

SARDAR IQBAL SINGH : As far as the request for loan is concerned, we do not give the loan direct to the State Transport Corporation. The Finance Ministry gives loans to the State Government and it is for the State Government to distribute them to other agencies.

SHRI A. P. CHATTERJEE : The State Government had no finance.

SARDAR IQBAL SINGH : Regarding the second part of the question, I agree that 47 per cent of the buses are more than ten years old and 72 per cent are more than five years old. I have already said that in 1967-68 only 2 buses were added to the fleet, and in 1968-69 only 39 buses were added and in 1969-70 only 52 buses were added. If we do not augment the renewal programme, it is bound to lead to a situation which we have today in Calcutta. Only 51 per cent of the Calcutta fleet is in operation, the other 49 per cent is not in operation. For that we have given foreign exchange of Rs. 70 lakhs so that the buses may be renovated and put on the road. For the others, we are going to replace 47 per cent, during the Five Year Plan period.

MR. CHAIRMAN : Next question.

Re Starred Question No. 34.

SHRI NIREN GHOSH : May I submit that this question could be turned into a Short Duration Discussion? We cannot do justice during the Question Hour.

MR. CHAIRMAN : If it is the view of the Members that there should be some discussion on this, I am prepared to agree and we will have to find sometime for the Short Duration Discussion.

SHRI SUNDAR SINGH BHANDARI : As soon as possible.

SHRI GODEY MURAHARI : The Minister may give the reply.

MR. CHAIRMAN : This time may be occupied in putting questions That might help your discussion also.

श्री राजनारायण : जब इस सम्बन्ध में बहस होगी तो इस समय पांच मिनट खर्च करना अनावश्यक है।

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

श्री श्यामनन्दन मिश्र : उन्हें रिप्लाय देने दीजिए ताकि हम इस चीज पर सोच सकें।

STEPS TO CHECK RISING TREND IN PRICES

*34. **SHRI KRISHAN KANT† :**

DR. SALIG RAM :

SHRI RAJENDRA PRATAP SINHA :

SHRI ARJUN ARORA :

SHRI M. H. SAMUEL :

SHRI K. L. N. PRASAD :

SHRI N. G. GORAY :

SHRI J. S. TILAK :

SHRI KALYAN ROY :

SHRI BHUPESH GUPTA :

SHRI S. D. MISRA :

SHRI CHITTA BASU :

SHRI NIRANJAN VARMA :

SHRI J. P. YADAV :

SHRI DEBIPRASAD CHATTERJEE :

SHRI N. P. CHAUDHARI :

SHRI T. G. DESHMUKH :

SHRI N. K. SHEJWALKAR :

SHRI S. S. MARISWAMY :

SHRI LOKANATH MISRA :

SHRI A. G. KULKARNI :

SHRI LAL K. ADVANI :

SHRI SUNDAR SINGH BHANDARI :

SHRI PREM MANOHAR :

SHRIMATI VIMAL PUNJAB DESHMUKH :

Will the Minister of FINANCE be pleased to state :

(a) whether there has been a rising trend in prices of essential commodities and industrial raw materials during this year, if so, the details thereof and the reasons therefor; and

(b) the various steps taken by Government to check the rise in prices and the results achieved thereby ?

THE MINISTER OF FINANCE (SHRI Y. B. CHAVAN) : (a) and (b). Yes, Sir. A statement is laid on the Table of the House.

STATEMENT

A table giving monthly averages of the indices of wholesale prices (1961-62=100) of essential commodities and industrial raw materials from March, 1970 onwards and also indicating the order of price rise over the year is attached. [See Appendix LXXIV, Annexure No. 4].

During the current fiscal year the general index of wholesale prices has risen by 4 per cent, that of food articles by 5 per cent and of industrial raw materials by 3.7 per cent. Compared to prices prevailing a year ago the wholesale price index shows a rise of 6.8 per cent. While the index of food articles has advanced by 6 per cent, that of industrial raw materials has risen by 11 per cent and of manufactures by 7.8 per cent. Among food articles, largest price increases have been recorded by edible oils (16.3 per cent), milk and milk products (14.2 per cent), fruits and vegetables (13.8 per cent) and coffee (40.7 per cent). The price index of foodgrains, on the other hand, shows a decline of 0.5 per cent over the year. While rice shows a rise of 3 per cent, wheat and coarse grains have come down. Prices of bajra have declined by as much as 25.7 per cent over the year.

The rise in the price index of food articles is, therefore, attributable mainly to such items as potatoes among fruits and vegetables, milk and milk products, edible oils and coffee. In the case of potatoes and coffee the price rise is due to shortfalls in their production. In the case of milk and milk products, the increase in price is to some extent seasonal; it also reflects the greater demand from a rapidly rising population. Inadequate production of oilseeds coupled with the presence of speculative elements have been responsible for the rise in the prices of edible oils and vanaspati.

In the case of industrial raw materials, the index shows a rise of 11.0 per cent over the year. The principal items showing a substantial rise are raw cotton (12.4 per cent), raw jute and mesta (44.2 per cent), groundnuts (9.9 per cent), castor seeds (20.5 per cent) and copra (37.7 per cent). The pressure on prices of these items is explained largely by reduced availabilities of these commodities. The

technological break-through in agriculture so far has not had an impact on commercial crops although it has been the Government's constant endeavour to increase the product of these commodities.

In the case of manufactures, the increase over the year, works out to 7.8 per cent and reflects partly the impact of increase in the prices of industrial raw materials and partly the effect of increases in wage costs. Part of the pressure on prices may also be attributed to faster growth of money supply.

The Government has been trying to keep prices under check through its fiscal and credit policies as well as through various measures designed to increase production and augment supplies of such commodities in short supply. In order to curb excess demand and speculative activities, a number of measures have been taken to control the credit available to industry and trade in respect of commodities subject to price pressures. Since January 1970, the Reserve Bank has been seeking to reduce the volume of credit as also making it more costly with respect to the holding of particular commodities. The measures taken by the Reserve Bank of India relate mainly to raw cotton, oilseeds and foodgrains. In addition, liquidity requirements have been successively raised during 1970 so that, today, the net liquidity ratio has been raised from 30 per cent to 33 per cent. The latest directive in this regard was given towards the end of August, 1970 and would have helped in restraining the contra-seasonal expansion of credit. The selective credit controls in respect of cotton and oilseeds not only prescribed stiff margins but also fixed the minimum rate of interest at 10 per cent, which has subsequently been raised to 12 per cent. For foodgrains, the minimum rate is 10 per cent. With the start of the 1970-71 busy season, it has, however, become necessary to relax the restrictions relating to cotton and oilseeds.

Efforts are also being made to arrange larger imports in the case of commodities in short supply, e.g. cotton, soyabean oil and tallow. During the 1969-70 season nearly 900,000 bales of raw cotton were imported as against 440,000 bales in 1968-69. Imports of more than 100,000 tonnes

of soyabean oil have already been arranged for the current fiscal year. To further increase the availability of important raw materials at reasonable prices, the Government has set up an Industrial Raw Materials Assistance Centre to organise bulk import of raw materials for sale to actual users. Imports of certain varieties of steel have been arranged in order to overcome the current shortfalls in the availability of this essential item.

The Government has continued to take special measures to protect the interests of the vulnerable sections of the population in the face of rising prices. The procurement operations of the Food Corporation of India are being maintained with vigour; the total stocks of foodgrains with the Government (Centre and States) amounted to 4.7 million tonnes as at the end of September, 1970. The Government stocks are distributed through ration and fair price shops; as of September 18, 1970, the number of such shops was 130,000. Supplies from the public distribution system during January to September, 1970 at 7.3 million tonnes were slightly higher than in the corresponding period of last year.

As regards other essential commodities, the Civil Supplies Organisation at the Centre keeps close liaison with similar organisation at the level of the States. The Commissioner for Civil Supplies keeps under constant watch the availability and price trends of 20 essential commodities and, wherever shortages are reported, an effort is made to remove bottlenecks through direct contact with manufacturers or their agents. The Government have armed themselves with powers to control the distribution and prices of essential commodities under the Essential Commodities Act 1955, and State Governments have been delegated necessary powers in this regard.

It will thus be seen that the Government are fully alive to the situation and have been taking all necessary measures for controlling rise in prices. It is, however, inevitable that there would be a certain time-lag between the taking of remedial steps and their full impact. The problem is, admittedly, of a continuing nature and the Government realises that in the ultimate analysis, increased production is the

only answer to higher prices. The fiscal policy of the Government has been attuned for the purpose of giving incentives for savings, investments and higher rate of development.

MR. CHAIRMAN : We are going to have a discussion.

SHRI ARJUN ARORA : I may not get an opportunity in the discussion.

If you give an assurance that all the people whose names are there will get an opportunity then I will be satisfied.

MR. CHAIRMAN : I thought the House was agreeable to have a discussion. We go to the next question.

GURUMUKHI AS SOLE MEDIUM OF INSTRUCTION

*35. SHRI A. D. MANI : Will the Minister of EDUCATION AND YOUTH SERVICES be pleased to state :

(a) whether it is a fact that the Punjabi University of Patiala has decided upon Gurmukhi as the only medium of instruction in the pre-university classes for the 1971 examinations;

(b) whether the Central Government was consulted in the matter; and

(c) whether any representations have been made to the Minister in respect of this order ?

THE MINISTER OF EDUCATION AND YOUTH SERVICES (PROF. V. K. R. V. RAO) : (a) The Punjabi University has decided that Punjabi (the regional language) will be the medium of instruction and examination for the Pre-University classes with effect from the academic session of 1970-71. The University has also allowed English as an alternative medium for purposes of examination to the following categories of students :—

(i) Candidates passing Matriculation or equivalent examination, with English as their medium of examination;

(ii) Non-Punjabi candidates joining correspondence courses from the States other than Punjab.

English may also be allowed as a medium of examination in certain cases involving genuine hardship.