

**RAJYA SABHA**

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**\*SUPPLEMENT**

**TO**

**SYNOPSIS OF DEBATE**

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(Proceedings other than Questions and Answers)

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

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**MOTION**

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

**SHRI M. V. MYSURA REDDY:** In April, Government increased the petroleum prices, which has lead to a cascading effect on the prices. The real culprit is the hasty policies of the Government under the garb of liberalization. We were scolding the middlemen. The agri-business people are attaining the stature of the middlemen. These people are dictating prices in the market. Because of agricultural reforms, they cannot control the prices between the farm gate to the retail shop. On one side, the corporate sector is procuring vegetables, pulses, grains and fruits and on another side, FCI too is procuring foodgrains over and above the procurement norms. By changing the Acts and rules, left and right, without any proper regulation leaving the things to the market forces, we are losing the economic freedom.

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**\*This Synopsis is not an authoritative record of the proceedings of the  
Rajya Sabha.**

**SHRI KALRAJ MISHRA:** Earlier, when this matter was discussed, the members of the ruling party had also expressed concern on it. But, the statements given by the senior members of the cabinet lead to the anger among the general public and the prices further increased. The prices of essential commodities are increasing steeply. Inflation has registered heavy increase and this increased has led to sky-rocketing prices. The rate of inflation in the country is continuously increasing, but the rise in prices could not be controlled.

There is no language of hunger and poverty and also there is no limit of it. It is unfortunate that people in ruling party try to find solution of poverty and hunger through political view point. For finding a solution of the problem, plan will have to be made in a realistic way accepting the reality. Result of this is that today people are dying, farmers are committing suicides collectively. Deceiving everybody by web of data is a dangerous trend. There should be appropriate adjustment between demand and supply and there should not be any mismanagement. In FCI godowns out of 183 lakh metric ton wheat 80 lakh metric ton wheat is rotting outside. This is the result of mismanagement.

Even Supreme Court had to comment on it that lakhs of metric ton wheat is rotting and poor man is dying of hunger, what type of management is this? Many Committees were constituted by Prime Minister. One Committee was constituted under Suresh Tendulkar. According to his report during 2004-2005 to 2009, 11 crore people have come under poverty-line, previously 27.5 per cent were under poverty-line, now 37.52 per cent people are under poverty-line. According to report property of thirty rich families is equal to one third, economic development. If rich people are removed and figures which have been given on the basis of Sixth Pay Commission and recommendations which have been implemented are removed, growth rate will be 4 per cent. According to U.N.F.O report 23 crore people are victims of hunger and malnutrition, 49.5 per cent children are victims of malnutrition, 56 per cent women are anemic and 42 per cent people are under poverty-line.

80 per cent people do not get Rs. 20 per day. In spite of all these things, Government says that all this happened because of monsoon. Economic growth is increasing and our image in the world is improving. IN the last 60 years, we have not been able to make grassroots infrastructure. Horrible situation has arisen because of increase in prices of petrol, diesel and kerosene. Rate of transportation has also increased. Price of every item has increased and situation is such that I fear it may lead to economic anarchy. Economic anarchy may lead to civil war. Although it is being said that inflation is 12 per cent but inflation is continuously increasing.

Controlling inflation is not the function of any one department. This has to be tackled by the entire Government, but the Government is not working. It has failed miserably on this front. Today, the Government is not sensitive any more. There is rampant corruption in the NREGA Scheme and people are looting money there in the name of contract. If NREGA Scheme would have been implemented properly, it would have been of some benefit to the people. The Government is responsible for inflation, scarcity, hunger, unemployment and corruption. This Government has lost its moral right to rule this country. Government should become sensitive and work properly in this direction, otherwise the nation will be destroyed.

**SHRI RAJEEV SHUKLA:** There has not been even a single year in the last 60 years when Parliament has not debated on the inflation. Everybody has to work together to find out a solution regarding inflation.

There are certain reasons behind this inflation. Last Monsoon season saw 27 per cent less rain resulting in less production. The price of oil was 147 dollar per barrel, but Government continued the supply of the oil and kept giving the subsidy. The support price for paddy was increased from Rs.500 to Rs.1,000 by the Government. Besides this, Government has to run many other schemes. All this together affects the economy of the country. Government has taken a few steps. It has reduced the duty to zero level on the import of rice, wheat, pulses, edible oil, butter and ghee, so that the commodities

remain available in the market. The export of non-Basmati rice and edible oils has been stopped, so that they cannot go out of the country.

Hoarding has been banned. The centre has fixed the price of rice 3 rupees per k.g. for BPL and Antodya. Sugar factories can sell raw sugar in the market. I take full responsibility for the statistics. I will disclose the quantity of foodgrains rotted. The Government has decided to provide 30.66 lakh ton foodgrains to the cardholders. The prices of many articles have come down as compared to last six months and price of some articles have not come down. There is scarcity of pulses, that is why rates of pulses are high. The farmers of the country should raise the production of pulses. The oil has definitely contributed to price rise. If diesel price is raised, transportation cost is also raised. When the price of diesel comes down, the public do not get any benefit of that reduction. This is not true that the oil companies are in the position of profit. The Government has given them money, that is why they are showing profit. It will be a good step, if the tax is reduced. All taxes have been imposed when the NDA was in power. When the rate of oil was 147 dollar, the Government had provided Rs. 1 lakh crore to the oil companies. That is why, the price of petrol was Rs.45 per litre. If the oil companies incur loss, they will not have got any credit. The oil producer of any country would not give any oil. Therefore, oil companies are kept in the position of profit. These people have no right to say why tax has been imposed. Those states, which impose the highest rate of sales tax and vat should reduce them. The States get the highest profit from the rise in oil price.

They are saying that foodgrains have rotted. It is not a lapse on part of any Government. In fact, the number of godowns in the country as well their storage capacity is very less as a result of which foodgrains have to be kept outside and it gets rotted. However, as the number of godowns is increasing, the quantum of rotting foodgrains is also reducing. I would suggest you to increase the quantity of foodgrains to be distributed under PDS or 'Antyodaya' and thus, saving the foodgrains from rotting. It has been voiced that sugar was exported at cheaper rates and was imported at higher prices. I would

say that there is no role of Government in this aspect and whatever has been done, was done by Private companies. My point is that all the States must extend their cooperation to the Centre in the task of tackling the problem of price-rises and finding the solution thereof.

**DR. BARUN MUKHERJI:** The latest blow to the price position in the county has been due to recent considerable hike in prices of petroleum products like petrol, diesel, kerosene and LPG. This undesirable price hike has aggravated inflationary pressure on economy, particularly hitting the poor common people as it will adversely affect the price situation. The demand of Universal Public Distribution System, supply of subsidized foodgrains and other essential commodities not only to BPL but also to hard-pressed APL should also be considered. The Government should release the food stocks to the States for distribution through PDS. This will have positive effect on the market. But, at the same time, it cannot be denied that one of the basic reasons of the unprecedented price rise is utter failure of our agricultural sector. Just on the plea of drought or inadequate monsoon, this cannot be justified.

It is high time to appreciate that food security should be topmost priority of the government. Government is still reluctant to ban the forward trading of essential commodities. The government should address the problem of price rise taking all possible measures.

**SHRI NARESH GUJRAL:** The phenomenal rise in the prices of essential commodities, especially the food, has virtually crushed the *aam admi* who this Government claims to represent. We all have seen TV coverage that how wheat and rice is rotting in FCI godowns. But people are not getting it in reasonable price. This country needs to do something about storage on the basis of private partnership in this field. Since food production and food processing is tax free, you can make food storage tax free also.

A considerable amount of food, fruit and vegetables perishes post harvest. The losses amount to thousands of crores of rupees year after year. This loss can be prevented if farmer finds a market at his door step. This requires huge investment. Therefore, you should allow

private sector including FDI to come in retail for setting up cold chains and supply chains.

We need to do something to increase our yield and for that you need to incentivize and provide hybrid varieties of seed to our farmers.

**SHRI RAJNITI PRASAD:** The prices of every item including foodgrains, medicines, petrol, diesel, cement have increased. One of the reasons of price rise is the failure of PDS formula. There is no foodgrains in fair price shops, so the poor people do not get foodgrains irrespective of having BPL cards.

You had promised to reduce the prices but the prices of every item have gone up. The prices of pulses were beyond the capacity of poor people but now, they can not eat their rice with salt because you have increased the price of salt also. I urge upon the government to curve the prices.

I remember that Delhi Government had lost election due to heavy price of onion but I don't know why this Government doesn't go out despite such a heavy price-rise of every essential item. We raise our voice against this price-rise and demanded to held discussion under Rule 168 but the Government did not accede this demand because it is afraid that this Government may fall down. If the Government fails to contain price-rise, people will come in street against this. PDS should be monitored to see whether people are getting foodgrains under this.

**SHRI KUMAR DEEPAK DAS:** The Government has completely failed and has lost the faith of public in view of continuous skyrocketing of food prices. There is no coordination between various Departments and States to ensuring better and effective steps to tackle the price rise. Deregulated price of petroleum products and the recent hike in prices must be withdrawn. Then, until and unless we utilize the water of the rivers of Brahmaputra, Ganga, judiciously, production would remain low. I want to know whether Ministry of Water Resources is taking steps in this direction. I request the Central

Government to release adequate quantity of foodgrains to the States for distribution through the PDS and to ban the speculative futures/forward trading in all essential commodities.

**SHRI SABIR ALI:** The issue of price-rise is associated with crores of people and the poors. ONGC earns maximum profit and the work of oil exploration has also been assigned to, I after illustrating an example that ONGC explored out for there years in district of Rajasthan and after spending Rs. 2000 crore with draw its operation at the same place on outside company, cairn company explored oil within three month and producing oil of the value to mere them Rs. 10,000 crore. What action has been taken against the officers who were holding higher posts in ONGC and joined cairn company after taking voluntary retirement.

It is being claimed that the oil companies began to earn profit after Government started giving subsidy. Subsidy has not been given only by this Government. Subsidy is being given since Constitution into existence. Subsidy is granted on the money earned by the poors, labourers and dalits. Subsidy given by any Government is the money of the people of this country and it is spent on them.

I am not against NAREGA. Its object was good. But in every State one comes to hear that the amount of NAREGA is being misused. If the small industries are provided money at low interest rates, it will be beneficial for this country and people will get employments and corruption also will be removed. Audit of all Nationalized Banks are made by the private Chartered Accountant it is my request that the audit of all Nationalized Banks should be made by CAG.

**SHRI SANJAY RAUT:** The Central Government does have neither any policy nor any intention to check the price-rise. They are more concerned about the losses of petroleum companies. They are not concerned about foodgrains. Petroleum prices have been hiked thrice since 2008. This Government have totally failed on the front of price-rise. The number of people living below poverty line has increased much more than 1.5 crore. The Government has nothing to

do with the poor and middle class. This Act cannot check the starvation, suicides and price rise. Farmers remain to be poor and all the profits go to the traders. The prices of foodgrains have increased by about 50 per cent or 100 per cent against those in the last year. The foodgrains are rotting in almost every godown in the country. If such is the situation, why were these not distributed among the poor? Four godowns situated in the Jaunpur Industrial Area have been rented out to cold drinks manufacturing company for years while the foodgrains of the FCI have been kept under the open sky. What can be said about those families where only one earning member is there, earning only Rs.5 to 7 thousands per month. The Government has no attention towards them.

**DR. PRABHA THAKUR:** I belong to the party of Mrs. Indira Gandhi who was a very powerful lady. I am dauntless like her. The attitude of the Opposition is biased. We are all anxious in respect of the price-hike. The Central Government is not alone responsible for the irregularities and corruptions in the P.D.S. and MANAREGA. In this respect, the State Governments are also responsible. When there are some disturbances in the States, the Centre is condemned. The Centre is also blamed for natural calamities. The Central Government assists the States with funds so that the people can support their livelihood. Whatever disturbances are prevalent in Bihar, it is the responsibility of the State Government to remove them. The State Government is responsible for the price hike in kerosene oil and also the recent scams committed there.

What the common people need, are--*roti, kapada aur makan*. The T.V. business channels, which exhibit the prices of many things by means of MCX, are involved in speculation. If the MCX is ousted, 20 per cent of the price-hike can be controlled. When there was the shortage of oil, it was made available to the public by extending a subsidy worth one lakh crore rupees. I think that the prices of diesel and kerosene oil should be under the control of the Government while the price of petrol be determined as per the international market. There should be a policy with regard to taxation process in the States so that they cannot fix taxes capriciously.

The Congress should be credited for the upliftment of rural life. The rural people are now leading a prosperous life and they are enjoying all the facilities of modern world. Much is being talked of the farmers, and the poor and unemployed people; but by means of MANAREGA, we have contributed to the betterment of their life. The Essential Commodity Act was neglected by the NDA Government; but, we are reinstating the same.

**SHRI AVTAR SINGH KARIMPURI:** Today, we are discussing price rise. The Government have told that when there is good monsoon, the price rise will be under control. The Government may please tell how petrol, diesel and gas will become cheap due to good monsoon? The international prices of oil are low and in our country, these are increasing. How cement and iron rod will become cheap due to good monsoon? There is no policy for controlling price rise with the Congress party Government of our Centre. We advise you to think over it seriously and solve the problem of common man.

**SHRI ABANI ROY:** The Hon'ble Prime Minister told people several times that prices are to be controlled and in the month of December they will come down. Treasury Benches are trying to say that this is a State subject. If it is a State subject, then we should not discuss this in the Parliament. My point is that it is the duty of the rulers to feed the citizens. If they cannot do it, they should not be there in power. We think that the burden should not come on the people. Despite the discussion again and again in the Parliament no concrete step has been taken so far. The fact is that the rich became more rich and the poor became more poor.

So, I request you to join hands together because this is a crisis that people are facing. Try to solve this problem and try to give some relief to the people. Our PDS system is not proper. There should be a uniform system in it. Godowns should be modernized so that the goods may remain safe in them for more days. The number of FCI Godowns should be increased and they should be used properly. Our irrigation system is not good. So, we have to assure the people that food is secure and that all the essential things should be under the

PDS. Therefore, I urge upon the Government to control the prices, control the market, and give relief to the 78 per cent of the population.

*Discussion not concluded.*

**V. K. AGNIHOTRI,**  
*Secretary-General.*

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**ERRATA TO SYNOPSIS OF DEBATE, DATED 2<sup>ND</sup> AUGUST, 2010**

- Page 18      Line 10, delete 'be' after 'will'
- Page 21      Line 13, read 'ministries' for 'ministers'
- Page 32      Line 6, delete 'only' after 'colleges'
- Line 9 from bottom, read the name of the Hon'ble  
Member as **'SHRI RAJEEV SHUKLA'**