RAHA:  
 SHRI GANESHI LAL  
 CHAUDHURY:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the prices of essential commodities continue to rise, if so, the rise in consumer price index during the last one year, quarter-wise as compared to the corresponding period of the last two years;

(b) the reasons for the abnormal rise in prices; and

(c) the steps Government propose to take to arrest the run-away rise in prices?

THE MINISTER OF FINANCE  
 (SHRI Y. B. CHAVAN):

(a) to (c) A statement is laid on the Table of the House.

(a) Information regarding the rise in the consumer price index during the last three years, quarter-wise, is furnished in the Annexure.

(b) Though the price-rise in recent years is attributable to a number of factors, shortfalls in agricultural production appear to be the principal reason for the same. The output of

pulses and important raw materials like oilseeds has been almost stagnant in the last few years; even in the case of cotton substantial increase in output was only witnessed from last year. Sugarcane output was at a high level during the period 1968-69 to 1970-71 but in 1971-72, there has been a sharp decline. So also, sharp fluctuations in the output of coarse grains have contributed to the rise in prices. This year the situation has been aggravated by the late arrival of the monsoon and the subsequent dry spell which has adversely affected the kharif crop.

Other factors which have contributed to the upward pressure on prices include the impact of increases in money supply, particularly of the previous year. Industrial production too, has passed through a phase of relative stagnation.

(c) Government has been taking various steps from time to time in order to keep inflationary pressures under check. In view of the urgent need to make good the damage to the kharif crop the Government has initiated a crash programme to increase rabi production. Special efforts are continuously being made to raise the production of pulses and oilseeds. Imports of rapeseed from Canada and palm oil from Malaysia are being made. The Government has also decided to increase the availability of sugar for public distribution by raising the proportion of levy sugar from 60 per cent to 70 per cent. It has also been decided that there will be uniform issue price throughout the country. To ensure the availability of foodgrains at reasonable prices, particularly to the weaker sections of the society, the state Governments are expanding the public distribution system in both urban and rural areas. The number of fair price shops has increased from 1.37 lakhs in the beginning of August to 1.58 lakhs by the third week of October. The scheme for the distribution of controlled cloth has been revised and State-wise quotas fixed on population basis. The retail price will be 12.5 per cent above the ex-mill price and 90 per cent of the quota will be handled by co-operative agencies and fair price shops.

The Reserve Bank of India has been following a fairly restrictive credit policy in respect of advances against sensitive commodities. Steps have also been taken to ensure more effective regulation and control over forward trading in various commodities and thus to prevent speculation. It is also the intention of Government to progressively eliminate middlemen, as for example in the case of the distribution of levy sugar. The Government's fiscal policy has attempted to raise resources in a non-inflationary manner and to curtail monetary demand through promotion of savings and mopping up of excess liquidity through larger market borrowings. Restraint in the matter of non-plan expenditure is also being exercised.

#### Annexure

Quarter		Consumer Price Index* (quarterly average)	Percentage change
1969			
July-September	..	218.0	..
October-December	..	215.3	-1.2
1970			
January-March	..	216.0	+0.3
April-June	..	222.3	+2.9
July-September	..	227.0	+2.1
October-December	..	228.7	+0.7
1971			
January-March	..	224.0	-2.1
April-June	..	225.0	+0.4
July-September	..	235.0	+4.4
October-December	..	238.0	+1.3
1972			
January-March	..	235.7	-1.0
April-June	..	239.7	+1.7
July-September	..	251.3	+4.8

\*Base 1949-100.

#### TAKE OVER OF SHAW WALLACE COMPANY

\*51. SHRI KALYAN ROY:  
SHRI N. G. GORAY:  
SHRI PRANAB KUMAR MUKHERJEE:

Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to the news item published in the 'Hindustan Standard' on the 11th September, 1972 regarding "Consortium bid to take over Shaw Wallace"; if so, the details thereof; and

(b) whether any investigation has been made into the matter and if so, the results thereof?

THE MINISTER OF COMPANY AFFAIRS (SHRI K. V. RAGHUNATHA REDDY): (a) and (b) Government's attention has been drawn to the news item published in the Hindustan Standard on the 11th September, 1972 as well as to other news items on the subject? This matter will also be looked into in the course of Inspection under section 209(4) of the Companies Act, 1956 ordered by the Company Law Board.

#### INQUIRY INTO WORKING OF S.T.C.

\*52. DR. K. MATHEW KURIAN:  
SHRI SITARAM KESRI:  
SHRI K. P. SINGH DEO:  
SHRI MONORANJAN ROY:

Will the Minister of FOREIGN TRADE be pleased to state:

(a) whether the group set up to enquire into the working of the State Trading Corporation has submitted its report;

(b) if so, the details of its findings and recommendations made; and

(c) the action taken by Government thereon?

THE MINISTER OF FOREIGN TRADE (SHRI L. N. MISHRA): (a) to (c) A statement is laid on the Table of the House.

#### STATEMENT

(a) to (c) An Evaluation Team was set up to undertake a survey of functioning of the S.T.C. and to make an