

Govt continues to draw flak for price hike

FE Bureau

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Statements criticising the Government's decision to increase the prices of petroleum products, announced late on Tuesday night, are constantly pouring in.

The Bhartiya Janata Party Vice-President, Mr. Sikander Bakht, on Thursday said the hike was bound to "fuel the miseries of the common man."

Apart from the direct impact of the increase in the form of substantial hike in LPG prices, he said, it would have adverse "spread effect" on the economy leading to rise in transport and energy-intensive production costs, ultimately "fuelling the price situation".

He said the hike not only reflected the mismanagement of the economy by the Congress (I) but also substantiated "the Government's eagerness to bend before IMF and the World Bank".

By expecting to mobilise around Rs 6,500 crore as a result of the increases, the Government might succeed in wiping out the deficit in the oil pool account which it was said was due to keeping domestic

prices lower than the international prices, he said.

He, however, said BJP would like to know what happened to the surplus in the oil pool account when the international prices started falling in the 80s and the domestic prices kept at a higher level till the recent Gulf War. Was this surplus of around Rs 4,000 crore not created to meet the increased burden whenever international prices went up?

"People have the right to know why and where this fund had been diverted before making the common man share the burden due to the so called deficit. Would the Congress(I) Government admit and apologise for diverting the surplus oil pool account in the 1989-90 Budget," he asked pointing out that it was the last Budget of the Rajiv Government.

The Indian Institute of Finance Director, Mr. J.D. Agarwal, has also criticised the hikes and called them "irrational. The increases would boost the unproductive inflation by two per cent, he said adding that inflation was an implicit tax on essential and non-essential items which everybody "including the poorest of the poor" required.

The Delhi Goods Transport Association (DGTA) called it a rude shock at a time when road transport was already in doldrums. The states had already "milched the sector dry" through multiple and high rates of taxation, it said.

The DGTA President, Mr. B D Sharma, said the hikes would adversely affect the viability of truck operation. He feared it would boost adulteration of kerosene with diesel due to the wide gap created in prices