

Debate in Parliament

Discussion on Price Rise in Lok Sabha

What will happen to the common man ?

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Foreword

Whenever the Congress Party comes to power the prices of essential commodities start moving northwards. Although India has three top economists in the UPA Government, Prime Minister - Dr. Manmohan Singh, Finance Minister - Shri P. Chidambaram, Deputy Chairman of the Planning Commission - Dr. Montek Singh Ahluwalia yet they have failed to deliver what they promised.

BJP General Secretary and MP from Karnataka Shri Ananth Kumar while participating in a Discussion Under Rule 193 on Price Rise in Lok Sabha on May 15 blasted the UPA Government for its failure in containing inflation and keeping a check on the prices of essential commodities. Shri Kumar urged the Government to take necessary steps to bring the price rise under control. We are publishing his speech in a booklet form to help our readers in appreciating the situation.

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Bharatiya Janta Party

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Sir, This is the Tenth Session of the Fourteenth Lok Sabha. In all the ten Sessions, if there is one common subject that had been debated, it has been inflation and price rise. I also want to draw the attention of the august House to the preceding years. As far as I remember and I hope your kindself and the hon. Members also remember, that between 1998 and 2004 hardly we debated and discussed about price rise and inflation. I was asking my senior leader and veteran parliamentarian, George sahib, as to what is the reason that whenever the Congress Party comes to power, and this time in the garb of UPA, the prices spiral, inflation touches the rooftop and the hon. Minister of Finance comes out with a lame-duck Budget and all the newspapers and the journalists across the country lampoon him. They say that he says - 'Sir, I rise to sit down'. They also say that he has been enmeshed in a UPA rope trick where his hands are tied, his legs are tied and only he can speak and when the entire economy is in a mess.

Unfortunately, we have got three economists in the UPA Government. One has adorned the chair of the Prime Minister - Dr. Manmohan Singh. Another is my dear friend with a reputation of being a good Finance

Minister 'erstwhile' - Shri P. Chidambaram and there is another friend in the Planning Commission, who is the Deputy Chairman of the Planning Commission - Dr. Montek Singh Ahluwalia.

In the last three years any independent observer who evaluated from pure objective economic analysis makes an analysis of this Government's performance, everybody says that the economy of the country is in the doldrums.

When our Finance Minister, day in and day out, beats the drum about the growth rate, he forgets that the growth rate has been fuelled because of the inflation and price rise. Therefore, that growth rate of 9 per cent, if not for this inflation and price rise, could not have been the growth rate of above 9 per cent or above 8.5 per cent.

I am coming back to his statement that I should come out with various truths. I am going to read the various statements by various economists. Dr. Swaminathan has accepted that they have failed to control price rise and inflation. I was just reading that in May, 2004, for all commodities, it was 182.1 and now it is 210.9. In May, 2004, for primary articles, it was 187.2 and now it is 218.8. For food articles, it was 185.5 and now it is 218.3. In 2004, it was 173 for vegetables and now in April-end, 2007, it is 211.1.

The WPI for all commodities has risen by 29 points since the UPA has come to power and thanks to your governance and administration, every month you have added one point for the inflation and one point for the price rise. I think if that makes you happy, I have no grouse about it. My only contention is that you came with the slogan of being with aam admi - *Congress ka haath, aam admi ke saath*. If at all today anybody can say

that anybody has done *vishwasghat* to *amm admi*, it is the UPA and the Congress Party because he also very well knows that WPI is one thing and CPI is another thing. When I say CPI, it is not Communist Party of India because you always dream of them; it is Consumer Price Index. You know that all the economists that if WPI is 'x' amount, CPI is WPI plus 100-150 points. Today the inflation is hovering around 6.7 per cent. The RBI's tolerance band was 5.5 per cent. You only announced that it is 5.5 per cent. It has crossed 5.5 per cent more than twice. If it is 6.7 per cent today and if it is going to cross 7 per cent, then what will be the Consumer Price Index? It will be more than 8.5 per cent or 9 per cent. Then, what will happen to the food articles, to the vegetables, to the fruits, to the pulses and to the dals? What will happen to the common man?

This is the basic question. Therefore, I want you to introspect on the reasons for this happening in the last three years. Why have you been unable to check the spiraling inflation and price rise? In the last 1 ½ years, you have come out with many mechanisms. Last year also the hon. Finance Minister told this and this year also it has been recently stated while addressing a meeting of the bankers that you are going to take fiscal measures. I would like to quote : "Amid concerns of rising inflation, the Union Finance Minister Shri P. Chidambaram while addressing the Second Annual Convention of Association of National Stock Exchange Members of India in Mumbai on 10 February 2007 said that : "The Government was taking all necessary fiscal steps including improving the supply side of agriculture commodities to contain the rising prices even while ensuring that these steps would not affect the economic growth."

Further, in the second week of December 2006, the RBI announced plans to hike the Cash Reserve Ratio for the scheduled banks in the country. It did two more times like this. The Government has also setup a Monitoring Committee -- with the inflation rate soaring -- headed by the Cabinet Secretary to keep a check on price rise. Recently, Dr. Manmohan Singh, the Prime Minister has written a letter to the States stressing the need to implement dehoarding measures to check price rise. You also know that there is the Cabinet Committee on Prices, which reviewed the inflation. All these exercises have been done in the last 1 ½ years. If at all there is one headline in any newspaper, any economic journal or any ordinary journal of this country -- claps apart from the UPA Government benches -- then it is inflation and price rise. Therefore, they may be getting captive claps here, but all that they got in Uttarakhand, Punjab and the Delhi Municipal elections is a writing on the wall for them. They should seriously ponder about it. My basic question is this. How these measures have failed when this is the situation?

The Press Release of the Ministry of Food and Consumer Affairs routinely states that the prices have stabilized. What is left unsaid is that the prices have already climbed an all-time high before it reached a plateau. The retail prices would be higher than the wholesale prices, and far less stable.

The second point is that the pulses are another example of knee jerk reaction by UPA managers. The Government banned export in June 2006 panicking after rising prices of dal, but it has not been able to arrest the upward price trend. The price of toor dal climbed from Rs. 2,850 a quintal in June 2006 to Rs. 3,700 a quintal in the wholesale market last week. I am talking of

last week dear, Sir. Urad dal followed the yellow lentil rising from Rs. 3,110 a quintal in June last year to Rs. 3,450 last week.

Similarly, in the mandis, moong dal prices have also been rising. It is another story that the export ban was blatantly flouted. The price trend goes to show that the much hyped export ban had little or no effect on domestic prices. In fact, the export ban only manipulated the domestic trade. A few traders were able to hold on to the commodities when the prices were low, and stocks were released only when the prices went up. "This is especially true of pulses where prices went up each quarter, but farmers earned little from the price rise", say the officials of the Agriculture Ministry.

Now, let us take the case of wheat procurement this season. I am talking of the year 2006-2007. The Centre exerted tremendous pressure on wheat growing States to restrain private traders from procurement. The farmers in Punjab and Haryana were up in arms against the order, and threatened to boycott FCI.

They threatened to boycott the FCI. Why should we let farmers suffer when the Central MSP is so low and when private traders offer better price. They want us to restrict them. This is what officials say. Though the Government is stating day in and day out that they are taking various measures to control price rise, to control inflation, nothing is happening. Nothing is happening at the ground level. Therefore, they need to take a lesson during the period between 1977 and 1979 as well as during the regime of NDA under Shri Vajpayee, as to how to control prices. You may be telling or giving figures but the ground situation during those years - two and a half years and six years - were entirely different. Essential commodities were at the

reach of the common man, the poor sections of the society. They were not suffering. The technical term you use for this price rise is overheating of the economy. It is not overheating of the economy because the Government of India today is putting every blame on two things. Firstly, supply side constraints. Secondly, recently, the hon. Finance Minister said that inflation expectations loom large in most parts of the world. Therefore, many Central banks have responded to actively tighten the liquidity so that inflation is held in check. That means, you feel that inflation is a global problem. I accept that it is a global problem. But what is the local or domestic solution for this inflation? Therefore, we feel that the Congress Party or the UPA is not with *aam aadmi*, it is with *khas aadmi*. It is with Quottorochi; it is not with the common man. You are not with the common man.

If at all your recent Budget of 2007 is remembered, it is remember only for 'pet foods'. A rebate was given for pet foods. That is what it is going to be remembered for! I can also come out with various details. In 2006, hon. Minister and the RBI Government when inflation was at 5.4 per cent, they expressed concerned and said - our most immediate goal is keeping inflation moderate at around four per cent. You said that you keep inflation at four per cent. This is your statement of 4th November, 2006 - you said that our most immediate goal is keeping inflation moderate at around four per cent through a mix of fiscal and monetary steps.

Therefore, today, my dear Finance Minister this nation demands from you an explanation that in the last three years, especially in the last one and half years, what have you done to check inflation, to check price

rise? I can go on reading the various head lines - Wheat prices soar, strain home budget; Soya, palm oil too rising; No respite on pulses; Deceptive figures: Consumer prices much higher than WPI; Inflation soaring due to rise in the prices of primary and food articles.

Consumers are experiencing a price rise - 100-150 basis points - higher than WPI figures - that is, 150 more points than 6.7 per cent of the inflation today; while inflation for urban non-manual workers is 6.7 per cent that for farm workers is 7.5 per cent; and the Consumer Price Index has gone up due to a rise in the prices of primary articles and food products. Wheat pulses prices rise despite Government steps'. I do not want to go into the details. 'Soaring prices turn food sour'. 'Government sets up Price Rise Control Committee'. I do not know the fate of that Committee. What has it done? I do not know why the Status Report has been given only to the Cabinet and why it has not been placed before the Parliament, on the Table of the House. 'RBI for Unified Consumer Index'. 'Shortfall in supply'. 'Illegal hoarding leads to price rise'. 'Veggie prices shoot up'. 'Mixed rally ahead for commodities'. 'The inflation conundrum'. 'inflation is destroying the well earned rupee'.

One of the observers of Indian economy has said and I quote:

"India could be squeezed by firm global commodity prices, tight domestic supplies and funds chasing limited stocks." I think our hon. Finance Minister is a better person to answer this. "High prices have forced the Government to import food grains, sugar and pulses which may not come in due to sharp rise in international prices forcing scaling down imports." Sir, I will send all these articles and other opinions of vari-

ous economists on Indian economic situation as well as price rise and inflation to the hon. Finance Minister through you.

The basic question is what the UPA Government is doing in this regard. I feel that they lack the concern and commitment for the people at large. Therefore, they are unable to apply their mind, apply their governance, use all these mechanisms in a comprehensive manner and control the price rise and control the inflation. I urge that the UPA Government, the hon. Finance Minister will come before the Parliament not only with his speeches but with the Status Paper, which has been presented to the Cabinet and has to be presented to the Parliament also, to appraise the entire country through the Parliament what all steps they have taken. If those steps have failed why they have failed? What is the future course of action to control prices? ■