

DISCUSSION REGARDING STEPS TAKEN BY GOVERNMENT TO CHECK RISING TREND IN PRICES OF ESSENTIAL COMMODITIES AND INDUSTRIAL RAW MATERIALS

SHRI M.K. MOHTA (Rajasthan) : Sir, the problem of rising prices of essential commodities and industrial raw materials has assumed great proportions. The economy of the country is in a bad shape already despite the good agricultural crop that the country has been having for the third or fourth year in succession. Some time back it was announced by the Government that the index of wholesale prices showed a rise of 6.8 per cent between October, 1969 and October, 1970. Out of this the index for food articles showed a rise of 6 per cent, that of industrial raw materials 11 per cent, and that of manufactures 7.8 per cent. However, I would like to submit that for the common man, the man in the street, the index is nothing but illusory for when he goes out to buy things in the market he finds that as between the last year and now he has to pay something like 15 per cent more for pulses. Potatoes cost 64 per cent more ; onions cost 18 per cent more ; bananas cost 16 per cent more ; butter costs 19 per cent more ; coconut oil is up by 43 per cent, mustard oil by 19 per cent. And I fear that cotton cloth would cost anywhere between 20 to 35 per cent more.

This is a case of complete failure on the part of the Government to provide the necessary relief to the common man, particularly the common man in the poorer sections of society who has a fixed income and who is hit most by these inflationary pressures. Sir, I venture to suggest that the failure of the Government on the agricultural front is, to a very great extent, responsible for the soup that we are in today.

Take the question of our cash crops. Fortunately the food crops had been rather satisfactory but the position of cash crops has been extremely unsatisfactory. The most important cash crop of the country, namely, cotton, is in such short supply today that prices have risen by as much as 50 per cent in some varieties over those of last year. This is a clear case of the result of negligence and callousness on the part of the Government to look to cotton development on a priority basis. Year after year it has been urged on behalf of the trade and industry and also by several Members of Parliament in Parliamen-

tary Consultative Committees that it is of the utmost importance that cotton development programme be given adequate funds by the exchequer so that self-sufficiency may be achieved in cotton in a relatively short period of time. It is well known that in some varieties of cotton, particularly long staple varieties, the country is not producing adequately and due to reasons mostly beyond our control, namely, conditions of soil and climatic conditions, it may perhaps not be possible for the country to achieve self-sufficiency in those varieties in the foreseeable future. However, in the other varieties, namely, varieties which are not long staple in nature, if we are still short and if we have still to spend a hundred crores of rupees every year on imports, I would say that it is nothing but a man-made shortage which is entirely due to negligence on the part of the Government which can be termed as criminal negligence. Due to this shortage not only is the country losing a hundred crores of rupees in foreign exchange, foreign exchange which is so scarce today and which is required so urgently for other developmental work but it is also playing havoc with prices. Cloth being the most essential consumer item after food, it directly hits the consumer, particularly the poorer consumer.

Similar, Sir, is the situation in raw jute which is our most important raw material so far as exports are concerned. Due to scarcity of raw jute, jute prices increase, making our jute products uncompetitive in world markets. In the case of cotton also we have already become uncompetitive in spite of the very heavy dose of subsidy that is given on exports of cotton fabrics. These two export commodities together account for a very sizeable proportion of the country's export efforts, and due to the failure on the agricultural front the country is losing a sizeable amount of foreign exchange by way of reduction in exports.

The fourth plan estimated an increase in exports of the order of 7 or 8 per cent every year. But it is very depressing to find that during the last six or seven months, instead of recording an increase, our exports have recorded actually a decrease thereby aggravating an already bad situation.

Agriculture cannot be treated in isolation and the inputs that are required to tone up our agriculture can be provided by industry as also by public works programmes. Whereas on the one hand we merrily go on importing Rs. 100 crores worth of cotton every year, we

cannot, on the other hand, find even ten crores of Indian rupees to spend on cotton development programme which, according to experts, promises increased yields by 15-30 per cent as has been proved by its being carried out by the apex body of the textile industry, namely, the Indian Cotton Mills Federation. When northern regions composed of Punjab, Haryana and western U.P. suffer from shortage of electric power, it is not generally realised that agriculture is one of the first victims of such a shortage. It has been estimated that shortage of electric power in Punjab and Haryana would result in a lower production of wheat to the extent of a million tonnes this year. Apart from that, industries particularly in the small-scale sector would suffer greatly. But when a plea is made to the Central Government to increase the outlays on such essential projects as electric power generation or irrigation, particularly in the drought affected and dry areas—I have particularly in mind the Rajasthan canal project which is suffering a great deal due to paucity of funds—the stock answer of the government is that the resources situation does not permit a greater allocation to any of these worth while projects. I would like to submit that the need of the hour is a better husbanding of resources. I do not subscribe to this oft-repeated plea that resources are inadequate. Resources are there and resources could be augmented also. What is of prime necessity today is a better husbanding of resources so that with the same amount of resources, we can have more output and better results if there is a better utilisation of resources. Unfortunately what we find is that year after year unproductive expenditure goes on particularly by the Central Government and also by the State Governments, thereby eroding the savings of the people.

On the industrial front, the policy of the government has not been such as to encourage industrial production quickly and to the desired extent. Take steel which is in such short supply today and which has resulted in a lower production in the engineering industry thereby causing hardship to the Indian consumers and also jeopardising our export effort. It is well known that India possesses one of the best reserves of iron ore in the whole world. An indication of this is that we are selling iron ore in very large quantities to Japan.

It has succeeded in increasing its own steel output to something like 90 million tonnes

whereas we are still in the region of 6 million or 7 million tonnes per year . . .

MR. DEPUTY CHAIRMAN: How long will you take?

SHRI M. K. MOHTA: I will take about ten minutes more.

MR. DEPUTY CHAIRMAN: Then speak after lunch.

SHRI M. N. KAUL (Nominated): What is the programme for the day? The discussion will continue till?

MR. DEPUTY CHAIRMAN: Till we finish it, say, up to six o'clock.

SHRI M. N. KAUL: What time will the Minister reply?

MR. DEPUTY CHAIRMAN: We can call the hon'ble Minister at about 5-15. In that case I would request the hon'ble Members to restrict their observations to 10-12 minutes so that we can accommodate a large number of Members.

SHRI SUNDAR SINGH BHANDARI (Rajasthan): Please do not fix time without seeing the list. You may allow us fifteen minutes or even more.

MR. DEPUTY CHAIRMAN: It cannot be more.

The House stands adjourned till 2 P.M.

The house then adjourned for lunch at two minutes past one of the clock.

The House reassembled after Lunch at Two of the Clock. MR. DEPUTY CHAIRMAN in the Chair.

MR. DEPUTY CHAIRMAN: Mr. Mohta.

SHRI M. K. MOHTA: Mr. Deputy Chairman, Sir, I was talking about steel when we adjourned for lunch. As is well known, steel can be said to be the most important raw material in the economic life of any nation, the economic prosperity and the economic progress of any nation, so much so that even the position of any country among the great powers of the world is gauged by its ability to produce steel. But, unfortunately, even though we possess all the factors which go to enable any community to produce steel on a large scale, due to our topsyturvy policies we have not been able to produce adequate steel in the country. We are producing hardly 7 or 8 million tonnes of steel in the country whereas Japan, with the aid of our iron ore, has been expanding its steel production to the tune of

[Shri M.K. Mohta]

7 millions every year. It is the failure of the Government's planning, the failure of the Government to look ahead and assess realistically the steel requirements of the economy which has landed us in this sorry mess. Even now the Government is talking only in terms of increasing steel production by merely a million tonnes a year. I do not understand how it can ever hope to achieve self-sufficiency in steel and thereby increase our production of engineering goods, unless we have a more dynamic policy in this regard.

Sir, only the other day, another Minister of the Government, namely, Dr. Karan Singh, said, while talking about the strike in the Indian Airlines, that the Government would not be cowed down by the activities of the pilots and would not allow them to hold the country to ransom. I agree, Sir, that maintenance of air services is important to the life of a community. But the maintenance of production of essential goods like steel is much more important, very much more important, and yet, we see the sorry spectacle of the Government bowing down to the antics of organised labour so much so that the entire country is held to ransom in the real sense and foreign exchange to the tune of Rs. 130 crores would have to be incurred for the import of steel this year only.

It is necessary for the Government to have some re-thinking on the basic labour policy that has been followed by it ever since Independence. Today the situation has also basically changed. Today it is not a confrontation between private industry and organized labour alone. The labour is up against public enterprises, enterprises which are publically owned, which are being managed for the public good, in which the whole country has a great stake. Is it not a barbarous system, a wasteful system, a suicidal system to allow strikes and lock-outs in plants which are publically owned and managed, in plants which produce goods which are essential to the life of the community? Is it not possible for the Government to evolve a system by which disputes between the management and the labour—at least in the public enterprises—could be solved in a civilised manner across the table by negotiation and, if necessary, by arbitration? What is the necessity of going through the costly process of strikes in cases where such a vital sector of national economy is concerned? I wish, Sir, that the Government would do a very serious

re-thinking on this question. There is no question of exploitation of labour involved here. I am all for higher wages, higher fringe benefits, higher emoluments and everything else to the labour. But it can be done in a somewhat different way and in a way in which the society would not suffer as it has been made to suffer up till now.

The industrial development policy of the Government is to an extent responsible for the serious shortages that occur in the various sectors of the economy from time to time. It is beyond my comprehension why there should be any licensing at all when anything is in such short supply and when it is considered essential for the life of the community. Even in respect of goods which are in demand by the poorer sections of our society, licensing has proved to be a great obstacle in increasing their production. Thereby, crises have arisen.

Sir, the resources, as I said earlier, are there. They could be augmented. The co-operation of the entire public can be sought to increase industrial production, which alone can solve this problem of shortages and rising prices. Unless that is done, a mere exercise in better distribution would not be of any avail.

As regards better distribution of resources which are already at the command of the Government, as I have already said, a more fruitful allocation of resources amongst sectors which are really necessary for the life of the community would pay great dividends. If more resources are allotted to projects like irrigation or electric power, that would mean much greater increases in production all round rather than if they are diverted to prestigious projects only, such as the drugs and pharmaceutical concerns of the Government which loose 9 crores a year on a production of 1 crore, or to setting up rice-mills or bakeries or other works which do not really need public money to be spent on them. The money that is collected from the tax-payers is misused in prestigious public sector enterprises, which means a loss to the common man in two ways. First of all, the money is taken away from his pocket in order to be spent on these projects. Secondly, when these projects are mismanaged by the public sector and are made to incur loss, the common man is once again taxed in order to make up the loss suffered by the public exchequer. Before resuming my seat I would like the Government to be aware of a joke that has become very common regard-

ing the present scarcity of steel in the country. Referring to the present cooperation between the Ruling Party and the Communist Party, the joke goes on to say that a Minister of the Government asked the head of a public enterprise producing steel as to what was going on in connection with the production of steel. The head of the public enterprise said: 'Comrade Minister, we have produced so much steel that if you pile it one over the other, it will go up and touch the feet of God in Heaven.' The Minister was very pleased but then he said: 'Comrade Officer, you know there is no God'. The Officer said: 'Comrade Minister, there is no steel either'. Thank you.

SHRI KRISHAN KANT (Haryana): Mr. Deputy Chairman, perhaps Mr. Mohta forgot to mention something. I do not know whether there is God or not but the contractors are not supplying refractories to the steel plants in order to feed them. I do not know whether they are looking after God and God is looking after them.

The rise in prices is a very difficult subject and I do not know why we have not looked into it for the last 20 years and given the seriousness which is required for it. Social stability is closely linked with the price stability. We may be to-day criticising the Naxalites for creating a law and order problem but the problem of prices is not less serious, it may be more serious than the Naxalites. The threat to the society posed by the rising prices is equally or more dangerous and the connection between the rise in the prices and unemployment is evident. It is like a milestone round the neck of the common man. The common man's problem would not have been as acute as it actually is if only the prices had been held and enough job opportunities were created to absorb the numerous unemployed so that the family income went on increasing. So there is great inter-connection between the rise in the prices and the unemployment and I wish the Government should have looked into the whole question of formulation and implementation of a meaningful price policy. The Government has to study the practical possibility of bridging the gap between the wage-earners and others and also between the agriculturists and the non-agriculturists' income because the disparities are there both in the agricultural and non-agricultural sector and between the wage earners and the others. So the price rise

affects and widens the gap between the rich and the poor by inflating the costs and it also raises the cost of financial investment in the Plan and the cost of living of the common man. The price rise is, as he said, like a thief and every month when the house-wife goes to purchase things, she finds that the prices have risen. Not only the pocket of every body has been touched but holes have been burnt in the pockets of the common man in India. It is not a small problem. I do not know why the Government has lacked proper comprehension. It was in July 1969 that Mr. L.K. Jha, the then Governor of the Reserve Bank said: "The price index is near the all-time peak". He said it in July 1969 and more than a year has passed and what has happened? He at that time called for a great deal of thinking on the part of everyone as to what should be done. Who has done the thinking? If the politicians and the officers merely deplore inflationary trends like elderly Blimps deploring the morals of the young and call for thinking, it only means they are only having a healthy mental exercise and are doing nothing. That is the Government has done till now.

The latest figure is available on 14th November and it shows that there is a 7.5% increase in the whole sale price index over the corresponding period last year. This is nearly 1% more than the figure that the Finance Minister mentioned in this House in reply to a question which I had put. And then this debate came. The whole sale figures, what he has given and what we have got now, they bear no relation to the retail prices. For example, the whole sale price index is an irrational command of many groups. According to the whole sale price index, the group made up of rice and milk products has shown a rise of 11% but butter costs have gone up by more than 19.1%. So the wholesale prices generally lag behind the retail prices and the consumer prices because you see how steep is the rise in consumer prices which warrants our attention. Between 1961-62 and 1969-70 the wholesale prices spurted by 7.15%. This implies that the value of the rupee has shrunk by as much as 42% since. It means 100 Paise have come down to 52 Paise in value, and probably now it has come to 50 Paise, that is, one rupee is now worth 50 Paise only in the market. Unfortunately we do not have the index number of retail prices, or of the rural prices—which is much more than the consumer prices in the cities—that would provide a measure of

[Shri. Krishan Kant]

depreciation in the rupee for various strata of the population. The increase in prices this year, Mr. Deputy Chairman, Sir, is comparable to the increase that took place in the most difficult post-devaluation period and the two years of drought. There is no objective reason for this rise. Government has no alibi of outside factors beyond its control. There has been no devaluation. There has been no bad weather; the weather has not failed. In spite of the non-interference of outside factors the prices have risen. So this seems to be inherent in the policy and management of the economy, which should be under the control of the Government. Government must fully and frankly admit their responsibility. The whole economic system, the whole approach, has to be looked into. I do not want to go into the details of it. The Planning Commission is no good and I have said that the Planning Commission needs to be scrapped. The whole approach to planning, the whole approach to economic system needs a fundamental change. According to me, three factors have gone into making the inflationary pressures. Increase in agricultural production has not in any way helped to ease the price situation. In the normal course, increase in agricultural production and productivity in agriculture, about which one hears so much after the green revolution, should have resulted in some easing of the agricultural prices as compared to the prices during the scarcity period. But we have failed to act because of many policy or political reasons. Those who produce marketable surpluses in agriculture, that is, the rich land-owners, are able to mount a great deal of pressure in this Parliament and in the Assemblies in the name of incentives. We are not giving them incentive prices—incentives we do want to give—but we are giving them scarcity prices. That is the whole trouble. The trouble is that we are not making any differentiation between incentive prices and scarcity prices. We should see that the land-owners, who have got marketable surpluses, do not hold society to ransom. They constitute only 7% of the agricultural producers. If we include the agricultural labour in the agricultural population, then their percentage will be less. It means that a small percentage of those having marketable surpluses are holding the whole society to ransom.

Then I take up the production in the urban

sector. It appears that with the price scissors, which have moved in favour of agricultural producers during the scarcity period, the manufacturer and the trader are trying to correct their position in the price equation without increase in production.

Through the trade and renter method rather than as manufacturers. The rate of increase in production has gone up by 4.5 per cent, but the prices of manufactured goods have gone up by ten points, i.e., about seven per cent. It arises out of trading practices like hoarding and rigging up prices. The unscrupulous trader is no less responsible and, in fact, he is much more responsible. In Bengal today we hear about shooting and fighting the Naxalite activities, but here the Government has not done anything. Here I am quoting from the Statesman of 11th September, 1970 :—

“Essential materials often go underground and the stockists make huge profits by creating artificial scarcity. Similarly, merchants trading in dals and oils in Calcutta recently pushed up market prices through a delay in lifting arrivals in the railway goods yards. This class of middlemen are responsible for spreading inflation.”

When the police is shooting down people there in Bengal in order to maintain law and order, may I know what the police is doing in respect of prices, what the Government has done and what it is doing to do in respect of prices?

Thirdly, I come to the management of our financial and credit institutions. In spite of the fact that the Government is in a commanding position so far as credit flows are concerned or money flows in the economy are concerned, especially after the nationalisation of the banks, the fact is that the Government has not managed them prudently or with a long-term perspective. When the banks were nationalised, because of the persisting recessionary conditions, it looked as if the credit position was very easy. There were not many takers. There were surplus funds with banks and financial institutions. It appeared that they ought to dump them into the economy. There was a distinct tendency to support consumption by way of credit, as a part of anti-recessionary measures. It was not realised that the economy was already getting out of recession and, therefore,

demands for credit were bound to increase as the economy began to work actively. The result was that the credit structure was allowed to be overstretched with the result that credit creation and money flow became a very major inflationary factor in the situation. Unless the Government is prepared to take up the unpalatable job of mobilising resources and mopping up actual savings in the economy and resorts to the easier method of credit creation for financing development, it is bound to become inflationary. A clear-cut relation between credit and production should be established. Mr. R. Venkataraman, Member, Planning Commission, has said that the rise of more than 7 per cent in the wholesale price index during the first five months of the year has been attributed to the nationalisation of banks.

The Finance Ministry note on 'Monetary stability in the Country' said that the main attempt during the Fourth Plan would be to associate 'growth' with price stability, but it has not happened. The inflationary trend will upset the cost estimate of both the public and private sectors—as a matter of fact, upset the whole Plan. I now come to deficit financing. The money supply during 1969-70 has gone up much more than by ten per cent, i.e., twice the growth rate of output. If the output has risen by five per cent, the deficit financing has increased by ten per cent. In the first five months of the year, it has gone up by another 10 per cent. During the same period bank credit has soared by over 18 per cent (1969-70) and recently by another 7 per cent. It has gone to make farmers consumption-oriented.

The budgetary deficit of Rs. 25 crores at the Centre and Rs. 200 crores in the States will all lead to an increase in prices. The rate of growth of a country's money supply should be related to production. In 1968-69 money supply with the public increased by Rs. 429 crores and in 1969-70 it increased by Rs. 610 crores. Suppose the velocity of circulation is 4.5, the additional purchasing power in the hands of people in 1969-70 would be Rs. 2,700 crores. This shows how inflation has gone up. In addition to fiscal and budgetary policies, unless the country has a right incomes policy, it may not be able to achieve the desired results of employment and price stability.

It is well known that monopoly conditions lead to a rise in price of everything. It may be machinery and equipment or consumer goods. The other reason for a rise in prices is the conspicuous consumption by the richer sections and the frittering away of money in luxury goods. The price structure should be related to production and productivity both in agriculture and industry. Here I would refer you to the Reserve Bank of India's Report of the Sterling Group, 1967, on Wages, Incomes and Prices. I ask that the Government of India is doing about that. There is no way out but to curb expenditure by the higher income group.

There is no way out but to curb expenditure at higher income level by putting curb on incomes.

Also in our situation we cannot get savings from all sections of the economy for investment and development unless there is a curb on higher incomes so that there is equality of sacrifice. Here our capitalist friends on that side say that disparity must increase for greater production. Here I am reading a quotation from the Wall Street Journal of America, written by Ray Vicker, and here he says :

"In Russia, however, it is sometimes hard to tell the bosses from the workers. Mr. Podobed earns \$440 a month, only slightly more than three times the average salary of an ordinary production worker."

There the manager gets only three times the worker.

"In the U.S., by contrast, an executive of similar rank could expect to earn ten or more times the salary of a factory hand."

It means between the factory hand and the manager the difference is 1:10. Those learned people there say that the disparities must increase. They must know that in America the disparities are not that much as they want to create in this country. That is why I am saying that unless there is an income policy, unless there is reduction of the disparities in income, you cannot control prices. It is that section of society which is trying to control the economy, but while they are profiteering, the prices increase. May I know what happens to black money's? Black money is uninvestible. It is expenditure-oriented. Unless you control that money, how can you control prices? The only way is demonetisation. Voluntary disclosure has not func-

[Shri Krishan Kant]

tioned. Unless demonetisation takes place—I do not know whether the Government is shirking its responsibility in this regard—black money will expand. If they demonetise, black money goes and prices stabilise.

The National Labour Commission have said this about dearness allowance. They said that a clerk gets a lower D.A. but a person getting a higher pay gets a higher D.A. The National Labour Commission says that dearness allowance means purchasing the same amount of goods as before. The purpose would be served by an equal amount of D.A. to all employees irrespective of differences in emoluments. The prices of basic consumption goods have increased for a clerk as for anybody else. The D.A. should be equal; it should not be smaller for a clerk and higher for a Secretary to the Government of India. The ideal solution as in the U.K. may be—I do not know whether you have tried to see that—prices and increases in wages to be controlled by an independent Board under certain guidelines. About rise in prices what they done in America is they offer workers and savers a guarantee against inflation by means of Wages and Savings Bond contractually protected against fall in value of money. I do not know whether you can try that aspect also or not.

Wages must be related to productivity. You cannot establish that relationship unless you control the higher sector where the money goes, the consumption sector. It is a constant policy. Unless that approach is there, I am sure you will not be able to solve the price-rise problem. The whole approach to planning has to be changed. I do not want to go into detail. Here is an article in a paper which is coming out today, "Young Indian", by Mr. H.K. Paranjape, on Mixed Economy and Socialist Society, in which he says :

"All these experiences clearly indicate that if economic growth is to be achieved, a phase of primitive capital accumulation is inescapable. Foreign aid might reduce the severity of the sufferings to some extent but the bulk of the accumulation has to be from the country's own income."

"The saving might either be done through maintaining large income inequalities and the top few saving substantial amounts

or by a system of less unequal incomes, but accumulation mainly taking place through the public exchequer."

SHRI LOKANATH MISRA (Orissa): He has read from a journal which is yet to be published and publicised at 4.00 officially.

SHRI KRISHAN KANT : He says :—

"It is my submission that the former method is impossible in India unless the democratic system breaks down and a kind of dictatorship of the top few is imposed. Large inequalities and a free democratic society cannot go together."

You cannot reduce the prices, you cannot control all those things unless your conception about planning, your approach to planning, is changed.

SHRI S. D. MISRA (Uttar Pradesh) : Sir, the rise in prices in this country is not just an issue which is being seen right now, but it is the direct result of the Government's policy. What is happening by way of rise in prices, by way of unemployment, is the direct result of today's Government's policies. The present Government do not have any sound policy on prices or on production or on wages or on employment or on inflation that are eating us in this country. When the prices are rising it is not just the small palliatives that the Government might be thinking of or the small measures that have been announced in the statement that has been circulated that can bring about the lowering of the prices : this is the direct result of a long-term Government policy. I am sorry to say that the Government, instead of going towards long-term methods, towards the objectives of more production, better distribution, more employment, more industries, better agriculture, more cash crops and more small scale industries, is just having satisfaction with doing small stunts and raising slogans. Every sentence of them, whether the Finance Minister or the Prime Minister or the small Minister, even that of an MP or a member of that party, begins with the radical word "socialism". They think that socialism can be brought about in this country by cheap stunts and cheap slogans. And when the prices are rising, they do not take the blame on them. They go on saying that this is because of the black-marketeers, the hoarders, the big capitalists and the smugglers.

SHRI KRISHAN KANT : Do you think that you are not also responsible? You are supporting it!

SHRI S. D. MISRA : All are responsible, mostly the Government. Therefore, we always find a scape-goat. And now they find a scape-goat in the hoarders, the black-marketeers, but not in their own misdeeds, not in the black deeds of this Government. What is the position?

SHRI KRISHAN KANT : You were in the Food Ministry before.

SHRI S. D. MISRA : I tell you the position. I was there for four years. Now along with the Prime Minister the hon. Member is sitting there. It was not an old story and Mr. Krishan Kant was also there. In 1965-66 we had money in circulation of the order of 4500 crores. Today, in August, 1970, we have Rs. 6600 crores under circulation. Therefore within four years the circulation of money has increased by 50 or 45 per cent. The *per capita* income of this country has almost been static, the growth rate of the economy has been hardly of the order of 8 to 9 per cent, within four years. Industrial production which is included in the *per capita* growth is hardly 4 or 5 per cent. And what about the exports? I need not go into that. The recent RBI Report and the bulletin of the National Council of Applied Economic Research point out that while the Government is trying to have a big target of export of 7 per cent, their performance is 4 per cent. Industrial growth is receding and especially in the five months of this year there is no growth rate at all.

This is not my statement. It is the statement of the R.B.I. on page 1546 or something like that. Therefore, within the last four years whereas the money supply has increased to 45 per cent., income *per capita* remaining static, the growth rate has increased only by 8 per cent. What else do you expect? Will the prices not rise? Prices will rise when there is so much inflation. And I do not grudge this 45 per cent. inflation in terms of circulation of money if there is increased production. The production is slugging. And why is it slugging? It is the direct result of the faulty policies of this Government.

Sir, when the Minister of Industries came to this House, probably, to answer the question raised by Mr. Krishan Kant, he himself stated

that within three months industrial licences, to whosoever they are to be given, will be given. But, Sir, I knew definitely that not even within nine months he could clear licences. Why? It is because in this Government all the industries are not covered by the Industries Ministry. If statistics is taken only 25 per cent. of the industries which are licensed—I am talking of licensed industries—come within the Industry Ministry sector. The other 75 per cent. come under the Steel Ministry, the Petroleum Ministry, the Railways, the Defence Ministry and others. Unless there is control on the industrial sector how can you have satisfactory growth rate. The Industries Ministry with 25 per cent. items cannot control it. But the Minister of Industries comes and says that he will clear the licences within three months from now.

Sir, within the last two years especially, there are more restrictions on industries. I welcome restrictions. I am not against restrictions. If restrictions are to be there, let them fall under one Ministry. Now there is the Company Law Administration the Ministry of Law, the Monopolies Commission, the D.G., T.&D. with the result that a file going to every authority takes on an average one or two months in one Ministry. Five or eight Ministries are examining one single licence, small or big, whenever a licence is to be given, with the result that all the assurances given by the Minister, Shri Dinesh Singh, are not going to be fulfilled because there are water-tight compartments between Ministry and Ministry. There is politics between Ministry and Ministry with the result that there is no growth rate. A file takes one or two months to get out of a Ministry. No new industries are coming up. They have no money for the public sector; they are losing money on the public sector. They have only a plan of Rs. 3,000 crores of new investment in the public sector industries. A sum of Rs. 4,000 crores has been put in by the end of last year in the public sector. We have lost about Rs. 350 crores. The loss in annual production is of the order of Rs. 800 crores on that account. But when offers come for bigger industries they are declined under the plea of socialism which is just a stunt and slogan-mongering and pseudo-radicalism.

Fortunately, my friend, the Minister of

[Shri S.D. Misra]

Petroleum is here. He gave a letter of intent to a private party of Mirzapur, my constituency and my Pradesh, for a fertiliser factory. Whereas fertiliser prices are going up fertiliser production is not keeping pace with the demand and we are still importing fertilisers, and it is hoped that we will go on importing fertilisers—the letter of intent was given. I am not enamoured. You withdraw the letter of intent from that private party—but just on the plea of monopoly you are not issuing a license.

SHRI ARJUN ARORA: (Uttar Pradesh): To whom is the license not being given?

SHRI S. D. MISRA: I do not know.

SHRI ARJUN ARORA: Take the name.

SHRI S. D. MISRA: I do not know.

SHRI ARJUN ARORA: It must be a bad name that Mr. Misra does not like to take. He is a good man, but he cannot take a bad name.

SHRI S. D. MISRA: It may be X, Y or Mr. Arora's man. But my point, Mr. Arora,...

SHRI ARJUN ARORA: Address the Chair.

SHRI S. D. MISRA: I will request Mr. Arora to bear with me. My point is that you may cancel the license; we do not mind. But who don't you take it up in the public sector? Why don't you have a joint sector? The joint sector has been my policy. Why don't you do it? Therefore, how can you expect the growth rate in the industry, in the economy, to increase? How can there be more employment? Every week one lakh people are coming up for employment. Mr. Pitamber Pant, the famous economist, has said that every week one lakh unemployed people are being added in this country. And we are not able to cope with even the backlog of 14 million. By the end of the Fourth Five-Year Plan, the backlog of unemployed people will be 25 million. How can this be solved? You cannot do it by magic or by finding a scapegoat and blaming others, when you are to be blamed for all that is happening. Therefore, it's high time that the Government revised its policy whether it is in the matter of agriculture or in the matter of industry. What is the position in the agricultural sector? The industrial raw material is getting less. The growth on the food front is a little better;

they call it "green revolution". Only 24 per cent of the area is irrigated in this country, whereas in many of the South-East Asian countries, the area under irrigation which was 7 per cent in 1940 or 1950, has gone up to 62 or 67 or 72 per cent. I am not talking of Japan. I am talking of the backward economies like Taiwan, South Korea and Thailand. What is happening in the matter of cash crops? Take their productivity figure given in the Blue Book on agriculture that is circulated every year. You find that while the production of food crops has increased at least by a few per cent in the last 10 years—it has gone to 100 million tonnes now—the cash crops; because of the lethargy of the Government, because of the policy of the Government, are not getting any encouragement, whether it is cotton or jute or tea or 'mirchi' or onion or potato or anything. While you have high-yielding varieties in wheat—in maize it is coming and in rice also, it is there a little—you have not thought of high-yielding varieties in pulses and cash crops. Of the 350 million acres in this country, about 80 million acres are under cash crops. This is the largest area in the world. No other country in the world has so much area under cash crops as India has. But it is unfortunate that neither the production of cash crops nor the productivity of cash crops is increasing. This Government has been saying for the last four or five years that it is doing something for increased production of cotton, jute, etc., and that they are providing Rs. 5 crores or Rs. 10 crores for this, that and the other. But nothing has happened. Therefore, let the Government take the blame for the price rise, for the unemployment, for lesser production, for less *per capita* income, for the slow growth rate because of inflation, brought about through its own policies.

Now, licences are given. But so many restrictive features have been introduced in this licensing system that the small man gets killed. I have talked to the smaller people and also to the big people.

SHRI ARJUN ARORA: Not to the smaller people.

SHRI S. D. MISRA: It has to be put up to so many people before a license is given. Especially, this licensing procedure is killing the small man who goes in for a medium sized industry. But the Birlas, Tata, Mahat-

lals and others, who have big organisations, have no worries. They just put in the applications; they know what is to be done; they have a routine system; and they have no worries. But these restrictive features are inhibiting the growth of industry.

And I have tried to collect the figures. Just before 1966 for about six years—I take the year 1966 when the present Prime Minister came in—the number of licences that were granted per year was about 800 to 900. Of course, this is a very rough indication. The number of licences in terms of value may be different. But it is also a sound indicator. But now after the blessed year 1966 up till 1970 when politics has dominated economics and economics has receded to the background, the number of annual licences granted has not been beyond 300. I have got these figures collected through expert economists. I am not myself an expert, but I have got them collected. This is the sad state of affairs in this country. Of course, now I am not going to bother myself about what the price rises are because my friends, Mr. Chandra Kant and others, have already talked about it....

MR. DEPUTY CHAIRMAN: Do not mix up Chandra Shekhar and Krishan Kant. Krishan Kant is not Chandra Kant.

SHRI S. D. MISRA: All right. I was saying one thing. The statement of the Finance Minister was that the price rise has been of the order of only 5 per cent or 5.5 per cent in a year and it is not very high. After all in one year it has been of the order of 12 to 14 per cent. Let him not forget that when the index was 100 in 1960-61, in the year 1970 it was 119.3. This is only the wholesale increase. The retail increase is beyond 10 per cent to 12 per cent and for items like drugs, potatoes, coconut oil, coffee, milk, butter the increase ranges between 12 and 70 per cent. Therefore, this average leads us nowhere. The important point is that this increase has really affected the common man, the poor man, the middle class. The poor man's basket of goods, which was purchased for a far lesser amount, costs many times more now. The poor man is the sufferer now. Who suffers on account of the increased cost of potatoes, milk, butter, coconut oil and vanaspati? It is the common man who needs no luxuries and out of whose budget 75 per cent money is spent on food, etc.

His budget is affected by 25 per cent, not by 5 per cent. Therefore, to argue that there is just 5 per cent increase is fallacious.

As I started I stated that this Government has a policy of neither prices nor wages nor production nor distribution even. I was reading an article by Pitamber Pant a few days back, and I think Pitamber Pant is very near to this Government. He has stated in his article—I have brought that article here—that only 10 per cent people of this country have an income of Rs. 100 and more per month. He has further stated that if you reduce this Rs. 100 to Rs. 50 per month, you will add only Rs. 5 to everyman's income per month in this country. Therefore, you cannot have mere politics of distribution. Distribution is important. But this Government is talking politics of everything, not distribution alone. It does not in fact talk of distribution at all. It talks of employment in a big way at the Patna session that five lakh people would be given employment. But soon after the resolution at Patna, they have forgotten all that crash programme. Probably that has also crashed. You want to employ five lakhs in a year. Five lakhs is equal to what? I started with that. One lakh of people are increasing in the wage market every week. So, at the most this crash programme for five lakhs will last only five weeks. But that also has crashed—land-crashed probably at Safdarjung or Palam or Patna. . . .

SHRI ARJUN ARORA: At Lucknow day before yesterday.

SHRI S. D. MISRA: Yes, in my State. It is a fact that they will crash only in my State. At Lucknow they crashed. This government whenever in difficulties, will come out with this type of statements. I am referring to the statement the Finance Minister has given to us. This is just nothing. In the name of reducing prices or controlling prices of raw-materials and consumer goods, all that they will do is to have some cells here and some cells there and give some jobs to their own people, to their own stooges and other committed politicians like Shri Arjun Arora...

SHRI ARJUN ARORA: And put some politicians in charge of super markets.

SHRI S. D. MISRA: Take, for instance, the Cotton Corporation which was formed

[Shri S.D. Misra]

to control the price of cotton. Since the corporation, the prices of cotton have gone up. After creation of the STC, what has happened to drugs? A statement is circulated and it says that the STC imports 8 to 10 crores worth of basic drugs as components in order to make other drugs and they sell them at about 20 to 25 crores in black market making a profit of over 200 per cent.

SHRI MAHAVIR TYAGI (Uttar Pradesh):

The other day the Minister contradicted me on this question of STC.

SHRI S.D. MISRA : I am giving you the official figures. Government is doing black-market, and who suffers except the consumers, except the industries and except the agriculturists?

SHRI MAHAVIR TYAGI : Are they selling in blackmarket?

SHRI S.D. MISRA : Their black-market is open market. When you charge 10 per cent more, then it is black-market. But they are selling these things at a price which is 250 to 350 per cent higher. Therefore, this price rise is not a disease which has erupted just now. It is a disease brought about by the diseased working of the government and diseased approach of this government and is the direct result of the government's policies. It is high time that they improve themselves without trying to find out a scapegoat for their failure to arrest the price rise.

श्री सुन्दर सिंह भंडारी : उपमहापति जी, बढ़ती हुई कीमतों के प्रश्न पर देश में इस समय चिन्ता है। यह इसलिए नहीं कि साधारणतया कीमतें बढ़ती हैं इसलिए चिन्ता होनी चाहिए। क्योंकि उसके लिए सर्वमान्य तर्क दिये जाते हैं कि एक डेवलपिंग एकानामी में कुछ तो कीमतें बढ़ेंगी। या दुनिया के दूसरे देशों में भी कीमतें बढ़ी हैं, हिन्दुस्तान में भी कीमतें बढ़ीं तो कोई बहुत बड़ी चिन्ता उससे नहीं होनी चाहिए लेकिन मैं समझता हूँ कि दूसरे देशों में कीमतें बढ़ी हैं तो उसके कुछ अलग कारण भी हैं। उन कारणों की तरफ मैं विस्तार से नहीं जाना चाहता परन्तु केवल यह तर्क कि दूसरे देशों में कीमतें बढ़ीं इसलिये अपने को विशेष चिन्ता नहीं करनी चाहिए इस देश में लागू नहीं होता

और विशेषकर उस परिस्थिति में जब कि आज भी यह देश मुख्यता कृषि-प्रधान देश है और कीमतें उस हालत में बढ़ रही हैं जब कि कृषि उत्पादित वस्तुओं की कीमतें घट रही हैं।

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair]

एग्रीकल्चरल प्राइसेज कमिशन ने भी कृषि-उत्पादित वस्तुओं के दाम एक सीमा में अधिक न बढ़ाये जायें, इस बात का सुझाव दिया था। शायद उन्होंने जिन बातों का हिसाब दिया उसमें उन्हीं आवश्यक वस्तुओं को हिसाब में लिया है जिनका कृषि उत्पादन के क्षेत्र के साथ सीधा सम्बन्ध आता है। यह एक कमिशन है और अपने एक लिमिटेड स्केयर में काम करता है। लेकिन कीमतों के बढ़ने में जिन दूसरे पदार्थों पर भी प्रभाव होता है उनका उन्होंने अध्ययन नहीं किया। इसीलिये सरकार ने यह अच्छा किया कि एग्रीकल्चरल प्राइसेज कमिशन के द्वारा सुझाये गये भावों पर अपने आपको सीमित नहीं किया और मोटे अनाज या चावल दोनों ही किस्मों के लिए उन्होंने एग्रीकल्चरल प्राइसेज कमिशन के सुझावों से इन्कार कर के अपनी कीमतें निर्धारित कीं। लेकिन यह एक खतरनाक ट्रेड है। इस बार यह तकदीर से ठीक हुआ, यह अच्छा है, लेकिन या तो हम तय करें कि एग्रीकल्चरल प्राइसेज कमिशन या हम प्रकार के संगठन जो किसी न किसी स्टैटिस्टिकल डेटा के आधार पर सरकार को सुझाव देते हैं उनकी कोई कीमत नहीं, तो इनको समाप्त कर देना चाहिए। अगर उनकी कीमत है तो इन सारी नीतियों से, उनके इन सुझावों से हमने क्यों डिवियेट किया इसके बारे में हमें कोई न कोई चिन्ता जरूर व्यक्त करनी चाहिए। मैं यह कहना चाहूंगा कि सरकार को जो बाध्य होना पड़ा है इसमें डिवियेट करने के लिए, उसका मुख्य कारण यह है कि एक तरफ जहां कृषि उत्पादन की कीमतें गिर रही हैं वहां जरूरत की अन्य आवश्यक वस्तुओं की कीमतें नहीं घटीं, क्योंकि उनका सम्बन्ध अन्य कारणों से जुड़ा हुआ है, हिन्दुस्तान के अन्दर उपलब्ध साधनों

के साथ कम जुड़ा हुआ है। दुर्भाग्य ने हमारे देश में औद्योगिक ढांचा पिछले बीस वर्षों में जिस प्रकार से डेवलप हुआ है उसमें फारेन कम्पोनेन्ट बहुत अधिक है, उनकी पूंजी, उनकी टेक्निक, सब प्रकार से मशीनरीकरण उनका है और भारतीय साधन और भारतीय उपलब्धता उनके सारे कास्ट संस्करण में बहुत थोड़ा हिस्सा थदा करती है। इसलिए जहाँ आधार एक नियम है एक कृषि प्रधान देश में और अभी तक हम यह कहते भी चले आये, विशेषकर अन्त-उत्पादन का हमारा आकांक्ष जब तक बहुत घटिया था तो सारी बढ़ती हुई कीमतों का जिम्मा हम कृषि उत्पादन में कमी के ऊपर डालकर और बाकी सब कारणों को हांक दिया करते थे।

आज कृषि उत्पादन सौभाग्य से अच्छा हुआ है। कृषि मंत्री ने इस दिन अपनी सरकार के प्रयत्नों को इस सारे श्रेय का भागीदार बनाना चाहा था। किन्तु मैं समझता हूँ कि यह परिस्थितियाँ कृषि के क्षेत्र में है कि आज भी कृषि वैगरीज आफ दि मानसून पर निर्भर करती है। जैसा कि श्री मिश्र ने अभी बताया, अभी तक 24 परसेंट एग्रीकल्चरल लैंड ही ऐसी है जिसको हम वैगरीज आफ दि मानसून से बचा सके हैं। इसलिये इस बार फल अच्छी हुई इससे बहुत ज्यादा हमें प्रसन्नचित्त भविष्य के लिए नहीं होना चाहिए। मैं उल्लेख करना चाहता हूँ इस सम्बन्ध में विशेषकर शुगर और गन्ने के क्षेत्र को लेकर। पिछले दिनों में यह समस्या आई और इस शुगर इंडस्ट्री में एक प्रकार की क्राइसिस का निर्माण हो रहा है, जितना माल निकलता है उसकी खपत या उसके उपयोग की व्यवस्था नहीं हो रही। सरकार ने भी अभी तक बफर स्टॉक बनाने के बारे में कोई फैसला नहीं किया, लेगे शुगर की क्या कीमत रहेगी इसकी कोई घोषणा नहीं कर रहे हैं, वह इस्केप करना चाहते हैं परिस्थिति से। इस बार शुगर अच्छी हो गई, गन्ना ठीक मात्रा में पैदा हो गया, लेकिन उसमें समस्या हल नहीं होती।

3 P. M.

आज सरकार ने भी अनाज के क्षेत्र में इसी

प्रकार से अपना एक बफर स्टॉक बनाने के लिए, एक सीमित क्षेत्र के आधार पर प्रोक्योर-मेन्ट प्राइसेज निश्चित करके खरीदने का विचार किया है। पर सरकार के बफर स्टॉक से इस अच्छी क्राप पर ज्यादा लाभ नहीं है। इसीलिए उनकी अपनी जरूरत के अनुसार, थोड़ी जगहों पर मोटा अनाज या चावल खरीद कर, अपनी आवश्यकताएं पूरी हो जाएंगी। लेकिन सरकार के द्वारा घोषित प्राइसेज के बावजूद भी बाजार में भाव गिर रहा है क्योंकि सरकारी खरीद की व्यवस्था सब जगह उपलब्ध नहीं है उस कीमत पर किसानों से अनाज खरीदने के लिए। लेकिन पाबन्दियाँ लगी हुई है। यह बात तो ठीक है कि मांटे अनाज के बारे में पाबंदियाँ हटीं, गेहूँ के बारे में एक बड़ा क्षेत्र बना, लेकिन चावल के मामले में अभी तक भी कई राज्यों में राज्य एक पूरा क्षेत्र भी नहीं, जैसे कि पूरा मध्य प्रदेश चावल के लिए एक क्षेत्र नहीं है, छत्तीसगढ़ उसमें से अलग हैं। और इसलिए आज छत्तीसगढ़ का किसान चावल के उतने दाम प्राप्त नहीं कर रहा जितने सरकार ने घोषित किए। इसलिए आप इसका विचार करें। अब वह समय बदल गया है। क्योंकि हमारे देश में आज एक दूसरी अवस्था है।

हम केवल प्रोक्योरमेन्ट प्राइसेज या सरकार का बफर स्टॉक बनाने के लिए ही सरकार की मशीनरी काम में लाए, इतने मात्र से समस्या का समाधान नहीं होगा। आवश्यकता इस बात की है कि उन कीमतों को स्थायित्व प्रदान करने के लिए भी सरकार एक उत्तरदायित्व स्वीकार करे। आज जो एक मुख्य प्रश्न है, प्राइसेज का, वह है अन्स्टेबल प्राइस फ्लक्चुएणस। अगर एक स्टेडी प्रोथ है प्राइसेज का, और वह प्रोथ ओवर द ईयर रिटेन होता है। तो परिणाम स्वाभाविक होगा। लेकिन जब एन्फ्लेशन हो, कीमतें बढ़ जाएं या कम हो जाएं, जरूरत के समय किसान को अपना सामान बेचना हो, माल बेचना हो—अग्रिकल्चर तो सीजनल है, उसकी मशीन, प्रोडक्शन का सामान ओवर द ईयर राउन्ड मलवाई नहीं होता, एकदम क्राप आने के

[श्री सुन्दर सिंह भंडारी]

अवसर पर साग अनाज मार्केट में आता है। हमारे किनारे के पास रिटेन्शन की ताकत नहीं है, उसके पास गोडाउन की व्यवस्था नहीं कि वह अच्छी प्राइस का इंतजार करके अच्छे समय में बेचे, और तब तक के लिए अपनी आवश्यकताओं के लिए उसकी आर्थिक पूर्ति हो सके, इस प्रकार की कोई व्यवस्था नहीं। इस लिए ऐसे समय पर सरकार अगर मार्केट में नहीं है, अगर वह नारा अनाज जो सपोर्ट प्राइस के आधार पर उसको खरीदना चाहे वह अगर खरीदने के लिए तैयार नहीं, तो यह प्राइस फ्लक्चुएशन या भाव में इतना उतार और चढ़ाव, इसको रोकना नहीं जा सकेगा। यह प्राइस फ्लक्चुएशन ही एक बहुत बड़ा कारण है कि जो पैसे वाला व्यक्ति है, वह पैसे वाला व्यक्ति प्लान्ड इकानामिक डेवलपमेंट में या इंडस्ट्रियल ग्रोथ में पैसा लगाने की बजाय सौदे और सट्टे में पैसा लगाना ज्यादा पसन्द करता है। इतने फ्लक्चुएशन हैं क्राप सीजन में और नान-क्राफ सीजन में, सरकार की अस्थिर नीति के कारण इन्फ्लेक्सी में पैसा लगाना नहीं चाहता, और दिन दिन उसका इम्पीटन घट रहा है। उनको लगता है कि अगर वह सट्टा खेले या होडिंग करे आज की घटी कीमतों में तो हो सकता है बाद में सरकार की गलत नीति के कारण उसको एक के चार दाम मिलें, तो उस तरफ पैसा लगाने की उसकी प्रवृत्ति निर्माण होती है। हम ब्लैकमार्कीटिंग और मार्कीटिंग करने वालों को डिस्क्रेज करना चाहिए लेकिन हम कानून बनाकर या उपदेश देकर इसको रोक नहीं सकते। हमें उस परिस्थिति का सामना करना होगा। अगर वास्तव में सरकार इस होडिंग को या प्राइस फ्लक्चुएशन को रोकना चाहती है तो अब केवल प्रोक्योरमेंट के आधार पर नहीं, तो सरकार को सपोर्ट प्राइस के आधार पर मार्केट में, एक व्यापारी के नाते से उस्थित रहना चाहिए। जितना भी माल उस कीमत पर सरकार को उपलब्ध होता है खरीदे और जिस दिन मार्केट में भाव बढ़ने लगे उस दिन एक ट्रेडर की तौर पर सरकार खुद अपनी सप्लाई कामन

मैन को देने के लिए तैयार हो। यह रेमपानि-मिलिटी वह कर सकेगी तो फिर फाइनेन्स मिनिस्ट्री को उसकी व्यवस्था करने की आवश्यकता पड़ेगी।

इसके बिना फूडग्रेन्स सरकार के द्वारा खरीद करके आवश्यकतानुसार बेचने की व्यवस्था पूरी नहीं हो सकेगी जब तक इस आधार पर इन फूडग्रेन्स के बारे में विचार नहीं होगा तब तक यह फ्लक्चुएशन नहीं रोका जा सकेगा। मैं चाहता हूँ कि फूडग्रेन्स के इस मार्केट को स्टेबिलाइज करने का प्रयत्न किया जाए।

लेकिन आज दूसरा सवाल है और जो कृषि के क्षेत्र में जितने साधनों की आवश्यकता होती है, जैसा कि बताया गया है मशीनी गुड्स क्षेत्र है, टैक्सटाइल या बाकी की भारी आवश्यकताएं हैं, आज इन क्षेत्रों में भी प्राइसेज की बढ़ोतरी को रोकने का हमें इंतजाम करना होगा। स्टील मिनिस्टर ने उस दिन बड़ी हिम्मत से कह दिया कि चाहे लेबर वेजेज बढ़े हों, लेकिन हम स्टील प्राइसेज की बढ़ोतरी की इजाजत नहीं देंगे। यहां पर घोषणा हो गई, लेकिन मार्केट में सरकार ने परमिशन दी हो या न दी हो, स्टील गुड्स का आज क्या भाव है, इस पर विचार करना चाहिए, हम केवल घोषणा करने से इसकी कीमत को बढ़ने से नहीं रोक सकते हैं।

आज हिन्दुस्तान स्टील सरकार की एजन्सी है। आज आपने स्टील के अन्दर प्राइस राइज करने की इजाजत नहीं दी है, लेकिन आज हिन्दुस्तान स्टील में जिन प्रकार की डीलिंग्स चल रही हैं—हिन्दुस्तान स्टील बिलैट्स का आर्डर लेता है। बिलैट्स आज शार्ट सप्लाई में है। आर्डर बुक होने हैं। बिलैट्स तुम्हें उपलब्ध नहीं हो सकेंगे, हम स्क्वायर तुम्हें सप्ल ई कर सकते हैं। तुम स्क्वायर लेने को तैयार हो या नहीं? अगर उस व्यापारी को बिलैट्स प्राप्त नहीं होते हैं तो वह स्क्वायर लेने को हां भर देता है। बिलैट्स और स्क्वायर में 199 रुपया प्रति टन कीमत में

अन्तर है, वह स्क्वायरसे लेने की परमिशन दे देता है, पर जब वास्तव में सामान अनलोड होता है और वह यह सोचता है कि स्क्वायर आया होता वह वेगन छोड़ता है परन्तु उन वेगनों में विलैट्स निकलते हैं। इन्हीं विलैट्स पर आपने यहाँ पर पार्लियामेंट में घोषणा करके कीमत बढ़ाने रोक दिया था। हिन्दुस्तान स्टील के संबन्ध में मेरे पास इस तरह के वाउचर्स हैं, इस प्रकार के टेलीग्राम्स हैं जो विभिन्न प्रकार के छोटे छोटे मशीन प्रोड्यूसरों को भेजे गये कि विलैट्स उपलब्ध नहीं हैं तुम स्क्वायर एक्सेप्ट करो और अन्ततत्त्वगत्वा स्क्वायर की कीमत में यानी 169 रुपये प्रति टन ज्यादा के हिसाब से उनको विलैट्स प्राप्त हुए। इसके बाद वह भी शिकायत आई कि जो भी स्टील था वह इररेगुलर क्वालिटी का था। मैंने विलैट्स देखे हैं। उसके दोनों एन्ड्स देखे। पांच छः फीट के टुकड़े देखे तो इधर एक फीट और उधर एक फीट इतनी खराब क्वालिटी का है कि वह किसी परपत्र के लिए भी काम में नहीं आ सकता है। अगर विलैट्स सप्लाय करके स्क्वायर के चार्ज करने वाले हैं और दोनों एन्ड्स इतने खराब देने वाले हैं तो किम प्रकार से घटिया स्टील से प्रोडक्शन किया जा सकता है। स्टील की कीमतों को घटाने का प्रयत्न जब तक इस बीमारी को दूर नहीं करेंगे, सफल नहीं हो सकेगा।

रुई के सम्बन्ध में भी चर्चा हुई है। आपने यह माना कि 5 लाख गांठों की कमी रह जायेगी। 5 लाख गांठों की कमी रह जायेगी, इसकी आपने घोषणा कर दी और उसकी सप्लाय के बारे में कोई व्यवस्था नहीं की। इसी तरह से तो ब्लैक मार्केट पनपता है। अगर आपने इस चीज के बारे में इनविसेज नहीं किया ताकि आप अपनी सप्लाय पोजीशन को रेगुलेट कर लें। आपने राशनिंग की घोषणा अब की है ताकि प्राइसेज को रोकने में आपको मदद मिले। पर कीमत पहले ही 50, 55 प्रतिशत ज्यादा चली गई हैं। सरकार

ने सप्लाय की कमी के आंकड़े दिये, तो आंकड़े देने से पहले उसकी पूर्ति का प्रबन्ध कर लेते ताकि मार्केट में स्केयर पैदा करने की टेन्डेन्सी पैदा न होती। सरकार ने इसके बारे में क्या प्रबन्ध किया? सरकार ने पहले ही इस परिस्थिति को इनविसेज क्यों नहीं किया?

कितना भी हम कहें कि उसका नतीजा कपड़े की कीमतों में न हो, कोई उसको रोक नहीं सकता। श्री कृष्णाकांत कहने लगे कि कीमतें चोर की तरह रात रात में बढ़ जाती हैं। ये चोर की तरह नहीं बढ़ती, आज डाका डाल कर खुले मूर्ख की रोशनी में बढ़ती हैं। आप एक्साइज ड्यूटी और टेक्सेशन बढ़ाते हैं और फिर कहते हैं कि कीमतें चोर की तरह बढ़ गई। आप रेलवे का फ्रेट बढ़ाते हैं उससे कीमतें बढ़ती हैं। यह आपकी पालिसी का परिणाम है। एक्साइज ड्यूटी और बाकी के टेक्सेशन के रेट पिछले दस-गन्ना सालों में कितने बढ़े हैं। क्या आप समझते हैं कि प्राइसेज में इन चीजों का किसी तरह से रिफ्लेक्शन न होगा? अगर आप यही समझ कर चलते रहेंगे और किसी अन्य को स्केपगोट बनाने की कोशिश करेंगे तो माफ करिए आप बढ़ती हुई कीमतों के सारे प्रवाह को रोक नहीं सकेंगे।

(Time bell rings) I think I stand the same privilege as others do.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Certainly fifteen minutes.

SHRI SUNDAR SINGH BHANDARI: On that basis Sir, only I seek your indulgence. That is all.

प्लानिंग कमीशन ने आपको कहा है कि अगर कीमतें बढ़ती रहें तो प्लानिंग कमीशन के द्वारा निर्धारित सारी योजना अस्तव्यस्त हो जाएगी, लेकिन आश्चर्य यह है कि प्लानिंग कमीशन एक तरफ है, उसके रिसोर्सेज नहीं जुट पा रहे हैं। पर एक होड़ चली है ग्राउट साइड-प्लान एडवाक एनाउन्समेंट्स करने की, कहीं किसी प्रकार की घोषणा, कहीं कोई नया प्रोजेक्ट, कहीं किसी नए इनवेस्टमेंट की बात आप करते चले जाते हैं। फिर

[श्री सुन्दर सिंह भंडारी]

आप प्लानिंग कमीशन से इतनी मेहनत क्यों करवाते हैं ? इतने बड़े सफेद हाथी को पालकर क्यों रखा है अगर आपको प्लान आवश्यकताओं का पहले प्रबन्ध नहीं करना और नान-प्लान एनाउन्समेंट करते जाना है ?

इस मामले में ही नहीं, जैसा मिश्र जी ने कहा, पटना में 5 लाख लोगों को 1971 तक एम्प्लायमेंट देने की आपने घोषणा की। यह कौन सी स्कीम के अन्तर्गत होगा ? उसके लिए आपने कोई नया एम्प्लायमेंट प्रोवाइड करने वाला सूत्र बताया या केवल 5 लाख लोगों का आंकाड़ा फेंक दिया। सारे हिन्दुस्तान में 5 लाख लोग एम्प्लाय होंगे या केवल राय-बरेली में होंगे या हिन्दुस्तान की अलग अलग कांस्टीट्यूएन्सीज में ? या लोकसभा के 500 क्षेत्रों में, हर क्षेत्र में एक-एक हजार आदमी होंगे ? यह इंडस्ट्रियल, गेनफुल एम्प्लायमेंट होगा, प्रोडक्टिव एम्प्लायमेंट होगा या पोलिटिकल एम्प्लायमेंट होगा। 5 लाख लोगों को नौकरी देने की घोषणा आपने की जबकि आज अनएम्प्लायड लोगों की संख्या 3 करोड़ से ज्यादा है। एक करोड़ अरबन और दो करोड़ से अधिक रूरल अनएम्प्लायड की संख्या जिस देश में हो वहां 5 लाख लोगों को एम्प्लायमेंट देने की बात करना, इस प्रकार के एडहोक एनाउन्समेंट करना, इसमें प्लान्ड डेवलपमेंट हो नहीं सकता।

आपने घोषणा कर दी कि एग्रीकल्चरल प्राइस कमिशन ने हमको घटी हुई दर की मिफारिश की थी, लेकिन हमने गरीब के हित में बढ़ी हुई दर स्वीकार की। मैं चाहता हूं कि किसान की मदद की जाए, छोटे किसानों की मदद की जाए, लेकिन अगर हम उसकी मदद करना चाहते हैं तो वर्तमान नीति के आधार पर नहीं होगी नई व्यवस्था के आधार पर विचार करना पड़ेगा। हिन्दुस्तान के स्वयं अपने साधनों और यहां के पदार्थों के ऊपर जब तक हम निर्भर करके नहीं चलते और सरकार वास्तव में अपनी जिम्मेदारी महसूस

करने के लिए सामने नहीं आती, इस समस्या का हल नहीं हो सकता। प्राइस राइज एक प्राबलम है, पर प्राइस फ्लक्चुएशन दूसरा बड़ा प्राबलम है। इस बात की कोशिश की जाए कि प्राइस फ्लक्चुएशन को कैसे रोका जा सकता है। अगर सरकार इन फ्लक्चुएशन्स को रोकने के लिए कदम उठा ले तो प्राइस राइज का ट्रेंड भी रुकेगा और उनका इम्पैक्ट कासन मैनपर जितना पड़ रहा है उतना नहीं पड़ेगा। मैं चाहता हूं कि फ्लक्चुएशन के प्राबलम को अधिक प्रायोरिटी दी जाए।

SHRI A.G. KULKARNI (Maharashtra) :
Mr. Vice-Chairman, Sir, it is paradoxical to observe that despite the satisfactory food production reached of about 100 million tonnes, there is an inflationary pressure in the economy which is generating social tensions. I know that inflation and rise in living cost have become endemic in most of the countries of the so-called free world. Inflation is a consequence of a deliberate policy pursued by countries to achieve economic growth and fuller employment. The economic pundits maintained that growth and expanding employment are supposed to result from the maintenance of expanding effective demand and it can be only achieved by an expanding enlargement of the volume of expenditure from year to year. It is also necessarily not true that an excessive increase in production in any sector causes a fall in prices, because in some cases expansion of production regenerates a corresponding expansion of the purchasing power. The malady of the developing countries is that they are trying to squeeze a hundred years of development within a period of twenty years, which necessarily means that the population has to live with inflation and a steady inflation, coupled with a rise in production of the needy sector, is necessary and is helpful for development of under-developed nations like ours. I think, in the ultimate analysis, it is a flexible policy worked out in macro-economic details like total money supply and total production in different sectors and it should be implemented as a cohesive Plan.

The Indian economy can be divided into four major sectors : (i) the investment goods sector; (ii) the luxury goods sector; (iii) the services sector or the wage goods sector, wherein wage

include all the necessities and conveniences of ordinary life by a majority of the population; and (iv) the Government sector. So, any imbalance, either over-production or shortage, in any one of the sectors affects the other sectors, thereby creating distortions and encouraging either the wage-cost spiral raising the price level still further or through a cost-push effect. The Government has, therefore, to be more careful in inducing investments in any of the sectors mentioned above which will have a disastrous effect on the other sectors, particularly in investment which does not produce daily utilities of life which should be curtailed. If you analyse the industrial employment between 1961-69, you will find that though the total employment has risen by 37 per cent, the sectoral employment, particularly in the service industry, has increased by, say, 60 per cent. Such distortion, therefore, creates income in terms of money without creating any utilities worth the name. Since the last Budget it was claimed that economic stability will be maintained. The hopes have proved short-lived and it is evident that the industrial raw materials and certain sectors in food articles have risen disproportionately in 1969-70. The money supply position and the management of finance by the Reserve Bank has also not been helpful to stabilise the prices. The conservative method of credit squeeze to arrest the rise in price is not the sure remedy to achieve the goal all the time, but sometimes the damage is more harmful and the remedy is worse than the disease. It is stated that the money supply with the public increased by Rs. 601 crores against Rs. 429 crores last year, and taking the logic and repercussions of the increased money supply on the additional purchasing power generated, it comes to roughly about Rs. 2700 crores. This supply against the increase in the national income, which is roughly about Rs. 1500 crores, implies that a disproportionate purchasing power chases a comparatively inadequate supply of goods. The conspicuous consumption by the richer sections, the frittering away of luxury goods and the concentration of monopolistic power in the hands of a chosen few are the other props holding up the price spiral. In this connection we have seen that the radical stances of certain left parties have increased the wage bill disproportionately.

Sir, it is estimated that in the whole country the wage rise during the last year and a half

might be to the extent of Rs. 300 crores. It is stated, I stand correction....

SHRI CHITTA BASU (West Bengal) : Stabilise the price line and then there will be no wage rise.

SHRI A. G. KULKARNI : I am advising you on that very matter only. Sir, he asked me a question to hold the price line. I am telling him how to hold the price line. If he keeps a little quiet and if he does not make any 'garhbarh' for increasing wages, every price line will be stabilised. In West Bengal alone the rise in wages is Rs. 60 crores. I do not mean that the unions there have made unnecessary demands for wages. I do not mean that. I say they are justified. The labourers are justified in demanding a wage rise. What I am saying is that these Rs. 300 crores which they have injected in 1½ years have created certain purchasing power, while the Government has failed in providing consumer articles and certain food articles, particularly in sectors like groundnut oil or industrial raw material like cotton. If they had done this, this matter would not have arisen.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You have ten minutes. He wants to divert you. Do not be tempted by that.

SHRI A. G. KULKARNI : You will protect me. I will take another ten minutes. What is wrong there ?

SHRI SUNDAR SINGH BHANDARI : Then I should again start, Sir.

SHRI A. G. KULKARNI : Wage increases unrelated to increases in productivity turn out to be inflationary in character, and this is more so in the developing state. Here I have got another complaint particularly about the conceding of wage rises, whether it is the labour sector or whether it is in the administration or whether it is in what you call the services also.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Organised sector you mean.

SHRI A. G. KULKARNI : What I want to say is that we are time and again demanding here that this is a vicious spiral which has to be checked at some place. We have seen that the rise in wages has resulted in money flowing in the market, but there is no corres-

[Shri A.G. Kulkarni]

ponding production of goods. So we are always saying that while you concede wage rise anywhere it has to be necessarily linked to production. The time has come now to realise that wage rise will not help in stabilising the prices or in the development of this country. Similarly, the organised labour sector in this country are not the only persons privileged to have an adequate wage. There are in the rural areas so many rural people who have got no work on the fields, who have also to be seen to and to be cared for and given adequate money for their daily necessities. We see that the Government administrative staff make some demands on the Government and get those increases. They are quite justified, but what I am thinking is unless you have a certain fixed policy on wages, incomes and prices, this vicious circle is not going to be broken, and that is why I am demanding this. Mr. Chitta Basu has himself damaged the development of West Bengal by his own hands, and I am not here to help him. I am telling him he has to behave in a way whereby the development of West Bengal can take place. *(Interruption by Mr. Chitta Basu)* You are creating problems for us. We are not creating for you.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You finish.

SHRI A. G. KULKARNI : Within ten minutes. He has taken five minutes of my time. The effect of all monetary distortions is the erosion of the rupee value, and it is stated in terms of 1961-62 prices that the Indian rupee today is worth only 58 paise.

This country cannot afford to be complacent in all these matters and it is very necessary that the Government has to wield its iron rod to get over the distortion and instability created in the economy. We have to be realistic also in choosing measures even at the cost of being politically unpopular. I say that the defence expenditure which has risen abnormally needs a diplomatic approach whereby we must explore avenues of living in peace with our neighbours, which will ultimately make available huge funds for development.

Secondly, we have to put an end to any expansion of luxury trade for another 25 years and the resources should be developed for creating an infra-structure of industry and agriculture.

Here, when we talk of agriculture and the Green Revolution, you will find that it is in a certain context like oil seeds and cotton where-in there is price rise. The entire price rise is due to such abnormal distortions in the prices of these materials, and the Government in its own wisdom has not taken care to do much research and development in evolving certain strains of cotton because a major portion of the Cotton crop is rain-fed. Has any provision been made in the Fourth Plan ? If at all, it is a paltry sum of Rs. 16 crores. Whether it is Rs. 8 crores or Rs. 16 crores, I do not know ; but it is not more than Rs. 16 crores. Similarly, in regard to groundnuts during the last 23 years of freedom I have not seen a new strain of groundnut being developed. We are sowing the old type of groundnut ; only Karad-411 has been evolved, no other strain has been developed. Another difficulty here is giving adequate price support to this crop. In regard to wheat, you have got such an enormous production. I am really surprised that the price of wheat which was Rs. 38 about five to eight years back, is now Rs. 76. That is how Haryana and Punjab have become the granary of wheat. But in the case of rice, we have failed because the price which was Rs. 40 about ten years back, is only Rs. 48 now. How can an agriculturist develop rice and put in more inputs at such a level of price support, though adequate and ample yields are possible ? This Government has been pressurised, has been publicly told at so many conferences that unless price support is given to groundnut and cotton and unless a massive investment is made, you are not going to get it... *(Interruptions)* We are talking here of some palliatives to check the price rise in this country. The price rise phenomenon is there. But we have to take both long-term and short-term measures.

Then, we must stop expanding of employment in the luxury goods sector and the public sector wherein abnormal employment compared with unit production has risen after a cost-push inflation. *(Interruption by Shri Brahmanandu Panda)* I will reply to you.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You have finished ?

SHRI A. G. KULKARNI : I am more than a match to Mr. Panda. If you allow me, I will reply to him.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : I allow you to go to the Lobby.

SHRI A.G. KULKARNI: Sir, when Mr. Lokanath Misra is speaking, it is his characteristic that if he is interrupted he will reply. I will also follow him.

Then, Sir, we should also consider about bringing down recession of overhead cost to total cost which will give us a boost, for cheaper production related to wages and production and mobilising savings have to be attempted even at the political displeasure of certain class of population.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Mr. Kalyan Roy, I request the Member to confine himself to 10 minutes. That is my appeal to other Members also.

SHRI KALYAN ROY (West Bengal): Sir, I will try to be brief.

There is no dispute in the House today that there is a rise in prices. We are all agreed. But we may disagree with regard to the extent of the price rise. And it is also agreed—and I hope the Minister will also agree—that the wholesale price mentioned on the floor of the House cannot measure the misery of those who have to buy at the market.

I was just reading the Hindustan Times with a small news under the heading, "The House-wife's night-mare". While it is a housewife's nightmare in Delhi, the reaction is rather stronger in politically-conscious cities like Calcutta and Madras. I was just reading in a paper from Calcutta where it says that the Sanjukta Mahila Committee of Calcutta brought out a tremendous demonstration. They went to meet the Principal Adviser to the Governor, Mr. B.B. Ghosh, and pointed out the very sharp rise in the prices of mustard oil, kerosene, potato, brinjals, all commodities of common consumption. Their memorandum sets forth the following demands:

"Control of prices of essential commodities and establishment of fair price shops, supply of essential food items like mustard oil, pulse, baby food etc. through ration shops or fair price shops, cancellation of recent increases in the prices of rationed food, exemplary punishment of hoarders, profiteers and blackmarketeers, including cancellation of trading licences and state trading in foodgrains."

So, Sir, this is the position. Now, what surprises us is this. We are supposed to have a Plan. But is there any Plan? If the Plan is there, why should there be increase in prices? In other words, the whole Plan has got a perspective. The perspective is to see that the essential commodities reach the common man at a cheaper rate. The aim is to remove the disparity. The aim is to give a better standard of living. If the Plan fails here, what is left? So, may I put the question in the other way? The planners are either colluding with those who increase the prices, or they are completely callous. Today there is no Plan. Or finally, the whole purpose of the Plan is to increase the profit of those who want to increase the prices and sabotage the whole development. Sir, the Government today, in relation to price rise, really do not come up with any proper explanation. What they come out and what they dole out are half truths. Actually they come out, in the final analysis, on behalf of that sector of the economy who are also for the rising prices. That is, unfortunately, Sir, the result of a mixed economy. May be, the Minister might agree with me that after all these years and in view of this rise in prices on all commodities, of which there is no halt at all, the mixed economy has failed, or he has to plan in a proper socialistic manner which actually will ensure proper supply of goods to the vast section of the people at reasonable prices.

Sir, may I ask the Minister what has happened to the credit planning and what happened to your entire credit policy? Have you divided your credit supply into two compartments, the priority sector and the non-priority sector.

Sir, I was going through some of the old practices of the banks or, can I say, their own old practices? I would like to have an answer from the Minister whether the practice is still continuing. In the Economic Times of August 13, 1969 it was written that the credit from the banks increased faster compared to production. According to Government report, the big 500 borrowers have cornered nearly 50 per cent of the over Rs. 800 crores of industrial credit.

I would like to know from Mr. Ganesh whether the same policy is continuing or there has been a change in the policy. Now, commenting on this aspect, the Study Group

[Shri Kalyan Roy]

Report of the National Credit Council under the chairmanship of Mr. V.T. Dehejia stated :

"Bank credit expanded during this period, 1960-61 to 1966-67, at a higher rate than the rise in industrial output valued at current prices. Between 1961-62 and 1966-67, the rise in value of inventories with industry was 80 per cent while the rise in short-term credit was as much as 130 per cent. The ratio of short-term borrowings to inventories went up from 40 per cent in 1961-62 to 52 per cent in 1966-67. In the absence of specific restraints, there was a tendency on the part of industry generally to avail itself of short-term credit from banks in excess of the amount based on the growth in production and/or inventories in value terms. The lending system as is prevalent in Indian banking would appear to have greatly assisted certain units in industry on increased reliance on short-term debt to finance their non-current investment."

We thought that after the nationalisation of banks, the policy would change. But unfortunately, there has been no change in the policy at all.

Sir, I would like to give a quotation from the "Times of India" which by no means has any leftist smell or colour. It points out that practically the same policies which were followed by the Bankers before nationalisation are being followed to-day. The "Times of India," an organ of the monopolists, stated on the 14th November.

"The irony of it is that the price spiral continues to climb inexorably despite four bumper harvests in a row. The Government has been trying to restrict deficit financing to the Rs. 225 crores limit set in the Budget this year, but the effect of this on the price level has been that they are offset by a very large increase in bank credit to trade and small-scale industries."

So, the same policy is continuing. After the nationalisation of banks, have you been able to bring about a change in their direction, in their perspective, in their credit policy? No. Rather, unfortunately, behind this nationalisation, we find the same banker's mentality, the same bureaucratic, anti-people mentality. And this is why the rise in the prices is conti-

nuing. The banks are currently financing the holding of over 2 million tonnes of sugar accounting for more than Rs. 100 crores of bank credit and another Rs. 100 crores or more are expected to be added during this busy season. I would like to ask Mr. Ganesh : since when has stock-piling by industry of a commodity like sugar become a high priority activity for purposes of bank lending? And if sugar is given such massive assistance, why not almost any other commodity be given assistance, whose manufacturer wishes to jack up prices by withholding supplies from the market? This is a very serious point. Don't you think that this policy pursued by the banks to-day is one of the factors leading to this continuous rise in prices?

I would like to know from the hon. Minister what he has done so far to implement the recommendations of the Dehejia Committee. It has observed that the unorganised money market is becoming increasingly powerful day by day and consequently the monetary measures initiated by the Reserve Bank of India have become completely ineffective. If the commercial banks have strengthened the hands of the private industrial financiers, the co-operative bank credit assistance has strengthened the hands of the agriculturist money lenders. So, the Dehejia Committee pointed out that there should be gradual elimination of money lenders by denying institutional credit to them and of industrial financiers by withdrawing excess credit given to them.

Now I would like to know whether the Government has done anything on the recommendations of the Dehejia Committee or whether it has for ever kept its report under cold storage. Unfortunately it is not the banking policy alone... (*time-bell rings*) I have five minutes. I am not like Mr. Kulkarni. I will just take five minutes. I hope Mr. Ganesh would not contradict me if I ask : What was the necessity of increasing the cycle prices? This House debated that. The cycle industry has been making quite good profits. The cycle is used by the lower-income groups. There was a demand for increasing the cycle prices and the Government said it is under consideration. Only last month we saw in the Press the cycle industry got a price rise of Rs. 9.50 per cycle. You are deliberately assisting, colluding, supporting, the price rise. From cycle we can go to tyres

Even the prices of tyres have gone up. What is the reason for increasing the price of tyres? You have persuaded the President to promulgate the laws, anti-violence laws, anti-disorder laws, for maintaining public peace. Do you think that public peace is maintained if you collude with the blackmarketeers, with speculators, with mill-owners, with industrialists, and increase the prices? Why do you not arrest them, those who are violating the price control? This situation is not only with cycles and tyres. Is it not a fact that in the last nine years the price of coal has gone up by 70 per cent? And again today they are demanding a further price rise, and the Minister stated—that day I was present—that price rise was under consideration. After giving an increase of Rs. 9 as interim wage increase to the steel workers, the steel price was increased by nearly Rs. 100 per ton. The price rise for wage is less than 5 per cent. But the 95 per cent rise which the mill-owners got, which the factory-owners got, has nothing to do with this payment given to the workers. The mill-owners, the factory-owners, are demanding this rise in the name of rise in wage, in the name of giving better facilities to the workers. They push the price rise in order to get more profits. That is the crux of the whole situation. This is the basis of the whole situation. The Minister of Oil admitted that the petroleum companies, mainly the foreign companies, want to increase the price of oil. And he admitted that if the increase is conceded, there will be considerable rise in the oil prices which will go to increase the prices of all other commodities which are carried in trucks and buses. You are going to concede that. On the one hand you are going to allow the price rise; on the other hand you are going to increase the prices of those concerns which are making fantastic profit. Then, how do you explain this? I am putting this question. I have found that in comparison between 1969 and 1970 there has not been any change in the number of bonus shares issued. Rather more bonus shares have been issued by the industrialists in 1970 than in 1969. On the one hand they get a higher price and on the other they issue bonus shares, and the entire burden is passed on to the consumer, with your connivance. (time-bell rings) So the question is: Unless you have a proper distribution, there cannot be any check on rising prices. Unless there is demonetisation, unless there is a strict

control on hoarding and speculation, there cannot be any way to control these galloping prices which have broken out all over the country.

Lastly, I would say that you should admit today that your mixed economy has collapsed. In the name of mixed economy it is absolutely a capitalist economy where the monopolists today have a total domination over every aspect of life, from production to distribution....

SHRI BALKRISHNA GUPTA (Bihar). The public sector has collapsed.

(Interruptions)

SHRI KALYAN ROY: The whole Government machinery, the whole Government perspective, today in the name of mixed economy is trying to develop a capitalist economy. It has no place in the world today. It is no use talking of increased production. In which country has increased production led to the lowering of prices? Nowhere in the capitalist world. The whole of United States economy is being threatened by inflation. Same is the situation in West Germany and in Japan. So the question today is: How have they brought down the prices?

SHRI LOKANATH MISRA: By creating scarcity....

(Interruptions)

SHRI KALYAN ROY: I would like to submit this: They have not been able to bring down the prices at all. Then what have they done? They have exported war to solve internal conflicts, to outside countries. Their exploitation is like that; for example, their exploitation in South-East Asia. But the Chilean people revolted; the Argentine people revolted; Cuba revolted. Then Rhodesia and South Africa. There is internal conflict there.

(Interruption by Shri Balkrishna Gupta)

Sir, I do not know whether Mr. Gupta belongs to the Swatantra Party or SSP.

My last point is this: If you want to control the prices—I hope the Finance Minister is listening to me—there is no other way but as Mr. Mohan Kumaramangalam, one of the men in the employ of the Government of India has pointed out—I am not quoting any Communist Party paper—the creation of a centralised Plan that can be successfully implemented on the basis of effective control of the main heights of the country's economy. Even inside democracy

[Shri Kalyan Roy]

this has been built. Therefore, unless you nationalise and take over the export-import trade, unless you nationalise the textile industry, jute industry, oil industry, coal industry and other strategic heights of the whole Indian economy you cannot talk about checking of prices. Otherwise it will lead to further discontent in the country which might be utilised by the Jana Sangh and the Swatantra Party with all their mischief. Mixed economy has failed in our country. So the only alternative is that we must go in for socialist economy.

THE VICE CHAIRMAN (SHRI AKBAR ALI KHAN) : Mr. Balkrishana Gupta, please be brief.

श्री सुन्दर सिंह भंडारी : श्रीमान्, यह मोणि-लिज्म की बकालत में 20 मिनट बोलते हैं, 20 मिनट बोले हैं, क्या यह तय कर लिया है। . . .

उपसभाध्यक्ष (श्री अकबर अली खान) : 15 मिनट लिया है।

श्री बाल कृष्ण गुप्त : उपसभापति जी, कीमतों की वृद्धि के बारे में तरह तरह की बातें यहां बोली गई हैं। मेरे पीछे बैठे हुए श्री कल्याण राय ने यह कह दिया है कि सब कुछ का राष्ट्रीयकरण कर दो और चीजों के दाम अपने आप घट जायेंगे। पिछले साल मेरा मौलाना हुआ पूर्वी यूरोप के देशों में जाने का जहां सब कुछ का राष्ट्रीयकरण हो चुका है और वहां जर्मनी से, जापान से और ब्रिटन से जहां कि राष्ट्रीयकरण नहीं है सब चीजों के दाम दुगुने तिगुने हैं। तो यह सब बातें दुनिया को बहकाने के लिए की जाती हैं। जब तक मुद्रा-स्कीति नहीं रुकती तब तक क्या होगा ! 42 अरब की करैसी हो गई है और 40 से 42 अरब का बैंक डिफाजिट हो गया है और इन सारी चीजों का प्रेशर उत्पादन पर पड़ रहा है और उत्पादन गवर्नमेंट की पालिसी से स्टैगनेंट हो गया है। रुई का तां आप सुन चुके हैं कि 60 परसेंट दाम बढ़ गया है। क्या यह दाम भी मिल वालों ने बढ़ाया, क्या यह कपड़े को मिल वालों ने बढ़ाया है ! वह तो चाहते हैं कि रुई उनको आधे दाम पर मिले। मूंगफली का दाम, मूंगफली के तेल का दाम हम पिछले

साल से देख चुके हैं कि किस तरह से बढ़ रहा है . . . क्या यह भी वनस्पति के कारखानदारों ने दाम बढ़ाया है। यह क्यों स्केपरसिटी है ? उस हरित क्रांति के जो गीत यहां गाए जा रहे हैं दो साल से वह फेल हो गए हैं रुई के मामले में, मूंगफली के मामले में और दूसरी चीजों के मामले में, और उसी का नतीजा दामों का बढ़ना है। अगर उत्पादन बढ़ता रहे, और उसी के माफिक करैसी बढ़ती रहे, तो दाम कभी नहीं बढ़ते। यूरोप, अमरीका में एक, दो परसेंट भी दाम बढ़ते हैं तो सरकार लड़खड़ाने लगती है और यहां पर तो इस 23 साल में स्वराज्य होने के बाद में, रुपये की कीमत 10 पैसा रह गई है, यानि चीजों के दाम दस गुना हो गये हैं फिर भी यह सरकार बनी हुई है, इस सरकार में बैठी इन्दिरा जी बड़ी ताकतवर बनी हैं, बड़ी तानाशाह हैं, बड़ा मजबूत हैं और दूसरी पार्टियां उनसे घुलामिल गई हैं और यह पोलिटिकन हराकिरी को देख कर मुझे कभी कभी अचम्भा होता है कि हिन्दुस्तान की जनता को क्या हो गया है। आज चीजों के दाम बढ़ रहे हैं, बेकारी बढ़ रही है, उत्पादन नहीं बढ़ पा रहा है, फिर भी इस सरकार को रोजाना मजबूत बनाने के लिए बड़े बड़े स्लोगन और नारे सुनने हैं। लेकिन मैं कहता हूं यह इस तरह से दाम का बढ़ना यह किसी व्यापारी के वाप की भी ताकत नहीं है कि किसी चीज के दाम यूं ही बढ़ा दें। दाम तो सरकारी नीति, सरकारी मुद्रा स्कीति, सरकार के अंधाधुंध खर्च से बढ़ रहे हैं। मैं भी बहुत से व्यापारियों को जानता हूं जो मुनाफा कमाना चाहते हैं लेकिन अपने आप में उनको कोई ताकत नहीं है कि दाम बढ़ा दें। चाय के दाम क्यों नहीं बढ़ते ? चाय के व्यापारी भी, बड़े लालची हैं, उतने ही लालची हैं जितने कपड़े के व्यापारी लालची हैं। . . .

श्री अर्जुन श्रोड्रा : चाय के दाम भी बढ़ गये हैं। यहां पार्लियामेंट हाउस के टी वॉर्ड में पहले साढ़े 6 बा . . . सुना था अब साढ़े 8 का मिलता है।

श्री बालकृष्ण गुप्त : पार्लियामेंट हाउस में तो ब्रुक बान्ड की बाय मिलती है।

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : No interruptions. Please go on with your speech.

श्री बालकृष्ण गुप्त : बीच बीच में टोक टोक कर आप अपनी गवर्नमेंट के पाप नहीं छिपा सकते, जिस गवर्नमेंट ने हर तरह से चीजों के दाम बढ़ाने में शह दी। हमारे मित्र डा० राममनोहर लोहिया कहते थे रोजाना यहां लेबर अनरेस्ट होगा, रोजाना लोग ज्यादा वेजेज मांगेंगे क्योंकि चीजों के दाम बढ़ाते जायेंगे, यहां चीजों के दाम तो घड़े की गति से बढ़ते हैं और वेजेज गधे की चाल से बढ़ते हैं और वेजेज अनरेस्ट को हमेशा नुकसान होता है। जापान में ११ करोड़ टन लोहा बनता है, यहां इतने स्टील के कारखानों के बारे में डुग्गी पीटी गई और अभी तक यहां साठ, सत्तर लाख टन ही बन पाता है। हम फ्रान्स के सामने सिर झुकाते हैं, पोलैण्ड के सामने सिर झुकाते हैं, जापान के सामने सिर झुकाते हैं, ये हमारे यहां का कच्चा लोहा जहाज पर लादकर ले जाते हैं और हमसे सस्ता स्टील बनाकर देते हैं। आज हिन्दुस्तान में लोहे का दाम प्रनाज से ज्यादा हो गया है, स्टील प्लेट इतना महंगा मिल रहा है, स्टील रोलर्स 1700 रुपये टन में बिक रहा है। यह सत्रह वर्षों में हमारे यहां स्टील की ही हालत क्या हो गई है? क्योंकि सरकारी विभाग में और सरकारी कारखानों के प्रबंध में इतनी खराबी आ गई है कि वह उत्पादन बढ़ा ही नहीं सकते। अभी श्री श्यामधर मिश्र ने कहा कि एस०टी०सी० आठ, दस करोड़ रुपए की दवा जो इम्पोर्ट करता है उसको यहां बीस, पच्चीस करोड़ में बेचता है और इस तरह से 300 परसेंट का मुनाफा कमाता है। और जब छोटे मोटे व्यापारी लोग पांच, दस परसेंट मुनाफा ले रहे हैं तो आप उनको पकड़ते फिरते हैं। मैं रोजाना देखता हूं क्या हो रहा है। यह सरकार शुद्ध हो, यह सरकार पवित्र हो, अण्ड नहीं हो, और वह अपने खर्चों को भी

किसी तरह से कम करे। तभी चीजों के दाम घट सकते हैं। लेकिन सरकार का खर्चा घटे कैसे? नेहरू जी तो खर्चनशील थे ही उनकी बेटी तो बहुत खर्चशाह निकल गई, उन्होंने दुनिया भर की बरबादी शुरू कर दी और वह रुपए की बरबादी करने वाली चीजों के उत्पादन को नहीं बढ़ाती। सिर्फ चीजों की कीमत को बढ़ाती जाती है। मुझे बड़ा अफसोस है कि जो राजनीति इस वक्त हिन्दुस्तान में चल रही है वह भी इसके लिए दोषी है। लेकिन उसको भी एक बार सत्य का सामना करना पड़ेगा। हमको देखना है कि हमारे यहां कारखानों में जापान से, जर्मनी से, आठगुना आदमी हैं लेकिन फिर भी हमारा उत्पादन उन से कम है; यह क्यों? अगर आप लोगों से नहीं कहोगे कि वे काम करें, वे अच्छी तरह से दिल लगाकर उत्पादन बढ़ायें तो फिर किम तरह से देश तरक्की कर सकता है। आज दुर्गापुर में क्या हालत हो रही है। वह आज 40 प्रतिशत कैपिसिटी से चल रहा है। रूस की यह हालत है कि वहां पर अधिकांश आदमी और लेबर लीडर साइबेरिया भेज दिए जाते हैं।

(Interruptions)

श्री कल्याण राय : साइबेरिया तो बड़ी अच्छी जगह है। वहां पर इन्डस्ट्रीज बड़ी हैं।

श्री बालकृष्ण गुप्त : साइबेरिया की आबादी एक करोड़ से आगे नहीं बढ़ सकी है। साइबेरिया में जाने वाले रूसी को मास्को में रहने वाले रूसी से दुगुना वेजेज दिया जाता है फिर भी वहां जाने के लिए कोई तैयार नहीं होता है। उनके सोशलिस्ट स्वर्ग वाले साइबेरिया के एक हिस्से को जापान को एक्सप्लाइट करने के लिए देने के लिए तैयार है। उन से खुद से उस बर्फ में और उस जमे हुए फ्रास्ट में काम नहीं हो सकता है और इस तरह से वे उस धर्ती को दे रहे हैं। आज रूस में 86 लाख बर्ग मील जमीन है और हिन्दुस्तान में 12 लाख बर्ग मील जमीन है। उस 86 लाख

[श्री बालकृष्ण गुप्त]

वर्ग मील जमीन के रिसोर्सेज एक्सप्लॉइट करके वे अपना स्टैंडर्ड आफ लिविंग जर्मनी और इंग्लैंड से ऊंचा कर पाये हैं।

SHRI KALYAN ROY : Are we discussing India or the Soviet Union ?

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Please let him go on गुप्ता जी अब आप खत्म कीजिए।

श्री बालकृष्ण गुप्त : एक फसल जापान में भी पैदा होती है लेकिन आज जापान राइस के बारे में सैल्फ सफिसियन्ट हो गया है। एक फसल इंग्लैंड में भी पैदा होती है, एक फसल यूरोप में भी पैदा होती है और कॅनेडा जहाँ 110 दिन फ्रास्ट फ्री रहता है वहाँ भी एक ही फसल पैदा होती है, लेकिन ये देश आप से कितने ज्यादा समृद्ध हो गये हैं। हमारे भाई ने यहाँ पर एक फसल का सवाल उठाया है और इस तरह से ये नये कम्युनिस्ट पैदा हुए हैं, तीन फसल और एक फसल के बीच में। (Laughter) ये एक फसल वाले देश हमारे देश से बहुत आगे बढ़ गये हैं। जापान में भी एक ही फसल पैदा होती है और वहाँ पर डाई हार्ड रिपब्लिकन मैकआर्थर ने लैन्ड रिफार्म किए थे लेकिन हमारे चीफ मिनिस्टर और यह सरकार इस चीज को नहीं कर पा रही है।

हमें इस बारे में राइट और लैफ्ट को देखना नहीं चाहिए, हमें तो सत्य का मुकाबला करना होगा और लोगों को काम करना सिखाना होगा। हमारे दोस्त राम मनोहर लोहिया कहा करते थे कि एक हिन्दुस्तानी उतना ही काम कर सकता है जितना तीन मिनिट में एक अमरीकन करता है। इस तरह से लैफ्टिस्ट लोग हिन्दुस्तान को नहीं चला सकते हैं। आज वे कहते हैं कि काम मत करो, चीजों का उत्पादन बन्द कर दो, कोक की भट्टी बन्द कर दो, प्लान्टों के फरनेस बन्द कर दो, इस तरह से लैफ्टिज्म नहीं चलेगी। रूम में तो ये हड़ताल नहीं होने देते हैं, चीन में ये हड़ताल नहीं होने देते हैं, वहाँ पर तो कोड़े और बन्दूक तैयार रहती है, लेकिन

यहाँ पर कोई आदमी चोरी करते हुए भी पकड़ा जाता है तो उसके लिए कारखाना बन्द करवा देते हैं।

श्री कल्याण राय : हमारी निगाह में तो मालिक ही सबसे बड़े चोर हैं।

श्री बालकृष्ण गुप्त : यहाँ पर क्या हो रहा है ? उत्पादन बढ़ेगा नहीं तो चीजों के दाम बढ़ते ही चले जायेंगे और अंत में कम्युनिटाग और चीन जैसी हालत हिन्दुस्तान की भी हो जाएगी। एक टोकरी नोट ले जाइये और एक रोटी ले आइये। इस तरह की हालत हमारे हिन्दुस्तान की भी हो जायेगी अगर हम नासिक के प्रिन्टिंग प्रेस में नोट छापते ही रहे जो श्री चव्हाण साहब के प्रान्त में है। यह सरकार हर साल करीब 500 करोड़ रुपये के नए नोट छापती है और अपना बजट डिफिसिट में चलाती है। प्रान्तों की गवर्नमेंटों को आप देख चुके हैं और वे कहती हैं कि हम अपने रिसोर्सेज बढ़ा नहीं सकते हैं। वे चौथे प्लान के लिए रिजर्व बैंक, स्टेट बैंक और गवर्नमेंट से रुपया मांग रहे हैं। इस तरह से उत्पादन नहीं बढ़ता है। जापान ने कोई फारेन कैपिटल नहीं मांगी, रूस ने भी नहीं मांगी लेकिन आज उनका इन्डस्ट्रीयल उत्पादन हमसे दस गुना और बीस गुना ज्यादा हो गया है। हमारी आबादी पांच गुना बड़ी है और हमको शर्म आनी चाहिए कि हम अपना उत्पादन नहीं बढ़ा सके। इस तरह से गरीब जाति वाले दुनिया में आगे बढ़ गये हैं, पीली जाति वाले दुनिया में आगे बढ़ते जा रहे हैं और हम सांवले जाति वाले नीचे गिरते जा रहे हैं।

4 P.M.

SHRI ARJUN ARORA : Sir, no Member of the House has so far defended the Government. Nor do I intend to do so.

Every one of us has agreed that there has been a continuous rise in prices. The rise in prices, Sir, is very correctly reflected in the consumer price index, and not in the wholesale price index. The consumer price index in Bombay, for instance, has risen from 130 in 1965-66 to 167 in January, 1969. The all-India index for

industrial workers has risen from 139 in 1965-66 to 170 in 1969. The consumer price index for non-manual employees has also risen. From 132 in 1965-66, it rose to 160 in 1968. This is the correct extent of the rise that is taking place. Sir, the Finance Minister and the other spokesmen of the Government always mention the increase as compared to last year. That is a wrong basis to work upon. The rise in prices in this country began soon after the War started in 1939, and it got another spurt in 1950 when the Korean War began. Taking the working class consumer price index number of 1939 as 100, the figure today is a little more than 900. So, during the last 30 years, the price rise in this country has been of the order of 100 to 900.

SHRI BABU BHAI M. CHINAI (Maharashtra): You should also take into consideration the growth and development that has taken place.

SHRI ARJUN ARORA : I am glad that Shri Babubhai Chinai has said something which, I think, the Finance Minister will say that there has been growth, and development is always accompanied by price rise. But where is the growth in this country? The United Nations recently studied the growth in various countries during the last decade. During the last 10 years, every year the growth rate in this country is 1 per cent, whereas even in our neighbouring country, Pakistan, it is 3 per cent, according to the United Nations study. So I concede in principle that development is accompanied by rise in prices. But in our country, development has been infinitesimal; price rise has been, and is, alarming. The Fourth Five Year Plan took note of the expected rise in prices. But the planners under-estimated the extent of rise that is taking place and will take place if the present policies continue. The planners estimated that the rise in prices during the Fourth Plan period will be 1 to 2 per cent every year. Now the Finance Ministry itself has conceded that during the first year of the Fourth Plan the price rise was 7 per cent. If this rise in the prices is not brutally crushed and ruthlessly checked, the plan period will see a rise in prices of more than 33 per cent. The result will be that the plan targets will again have to be slashed and the rate of development except the rate of population development, will have to be checked.

SHRI S.D. MISRA : He is very modest when he says 33 per cent. If the present trends are any indication, it will be not less than 45 per cent in 5 years.

SHRI ARJUN ARORA : I can only give my estimate. I cannot give Mr. Misra's estimate. I know he runs the Super Market where the prices are rising every month. My wife complains and may be other Members' wives complain also that the prices in the Super Market rise every month. The Super Market is run and managed by Mr. Misra.

SHRI S.D. MISRA : I am proud of that. If there is a discussion on that I can come back to that.

SHRI ARJUN ARORA : Mr. Kalyan Roy correctly mentioned the mixed economy. I think mixed economy is an unmixed evil. It has the evils of both types—the private free enterprise type of economy and the controlled socialist economy. The evils of both are there. The good points of both are absent.

SHRI LOKANATH MISRA : This is what Mr. Biju Patnaik said 10 years ago.

SHRI ARJUN ARORA : I am glad it is your Mr. Patnaik.

SHRI LOKANATH MISRA : There is no denying the fact that Mr. Patnaik belongs to Orissa. Whether he belongs to the Congress Party is a different matter.

SHRI A.P. CHATTERJEE (West Bengal) : Is he Mr. Lokanath Misra's Patnaik?

SHRI ARJUN ARORA : I am glad Mr. Misra in one way or the other owns up Mr. Patnaik.

Planning and private enterprise cannot go together and if this pattern of mixed economy is persistent in, the rate of growth will not increase. Only the profits earned by a few monopolists will continue to increase. So the Government has to do some basic thinking if it wants to develop the economy of the country and achieve the targets before the Government. The present pattern of economy with liberal licensing for the big industrialists and the public sector only providing the infra-structure for the private sector to make profits will not improve our economy, will not bring relief to our people, will not bring the unemployment to an end and will only perpetuate the price rise. So the Government has to do some basic thinking. Mr. Krishan Kant read extracts from an article—yet to be published—written by one Mr. Paranjpye. He feared the rise of fascism in our country if the price rise continues and unemployment is perpetuated. The capitalist class in this country does not have the backbone. It was born old. So there is no danger of fascism in this country. But, when the

[Shri Arjun Arora]

capitalist class is born old and there is no danger of fascism, yet the anarchic economic condition continue. We may reach a stage like the stage reached by Chiang-kai-Shek in China, and Mr. Krishna Menon was very correct when about six weeks back he said in a public meeting that unless energetic steps are taken to check the price rise, to end unemployment and to put an end to inflationary trends, this country will go the Chiang-kai-Shek way. That danger is real. So, all of us, who love democracy, who love freedom, who fought for the independence of the country, must unite and energetically forge policies which will avoid that danger. . . .

Then, Sir, a few Members mentioned about the artificial scarcities in cotton and in steel and in many other things. There is today artificial scarcity. Mr. Gupta is not here. He mentioned the cotton thing. The present cotton scarcity has been created by hoarders. . . .

AN HON. MEMBER : No.

SHRI ARJUN ARORA : . . . by some mills stocking three or four month's requirement of cotton. It is a man-made crisis and this man-made crisis may lead to closure of mills and bring misery to the working people. So steps must be taken to punish the hoarder and make him release his hoarded stocks of cotton. No mill in the country should have more than four week's stock of cotton. Four weeks' stock is enough for them to buy more cotton and make more cloth. Those who have three or four month's stock of cotton must be made to unload their stocks and release them in favour of the mills which have only one or two week's stock of cotton with them.

Sir, I need not go into the steel problem. I have mentioned it the other day. But I must say a word about productivity. Much is said about the increasing productivity in this country. Productivity will increase only if real wages are maintained. What is happening today is that though the cash in the paypacket occasionally increases, the real wages continue to fall and the purchasing power of the pay packet is declining every fortnight if not every day. Unless real wages are maintained, this talk of increasing productivity is altogether useless. Sir, this House is today. . .

SHRI LOKANATH MISRA : Why not advise the Government?

SHRI ARJUN ARORA : I am advising the Government. This is what I am doing.

SHRI LOKANATH MISRA : Why not

advise the Government to raise the wages at least in the public sector first so that we could see how the production goes up according to his theory.

SHRI ARJUN ARORA : Well, Sir, I am glad. . . .

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Now you finish please.

SHRI ARJUN ARORA : I am glad these two Members have interrupted me, and I must reply before I sit down.

SHRI LOKANATH MISRA : He is a trade union representative and he gives an assurance on the floor of the House that, if the wages are raised, he would see that the production goes up abnormally, that the productivity also goes up abnormally. He says this and he belongs to the party which rules the country. Why does not he advise his Government accordingly?

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : He is advising the Government.

SHRI ARJUN ARORA : My difficulty is that my friend, Mr. Lokanath Misra, understands party politics much better than he understands economics. That is my difficulty, but I must say that I am advising the Government. I am not advising the Government by calling on Mr. Chavan, sitting in his drawing room and sipping tea or Coca-Cola or whatever is available.

SHRI LOKANATH MISRA : If you come this side, Mr. Chavan would immediately understand that they have lost a Member.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You should not interrupt like this.

SHRI ARJUN ARORA : I am advising the Government in the most respected and authoritative forum of the country, viz., this House. I am not telling this Government what should be done. Of course, I cannot accept his advice joining him in the Swatantra Party.

SHRI LOKANATH MISRA : Join the communists.

SHRI ARJUN ARORA : I cannot join either the Syndicate or the Swatantra Party.

SHRI LOKANATH MISRA : I cannot digest you, even if you come.

SHRI ARJUN ARORA : I am a hard nut to crack.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Thank you.

SHRI ARJUN ARORA : All right.

SHRI BABUBHAI M. CHINAI : Mr. Vice-Chairman, Sir, I am happy that after the debate

has gone on for some time the hon. Finance Minister has come to this House to listen to us and one of those lucky persons that he is here when I am speaking.

SHRI A.P. CHATTERJEE : He is hereto hear a millowner.

SHRI BABUBHAI M. CHINAI : I am not a millowner.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You are after him.

SHRI CHITTA BASU : There are many who are after him, not only Mr. Chatterjee.

SHRI BABUBHAI M. CHINAI : Sir, I intend to deal with this subject in four parts : (1) what are the exact problems ? (2) factors behind rise in prices; (3) what the Government has done and (4) my own suggestions as to what should be done. Whether it is acceptable to the Government or not is quite a different matter. One and all will agree that during the year ending 14th November, 1970 the price rise is to the extent of nearly 7.5 per cent. When the hon. Minister before a few weeks was replying in this House, he said that it was only 5.5 per cent. You will please kindly bear with me when I say that it is 7.5 per cent. This is a serious matter which cannot be ignored. Prices are a barometer of our economic health and if something goes wrong with prices, it is clear that something is wrong with our economic policies.

I will now come to the rise in the prices of different groups of commodities in the year ending November, 1970. It is as follows :—

Food articles 7.8 per cent.

The hon. Food Minister has been kind enough to enter the House just now and I am sure he will bear me out that the rise is 7.8 per cent. Then the rise in price is as follows:—

Industrial raw materials	13 per cent
Manufactures	6.3 „ „

This is the state at the end of November, 1970. Now, what are the factors behind the rise in prices : They are firstly short falls in the production of industrial raw materials like cotton, oilseed, steel, aluminium, etc. Secondly, it is due to the imposition of heavy indirect taxation by the Centre and the States during this year. Thirdly, increase in wages; and fourthly, increase in money supply in the economy. Production of cotton, groundnut, mustard and rape seeds, tea, etc., was almost static in the year 1969-70 as compared to the previous two years. The position of cotton

and the hardship it has caused to mills is well known. We have discussed cotton only last week in this House. The prices have gone up by 57 per cent, and it is not my desire to go into detail on cotton when a full discussion and debate has taken place in this House. It is now for the Government as a whole and specially the Minister of Foreign Trade and the Finance Minister to solve this problem. It was suggested that following the commitment which the Government has made with Egypt and Sudan the balance 64,000 bales would be imported immediately. I am very sorry to say that even today after a fortnight the orders and quotas have not been given. Regarding PL 480 the hon. Minister said that we are going to have 11.2 million bales imported, and I said I was very glad. But out of 11.2 million, for the 2 million bales which was committed before three months, at least put order for that so that if the cotton starts coming the prices would come down. The average price of cotton has gone up to the tune of Rs. 800 to Rs. 1200. Government took a step before two days on permit system, prices went down by Rs. 150 to Rs. 200, and within three days again the prices are the same. This is the position of cotton, I need not go into details.

Then the question is about the drug prices for the common man. On behalf of my party I held enquiries, called the Indian and foreign manufacturers, traders, wholesalers, doctors, hospital representatives, etc., and believe me, Sir, right from A to Z it was proved that on the part of the Government there was bungling, bungling, and bungling. Within one month or one and a half months four orders were passed one after another trying to improve the previous one, with the result that prices went up, went up and went up. It was also said that on basic raw materials which are being imported to the tune of Rs. 10 crores to Rs. 12 crores by the State Trading Corporation for the pharmaceutical industry they charge nothing less than 250 to 300 per cent. How do you expect the pharmaceutical people to bring down their prices and then sell it to the consumer at a reasonable price ? Therefore, it is not only the manufacturers, it is not only the wholesalers or traders but even the Government machinery is as much responsible as others.

SHRI MAHAVIR TYAGI : The Minister said the other day that the STC was not making any profit.

SHRI BABUBHAI M. CHINAI : If the Government has said so, it is absolutely wrong, untrue and it is to mislead the House that they have said so. If an enquiry should be made openly, I am prepared to prove what I have stated. I feel that I am wrong, I will apologize to the House.

Coming to tyres and tubes, last night, believe me, Sir, from 10 o'clock up to morning 6 o'clock there was no peace for me. That must have been the position with many Members of Parliament. At every fifteen minutes' interval there was a telegram, with copy to all Members of Parliament, that tyre and tube prices have gone up, that tractor tyre price has gone up by Rs. 1000 in the black-market, that of the ordinary tyre has gone up by Rs. 300 in the black-market, that of the tubes, has gone up by Rs. 100 in the blackmarket, and so on. This being the position, naturally you can understand why the prices are going up. I am not going to detain the House any longer this time on this because I have given a Calling Attention Notice and I intend then to give you facts and figures so that the hon. Minister will have time to look into it.

(Time bell rings).

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : Ten minutes.

AN HON. MEMBER : Give our party's time.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) : You have two Members to speak and others have only one Member.

SHRI BABUBHAI M. CHINAI : I do not want to enter into the controversy. If you like, give me some more time because this is my subject and I will be able to deal with it.

The second major factor is indirect taxation. I have pointed out to the hon. Finance Minister once that the total additional burden of indirect taxes in the Budgets of the Centre and the States in 1968-70 has been of the order of Rs. 453 crores. The rise in the prices of manufactures on this account will have been 6 per cent or so.

Wages have been going up. If they are not related to productivity, they merely add to cost. In the Budget, the then Finance Minister and Prime Minister had put a taxation of Rs. 170 crores. Believe me, by the end of this year, all these Rs. 170 crores are going to be wiped out in wages. Already Rs. 135 crores or Rs. 145 crores have gone, and the rest also will go. A

number of Wage Board Reports on cotton textiles, Ports and docks, engineering, sugar, leather, electricity undertakings, road transport, etc. have been implemented in the last two years. Very recently, increases in the wage bill were allowed in three major sectors, viz., Government, banks and steel industry. So far as the banks are concerned, I want to point out to the hon. Finance Minister that when the bankmen were on strike, he was abroad. One fine morning he came and within 40 minutes, he vacated Rs. 130 lakhs. I wish he had taken some time to think over this and then given these Rs. 130 lakhs. I do not grudge it to whosoever it is due. What I am saying is that under the banner and threat of a pistol which has no cartridge—I can assure you—we should not tremble and shiver. What has happened is that after the banks gave that, the Government staff members, others, demanded. And today—the Finance Minister will agree with me—some of the banks are facing the same difficulty—the Dena Bank, the Bank of Baroda, the State Bank, the Punjab National Bank, they face the same difficulty.

Money supply also has gone up by Rs. 601 crores in 1969-70 as compared to Rs. 429 crores in 1968-69. On the other hand, the increase in the production of goods has not been commensurate and as a result, there has been an imbalance between money supply and production.

What has the Government done ? There is no consistent programme of price stabilisation. The only two measures which the Government are accustomed to use and which have proved their uselessness are (a) credit controls and (b) price controls. Credit controls, in fact, worsen the situation because production goes down, and price control only brings all evils which are behind it, including the black market, etc. etc.

Now, my only suggestion is the following suggestions as to what should be done. If they meet with your approval, you may try to implement them.

(1) The supply of industrial raw materials should be increased partly through imports but mainly through higher internal production. There is no doubt about it.

(2) Wages should be linked with productivity. This was recommended by a Study Group of the Reserve Bank of India but this recommendation has been largely ignored by the Wage Boards. Wages in service sectors like Government, banks, etc. should not be arbitrarily determined but related to the general

increases in productivity in the economy as a whole. The interim increases suggested by the Pay Commission are likely to cut into the Budget and may affect the size of the Fourth Plan. This will be tragic because the rate of growth which is already low will be further reduced. We are thinking of $5\frac{1}{2}$ per cent. I do not know where it will lead us to if it is going to be lower. Hence, the Government must economise on non-Plan outlays. This task is not as hopeless as is sometimes made out.

(3) There should be a drive or mobilisation of savings particularly in the rural sector. The branch expansion in the last one year by nationalised banks has been commendable but the effort in term of deposits leaves much to be desired. There should be an effort to set up investment trusts in the rural sector because the urban sector is more or less now dry. Let the nationalised banks go to the urban sector and have their unit trusts there. This can be better done by the 14 banks whose business has been taken over by Government. They must, however, be given adequate incentives for the purpose.

The recent policy directives have come in the way of fuller utilisation of industrial capacity and expansion of capacity also. Labour unrest has caused considerable dislocation. The loss in industrial production due to man-days lost in 1970 would be over Rs. 150 crores. What is the Government doing about this? Industrial licensing and import licensing has been characterised by delays and indecisions. This has been a major handicap in the growth of industrial production. Industrial production has also been hampered by lack of capital. I suggest that Government study these issues objectively and take immediate steps to liberalise controls and restrictions which are coming in the way of higher output.

The last point which I want to suggest is in connection with the Plan. The Plan has been in operation for 18 months. The Plan assumed additional resource effort of the order of Rs. 2,000 crores by the Centre. The measures taken in the first two years of the Plan yield about Rs. 1,532 crores. Additional resources of the order of Rs. 100 crores will have to be resorted to in each of the last three years of the Plan if the Plan target is to be fulfilled. Even if further taxation of this order materialises, the Finance Ministry feels that there will be a gap of Rs.

1,159 crores in the resources required to execute a Plan of the present magnitude. It appears the Ministry has advised a smaller Plan. We indulge in projects which are not inside the Plan and then we plan all the resources.

At present the unutilised capacity in the industrial sector is estimated at around 50 per cent. in engineering goods industries which depend on Government orders from the Railways, P. & T., P.W.D. etc. It is only to be imagined what will be the effect of a shrinkage in the present size of the Plan. There is no doubt that the present situation has been aggravated by the inflationary price situation. Interim relief to the Central Government employees is already of the order of Rs. 107 crores. We do not know how much will be the cost on the exchequer when the final relief is calculated; God alone knows what will happen when the final report comes. We have to bear that in mind.

Therefore, my final suggestion would be this. The existing units which can manufacture more, irrespective of the fact whether they have taken the permission of the Government or not to put up capital goods machinery, should be kindly allowed to produce as much as they can. Production is the only solution to catch the prices, to stop the increasing prices. I request the hon'ble Finance Minister not to go doggedly in refusing them permission to produce because they have not taken your permission. By all means, punish them. For instance, I will quote the example of staple fibre industry. I know they have not taken permission. I know they are producing 25 per cent. more and you are angry with them. But you should allow them to produce as much as they can. That will minimise the difference between the demand and supply. Later on you can punish them fine them for whatever wrong they have done. But kindly allow the fullest utilisation of the existing industries which are there, which are capable of delivering the goods. That will solve your problem.

[MR. DEPUTY CHAIRMAN in the Chair]

SHRI K.S. CHAVDA (Gujarat) : One minute, Sir. Regarding the time-limit, from my party only two speakers have spoken. We started the discussion at 2 o'clock. So my party is entitled to have 35 minutes. My party is one-sixth of the total strength of the House.

MR. DEPUTY CHAIRMAN: But your party has already taken 44 minutes—25 minutes taken by Shri S.D. Misra and 19 minutes by Mr. Babubhai Chinai.

SHRI K.S. CHAVDA: We should be given more time if the House is to go up to 6.

MR. DEPUTY CHAIRMAN: Your Party has already taken 44 minutes. Please sit down. Do not waste the time of the House.

SHRI K.S. CHAVDA: We can calculate it—one-sixth.

MR. DEPUTY CHAIRMAN: One-sixth comes to 40 minutes. You have taken 44 minutes already. Why don't you calculate it yourself? The official records show that

SHRI K.S. CHAVDA: No, no.

SHRI BABUBHAI M. CHINAI: Sir, this can be settled in your chamber.

MR. DEPUTY CHAIRMAN: Mr. Chavda got up unnecessarily and, therefore, I had to explain.

SHRI BABUBHAI M. CHINAI: I thank you for the time given to me. I hope the hon. Finance Minister will bear all the points which I have made and do the needful in the matter.

SHRI A.P. CHATTERJEE: Mr. Deputy Chairman, Sir, Mr. Babubhai Chinai in his speech was rather revealing and what was revealed was not merely the greed of the monopolists but also their tooth and claw, because Mr. Chinai threatened that as far as the employees are concerned, the Government should not have considered any of their demands, that the employees have no cartridges in their guns. . . .

SHRI BABUBHAI M. CHINAI: He is misquoting me. I never said that.

SHRI A. P. CHATTERJEE: . . . that all the cartridges should be in the guns of the Government and that the Government should have used the guns on the employees. He also wound up his speech by saying that there should be production and only production, there should be no strike, and labour troubles must be ruthlessly suppressed.

SHRI BABUBHAI M. CHINAI: No, I never said that it should be ruthlessly suppressed. I only mentioned about productivity and wages. Do not attribute to me things which I have not said.

SHRI A.P. CHATTERJEE: He has cried hoarse—and that is a reverend cry of the greedy monopolists—that wages should be linked up with productivity. I, of course, cannot manufacture and dangle so many figures as Mr. Chinai has done. But then I shall give some figures.

SHRI BABUBHAI M. CHINAI: These are not my figures.

MR. DEPUTY CHAIRMAN: Do not interrupt.

SHRI BABUBHAI M. CHINAI: How can you allow him to misquote me? He says I have manufactured these figures. I deny it. I have quoted from the Reserve Bank figures only. I have mentioned the name of Reserve Bank also.

SHRI A. P. CHATTERJEE: Mr. Chinai has said that the wages should be linked to productivity. Now, these are the figures: in 13 years from 1951 to 1964, productivity per worker rose by 2.3 times, while the increase in the wages was only 76 per cent, out of which 58 per cent has been eaten away in these 13 years by inflation. In the seven years from 1960 to 1967, the price increase has been to the extent of 58 per cent. This meant a reduction again in the money value by 35 per cent in these seven years from 1960 to 1967. This has been characterised by an economist, who is not at all a socialist economist—I am quoting Mr. Shenoy—as “nothing but transfer of capital from the common people to the bourgeois and the rich bourgeois.” This is how, Sir, wages are being linked with productivity, according to Mr. Chinai. What has happened in the last six months? . . . (Interruption by Shri Babubhai M. Chinai) Please allow me to have my say.

SHRI BABUBHAI M. CHINAI: Do not mention my name when I have not said any such thing.

SHRI A.P. CHATTERJEE: You have said that wages should be linked with productivity. I am only saying that this is how wages have been linked with productivity so far.

Now, what has happened in the six months of 1970? Up to July there has been an increase in the consumer price index for industrial workers by 6.3 per cent, for agricultural workers by 7.2 per cent—only up to July, 1970—and for office workers by 5 per cent. In spite of this some of the capitalists—I do not name Mr. Chinai; he has asked me not to name him; probably he is feeling a

little shaky—these ravenous capitalists, these greedy capitalists, in spite of this fact that industrial production is increasing—not to the extent to which we would have desired it no doubt; after all, industrial production should have risen by 12 per cent; but even then it has risen per industrial worker—do not like to give anything to the industrial worker. After all, what has the worker got? I have just now given the figures to show that industrial production for which the industrial worker is responsible, has gone some length at least but the worker's wages are leagues behind that. I may give you another figure also. In the five years of 1965-70 the industrial production has risen by 3.8 per cent, but what is the increase in the per capita income? It is 3 per cent. The rise in per capita income is .3 per cent in five years whereas the industrial production has risen by 3.8 per cent. I agree that the industrial production should have been more. The Fourth Plan stated that the industrial production should be 8 per cent. It has not caught up with that. It is still 3.8 per cent. Our potential should be 12 per cent. But that is another matter. The argument of the capitalists that the wages should not be increased that the wages should be linked to productivity, is a malicious argument, *mala fide* argument. It is an argument in order to arm the Government which is by no means pro-worker, it is an argument which calls to arm the Government with greater power so that they may shoot down the workers if they agitate for a better wage, if they agitate for a higher wage. It is a call by the capitalists to the Government not to allow the labourers to ask for higher wages even though the labourers and the industrial working classes are living at starvation levels which will be apparent from only a very few figures which I have given you, which I have placed before the House. Now, what is the position? The position is this. There is a loot. There is a loot and that is how I can characterise the price rise. It is a loot by the Government in the interests of the capitalists. It is a loot by the capitalists...

SHRI BABUBHAI M. CHINAI : It is a loot by the Naxalites in Bengal.

SHRI A.P. CHATTERJEE : ... and it is a loot in this respect. You know that in the early ages of capitalism, when capitalism developed in the metropolitan countries, the capita-

lists had their primary accumulation by piracy and plunder of colonies. But now though the capitalists cannot have their primary accumulation by plunder and looting of colonies and other possessions, what they do is to loot and to cut the pockets of their own countrymen. That is how it is being done. I do not know if Mr. Chavan was there as Finance Minister at that time; I think it was his predecessor, Mrs. Indira Gandhi, who always swears by the name of democratic socialism. After all, what is democratic socialism? It is a contradiction in terms. By democratic socialism Mr. Chavan as well as the Prime Minister mean socialism *a la* capitalism. That is democratic socialism. That means democratic socialism is a socialism to mislead the people. Capitalism remains. That is in the wings. And therefore, democratic socialism is a term which he swears by. But then when Mrs. Indira Gandhi placed the Budget for 1970-71 you saw deficit financing to the extent of Rs. 222 crores. These Rs. 222 crores will be printed at Nasik. These ravenous capitalists—I have been asked not to name them—ask: Well, how can these bank employees, how can these Government employees, be given such money? Well, they need not worry so long as the Nasik Printing Press is there. The money will come forward in torrents and the inflation will go up, and the money you put in one pocket would be taken out of the employees by another pocket. Again and again these things are coming up. I am placing before you that the facade of democratic socialism is a very thin facade. The Government wanted to cry hoarse over the nationalisation of banks. But now the latest figures given by the Reserve Bank of India are startling. They say that upto June 1970, Rs. 402 crores have been advanced as loans by the financial institutions of India. And these financial institutions, as everybody knows, are governed by the Indian government. Do you know who got 70 per cent of these Rs. 402 crores? The Reserve Bank says that 70 per cent of these Rs. 402 crores went to firms having more than Rs. 10 crores as capital. That is what is happening in the nationalised banks also. Who does not know that nationalisation of banks is—I am using the word of Shri Arjun Arora—an infra-structure for capitalists themselves? After all, in Fascist States also banks were nationalised. Banks have been nationalised in France. That is done in bourgeois countries also. But the Congress

[Shri A. P. Chatterjee]
 people are beating their drums and saying : "We have nationalised our banks. See how socialistic we are". After all, all people cannot be fooled for all the time. Shri Chavan should know that. Some people will come to their senses and will find out that these nationalised banks are a means for centralisation of management so that they can give more and more to the capitalists. The capitalists will be freed from the toil and care of managing these banks and the money put in these banks by the depositors will be used by the government in the name of socialism and that will be funnelled out to the capitalists and they will be freed from the odium of running them. They will be run by the government and the capitalists will get the boon and blessings of the so-called democratic socialism. This facade and mask of democratic socialism is again and again falling off. Again and again the phrase 'democratic socialism' is sounding hollow. Again and again this question of rising prices, this question of disruption of economy of this country, this question of our economy going to shambles, is coming up on the floor of the House. I do not think that this government can do anything because this government has sold its soul to the capitalists and therefore the financial institutions run by the government are giving 70 per cent of Rs. 402 crores as loans and advances to the capitalists having already more than Rs. 10 crores. What do we find today ? The capitalists have left the ranks of Congress(O) and they are now going to your side. Only Shri Babubhai Chinai, now and then, chirrups and chirps, not always in opposition to you, but in support of you. He is only saying : "Do a little more against the labourers and workers and we are with you. If today we are on this side, do not bother. As soon as the trumpet call comes, we shall be with you and we will put the cartridge into the gun and we shall shoot down the labourers". This is why I say that this facade and the political mask falls off. I am not asking anything from Shri Chavan. He looks a pitiable creature today. What can he do ? There is no radical socialism in him now.

SHRI CHITTA BASU : He is a radical humanist.

SHRI A.P. CHATTERJEE: He is perhaps contradiction with the bourgeoisie conscience which has to be padded and covered with some kind of palliative words or phraseology

such as democratic socialism. But inside that padding, the capitalist fervour is there. Naturally this capitalist fervour is in contradiction with radical or humanistic conscience. Where you find a man suffering from contradictions, that man will look a pitiable creature. Shri Chavan today looks a little helpless. He is sitting crumpled up and lumped up, it appears. I do not know. But this is his position. He is now in the midst of contradictions. He cannot solve the contradiction. This bourgeoisie government of which he is a deputy to the Prime Minister ...Are you a Deputy Prime Minister ? He is not. I am always back-dated. Shri Chavan is holding the finance portfolio. Now, Sir, he is in the midst of solutionless contradictions. His government is a bourgeoisie government and his government has sold all its soul to the capitalists and therefore, having done that, he or his government cannot solve this contradiction of rising prices. There is only one solution for the rise in prices. Mr. Arjun Arora said that mixed economy is an unmixed evil. Correct. If mixed economy is an unmixed evil, then there must be complete socialism. Then, Sir, if I say, "Re-orientate your economy to socialist economy", I shall be asking for an impossible thing from them, because, unless the labouring people are freed, unless the toiling people rise up and they snatch the machinery of government well, there will be no solution to it. This is necessary also because this sort of hypocrisy must be again and again pricked, the bubble must be pricked again and again and you must be shown in your true colours and the true colours must come out.

MR. DEPUTY CHAIRMAN : Please conclude now.

SHRI A.P. CHATTERJEE : The people must experience that your democratic socialism means greater rise in the cost of living, greater starvation, more profits for the capitalists, more guns against the working class and more guns in the hands of the capitalists. Thank you, Sir.

SHRI MAHAVIR TYAGI : A very clever guy.

MR. DEPUTY CHAIRMAN: Mr. Goray.

SHRI N.G. GORAY (Maharashtra) : Mr. Deputy Chairman, Sir, I had looked forward to this debate in the hope that some consensus would emerge out of this discussion. But,

Sir, I am sorry to find that the hon. Members belonging to the different parties have only voiced their pet nostrums. On the one hand, I listened to the hon. Member, Shri Mohta, who went to the extent of suggesting that the licensing policy system itself should be abrogated. And, on the other hand, some of my Communist friends here are really asking for the heads of all the capitalists in this country.

SHRI A.P. CHATTERJEE : Mr. Arjun Arora also.

MR. DEPUTY CHAIRMAN : Please do not interrupt.

SHRI N.G. GORAY : This happens because neither of my friends like Shri Mohta nor Mr. Kalyan Roy is ready to admit that the lacunae in the capitalist system as well as the lacunae in the communist system or the Marxist system have been uncovered during the last fifty years and any country which wants to prosper, any country which wants to develop economically, will have to discard these pet theories put forward by those who are advocating free economy as well as by those who are advocating a completely controlled system. That is why, Sir, we find that in spite of the fact that this price rise has caused anxiety all round and everybody admits this fact also that unless this tendency is checked, the country will be heading for a major crisis within a very short time, no consensus could emerge.

Sir, I really feel very anxious because time and again we have been assured by the Food Minister that this year perhaps India had an all-time record so far as the Kharif crop is concerned and also cash crop like groundnut is concerned.

Sir, just now my friend, Shri Chinai, referred to the phenomenal rise in the price of cotton. Sir, one is surprised that the shortfalls so far as cotton production is concerned, are only about five lakhs of bales and it is not such a shortfall as to warrant a price rise of 57 per cent.

SHRI A. G. KULKARNI : It is not five lakhs.

SHRI N.G. GORAY : It may not be even five lakhs of bales. Sir, I came across a

statement from the Gujarat farmers who said that perhaps there is no shortfall at all. And still the price rise is there. Sir, so far as groundnut is concerned, we have been told in this House by the Minister for Food and Agriculture that this year we had a bumper crop of groundnut. In spite of that, we find that the oil prices are rising. Why does that happen? With all respects to my friend, Mr. Chinai and others like Mr. Mohta, I would like to say that there seems to be an undeclared war between the Government and the speculators. In spite of the efforts of the peasants, in spite of the efforts of the common man and in spite of the phenomenally good crops that we have, prices are rising. Why does this happen? I think that this is happening because there is a lot of black money going round. And unless the Government takes some energetic steps to find out this black money and to curb it or to eliminate it, I do not think this continuous war between the Government planners, administrators and the speculators will come to an end. So one of the suggestions that I would like to make is that Government must take some energetic steps to see that the black money is eliminated...

Sir, the other point that I would like to stress is that so far as wages are concerned, my hon. friend, Mr. Chinai, suggested that the wages be linked up with production. So far as this statement is concerned, Sir, I do not think that any exception could be taken to it. What is happening is that you find that demands for increased wages are coming from every sector. Only a few days back, we listened to the debate on the pilots' demand for increased wages. Sir, as we develop, and resort to sophisticated technology, a new class is being created in this country which can hold the entire society to ransom and demand higher wages, which may rise to phenomenal heights. That day Dr. Karan Singh told us that they had offered Rs. 700 rise, but even Rs. 700 rise per month for a pilot was not enough, because the pilots knew that if they went on strike the entire air-lines system in India would be paralysed. This is happening in sector after sector. Sir, after the nationalization of banks there was a demand for rise of wages from the bank employees. The Central Government employees have been given 20 per cent interim relief. But that is not acceptable to them. I agree that the real wages have not grown; the real

[Shri N.G. Goray]

wages have fallen. That's true. But, Sir, the point is that while the railway employees, the bank employees, the air-lines employees, etc., are pointing a gun at the Government and trying to extract their demands, what is happening in the un-organized sector of the society? How many are these employees? Not even 5 per cent of the total population. What happens to those who are in the villages and towns, who are not organised at all? What happens to those who have no employment at all? How do they cope up with this? Sir, should there not be an integrated wage policy or income policy? When anybody suggests that the production and wages should be linked up, he has in mind only those who are working in the factories. Sir, I would say that right from the Ministers down to the 'chaprasis' there must be some sort of an integrated work based policy.

Sir, in India the trouble is that we still have that feudal mentality, by which I mean that performance is in no way linked up with what we get by way of salaries. One may get Rs. 1000 without doing a job. Sir, I would like to point out that there are some offices in Bombay where a lift-man is given Rs. 400. And you go to U.P., or you go to Maharashtra or go to any place, and you will find that a village teacher is not getting Rs. 100. What is the relation between the salary of a teacher and a lift-man? It is only determined by one's capacity to extract as much as he likes. And, therefore, I would like to point out that unless in this country we have a co-ordinated wage policy, which applies not only to the public sector but also to the private sector, and unless we determine wages right from the top to bottom, it will not be possible for you to talk in terms of linking wages with productivity. It is very necessary but then if it is necessary, if all of you admit 5 P.M. that wages must have some relationship with productivity, then the wages from top to bottom will have to be re-adjusted. I am sometimes reminded of the salaries that are being given to the executives in the private sector. They are just phenomenal. You will not believe it. I have come across cases where the private sector managers are given more than Rs. 15,000 per month and all other expenses met. They can take their guests to the Taj Mahal Hotel and feed them, all at the expense of the particular company. Now when people see

on the one side luxurious, austentatious living and when on the other side you see people dwelling in slums, I feel that we are really in a crazy economy because it wants to develop but it is not ready to abide by the laws of development. There are certain laws which, whether it is communistic economy or capitalist economy, you just cannot transgress. They will have to be observed and one of the laws is that unless there is the necessary input, there will be no output and if the input is not there, whether it is in the form of finance or labour or intelligent work, then the output is bound to suffer whatever the wages you give. Therefore I would like to know from the Finance Minister when matters have come to such a pass, whether the Government is willing to evolve any integrated wage policy. The position of the Finance Minister is unenviable. Eighteen months have passed after we had the Fourth Five Year Plan and the entire super-structure of the Plan was based on two assumptions that their must be price-stability and there must be a particular rate of growth. Both these lynch-pins or both these pillars of the super-structure have been knocked off. There is no price stability at all. I would like to know what the Government is going to do about this price stability and if they are only going to be complacent and say: "Well, it is only 7½ per cent, it is not much, it is natural for a developing economy to have this sort of price-rise", then I would say that they are going to come in for trouble. They are going to undo all the efforts at planning and development because if the vicious spiral goes on, the price go on rising and the wage-earners go on chasing the prices, a time will soon come when everything will come to a stop. Therefore I would plead with the Minister that it is time to act, they are committed to a mixed economy. There is no escape from that. Those who think that we must do away with mixed economy and have a totalitarian type of economy and all the troubles will vanish, are just talking about a thing which they do not know about. I had the good fortune of going to Eastern Europe in the company of my friend, Shri M.N. Kaul, and what did we find in Czechoslovakia or Poland? A shirt would sell at Rs. 75, an umbrella could be bought for Rs. 100, and a pair of shoes could be bought only for Rs. 120. These were the prices but only thing they had taken care of was that they had stabilised the prices of foodstuff. I would urge on the Government

to please study the basic needs of the wage-earners.

And the basic needs are cereals, oil, soap, cycle, and such things. And let the Government stabilise the prices, subsidise the prices if necessary to stabilise them and see to it that the prices of commodities essential for the common man are not allowed to rise. Sir, this is one of the measures that I will very strongly advocate. If these things are not done, if the entire issue of the rise in prices is not dealt with a firm hand and if we allow the speculators to run away with the prices, then I suppose that all this planning, all our talk of a socialist economy, of a democratic socialist State, will vanish in thin air and we shall not be able to do anything about it.

SHRI M. H. SAMUEL (Andhra Pradesh) : Sir, economists now-a-days claim that economics has become a science, an economic science.

SHRI A. D. MANI (Madhya Pradesh) : A little louder please.

SHRI M. H. SAMUEL : It would become louder. The long wait has depressed my voice even.

Now, Sir, on the basis of the same facts, naturally certain conformable conclusions should emerge. But the conclusions the economists or the economic scientists come to are as contradictory as in politics. Ideology has entered into economics, and so contradictions have crept in. So, in what I am going to say, the facts may be repetitive, but the conclusions would necessarily be my own and at variance with the conclusions other Members have come to.

Among the problems that are besetting our country today, in my opinion the persistent and continuing rise in prices, particularly from 1963, is perhaps the most important and the most dangerous trend not only from the point of view of economic stability but also of political well-being. Politics is now very closely allied or aligned to economics. This position has now become worse because of political conditions. For example, all-round disrespect for law and order, unemployment, lack of discipline, low rate of growth, particularly these factors have become the dragon seeds of political turmoil, and perhaps a mini-revolution. I hope the House will

not make any mistake about it. Though the present state of affairs in the country, political and economic, are bad enough, or chaotic enough, in view of the conditions prevailing in the country today, only a very thin veil separates us from near anarchy, both political and economic. Somebody has criticised. I think, Mr. Arjun Arora quoted somebody and said that Mr. Shenoy has said that this rise in prices is going to lead to fascism in this country. Somebody else said it, and I happened to be here when it was being quoted and I remembered the conditions in Germany in the early thirties before Hitler came to power. It gave me a very vivid illustration of that saying. I hope it will not come to pass in this country in that way.

Yet I am not trying to say that we are the only country in the world which is in this state of political or economic near-anarchy. In this debate, I will not deal with political matters, although in discussing economic matters one has also to bear in mind the political factors. Here I must concentrate on prices and the rising trend in prices.

As I said the rise in prices is not peculiar to our country. It is a phenomenon all over the world. It started soon after the war. It has continued now for twenty-five years. As Mr. Kulkarni said, it has become endemic in all democratic countries. It is very different in the communist countries. It is a kind of infection in all democratic countries, countries with a mixed economy or a capitalist economy. It is a product of what, in economic terms, is called hyper-inflation for us in this country.

I am quoting some figures now and so I have to take the help of some notes I have jotted down. The year 1963 was the turning point. As I said, in 1963 prices began to shoot up. The trend is now getting accelerated. Taking 1961 as the base year, the general price level has risen up to date by 74 per cent. The food index has risen by 97 per cent. The consumer price index has risen by 66 per cent. It is all in the course of less than nine years. In January this year the average wholesale price index stood at 6.8 per cent higher than a year ago.

Yes, this spurt in prices between 1964 and 1968 may be attributed to certain abnormal conditions in the country like a succession of droughts.

SHRI B.T. KEMPARAJ (Mysore) : What about November ?

SHRI M. H. SAMUEL : I will come to that later on. This spurt in prices between 1964 and 1968 was due to some abnormal conditions like the succession of droughts and the mounting defence expenditure. As you know, we had the 1962 attack from the Chinese and the 1965 attack from Pakistan, but the trend persisted in 1969. Why ? The cause would, therefore, seem to be more fundamental

In 1969 and 1970, our foodgrains position was very comfortable, but we have been short of certain strategic raw materials like oilseeds, steel and jute, which kept the prices of manufactured goods at a high level. Our production and rate of growth did not pick up proportionately to the investment made. The fundamental cause, as Mr. Babubhai Chinai mentioned a little while ago, is the persistent pumping of money into circulation by the now notorious method of deficit financing, with the result that more money is chasing fewer goods, and wages have begun to chase prices. As a result, what is called "cost inflation" is in the offing and the economy is being heated up.

Inflation is of two kinds. One is demand-pull inflation caused by aggregate demand exceeding aggregate supply. The other is cost-push inflation caused by rising costs and greater aggregate money supply. The first leads to the second. We are now in the cost-push stage.

As I said, the fundamental cause of the price rise is the inflationary method of financing, adopted by the Planning Commission, and the persistent pumping of money into circulation by deficit-financing. Money supply rose by 9.9 per cent in 1969-70 as against monetary expansion of 8 per cent in 1968-69 and 8.1 per cent in 1967-68. During the week ended September 11, 1970, money supply with the public showed a further increase of Rs. 45.9 crores, totalling Rs. 6,592 crores. Over the year which ended September, 1970, money supply increased by Rs. 689 crores ; the rate of expansion at 11.7 per cent was higher than that of 10.6 per cent in the preceding year. Money supply increased by about 116 per cent during the last decade and reached the peak of Rs. 6,206 crores by February, 1970. It was the abnormal increase in money

supply out of all proportion to the increase in output which created a chronic imbalance between the aggregate demand and aggregate supply.

Secondly, continued deficit financing for implementing the Five Year Plans have had an adverse effect on prices. I need not go into the figures of deficit financing since the time of Mr. C.D. Deshmukh. Everybody knows them. Though deficit-financing last year, *i.e.*, 1969-70, was much less than what was envisaged, the cumulative effect of the past seems to be continuing. It was, in fact, the policy of deficit financing which is mainly responsible for the monetary expansion and the consequent inflationary pressures on the economy. I am firmly of opinion that deficit-financing has outlived its usefulness and it can be completely scrapped forthwith without any regrets, even at the risk of a slower rate of growth and a little more unemployment, I do not mind.

The third contributing factor for the rise in prices is the growth of bank deposits and advances.

Super-imposed over all these factors is the undeniable inflationary character of the Fourth Five Year Plan. The Plan has failed to recognise that the persistent inflationary pressures on the economy are the symptoms of a very deep-rooted malaise. It makes no provision for wage increases to the 27.3 lakhs of Central Government employees and 39 lakhs of State Government employees. In its estimate of Plan projects it has also failed to provide for increased costs, as a result of price rises, imposing additional strain on the economy. It is a Plan without money.

The two recognised methods of combating inflation are fiscal policies to restrict aggregate demand, and monetary policies to restrict the supply of money and credit. The fiscal remedy is the well known Keynesian remedy, and the monetary remedy is a reformulation of the old quantity theory by Milton Friedman, both of which we are not consciously implementing in any way at all. We are not using them. On the other hand Government policies seem to me to be either inducing or acquiescing in inflation as a deliberate strategy to promote growth. The Government seems to be acquiescing in it and doing nothing about it.

Now, we cannot do anything about the Keynesian and the Freidman theories because the times have changed a great deal.

Therefore the situation today calls for the simultaneous application of two independent remedies, namely, reduce Government expenditure and apply certain monetary controls. You cannot resort to additional taxation because additional taxation is again inflationary.

SHRI BABUBHAI M. CHINAI : How will you carry out your Plan ?

MR. DEPUTY CHAIRMAN : There is no time to answer all those questions.

SHRI M. H. SAMUEL : I have always criticised the Plan. Talking about the steps about reduction in expenditure, the three agencies of expenditure are private consumption, business spending and Government spending. Now, of these three, Government spending is the largest and Government alone can effectively reduce expenditure because whatever Government spends it goes into the pockets of the people. The people spend again. One man's expenditure is another man's income. Expenditure and income are the two sides of the same coin.

MR. DEPUTY CHAIRMAN : Please conclude now. You have taken 17 minutes.

SHRI M. H. SAMUEL : Critical situations call for radical remedies.

SHRI A. D. MANI : Critical remedies too.

SHRI M. H. SAMUEL : The way out seems to be to make a more realistic approach to the Fourth Plan. This is the answer to what Mr. Chinai has just clamoured for. The way out seems to be to lie in a realistic approach to the Fourth Plan. First and foremost, in my opinion, the size of the Plan and its actual implementation should be limited to the available domestic resources and to such foreign assistance as is in sight. Secondly, drastic economy in expenditure at the Centre and State...

AN HON. MEMBER : How can that be ?

SHRI M. H. SAMUEL : Thirdly, reduction in production costs both in the public and the private sectors. Fourthly, monetary policies should aim at a progressive reduction in money supply and should be adapted

to the needs of growth with stability. Thank you.

MR. DEPUTY CHAIRMAN : I think it is already 5.25 now.

SHRI AWADHESHWAR PRASAD SINHA (Bihar) : Sir, it should be in such a manner that we disperse at six.

SHRI A. D. MANI : Sir, allow everybody to speak. I am not a speaker. But everybody should have a say on this important matter.

SHRI M.N. KAUL : Five minutes each.

MR. DEPUTY CHAIRMAN : Would hon. Members agree to that ?

SHRI G.A. APPAN (Tamil Nadu) : Why don't you call me ? Is not my name there ?

MR. DEPUTY CHAIRMAN : The whole difficulty is that when we started the debate, you never mentioned that you wanted to speak. At the fag end you say that you want to speak. It becomes very difficult for me to regulate the debate if I do not know who is going to speak and how many Members are going to speak. All right. You will get a chance to speak, for five minutes.

SHRI CHITTA BASU : Naturally, I have to be very brief in my speech. Before entering into the subject, I want to really deal with Mr. Kulkarni because he was the man who, while speaking, referred to certain wage increases for the workers. And I am also very much surprised to find that Mr. Chinai has also joined him.

SHRI M. K. MOHTA : You must put in more weight to tackle both.

SHRI CHITTA BASU : It is a very queer intermingling of voices. Both say that there should be a link-up between productivity and wage. So far as that is concerned, may I request these two hon. Members of this House to refresh their memory as to the proportion of these in the past few years ?

Is it not a fact that the real wage of our workers to-day is not even equal to the real wage our workers were getting long back in 1939 ? Has there not been increase—the two hon. Members should ponder—in the productivity per worker ? Is it also not a fact that there has been increase in production in many sectors of the industry because of

[Shri Chitta Basu]

the toil, sweat and tears of the working class ? Is it also not a fact—I want these two hon. Members to consider—that the profits of these capitalists have increased ? Is it also not a fact that the complement of labour has decreased while there has been increase in productivity and in production ?

SHRI S. D. MISRA : Not in productivity.

SHRI CHITTA BASU : Yes, there has been increase; I can contest your point. Even in the jute industry—I discussed it in the morning—there has been increase in production, but there has been decrease in the labour complement.

SHRI BABUBHAI M. CHINAI : What about idle capacity ?

SHRI CHITTA BASU : The ratio between man and machinery has been upset, the ratio between man and land has been upset, because all these years these big monopolists, big capitalists and big landlords have been exploiting the sweat, labour and tears of these workers and peasants of our country. (Interruptions) I think you do not like to listen because these are hard facts.

SHRI M.M. DHARIA : (Maharashtra) : Truth is always resented.

SHRI CHITTA BASU : These are hard realities and this situation is there because in our country, the people whom we call monopolists or capitalists have not inherited the character of monopolists or capitalists, they are nothing but banias or traders. They know nothing except profits. They know nothing about industry. They have got no involvement in the industry. They do not see oneness in the industry and they do not want to see involvement of industry with the national interest and the national economy as a whole. They are more like traders, profit-seekers and exploiters. As the Prime Minister has rightly pointed out, private enterprise is more private and there is no enterprise in them.

SHRI BABUBHAI M. CHINAI : When the Prime Minister said this, all the industrialists clapped. Do you know that ?

SHRI CHITTA BASU : That I do not know, perhaps you know the inner meaning, the hidden meaning of what was said by the Prime

Minister. If the hon. Finance Minister is really sincere in his attitude, he should really be enterprising to explode the myth of the privateness of the private enterprise. These private enterprise people want merely to maintain the industry as their own private preserve. I congratulate the workers of our country, the millions of our people in the rural side, for having understood these traders properly who are parading in the name of capitalists and monopolists.

Mr. Goray, my esteemed friend and a distinguished Member of this House, raised a point that wage increase is something which deprives other sections of unorganised masses of their minimum living conditions. I quite concede that there are vast masses of people who are being deprived of the minimum living conditions because of the price rise. But for that, the way out is not to express mere sympathy for them, not to shed crocodile tears for them, not to act in a way detrimental to the interests of the organised working class.

But the duty of the Government would be to announce a national wage policy based on minimum need so that these unorganised vast masses of our country can also enjoy the fruits of the progress of our country. Instead of guaranteeing that, instead of protecting them from exploitation by the feudal landlords and other vested interests, if you merely shed crocodile tears as my friend, Mr. Kulkarni, is doing, there is no use of all your promises and tall talk.

Much has been said about the rising prices of cash crops. I come from an area which produces cash crops in the form of jute. My friend comes from an area where cotton is the cash crop. What is there to grudge the little increase in the cash crop of the grower just in order to depress the price of jute, in order to depress the price of cotton ? There are friends like Mr. Mohta who are very anxious to import cotton from outside without taking into consideration the plight, the suffering, of the growers of indigenous cotton and other cash crops. Therefore, their entire attitude has been to exploit the workers of the factory, to exploit the growers in the rural sector... (time bell rings)... and thus build up an empire of exploitation in this country.

SHRI A.G. KULKARNI : Mr. Chitta Basu, please tell me one thing. A car driver or an engine driver is getting between Rs. 400 and Rs. 500. What is the relationship between the driver's pay and that of the rural worker or an agriculturist who is not getting even Rs. 75 per month ?

SHRI CHITTA BASU : That is a different thing. (*Interruptions*) Why is not an agricultural worker paid a minimum wage by a statute ? Why are not the profits of industrialists controlled ? Why are not the remittances to foreign countries banned ? Why is there not a ceiling on the earning of profits ? These are exactly the things which bring about the new life. (*time bell rings*) Therefore, before concluding I would say that it is after all a bad and faulty economic policy which is being pursued in the interests of the monopolists and the capitalists and other vested interests, and it is because of this that there has been a lopsided development, that there has not been adequate growth rate, that there has been subservience to the foreign countries and capitalists. And these are the major, basic, defects of our Indian economy which are giving rise to this spurt in prices. In order to fight the rising prices, there should be a radical economic policy. There should be an overall national price and income policy and that alone can ensure to arrest the rising prices.

SHRI G.A. APPAN : Mr. Deputy Chairman, we are speaking about price rise, inflation, and many other things. How does this price rise take place unless there is money to pay for ?

SHRI S.D. MISRA : Less goods.

SHRI G.A. APPAN : Here the question comes whether we are able to produce goods and services according to the demand. The level of prices of commodities and services is governed by the money in circulation, i.e., the amount of paper money in circulation, the metallic money in circulation. The paper money which is cheap money, drives the metallic money or the better type of money into hiding.

Nobody would like to throw away money which is cheap if he could get even the smallest commodity or service for it. So it is this technique which is responsible for the high level of prices

Mr. Deputy Chairman, Sir, I have been in public life, at least in an active way, from 1930. I have been following the price structure and price levels of various commodities in India and, no doubt, also of various commodities which were imported here from other countries since then. Paper money, which is printed in the Government printing presses, has simply spoiled the economy of our country.

AN HON. MEMBER : Inflation.

SHRI G.A. APPAN : The price of rice in those days was about 12 pice per measure for which we have to pay at least ten times the price now. The price of sugar was six annas a viss. Now it is four rupees odd. And the price of gingelly oil has affected the common man most—we are not worried about the rich people who ride in cars and things like that.

SHRI S.D. MISRA : Sir, Mr. Appan is remembering the old days of 1930.

SHRI G.A. APPAN : And my only problem is, could we ever come to that standard ? The purchasing power of money has gone down so low. It is for the Government—not only for the Government ; what can the Government do unless all the politicians and statesmen, industrialists and business people co-operate ?—and without such co-operation it cannot be done. It is not one man's policy. If the labourers do not get their wages, labour leaders are there to ask them to go on strike and so on. When the industrialists and business people want more money, the poor Government has to interfere. Supposing they are not able to issue some favourable orders or make some favourable gestures their vote is gone, their political life is gone. So, who is the worst sufferer ? It is the consumer. The labourers have their say ; they get good wages. The capitalists and the entrepreneurs want more profits, more interest ; they are able to get it. And the Government is able to retain its position by its weak-kneed policies in not being able to tackle both the capitalists and the labourers in an appropriate way.

Left to myself, people in power should be able to sacrifice their positions and even their lives ; they should be able to act in a bold way, in an honest way. But human nature being what it is, selfishness comes in and we have to keep on to power, at least our

[Shri G.A. Appan]

party should be in power. So all these things come in and we are not able to do it.

Today there was a news in the papers. A Supreme Court Judge who is about to retire...

AN HON. MEMBER : The Chief Justice.

SHRI G.A. APPAN : The Chief Justice who is about to retire has said : "I am not able to speak what I honestly feel." What is it, Sir ? A Chief Justice who is about to retire is saying this. That means he has not been true to the job he holds.

SOME HON. MEMBERS : No, no.

SHRI G.A. APPAN : This is what the paper says. It is in the paper.

MR. DEPUTY CHAIRMAN : Mr. Appan, you should not try to misinterpret what the Chief Justice has said. That is not the interpretation of what he has said.

SHRI G.A. APPAN : Anyhow Coming to the point, we have to learn a lesson from Japan and Germany. What rapid strides they have come within a few years ?

Mr. Deputy Chairman, how was it ? Is it by plunder or is it by gherao or by work-to-rule or stay-in-strike ? No. By dint of hard, hard work. They felt that national interest was above everything else. They used to work for 10 hours. You might be surprised to hear that even now at the age of 59, I work for 18 hours a day. I wish all people including labourers, teachers and others work as hard as possible as long as they can do that and then take rest. Now, how can you arrest the price rise ?

SHRI S.D. MISRA : Appoint committees.

SHRI G.A. APPAN : That is left to the hon. Minister. My suggestion is this. You have nationalised the banks. Therefore, we have got plenty of money. We have got plenty of natural resources. We have to capitalise and canalise all the capital resources and man-power. Today man-power is wasted in this country due to strikes, etc. Then, we should have an integrated wage policy. When lakhs and lakhs of people are unemployed, some people are paid Rs. 400 and Rs. 500. What is the wage of an educated man today ? After M.A. he gets about Rs. 220 whereas a labourer is paid Rs. 300 and Rs. 400. I

am not saying that labourers should not be paid that. But there should be an integrated and proportionate wage policy. People say that only in private sector people are paid Rs. 30,000 and Rs. 40,000 a month. But even in some public undertakings they are paid heavily.

SHRI S.D. MISRA : Shri Appan has forgotten that there was an advertisement saying that the Ministers of the Government of India are getting Rs. 85,000 per month.

SHRI G.A. APPAN : I have seen that. Therefore, we have to arrest the rise in prices and arrest the inflation. I will mention one point more before I sit down. There should be a rationing on jobs. Today when in one family of ten members, only one person is employed—even he may be under-employed—in the other family all the ten are employed because they are more powerful and more influential. This is a train of events which influence inflation. We have rice ration, sugar ration and many other rations. There should be a rationing on jobs and employment also and there should be rationing on the land for cultivation and there should be equitable distribution of wealth. The wide disparity of income should also be narrowed. For these, the hon. Minister may have small committees so that he can tackle the various sectors of economic activities.

THE MINISTER OF FINANCE (SHRI Y.B. CHAVAN) : Sir, most of the speeches I have heard have emphasized one aspect of the problem, namely, price rise. If this was the point to be proved in the debate, I think it is proved. I do not dispute that prices have risen. The only question is what practical remedies we can find so that the price rise, if it is inevitable, is within the reasonable limit.

That is the question which an administrator, one in charge of financial affairs, has to look into. If I try to look at it from this point of view, I can put the speeches into two categories. In the first category, most of the speakers were descriptive speeches about what is happening in the present-day economy, describing rise in particular commodities, some giving priority to the essential commodities and some giving priority to the other industrial raw materials, and ultimately trying to prove that the State of things is not very happy. The other category of speeches, I can say, was of ideological speeches. Some

trying to examine, looking at the present conditions of the prices, as to what sort of an ideological interpretation they can give to them. Somebody said that the present set-up of democratic socialism may not be useful, some have suggested that possibly this might give rise to fascism and other things. There were, of course, certain speeches which I would rather call welcome speeches, because they gave some specific points, specific suggestions, relevant to the present economic conditions of the country.

Sir, the question of prices, as very rightly pointed out by many hon. Members, cannot be isolated from the other facets of the economy. Ultimately, this is something which results from the functioning of an economy in developing stages. One point was made by Shri Arjun Arora. He tried to chart the price rise from the days of the Second World War and tried to prove that there is a continuous price rise. It is a fact of life and nobody denies that. But, the point that he raised had an answer to it by Mr. Chinai from the other side who said that there has also been development. I am surprised at Shri Arora's question 'Where is the development?', I do not think we can start discussing this problem from A, B, C. There may not be enough development. Whether the present development is enough may also be a debatable point, but to say that there is no development is something which is incomprehensible to me. I am not merely criticising the point of view that he expressed. But there is development and there is certainly a continuous rise in price and in a developing economy, we must all accept one thing, as practical people, politicians and administrators, that there is going to be some rise in prices. You cannot say that you pick the prices of 1960 and say that there would be no further rise, because that would be deluding ourselves and deceiving others. At least I do not propose to do that.

SHRI AKBAR ALI KHAN : (Andhra Pradesh) : The question is to what extent.

SHRI Y.B. CHAVAN : Yes, the question is of the degree.

AN HON. MEMBER : Production.

SHRI Y.B. CHAVAN : Yes, production also. That is the main question I must accept that the rise has gone beyond the limit set. I

do not want to deny that and particularly when it is reflected in the essential commodities, it very badly affects the living standards of large sections of society who have got fixed wages at lower levels and large sections of people who are not getting wages at all. When we try to compare the wages, we forget the large section of society which does not become part of our organised economic structure. Somebody at least can say that he got Rs. 100 or Rs. 150. But there are a large number of people I think running into millions, —whose wages you cannot even work out. When you try to work out the wages of such people, you arrive—at some averages and then you put them under some category of wages. So, I agree that this point has become very urgent and important.

Sir, I am not merely trying to defend the Government and I know that even if I defend, it will not be defended. But, in the present circumstances, what is more important is what exactly are we trying to do and what exactly we have to do. One point that was made by an hon. Member here, I think, Shri Goray, is that the plan is based on certain assumptions and certain targets.

The assumptions are that at one end we will have a certain growth of economy in the fields of agriculture and industry and there will have to be some sort of price stability at the other end. These are the two basic assumptions on which the planned economy is thought of. Naturally, something has gone wrong and it is likely to effect the planning also. Therefore, not only in terms of today's difficulties of the consumers, but in terms of our perspective of planning also, the question of prices is of crucial importance.

Somebody tried to quote some authorities to show that if this question is not solved, what will happen? It is not necessary to quote anybody. It is a commonsense question. If, really speaking, we do not find a reasonable solution within a reasonable time, things are going to be difficult for planning in this country, things are going to be difficult for the common man in this country. There will be some difficulties; I am not unaware of that. But what can be done is, the major question.

Sir, generally speaking, some of the suggestions that were made are quite acceptable to me in the sense that there will have to be

[Shri Y.B. Chavan]

some sort of a co-ordinated wage policy or income policy. I have myself been saying this for the last few months since I took over Finance Ministry. But merely by my saying so, a co-ordinated policy does not by itself come about. Naturally it will have to be evolved. It will have to be evolved by the implementation of our policy in different fields of economy. But ultimately we will have to take into consideration this very important problem that unless we have got some co-ordinated approach in this matter, things are not likely to improve as we want them to improve. If it is a question of mere acceptance in theory or principle about the necessity of having a coordinated income policy or wage policy, I am one with you. This will have to be done in course of time. Unless it is accompanied by this approach, planning itself is likely to be disturbed at different levels in different periods.

Sir, now coming back to the prices, particularly this price rise which is phenomenal in the recent months. Of course, there has been a price rise in the last three or four years. But from the statistics I find that the persistent pressure on prices started after the middle of November, 1969, and then in January, 1970. Earlier, sometimes it rose; sometimes it was stationary. But after March, 1970, it is, gradually increasing, though in the recent weeks there was some sort of a downward trend. But I do not say that it is very significant. But we sincerely hope that some of the steps that we have taken during the last few months, may assert themselves and help it to go down further. But it is a matter of observation. We will have to wait and see how far ultimately it goes. Recently we have taken certain steps. I am coming to those exact steps that we have taken.

Sir, it is true that although the general index has shown a declining trend during recent weeks, the present price level, when compared to the position a year ago, remains significantly higher. The general index in terms of monthly averages in November 1970 is higher by 7.3 per cent as compared to its level a year ago.

Let me say here that Mr. Arjun Arora gave some figures about the consumer rice index. I do not deny his point. But the only difficulty why we do not make use of it, is in the availability of the consumer price

figures there is a certain time-lag. But even from a comparison of the general index with the consumer index, I do not think there is any difference, because it confirms the same trend.

So, now, Sir, 7.3 per cent is the price rise indicated by the general index. But if we actually look at it item-wise, we find that there are at least some commodities where prices are showing a downward trend. That also has to be taken note of. Of course, their general effect on the wholesale prices is not so significant. What does it show? Now, for example, if we take foodgrains, cereals, wheat, jowar, bajra, pulses, gram, etc., we find that there is a decrease in the prices compared to the level in March, 1970.

At least it has shown that we were wrong when for years we were attributing price rise to shortages of cereals only. Our presumption that food prices were the basic determinant of the price structure and unless we make some improvement in the food position nothing is going to improve has been disproved. Now it seems that although the prices of essential part of the food item are showing a downward trend, it is not affecting the general price trend in the whole economy. So we will have to think in some other terms. At least this one position seems to be partly disproved, possibly because of the change in the pattern of economy—that also may be the reason for that. It is true that merely increasing the production of food is not going to affect the entire field of economy but it cannot be denied that when there is an increase, wherever there is an increase in production in certain items, the prices of those items are certainly affected.

SHRI S.D. MISRA : Is it not a fact that even the food prices have gone beyond 7 per cent during this period?

SHRI Y.B. CHAVAN : My point is, in the case of cereals, for instance if you say foodgrains, I can give you if you want.

SHRI A.P. CHATTERJEE : According to you even rice has shown an increase in price.

SHRI Y.B. CHAVAN : During the last nine months there is a decrease of 5 per cent in prices of foodgrains. In the case of cereals it is a decrease of 5.4 per cent, in the case of wheat the decrease is 13.5 per cent, in the

case of bajra the decrease is 22.9 per cent and in the case of pulses it is 3.3 per cent and in the case of gram it is 21.3 per cent decrease.

SHRI S.D. MISRA : Please also give the increases.

SHRI Y.B. CHAVAN : I have accepted your point that there is increase in the wholesale prices. I have not disputed that point. Do not say that I am trying to disprove that. I have accepted that. What I am trying to prove is that whenever we have succeeded in our effort to increase production, the prices are affected. This is all that I say. So ultimately one thing emerges that wherever there is a definite way to increase production, there is a way-out. Naturally we will have to find out how we could have similar impact on the other items. This is the case I am making. In the industrial sector the manufacturing prices also are going up but the major factor in that area is certainly the prices of oilseeds, cotton, etc. and in these there is certainly an increase. So the question of production does arise. We have not been able to make that break-through which we achieved in the case of wheat for example. It is a question again of emphasising and trying to work out very effective programmes and trying to achieve whatever we can do about it. I do not want to give all the details but some-body said—I think Mr. Moha—that it is a case of complete failure of the Government or neglect on the part of the Government and so many hard words he tried to use. I am glad he knows these words. Possibly we can make use of them against him very very effectively sometimes. But I can give some figures. For example, in the case of cotton, with the object of producing long-staple cotton, by adopting intensive cultivation methods through package scheme, 4.54 lakh hectares were covered. An additional area of 4.76 lakh hectares are to be covered during 1970-71. I am giving all these details. The same type of efforts are made about oil-seeds, about the development of sugarcane and the development of banana and the development of cashewnuts. All these efforts are being made. It depends on how quickly we reach that stage which we have reached in the case of wheat. So these are the attempts that one should make. If anyone asks me, "what are you going to do about the prices, I cannot merely

say, "prices, you are arrested", 6 P.M. as a constable or a policeman tells an accused. I just can't say so. The Finance Minister has to work in different fields of economic activity and try to introduce measures which would ultimately affect the prices. Our production is lagging behind, so we are to think of new measures and new steps, and we shall have to plan for higher production. Now, it cannot be planned in a day; it will have to be planned on a long-term basis. Naturally we should be held responsible if we do not produce results in a given long term. Then, certainly it can be said that we have failed in this job. The same thing was said about wheat also, and the other cereals, but ultimately we reached the stage when we could do it. The question of increasing productivity in these matters is a very vast problem. This is a very vast problem in the field of agriculture, because ultimately everything connected with increase in agricultural production has to go to the cultivator. He has to know the new techniques. The equipment for the new techniques will have to be given to him. So it is a long process. I think most of us, who are aware of the problems of agricultural development, will realise this thing. In the case of industrial activity, you can certainly concentrate. But agriculture is highly decentralised and spread out. For that we are anxious to pursue a programme intensely over a reasonable length of time. Then alone you come to results. Now, Sir, this is about production. We have taken many other steps also. I would like to mention them hurriedly if you permit me to do so. Now in the case of food prices, why are they low? It is because we have been able to work out certain buffer stocks of food grains. Even then, as we have seen, we have to maintain the system of distribution of food in a particular manner. Even with the increase in food production, when we have to see that things reach the consumers properly, it is a very common proposition that there must be a certain better system of distribution as well. And it is being done in the case of food. Therefore we have got better results in food.

SHRI K.S. CHAVDA : Why don't you abolish the Zonal system?

SHRI Y.B. CHAVAN : This is again a point, the usual point made in this connection, be-

[Shri Y. B. Chavan]
cause we try to think in terms of some slogans.

SHRI S. D. MISRA : It comes from that side.

SHRI Y. B. CHAVAN : No, no.

SHRI S. D. MISRA : It generally comes from that side. That side is expert in slogan creation and slogan-mongering.

SHRI Y. B. CHAVAN : We have done it simultaneously, together, sometimes.

SHRI ARJUN ARORA : Your slogans do not appeal to people.

SHRI Y. B. CHAVAN : Now in the case of industrial production, as I have said, we have certainly the scarcity and shortfall in industrial raw materials. But we have quite an ambitious programme for imports of these materials. During the 1969-70 season about nine lakh bales of cotton are estimated to have been imported as against 4.4 lakh bails in the entire season of 1968-69. For the *vanaspati* industry soyabean oil is imported and in the current year more than one lakh tonnes of imports have been arranged. Further to relieve the pressure on the limited domestic oil supplies, substantial quantities of mutton tallow are being imported for the soap industry. The position with regard to the availability of other basic raw materials is also reviewed from time to time and imports are arranged, subject to the availability of foreign exchange, to make up for the shortfall in domestic output. For instance, a higher quantity of raw rubber was imported in 1969 to ensure a regular supply to the rubber industry. Imports of steel are being arranged in order to relieve the present shortage of this basic material. Raw wool is also being imported in a sizable quantity. Now this shows that these are the pragmatic steps that we have to take from area to area.

SHRI A. G. KULKARNI : But the point is what is the investment during the Fourth Five-Year Plan period in the strategic raw materials which are showing a tendency to become scarcer. There is no certain development in the new groundnut strains where more yield can be had. There is no research on the cotton which can give more yield. What are Government's efforts on them ?

SHRI Y. B. CHAVAN : Your line of argument is all right.

SHRI A. G. KULKARNI : The import is not proper.

SHRI Y. B. CHAVAN : Of course, it is not an answer to the problem and that is why I tried to deal with the production first.

Ultimately import is not the final solution. I agree with you. I was referring to the efforts that we are making for increasing production. There also I had mentioned that certainly it required further looking into. I do not say that everything is being done. Naturally this point I will have to take up with the Agriculture Ministry. They feel that they are taking steps for the production of these items in accordance with the Fourth Five Year Plan. Whether they have done it or whether these are good results or not is certainly a matter into which we can go in greater detail.

SHRI S. D. MISRA : How does the Minister justify agricultural production in terms of cotton, etc. ? As Finance Minister, of course, it must have come to his knowledge that during the last eight years the production of cotton has just been fluctuating between 52 and 58. It has not been increasing. Has the Agriculture Ministry of the Government of India done anything ? I can understand the two years of drought. They were very bad years even for commercial crops, but how is it that the figure even this year is expected to be 57, according to Government's figures ? According to the States it is going to be 54. How do you justify this ?

SHRI A. G. KULKARNI : The provision of Rs. 16 crores comes to one rupee per acre for cotton development.

SHRI Y. B. CHAVAN : I think it is a very relevant point and we will discuss it when we discuss the Plan itself.

SHRI M. M. DHARIA : The hon. Finance Minister should discuss it with the Minister of Foreign Trade, because unfortunately the control of cotton production is not with the Food Ministry.

(Interruptions)

SHRI Y. B. CHAVAN : Production is with the Agriculture Ministry and distribution is with the Foreign Trade Ministry. Therefore, possibly I can accept your suggestion that I will have to discuss it with both of them. I entirely agree with you.

SHRI BABUBHAI M. CHINAI : We discussed it in the Consultative Committee. The Minister of Foreign Trade says that when he

asked for Rs. 10 crores, they did not get Rs. 5 crores or even Rs. 3 crores. They have been given Rs. 90 lakhs. How do you expect to increase the production of cotton? (Interruption)

SHRI Y.B. CHAVAN: I do not know to what he is referring and I have no facts about what he has said

SHRI S. D. M SRA : Cotton.

SHRI Y. B. CHAVAN : May be about cotton, but I have to find out exactly for what purpose the Foreign Trade Ministry asked the money. I am trying to see whether our thinking in the matter is correct or not. If there are any failures in this respect, naturally to that extent I will say that the Government will have to be held responsible and the Government will have to come forward and say these are the reasons. I was coming to the other points, the steps that we are taking. About the measures taken by the Reserve Bank of India, etc. I have many times repeated on the floor of the House the steps that they have taken. Some people think these are the normal things and they do not produce results. I think they do produce results. A series of steps have already been taken. The forward transactions also create problem. The Forward Contracts (Regulation) Act empowers the Government to take steps for curbing speculative activities in the trade in major commodities. There has been, for some time, a ban on forward trading in foodgrains and major oilseeds. In view of the abnormal rise in the prices of cotton, Government felt the need for tightening up the marketing of cotton in the country. To this end, futures trading in kapas has been suspended with immediate effect and the period of non-transferable contracts in cotton has been, with immediate effect, reduced from six months to three months. Steps are also being taken to secure the registration of all N.T.S.D. Contracts for the sale or purchase of cotton in excess of 1,000 bales entered into under the auspices of the East India Cotton Association. State Governments have also been requested for their cooperation in securing movement of kapas from the farms to the markets and persuading cooperative societies to help in augmenting the ready availability of cotton. Some other steps are being taken. One is the selective use of price and distribution controls. I think it is much better that I

also give some information about this. The position in regard to the use of price and distribution controls in respect of individual commodities is reviewed from time to time. At present statutory price controls exist on a number of goods—such as popular varieties of cotton cloth, sugar, vanaspati, cement and kerosene oil. In order to maintain prices at reasonable level statutory price control was imposed on synthetic rubber in December, 1969 and on aluminium and its products in March 1970; in respect of drugs and medicines statutory price control has been further strengthened. In addition to statutory price controls, recourse is also taken to informal price controls whereby the manufacturers are restrained from raising prices without the approval of the Government. At present such informal price control is exercised in respect of soap, matches, rubber tyres and tubes, bicycles, iron and steel, hurricane lanterns, and dry cells for torches. This is also another area where we can take steps, and I am merely conveying this information that we are quite sensitive to this aspect of the problem, and we are constantly reviewing the matter from time to time and taking necessary steps.

Some Members said that there are certain contradictions in the present economy. I think there are some contradictions but not contradictions of the type that Mr. Chatterjee referred to. He was trying to build up certain ideological considerations. Here we are confronted with one particular aspect. I myself find contradiction about it. This is about the price rise that we sometimes give for procurement of food articles. From the economic point of view one feels that there is a case for doing so. But if you look at it from the production point of view, it is very difficult to say that whatever we do is likely to be helpful. I am myself in doubt about it. I am mentioning my own dilemma because there has to be incentive for further production—the price rise also at least to a certain extent in certain circumstances becomes a necessary incentive for further production. That also cannot be forgotten. These are some of the contradictions that we will have to solve in times to come. I am not making any case to disprove this price rise, but by mere argument this cannot be solved. We are certainly taking it as a challenge that will have to be accepted. With the co-operation of everybody concerned we will have to solve the question. (Interruption)

[Shri Y.B. Chavan]

I hope Shri Babubhai Chinai will also co-operate with me. I am trying to get the co-operation of Mr. Chatterjee, but I am afraid I will never get it. When the point is made that wages must be linked with production, it does not mean that there is going to be a suppression of the working class. He was mentioning a larger point because this also becomes a part of the income, wages and wealth policies. The idea is not to suppress. I am very glad that Mr. Goray also mentioned about certain categories of specialised workers taking advantage of their own organised position. He mentioned certain cases. That is really happening. If we take note of the problems of dearness allowance etc. of certain classes of wage-earners, we have also to see the large section of society which is not wage-earners. We have to take note of the unorganised sector of workers, they are also working.

SHRI CHITTA BASU : Are you only expressing sympathy ?

SHRI Y. B. CHAVAN : We are also trying to do something. Somebody mentioned that we are merely talking in terms of political slogans when we say we want to provide employment to half a million people. It is not just a slogan. We are working on that. I did not want to turn it into a political discussion. I really wanted to treat it as a practical pragmatic question before us, how through various measures we can solve the question. I have indicated as laid before you some of the steps we have taken in this matter.

MR. DEPUTY CHAIRMAN : The House stands adjourned till 11 A.M. tomorrow.

The House then adjourned at fifteen minutes past six of the clock till eleven of the clock on Wednesday, the 9th December, 1970.