

earlier, we had as many as 20 and 10 parties who gave their quotations and out of them this party was selected after due care and examination.

SHRI A. G. KULKARNI: What is the performance of the new contractor?

SHRI C. M. POONACHA; I would require notice, Sir.

SHRI A. G. KULKARNI: Is it a new party or the same old party?

SHRI C. M. POONACHA: It is a new party, not the old party.

SHRI NIREN GHOSH: What was the necessity of giving this project on contract? Did the Railways not have sufficient personnel, technical know-how, etc., to undertake the construction work on their own?

SHRI C. M. POONACHA: Sir, this is in respect of earth-cutting and excavation work which is normally done through contractors.

#### **RISE IN PRICES OF CONSUMER GOODS**

\*381. SHRI R. P. KHAITAN: Will the Minister of INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the rise in prices of consumer goods is on account of shortage of raw materials and the setting up of more industries;

(b) which are the consumer industries facing shortage of raw materials; and

(c) whether there is any proposal -under Government's consideration to the effect that no industry will be allowed to be set up without the adequate supply of raw materials?

#### **THE DEPUTY MINISTER IN THE MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS**

FAIRS (SHRI BHANU PRAKASH SINGH):

(a) Rise in prices of consumer goods is due to various reasons —one of these may be shortage of raw materials. Setting up of more industries should not raise the prices, on the other hand it should improve the price situation because of increased competition.

(b) Shortage of raw materials has been felt mainly by the consumer goods industries falling in the non-priority category. Some of these are included in the list attached. [See below.]

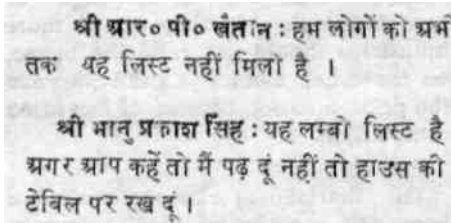
(c) No, Sir. Generally satisfactory arrangements for supply of raw material is a criterion for allowing new industries to come up.

*List of Consumer Goods Industries which have been facing raw material shortage*

1. Sewing Machines.
2. Duplicators.
3. Oil Pressure Stoves and lamps.
4. Typewriters.
5. Zip fastners, Snap fastners.
6. Packing and Jointing and Mechanical toys.
7. Hurricane Lanterns.
8. Domestic Buckets.
9. Clocks.
10. Time-pieces.
11. Watches.
12. Domestic utensils.
13. Sanitary fittings.
14. Safety pins.
15. Steel furniture.
16. Safety Razor blades.
17. Safety Razors.
18. Cotton Textiles.
19. Sugar.
20. Vanaspati.
21. Fountain Pen including Ball point.

22. Spectacle Frames.
23. Baby Food.

(This is not an exhaustive list).



SHRI NIREN GHOSH: How can supplementaries be put without a list of consumer goods industries?

MR. CHAIRMAN: You would like the Minister to read out the list.

SHRI R. P. KHAITAN: Yes, Sir.

SHRI BHANU PRAKASH SINGH: I will read out the list:

1. Sewing Machines.
2. Duplicators.
3. Oil Pressure Stoves and lamps.
4. Typewriters.
5. Zip fastners, Snap fastners.
6. Packing and Jointing and Mechanical toys.
7. Hurricane Lanterns.
8. Domestic Buckets.
9. Clocks.
10. Time-pieces.
11. Watches.
12. Domestic utensils.
13. Sanitary fittings.
14. Safety pins.
15. Steel furniture.
16. Safety Razor blades.
17. Safety Razors.
18. Cotton Textiles.
19. Sugar.
20. Vanaspati.
21. Fountain Pen including Ball point.
22. Spectacle Frames.
23. Baby Food.

This is not an exhaustive list. There are so many other items also.



श्री फखरुद्दीन अली अहमद : जिन वक्त कि लाइसेंस दिया जाता है उस वक्त इस बात का लिहाज रखा जाता है कि कितना रा मैटेरियल अवैलेबिल है और उसी को बेसिस पर लाइसेंस दिया जाता है ।

SHRI K. SUNDARAM: Sir, I am referring to the wheat-flour milling industry in the Southern zone. There have been licensed a number of flour mills during the last four or five years, but the wheat supply is far inadequate for their requirement. In spite of that a number of unauthorised flour mills have come up. Will the Minister let us know why the three Committees which have been appointed to go into this matter of the grinding capacity of the existing flour mills have not come out with their decision so far? May I know further from the Minister whether they have any intention of stopping further installation of flour mills in the Southern zone?

SHRI FAKHRUDDIN ALI AHMED: it is true that in some case a large number of flour mills have been given licences without having regard to the raw material available for the purpose of processing. In fact, this matter is being enquired into and we shall see to what extent we can control this tendency.

SHRI ARJUN ARORA: The reply to part (a) of the question read by the learned Deputy Minister is extremely theoretical. The reply says: "One of these may be shortage of raw materials". "May" also includes "may not". May I know whether the Government have conducted any study of the problem, and is the Government able to say to what extent and in what industries the rise in prices is due to wastage of raw materials? Secondly, may I know, Sir, whether the Government is aware of the fact ...

SHRI BHANU PRAKASH SINGH: Does the hon. Member want to know or does he not want because he says "May I know"?

SHRI ARJUN ARORA. If you are unable to tell me I will not know, howsoever I may want to know. Secondly, I want to know whether the Government have applied its mind to the fact that the rise in prices of certain commodities is due to a still-persisting scarcity and that scarcity is due to the licensing policy? The Government issues licences particularly in the case of automobile parts and other industries but they are not used; they are kept safe in the lockers of the licensees, and the Government says that the plant capacity has been licensed and smaller industries are denied licences. Thus scarcity is perpetuated.

SHRI FAKHRUDDIN ALI AHMED: Sir, it has been pointed out that shortage of raw material is one of the factors on account of which prices may have risen. There are other factors such as labour unrest in cer-

tain areas, shortage of power, transport difficulties and various other factors which, all combined together, have contributed to the rise in prices.' Therefore, it was only pointed out that raw materials also may be one of the factors though it is not the only factor. It is only to emphasise that the word "may" has been used.

So far as the other question is concerned, namely licences given to the engineering industry have not been utilised and, therefore, some people have been denied their right, that matter is under examination and we shall see to what extent we can remedy this defect where such people who were genuine applicants for the purpose of licences have not been given these licences because certain other people have been cornering those licences.

SHRI ABID ALI: May I know, Sir, if it is not a fact that following indiscriminate issue of licences for some of those articles which were already being manufactured in India some engineering workshops have been closed down, and also workshops which were manufacturing transistor parts? Consequently a large number of workers have been rendered unemployed and valuable exchange has been wasted. Will the Government kindly look into the matter and revise their policy and while issuing licences they should safeguard that no licence is issued for an article which is manufactured in the country?

SHRI FAKHRUDDIN ALI AHMED: What the hon. Member has in view is regarding the import licences. I can assure him that I have passed strict orders that even in respect of import licences which have been issued, if we find that any of those commodities are indigenously manufactured, then those licences will be reconsidered.

SHRI BANKA BEHARY DAS: I agree with the Minister that there are various factors which have helped in

the rising of prices, and one of the important factor is lack of raw material]. You know, Sir, that in the sugar industry when there was enough of sugarcane, the price of sugar was also going up. May I know, Sir, from the Minister whether the major cause of rising prices particularly about the consumer goods is the restrictive trade practices and also monopolies? Does he agree with me that unless this is checked the tendency of rising prices cannot be checked in this country?

**SHRI FAKHRUDDIN ALI AHMED:** It is very difficult to say that in all cases restrictive trade practices are responsible for the rise in prices. We are aware of the fact that in certain cases it is there, and for that purpose necessary steps are going to be taken.

**SHRI SANTOKH SINGH:** There is shortage of raw material for the chemical industry. In the case of priority industries they are utilising import licences; there is plenty of raw material. As a matter of fact, 40 per cent, of the import licences have not been utilised. May I know, Sir, if the hon. Minister is prepared to reconsider the policy of licensing in respect of priority industries and extend this list?

**SHRI FAKHRUDDIN ALI AHMED:** Will the hon. Member repeat his question?

**SHRI SANTOKH SINGH:** Sir, there is shortage of raw material for consumer industries. In the case of 59 priority industries there are plenty of liberalised import licences. That means there is plenty of raw material available to them, so much so that about 40 per cent, of the import licences granted to them have not been able to be utilised. In that case, will the hon. Minister think in terms of revising the licensing policy in respect of priority industries and extend this list beyond 59?

**SHRI FAKHRUDDIN ALI AHMED:** Sir, this matter is examined from \

time to time and if it is found that certain provisions made for the priority industries have not been utilised, we shall certainly consider the question of utilising the unutilised part for non-priority industries.

**SHRI NIREN GHOSH:** In the answer it has been mentioned that the cotton textile industry is facing a scarcity of raw materials. May I know whether it is a fact that unsold stocks are accumulating and the textile goods, prices are rising, and not falling though the stocks are accumulating? If so, may I know whether this is due to profiteering or new taxation or blackmarketing or what? Again, the unutilised licences create scarcity in the industries. Which business houses' are involved in this practice of not utilising the licences? May I know the names of those houses? May I also know whether those licences would be cancelled and new licences would be granted to new entrepreneurs?

**SHRI DINESH SINGH:** Sir, the hon. Member has mentioned about cotton. I shall be making a statement on cotton and jute immediately after the Question Hour.

**SHRI NIREN GHOSH:** But the other part of the question is for the Industries Minister to answer. I wanted to know what business houses are involved in not utilising the licences granted to them and thus creating scarcity and contributing to rise in prices. I also wanted to know whether those licences would be cancelled and new licences will be granted to new entrepreneurs.

**SHRI FAKHRUDDIN ALI AHMED:** That matter will be considered on merits.

**SHRI M. V. BHADRAM:** May I know the steps taken by Government or proposed to be taken by Government to check the prices of consumer goods at least? , j

SHRI FAKHRUDDIN ALI AHMED: Sir, the question has already been asked and we are taking necessary action so far as the consumer goods are concerned. So far as ' consumer goods in my Ministry are concerned; cement for example, we have seen that no price is allowed to rise. In fact, the rise of price so far as cement is concerned has been only 0.5 per cent, since devaluation. Similarly, there are other industries also where, after informal consultations, we see that the prices are not allowed to rise. But where on account of raw materials which depend on agricultural production, the prices have increased, it has been difficult for us to check it. But I hope that after a good monsoon when the agricultural produce comes in a bigger way in the market, it may be possible for us to check the prices.

*(Several hon. Members stood up)*

MR. CHAIRMAN: I shall come to every one of you. I know you are all anxious to put questions on important things. I shall give every one of you a chance. I shall see that every party is represented properly. I shall distribute the questions among all the parties. But you must also have patience. You must also rely on my judgment in these matters. Mr. Lokanath Misra.

SHRI LOKANATH MISRA: It seems that the hon. Minister is trying to explain away many of the mistakes and deficiencies of their own policies. May I know whether it is not a fact that the restrictive policies of the Government at different stages are an incentive for the price ceilings and whether he does not consider that it would be better to fix prices for all consumer commodities and abolish controls so that there would be fair competition in the field and those who would not like to get into a healthy competition would themselves automatically get eliminated from the field?

SHRI FAKHRUDDIN ALI AHMED: Sir, the policy of the Government is

increasingly to decontrol and as the hon. Member may have seen, during the last few months we have decontrolled a large number of commodities.

SHRI KRISHAN KANT: May I know, in view of these large-scale malpractices and racketeering going on in the consumer goods industries in the private sector, whether the Government will consider taking these consumer goods industries in the public sector?

SHRI FAKHRUDDIN ALI AHMED: Sir, as far as possible, we are trying to take over industries in the public sector. But first of all, we must confine our attention to basic industries. We have so far left consumer goods industries in the hands of private enterprise and we are thinking of such industries as cement and paper also coming into the public sector as and where it is necessary.

SHRI KOTA PUNNAIAH: The hon. Minister gave contradictory replies to one or two questions. When first asked whether in issuing licences Government conducts a study or makes any survey to find out whether raw materials, cheap labour, transportation facilities, etc., are available for the industry to be set up, he said; "Yes, Government will definitely take these factors into consideration." But then to another question he says that because of the rise in the prices not only the shortage of raw materials but lack of adequate transportation facilities and cheap labour and other factors are also responsible. Once he says that all these factors are taken into consideration before a licence is issued. Then he says that due to factors like transportation, cheap labour and other factors, the prices have gone up. Number of times a number of questions have been asked and in this House regarding the defects in the issue of licences to industries. So, in view of all these things, may I know

whether the Government will take all the relevant factors into consideration and see that new licences are issued only on the merits of these factors?

SHRI FAKHRUDDIN ALI AHMED: Sir, I do not see where the contradiction has arisen. I have been very clear in answering the questions. I have said that while we issue licences, we take into consideration various factors, particularly the availability of raw materials. But at the same time, I have said that the price increase is due not only to the shortage of raw materials but to many other factors. When we are issuing licences, we certainly take all these important factors into consideration. But even after giving the licences, if there is some increase in transport charges or there is shortage of power, failure of power and so on, the price does increase. So there is no contradiction in the replies I have given.

SHRI A. G. KULKARNI: The hon. Minister has rightly stated that shortage of raw materials is not the only factor in the rise in prices. Sir, the Government also knows that restrictive trade practices are followed by the private sector and particularly by the big industries, for taking advantage of the sheltered market in this country, and that the prices are going to rise because of this entire faulty policy in licensing. Is the Government aware also that it is in the interest of the country that the decentralised small-scale sector must come up and that otherwise, the price-rise cannot be arrested? Also, is the Government aware that after all things said and done about a socialist State in this country, the decentralised sector in the small industries is getting only 20 per cent of its raw material requirement in the priority and non-priority ancillary industries? Is not this Government responsible for the increase in prices because they are not supplying to the small industries their due share of raw materials? Even the Small-Scale Industries

Board has umpteen times requested the Government to revise their policy so as to supply to the small industries raw materials at par with the private sector big industries. This is the only way by which the Government can arrest the rise in the prices of consumer goods . . .

*(Interruption)*

MR. CHAIRMAN: You are making a speech.

SHRI A. G. KULKARNI: Sir, I am following Mr. Rajnarain's technique in putting questions. May I know whether small industries will get more raw materials?

SHRI FAKHRUDDIN ALI AHMED: I am grateful to the hon. Member for the various observations he has made which we have been considering. He asked a question towards the end whether the Government would see that more raw material is made available to the small scale industries. My reply is: 'Yes, that is our effort'.

DR. M. M. S. SIDDHU: Has the attention of the Government been drawn to the address at the Electronic Seminar recently held in Hyderabad where the Scientific Adviser to the Department of Defence Production has drawn the attention of the Government that due to lack of raw materials in the electronic industry not only is the defence production likely to be hampered but also in the long run we will have to be dependent on larger imports of the finished products in electronics?

SHRI FAKHRUDDIN ALI AHMED: There is shortage of such raw materials like copper, zinc and so on which are required for these industries and we are trying to import these as much as possible because these are not available within our country and also there is demand for these raw materials from other quarters also but we are doing our best in that respect