

RAJYA SABHA

***SYNOPSIS OF DEBATE**

(Proceedings other than Questions and Answers)

Wednesday, August 4, 2010/ Sravana 13, 1932 (Saka)

GOVERNMENT BILL – INTRODUCED

The Marriage Laws (Amendment) Bill, 2010

MOTION

**Inflationary pressure on the economy and its adverse impact on
the common man**

**THE LEADER OF OPPOSITION (SHRI ARUN
JAITLEY):** I move:

“That this House do consider the inflationary pressure on the economy and its adverse impact on the common man.”

In the last 14 months of UPA-II, we have discussed the issue of price rise and inflation in almost every Session of Parliament and during each debate, this Government has held out assurances in this House and outside this House that it expects prices to moderate very soon. The general inflation has gone into double digit. We seem to be losing faith as far as the assurances of this Government are concerned. On the economic front and the price rise situation, we only find these

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tall assurances for the last 1-1/2 years that prices would soon start to moderate. In fact, the very credibility of the economists who administer the economy of this Government is at stake. They cannot foresee what's really going to happen. Containing inflation or reducing the prices for this Government is like a mirage, is like a drive through a desert. When the debates go on, we are told that we had a bad season last year, there was a drought in some parts of the country, the foodgrain production itself went down and therefore, prices of foodgrain itself got affected. Then we are told the global prices have skyrocketed, the international oil prices have gone out of control.

You had buffer stocks, as far as your shortage are concerned. You had a shortage in production, and yet you have foodgrains rotting. But people are going hungry and because of shortage the foodgrain prices are moving up. It is a kind of callousness and irresponsibility almost unmatched in history. But the truth of the matter is that a very large part that the Indian consumer is today paying really taxes to various Governments. Your oil companies have all made profit. Now, the argument given is that they have made profit because the Government subsidized them. This year, we hope because of a good monsoon we will have a bumper harvest. But, the problem will be where to store this. We have increased the minimum support price as far as the farmer is concerned. The moment we increase the minimum support price, the effect of that increase is that the prices to the consumers are naturally bound to go up. The irony of India's economy is that you have a huge starvation amongst the particular sections and you also have the largest destruction of foodgrains because of bad management of the foodgrains economy.

The two most valuable vegetables, namely, potato and onion have become very costly and this has adversely affected the common consumers. The general inflation rate is over 10 per cent. Food inflation is going up to 23 per cent. This price rise has eroded their purchasing capacity. The citizens are unable to make any savings. The '*dal-roti*' has, thus, got snatched due to the inflation and price-rise. Our entire growth rates have been

affected. Our products cost more than the products of United States or European countries. In our society, inequalities are increasing. While most of the countries have done away with the Whole Price Index, we depend on the same. It does not represent what the exact position of the price rise is. The Consumer Price Index of various categories is somewhat closer to truth.

People with meager money are not in a position to spend money. Really, there is no food shortage; the bad management has caused this price-rise. The imposition of taxes on the oil prices is hurting the consumers. The Government is in an indecisive position and the conditions, specially in the Valley, are deteriorating. Scandals are frequently being committed. We want that our credibility in the Government be retained and decisive steps be taken.

SHRIMATI JAYANTHI NATARAJAN: We cannot refrain from expressing our concern over the inflationary pressure, price-rise and the sufferings, being faced by the ordinary people. At this important time, the Government needs constructive support and advice from the Opposition. On account of the Bharat Bandh on the 5th July, we have suffered heavy losses. It was the unnecessary wastage of public money. The hospitals in Maharashtra, the airports, the markets and the transport means suffered losses due to Bandh. From the last November onward, the inflation rate has come down, though figures are disappointing. I think that particular attention should be paid towards the retail price index instead of whole sale price index. In this respect, the Essential Commodities Act should have been tightened.

I would like to say that the food index stood at 296 at the end of November, 2009 and the same was also the figure in the beginning of July, 2010. However, the factors like Monsoon,

drought and flood in different parts of the country, have been responsible for the price-rise. Now, we should look forward to the Food Security Act. The PDS has to be streamlined to remove the inequitable distribution. We had to increase the prices of petrol and diesel in order to cope up with the international market. Our sales taxes are lower than those of the State Governments. The Central sales taxes are *ad valorem*. We have steeply reduced the customs on crude oil. As far as the Oil Marketing Companies are concerned, they have made meager profit, despite the compensation given by the Government. However, the public sector MNCs are the backbone of energy security. The subsidy unused by them, is diverted towards the social security funds for the underprivileged people. I have such figures, as can dilute the figures of the Opposition. As per the report of the Telegraph, dated 5th July, if the West Bengal Government lowers sales tax on diesel and petrol, it will suffer heavy losses. As a matter of fact, the economy of West Bengal as well as the centre has been more affected by the Bandh than by the price-rise in the petroleum products.

It is absolutely abhorrent to any civilized mind that we should have such huge surplus of food and allow it to rot. About 11,700 metric tons of damaged foodgrains are there as a result of inadequate and improper storage. Previously too, goodgrains have rotten and we really need to ask as to what is this problem. This is an issue that the Government needs to address. Tarpaulin space is not proper at all. In the first rains, it will start rotting. Stringent action should be taken against these people. This foodgrain storage is not something which is merely related with FCI. Farmers sometimes sell it before or after the harvest at a very low price because he does not have storage. Funds should be provided to the famers for the storage.

Central Issue Price under the Public Distribution System for rice and wheat, especially under the Antyodaya Scheme has not been raised at all. The off-take by the States to be put into the Public Distribution System has not been as high as it should be, and that remains in the Central pool. The Government has taken fiscal and administrative measures. Forward trading has been banned. Import duty has been cut. The prices are coming down. I congratulate the Government for taking such effective steps to control inflation and inflationary pressures and help the common man.

BRIJESH PATHAK: In every session, there has been serious discussion on price rise, but of no avail. From 1970 to till date, whenever there was election, the slogan of Garibi Hatao was given to win the election. Whenever the UPA came to power, they continuously hiked the price. Ever since hon'ble Manmohan Singhji took over the throne, prices are on the incessant rise. After independence, Government was formed as per the Constitution, but aam Aadmi got deceived there too. Even today, when some policy is formulated, we remember the poor during elections. Prior by the Government of UPA-I to election, 2009 announcement of drastic reduction in oil prices was made. The 'aam aadmi' of India have provided them power and no sooner than they came to power they increased the petroleum prices steeply without waiting for the Session. Where do the government intend to lead the nation? I want to apprise you of the plight of 'aam aadmi'.

There is acute poverty in the villages of the States like Uttar Pradesh, Bihar, Orissa etc. On the other hand the Hon'ble Ministers who have been entrusted with the responsibilities by the Constitution of India of protecting the interest of the poor, held their meeting in Five Star Hotels. The UPA Government at the Centre has helped in causing price-rise of various commodities in the country. A very

responsible Minister of the Government issued a premature Statement that there would be less production of sugar in the country. This Statement caused hoarding of sugar by the black marketeers in the country. As a result the price of sugar rose very high. Not only that, the Government exported sugar in large quantities at cheaper price and during the crisis it has imported at very high rate. There is heavy price-rise in almost every essential items in the country. This price-rise has severely affected the poor and the common man of the country.

The wrong policies of the UPA Government at Centre are responsible for heavy price rise of various essential items in the country. It is the duty of constitutionally elected government to show concern about the BPL families when there is such a heavy rise in the prices of all essential items. The maximum number of BPL families is residing in Uttar Pradesh. Our leader and the Chief Minister of Uttar Pradesh wrote two letters to the Central Government for making changes in the eligibility criteria so that some more families could be included in the BPL category but the Central Government have not taken any positive steps in this regard. I request the chair to direct the Government to take concrete steps to control the prices of various essential items in the country.

SHRI SITARAM YECHURY: In almost every Session in this House we have been having a discussion on inflation and price rise. The Government has failed in containing the price rise and now the effective measures need to be taken, that is a fact that has been established when this debate has started. The Ruling Benches had said that it is because of a deficit in the monsoons. But, the question is whether we are going to depend only on the monsoons even 60 years after Independence and what action the Government taken in order to invest in agriculture. In the last ten years, the average rate of investment in agriculture is less than 2 per cent of our GDP.

There is a supply-demand mismatch and the problem does not get solved unless there is improvement on the supply-side. That has been woefully inadequate. We hear about high-yielding varieties but

many of the issues that had been raised by the Swaminathan Commission are still not being implemented. We have heard discussions on the quantum of foodgrains that are lying with the Government. We have had the reports which were discussed this morning of at least 3 million tonnes of wheat rotting because there is no space in the Central godowns. There is no other way than universalizing the PDS, and distributing all essential commodities through the PDS if we want to control prices. Unless there is food security in terms of universal Public Distribution System for everybody, it cannot be ensured that nobody will remain hungry in our country. Another factor that has been contributing to this price-rise has been speculation in the trading of essential commodities. Everybody knows that in futures trading and forward trading profits can only be made when there is prices rise. Unless this is completely banned, these prices cannot be controlled. The Government is reluctant to take this step. As a result of this, rich is getting richer and poor is getting poorer in our country. The bulk of our people do not have purchasing power in their hands.

The third point which concretely the Government must do is to immediately reverse or rollback the hike in the petrol products announced in the Budget. I want to raise an important point for the Government to consider. We import crude oil because that is the lifeline of our economy. Crude oil and petroleum imports in our country are like importing foodgrains. The Government will have to seriously consider these sort of taxes should be imposed upon the whether imports of petroleum products. The Government now say where from revenue will be arranged for Bharat Nirman Programmes.

If you want to contain the prices, you will have to reverse the concessions given to the rich. One reason for price rise is given under recoveries or losses to oil companies. But the analyzing the statistics given in the reply of the Minister of Petroleum shows that after adding all profits and refining costs etc. the cost of petroleum per liter works out to be Rs. 18.50 in India and you are selling it at Rs. 53 in Delhi. Why? Even if the taxes are added, it works out to Rs. 27 or Rs. 28. Whom are we fooling? When the cost of production is much less in

India than the international prices, why should consumer pay international price of that product. There are no losses to oil companies. What is the profit that ONGC made last year? The reply of the Minister says Rs. 16,768 crore net profit after tax. Why are we going by the international prices? You are pricing your product in India not on the basis of cost of production in India but on the cost of production of abroad. HPCL earned a profit of Rs. 544 crore in 2009 and BPCL Rs. 834 crore. Stop fleecing people in the name of import parity pricing.

It is said that the major burden of the price rise is because of the taxation of the States. But Rs. 96,000 crores is collected by the 28 states, and an average, each state is collecting Rs. 3, 500 crores, whereas the Centre is collecting Rs. 84,000 crores which is increasing the price. That is why common man is protesting against price rise. So, do not blame the states. States are doing their best to give relief to the people.

There are other avenues for raising revenues. Do not give tax concessions and tax foregone, which was 4.10 lakh crore last year. Instead of giving these concessions, collect the tax and spend it on the common people in order to give them relief. Tax those people who can afford it, rather raising prices in this manner. Please roll back budgetary hikes, universalize the PDS system, ban Future Trading of all essential commodities. You must change your policies and do not afflict all these burdens on aam aadmi.

SHRI N.K.SINGH: Management of the demand and the supply side of the economics are greatly relevant for the overall management of short term and medium term price behaviour. Prices of food are increasing so much that 15 to 20 million new people have been pushed back into poverty. Therefore, the Finance Minister will have to consider what kind of special programme he has to deal with this problem. As far as asymmetry between international prices and Indian prices is concerned, the prices of sugar here have been double the international price. The government must explain the enigma of

falling international prices and unabated continued increase of prices in India.

You do not have storage space, foodgrain is rotting on the one hand and you went on procuring much more than your need for which you do not have space for storage on the other hand. So, you created an artificial situation in the market where you distorted the demand-supply equilibrium, thereby resulting price rise.

We cannot afford to have half times when you deal with complicated issues such as prices. We have about 12 entities that deal with prices, not one of them working in tandem with each other. Please look for more unified arrangement in handling this sensitive and critical national priority.

Different agencies cast different projections thereby effecting our decisions of imports and costs. So, we need to have better food intelligence.

An administered price regime in the petroleum sector is a clear distortion. We are getting a very very high proportion of entire indirect tax revenues just coming from the petroleum sector. You are still leaving petroleum free for very variable action by States and we were not able to persuade the States to apply the same yardstick by bringing petroleum within the orbit of the GST. This will leave an area of uncertainty wide open. You please have a look on what would be appropriate on the overall revenues that Government wishes to garner from just one sector. India, unlike other countries, has made significant progress in increasing the proportionality of direct taxes in the overall revenues. What has been said about WPI and CPI, I fully endorse that point of view. But within the WPI, if you look at the annual inflation figures from 1991 to 2009 and 2010, you come to a strange conclusion. Its percentage had been decreasing in subsequent years. High rates of growth cannot be balanced with keeping inflation at moderat level.

On the supply side, I think that the area which was under cultivation has shrunk, agriculture productivity has scattered. The Agriculture Minister presented the Special Agriculture Action Plan as part of the Eleventh Five Year Plan. We do not know how much of that Action Plan has been implemented and what have been the real gains on improving agricultural productivity trends. We are not satisfied with the implementation of the overall agricultural strategy. We can have a programme for improving food chains and cold chains to bring down the wastage, particularly for fruits and vegetables which have a short shelf life. The Finance Minister has offered a very special package on cold chains. We don't know how much of that package has been utilized. The Government should have a sanguine plan to revamp the Public Distribution System in line with the recommendations of the Wadhwa and the Saxena Committee reports. Besides instead of allowing the grains to rot, you should have resorted to open market operations. I entirely agree that the management of food prices is central to the success of our economic strategy and it is central to our ability to garner a growth rate of 9-10 per cent.

SHRI T. M. SELVAGANAPATHI, making his maiden speech, said: It is an indisputable fact that the country was passing through an unprecedented price rise. No doubt, the common man is affected to a large extent due to the rise in the price of the essential commodities. It is due to the increase in demand and lower levels of productivity in the country. Also, there was a severe drought situation due to the failure of monsoon. Some of the States experienced a heavy flood situation. It is also a fact that the Government has raised the Minimum Support Price for the farmers. The purchasing power of the common man has gone up to a little extent. There is a tremendous mismatch between supply and demand. Under these

circumstances, any Government would have to face this situation. There is no doubt that the Government is monitoring the situation. The Government is serious about price rise. Therefore, we welcome the initiatives, both fiscal and administrative, taken by the Government of India in this direction. The food prices are, no doubt, showing a descending trend. Most of the time, the State Governments are targeted for not tackling the price rise. But, I assure you, through this House, that Tamil Nadu is second to none in tackling the price situation. The essential commodities are available to the common man, at an affordable rate in the State. The scheme called 'one rupee one kilo rice scheme' is being implemented there.

In the State of Tamil Nadu, we have introduced a system called Special Public Distribution System under which every cardholder can get the essential items like pulses, oil, atta, sugar, spices, etc. at cheapest rates. We are proud to say that you don't find this system anywhere in the country. We are also implementing a scheme called Free LPG Connection with Gas Stove to the common man. By providing all these essential items to the common man at the cheapest price, food security is being ensured uninterruptedly in the State of Tamil Nadu. But, unfortunately, the Centre is hesitant in accepting some of our genuine demands. The Centre must come forward with a helping hand. The total food subsidy of the State has substantially increased from Rs.2800 crores to Rs.4000 crores. Therefore, the Government of India is duty-bound to bear 50 per cent of the expenditure incurred by the State towards the food subsidy.

It is the duty of the Centre to bear 50 per cent of the expenditure incurred on Public Distribution System and the food subsidy. As far as hoarding and blackmarketing is concerned, a record detention was made in Tamil Nadu. So, smuggling is absolutely nil. There is statistics available here. There are about 17,000 raids. 574

cases were booked against employees violating the rules in the PDS shops. Our State is not levying VAT on essential commodities. Our Government has introduced "Farmer Market System". The farmers sell the products directly at the existing market rates. No middleman is permitted. Four lakh Self Help Groups have been established throughout the State advancing a loan of Rs.7,700 crores. Because of the intervention of our leader the prices of fuels were hiked a little only. The bus fare was not raised in the State. The only way is some duty levied on oil can be withdrawn by the Centre and States. Tamil Nadu brought Sales Tax down from 25 per cent to 21.43 per cent. There must be focus on the agriculture production. We should have better storage facilities. We also need to strengthen the Public Distribution System and also forward trading should be banned. Under Section 3 (a) of the Essential Commodities Act, we can contemplate imposing a limit on the upper ceiling of retail prices of essential commodities.

SHRI ISHWARLAL SHANKARLAL JAIN, delivering his maiden speech, said: The issue of price-rise is important for the country. The poor people have been affected by this. The Government has introduced many Schemes for them. It was better to forward some suggestions in this regard. The nominal increase in the price of oil products does not impact common man if income is raised. The condition of farmers is improving and their purchase power is also increasing. The Farmers should be given remunerative price. If this is not done, then sowing will not increase and production will also not increase. Food Security Act is a good step. Attention should be given towards streamlining the foodgrains storage so that foodgrains are protected. Pulses and edible oils are being imported. Import has been stopped for the sake of export. Import should be allowed against export prescribing a limit. The Pulses mills will continue to operate by this. Good quality of seeds should be produced for increasing production. They may also be imported. Efforts should be undertaken to reduce the cost incurred by the farmers. Production and its storage should be taken care of. Farmers should be benefited

properly. Fruit should be given the status of fruit. Difference between demand and supply can be reduced by taking above steps.

SHRI MOHAN SINGH: We have not read anything in the newspapers with regard to programmes formulated and steps taken by Government to check the price-rise. Large area in Bengal, entire Jharkhand and Bihar, and more than half of the area in Uttar Pradesh is suffering from drought conditions. Government of Bihar has declared 26 districts of the State as drought-hit. There is huge gap between reality and the statements given by the Ministers. Government has no control over the increasing prices. The price of sugar has increased in the last six months. The Minister of Agriculture had earlier stated that there is shortage of sugar and later said that there is enough sugar available. This led to the increase in the price of sugar. Government has no mechanism regarding the length of loot which exists between finished goods and raw material. The chilly worth two rupees goes to the consumer for 20 rupees. Who should be held responsible for the loot of this 18 rupees in between? Government should take some firm steps after serious contemplation in this regard. It is a big joke played with the interests of the general public when the trade of foodgrains is left entirely in the hands of private traders.

Government is facing the problem of storage. If even one kilo of ration gets wasted in this poor country, the onus should fall on Government alone in this matter. All the Northern States supply surplus wheat in the South. If godowns are constructed in between, it would facilitate its storage as well as its distribution.

Small farmers are selling their land. If Government does not become careful in this regard, agriculture land will become too limited to feed the increased population of our country. One of the biggest reasons of anarchy in the country is the increased

prices of essential commodities. Government should call for an all party meeting and think about the ways to control the inflation and declare firm steps in this regard.

DR. ASHOK S. GANGULY: The Minimum Support Price, which has been increasing significantly, is absolutely justified. It is a great incentive to the farmers. We need to bring in modern methods of taking the production and bringing it to the consumers. 30 to 40 per cent of the vegetables and fruits produced in this country rot and do not reach the market because of absence of storage and supply chain. Yet, we do not allow modernization.

Unless there is a balance between subsidy and pricing, what is paid to the farmer and what the consumer has to pay, the imbalance will continue. We are not short of products but we are short of our ability to deliver. Unless that is dealt with, we will keep on complaining about the rising prices. If we continue to produce pulses and edible oils the way we are producing, we will never be self-sufficient. It is a very major issue. Yet, we refuse to acknowledge the modern scientific techniques in order to improve our farm productivity. There is no reason to continue to subsidize people having 2 or 3 cars. Those who can afford to buy gas, the increase in gas price is absolutely legitimate. We are not short of foodgrains and vegetables, but we are short of edible oils and pulses.

Our dependence on the weather is huge, and our ability to forecast the weather is very poor. I strongly urge upon the Minister concerned to upgrade the weather forecasting technology. As far as grain-storage is concerned, investment has to be made. This cannot entirely be made by the Government. This has to be public private partnership. Then only the prices will be within affordable limit.

SHRI BAISHNAB PARIDA, making his maiden speech, said: The unprecedented price-rise has created an alarming situation throughout the country. Recently, in the past few months, two *bharat bunds* were observed, sometimes it is called *hartal*. People widely expressed their anger in these *hartals*. It was really a strong warning for the ruling party to think about not to make the lives of the people more miserable. Some people think that *hartals or bandhs* cannot be observed without violence. This is a wrong concept. There was a strict instruction from our Chief Minister that it should be a *hartal* only and not a *bandh* and this *hartal* must be very peaceful.

So, we must organize hartals to protest against wrong policies and misdeeds of the people in Government, but we should organize them peacefully. All the political parties should try to run in this country in a democratic manner; we have to strengthen democracy in our country; we do not have any other alternative. The prices have been rising very high and making life difficult for common people. That is why the political parties also are forced to organize movements. It was during our first Prime Minister, Jawaharlal Nehru's time that growth was given the top priority. Majority of the sections of our people had opposed this process of growth. In the whole planning process at that time, due consideration to regional demands, aspirations and grievances was not given, So, as a consequence, very uneven development took place. Now, this globalization and liberalization policy that we have adopted since 1992 has led us to a situation of more and more disparities, more poverty, more unemployment and these policies have been creating more and more social tensions, social conflicts like the Maoist movement. The economic policy at the Centre is such that this price control mechanism is not effective enough to control the rise in prices and the common man is badly hit.

By one way we are giving something to poor people and the other way, through price rise and inflation, we are taking it away, and that profit is not going to poor people, but it is going to upper class people. That has been going on since Independence. Our learned Prime Minister and learned Finance Minister promised a growth with a human face and inclusive growth. Everyday and every time disparities are growing. So, it is a serious thing. So, we must reconsider our policy. Price rise depends on the economic policy of the Government and price mechanism of the Central Government. The Central Government is mainly responsible for this. There is shortage of food. But the purchasing power of common people is not growing. My State is a very poor and backward State where 24 per cent of the population is Adivasis, 14 per cent are dalits and most of the people are backward. So, the Central Government should not neglect the State. When we talk of inclusive growth, we want to minimize the disparities and remove the regional imbalances.

Our Finance Minister knows Orissa more than any other Minister of this Cabinet. Orissa must be given proper funds so that poverty in the State is alleviated. Some special package should be given to Orissa. My State is predominantly an agriculture State. Since 70s, development of agriculture has declined. Central Government has not given proper attention on Orissa. Land reforms and agriculture reforms have not taken place properly. Fragmentation of land is there. That is the case with Bihar, Chhattisgarh, Orissa and eastern region. Our respected Finance Minister, in the last Budget, had allotted Rs.400 crores for the agricultural development of those States. The Agriculture Minister is also a very experienced political leader. Proper attention was not given to several issues like rotting of foodgrains, negligence to agriculture sector and

necessary arrangements not being made for storage of foodgrains. In Orissa and some other States, the Central Government should provide help in every possible way for providing better storage facilities. Then, sharecropping is also a big obstacle for the development of agriculture. The Agriculture Minister should convene meetings with the Agriculture Ministers and Chief Ministers of those backward States to find out some solution to develop agriculture sector also.

The PDS should be developed immediately, spread throughout the country and it should be given more importance. This is my request to you. The price increase in petroleum products should be withdrawn. Some of the Members of the Ruling Party also prescribed that the States should reduce the tax levied on the petroleum products. Orissa, we also tried to prevent this unnecessary price rise of foodgrains, vegetables, fish and other things, and raided the stores of the hoarders. Hundreds of these dishonest business people have been arrested.

The decision to hike oil prices has hit the poor, pushed up inflation and has annoyed consumers. Due to the unprecedented rise in the food prices, it is the poor who are being pinched the worst. Government's silence on prices is intriguing and does not suggest any action plan to contain it. The result of the rising prices of food items is also the spurt in prices of rubber, raw silk, jute, oils and other non-food items. If the prices are not contained many of the schemes will come to a halt. The Government should take all urgent steps to protect the food grains from wastage in order to distribute it to the poor and the needy. The Government must present a policy for not mere growth alone but a strategy for stable prices regime. All the State Governments should reduce the sales tax on transport fuels like petrol and diesel. The Central Government should constitute the Special Courts as they were before to take cognizance of the offences under the Essential Commodities Act. The Government should take all steps to roll back the prices and contain the sky-rocketing prices in

the interest of the public, and to curb inflation in order to provide relief to the public.

SHRI D. RAJA: It is a question of mismanagement of the economy by the Government. It is a question of Government's commitment to pursue the neo-liberal economic policies which are mainly responsible for the unprecedented price rise in the country today. The common man today in India is spending 70 per cent of his income on food items. Even one per cent inflation means an unbearable burden on the common man. The fuel prices were hiked in the name of ensuring profitability and stability of our oil companies, in order to safeguard them for incurring losses. All our oil companies are making profit. The Government treats the oil sector for revenue mobilization, revenue generation. The Government has been hiking the price in the name of increase in duties. If these duty components are reduced, we can supply the fuel at affordable price to the common people. We can control the inflation also. The Government should have certain long-term strategy and short-term strategy to fight inflation and control the prices. When it comes to fixing responsibility for price rise and inflation, there is an attempt to shift the blame on one Ministry or the other. You cannot blame one Minister for the growing inflation or rising prices. The Government has collectively failed to control inflation. The Government should seriously consider universalizing the Public Distribution System, banning the forward trading of essential commodities. It will have to strengthen the Essential Commodities Act and encourage State Governments to take stringent measures against hoarding and black marketing. It will have to take some concrete measures to dispose of the rotten foodgrains. You will have to take strong measures to control inflation and to control the prices.

STATEMENT BY MINISTER

The situation in Jammu and Kashmir

THE MINISTER OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): The situation in the State of Jammu and Kashmir continues to be a cause for concern. It has taken a serious turn in recent days. Beginning June 11, 2010, there has been a cycle of violence threatening law and order and public peace. The violence in the State has followed a certain pattern. Usually, the violence is triggered by stone pelting by large crowds and their targets of attack are police stations, police outposts and other public property.

In the discharge of their duty to maintain law and order, the security forces have been compelled by the situation to resort to lathicharge and, if the lathicharge failed to yield results, to tear-gassing. When all attempts to control the crowds failed, and, there was the danger of the crowds over-running the police station or police outpost, the security forces have been compelled to resort to firing. While the security forces have been advised to deal with the crowds in a restrained manner, the relentless stone pelting and the danger of police stations and police outposts being overrun have compelled the security forces to use force both in self defence and in order to protect public property. There have been 39 civilian deaths since June 11, 2010; of these, 22 deaths have occurred since July 30, 2010. Each case of death has been followed by more protests, stone-pelting and violent attacks. There have been instances where the security forces have been fired upon by someone in the protesting crowds. There is reliable intelligence that some armed militants may have mingled with the crowds and fired at the security forces.

The Central Government deeply regrets the loss of lives in Jammu & Kashmir. Many of them were young men and children. I convey our deepest sympathies to the families of the deceased. A number of people have also been injured and the State Government has assured that they will be given the best medical treatment. Even while we regret these incidents, I would appeal to the people of Jammu & Kashmir to put an end to the current cycle of violence. I have a special appeal to parents: your children's safety and welfare is our paramount consideration -- as it must be yours -- and I would urge you to ensure that they do not join the violent protests.

It is my duty to point out that the security forces have conducted themselves with commendable restraint in a highly volatile situation. They have shown courage and fortitude. There have been a total of 872 stone pelting incidents in June and July 2010. 1266 security personnel have been injured in the last two months alone. On August 2, 2010, the Chief Minister chaired a meeting of the Unified Command in Srinagar. I am confident that the security forces will discharge the responsibilities entrusted to them by the State Government and restore law and order and maintain peace.

On August 2, 2010, after a meeting with the Prime Minister, the Chief Minister appealed to the people of Jammu & Kashmir to put an end to the cycle of violence and maintain peace. He offered a dialogue for the redressal of grievances, including a dialogue to resolve the political issues that concern the people of Jammu & Kashmir. Delegations of Ministers have been sent to the affected districts. Earlier, an all-Party meeting was convened in Srinagar on July 12, 2010 and certain administrative measures, including ex-gratia payments to the next of kin of those killed in the violence, were announced.

The Government of Jammu & Kashmir is actively considering a number of political and administrative measures that will help restore normalcy in the State. However, the Chief Minister, while affirming his commitment to taking certain political and administrative measures, has made it clear that the current cycle of violence would have to end before he can take the initiative in this regard. The Central Government endorses his appeal and sincerely hopes that the cycle of violence will come to an end immediately.

Government's policy on Jammu & Kashmir has been declared on many occasions. We recognize that the issues concerning J&K are issues concerning our own people; and they have to be addressed through the political process and through a dialogue with all sections of the people of Jammu & Kashmir. Government has always favoured a dialogue. In fact, in 2009, the Central Government initiated a 'quiet dialogue' with key political groups and individuals. I had hoped that the dialogue would open a window of opportunity to activate the political process in order to find solutions. However, that dialogue was interrupted on December 4, 2009, when there was an attempt on the life of Shri Fazl-ul-Haq, a leader who favoured dialogue, and he was seriously injured.

I may assure this House that adequate forces are available to the Government of Jammu & Kashmir.

In conclusion, I would urge all sections of the people of Jammu & Kashmir to heed the voices of reason and desist from violent protests. Mindless violence and destruction of public property will not lead to any solution. On the contrary, they will result in loss of lives and injuries to the protesters, an outcome that is entirely avoidable and that should be avoided at all costs. The people of Jammu & Kashmir have elected a Government

and they must repose their faith in that Government to find solutions to the problems of Jammu & Kashmir. Once peace and order are restored, I am confident that we can explore the possibility of reactivating the political process that holds the key to solutions. On its part, the Central Government offers its full support to the State Government in restoring law and order, holding a dialogue, redressing genuine grievances, accelerating development programmes, and ensuring equity, justice and honour for all sections of the people of Jammu and Kashmir.

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***Supplement covering rest of the proceedings is being issued separately.