

[Mr. Deputy-Speaker]

for the mover of a motion himself on his own *suo motu* to seek adjournment of that discussion. It has happened many times that when we discuss a Bill, when the Government is convinced that they should not proceed with that Bill, they come forward and naturally we give due regard and respect to that. Secondly, Mr. Panda has written to me:

"In view of this situation and also in view of the coming debate on the international situation next week, about which notice has been given, I do not wish to continue the discussion on my resolution at this stage and ask for leave to withdraw it."

SHRI ATAL BIHARI VAJPAYEE: Do you agree this is something unusual?

MR. DEPUTY-SPEAKER: Of course, it is unusual. But it is not a new thing. Government has also done it. It can be anticipated that this question will come up during the discussion on the international situation next week. So, we shall be saving the time of the House. That is why I have accepted it. Now I will put it to the House.

The question is:

"That the debate on the Resolution be adjourned".

*The motion was adopted*

SHRI SHYAMNANDAN MISHRA: So, let us know that it is being withdrawn. It is in cold print before you.

MR. DEPUTY-SPEAKER: He wrote to me like that but later on in the course of his speech he sought my permission to move a motion for adjourning the discussion and I have accepted that. Therefore the debate has been adjourned. Whatever be the effect of this decision, the rules would take care of this.

SHRI ATAL BIHARI VAJPAYEE: I am glad you have said it. I have secured the first place in the ballot. He cannot revive this discussion. This discussion cannot be received.

15.14 hrs.

RESOLUTION RE: FREIGHT EQUALISATION AND CASH INCENTIVES FOR CERTAIN COMMODITIES

SHRI B. K. DASCHOWDHURY (Cooch-Bihar): Sir, I beg to move:

"This House is of the opinion that for balanced development and growth in all regions of the country, incentives like 'Freight Equalisation' be equally applied on cotton, oilseeds and jute as in the case of steel and cement; and cash subsidies be given for major foreign exchange earners *viz.*, jute and tea, in similar manner as is done in large number of other exportable commodities."

Sir, with a very heavy heart, I had to move this resolution and at the outset, I have to request the House to accept this resolution. Since independence we have been demanding several measures for an over-all development of the country. But, despite many attempts and many plans, what do we see? We see that a number of regions and a number of areas in the country have still remained undeveloped and are called backward. Over and above this, since independence we have seen that in certain areas of the country development has taken place at a much faster rate than in other areas. The reasons for this phenomenon must be found out. It is definitely not enough to say that it is due to labour unrest or law and order problem. I know there is a large section of people who think it is fashionable to refer to this labour trouble and labour unrest in certain parts of the country, particularly in the eastern region, and give this as the reason for entrepreneurs not volunteering for industrial development, as compared with the western and southern region. The actual underlying reasons have to be probed into and eradicated by the Government of India.

My Resolution is in two parts. I am sure I will prove to the satisfaction of the House, and also to the satisfaction of you, Sir, that it is really the policies pursued and the fiscal measures that have been

adopted from time to time by the Central Government, that are really responsible for retarding the balanced development and growth of all regions in the country.

To begin with, I would like to quote from the Economic Survey 1971-72. It is stated on page 32:

"The issues holding up progress in the eastern States encompasses much more than the industrial unrest and law and order. Industrial investment, the pricing policies pursued in the past by the Government would also need to be reviewed. There is evidence of serious neglect of normal replacement, lack of modernisation and questionable financial management of wide areas of industry. The practices which contributed to least development in the past need to be underlined so that corrective steps may be taken. The hypothesis that industrial unrest and some other disturbances in the eastern region are as much a cause as a symptom of a crisis which has been developing over the years perhaps deserves to be studied with great care."

This observation is very clear. It is not only a question of industrial unrest and labour unrest in the eastern region; the reason is something else far more grave than what you acknowledge. The question of financial institutions, the question of financing plan programmes, the question of giving licences, the modernisation of the old industries, all these things have to be seriously reviewed along with the fiscal measures.

We have seen that since these important fiscal measures have been taken in the year 1956, in the absence of freight equalisation, as clearly stated in the Resolution itself, the pace of industrial development in the country has started tilting, in material terms, in favour of the Western and Southern region.

If one takes the trouble of going through the industrial development of all the States in the country since 1947, since the date of Independence, one will find that up to the period of 1956 the indus-

trial development was more or less balanced in all the States and all the States were progressing somewhat equally. But, after that, the north, north eastern and eastern regions of the country started trailing behind, far behind, in comparison with the western and southern regions. What are the reasons?

I have gone through some of the earlier debates of this august House from 1956 onwards. On the 30th April 1956 in the course of a Half an Hour Discussion the then Minister of Iron and Steel and Commerce, Shri T. T. Krishnamachari said that the question of location of cement plants depends on the availability of its ingredients, raw materials like limestone, and the development of the industry depends largely on its locational advantage.

In all the countries of the world, the industrial development that takes place and that has been taking place depends mainly on certain basic conditions such as, locational advantages, communication facilities, port facilities, management, planning and others. But nowhere, wherever the planned development has taken place, has the principle of 'Freight Equalisation' taken place for the balanced development of regions. The wealth has been taken out from certain areas to other areas. Though physically the wealth from north and north-eastern regions has not been taken out to other regions of the country, in a very invisible manner, actually, the wealth has been drained out.

As I was speaking, in the year 1956 while arguing the point, the then Minister of Iron and Steel and Commerce, Mr. T. T. Krishnamachari, pleaded that locational advantages and other local advantages were the factors to be considered for the erection of steel plant. On 30th April, 1956, he assured the House that the Government was considering this aspect and that certain new measure would be taken.

On 11th June, 1956, the Government took that measure. What was that measure? The 'Freight Equalisation' for iron and steel. What is this 'Freight

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Equalisation? Considering that iron and steel are the basic materials for the development of the country, for the development of the industry, only the areas where the iron and steel is available in plenty will get the benefit of taking basic raw materials at a very cheaper rate and industries will be developed in those places. So, iron and steel being the essential raw material for industrial development of the country, that should be taken at the same rate, at the equal rate, throughout the length and breadth of the country.

I would like to quote here the 'Background Note' that was supplied at that time by the Ministry of Iron and Steel. The then Minister, Mr. T. T. Krishnamachari, in the 'Background Note' said:

"To secure a balanced development of industries in different regions of the country, it was considered that an all-India price for iron and steel would be desirable."

That was his argument. I have no doubt about the intelligence and ingenuity of the then Minister, Mr. T. T. Krishnamachari. But I must say one thing that he considered only one aspect of the matter, namely, that it is the wealth that should be taken out from this particular region where iron and steel is found in plenty. Unfortunately, he did not give equal consideration to the fact that in the eastern region all raw materials are not available. As a matter of fact many of the raw materials required for industrial development in the eastern region have to be imported and taken from the western or the southern or some other region. He had not considered that for a balanced development of all parts of the country, of all the regions of the country, other raw materials must be taken into account on an equal footing, and that the 'Freight Equalisation' for all such commodities should have been done.

As a result of that what has happened? Since then, we have seen that industrial development has taken place in certain regions of the country, particularly, in the western region, at a much faster rate than

in the eastern region and the north-eastern region. I admit the fact that only the availability of raw material is not enough. Had it been so things would have been different. Take Bihar, for example. Although there is plenty of coal, steel and iron ore within an easy reach, Bihar is not as industrially developed as the other regions. Anyway, the planning the management and the proper measures taken for the industrial development have to go a long way.

As a result, what happens? The western regions, far away from where the steel plants are situated have taken much larger share or profit for industrial development. Since 1956, following this order of freight equalisation system for iron and steel, cement price has also been equalised to that extent, considering that it is also one of the important basic raw materials for industrial development. The issue at stake is that while the prices of iron, steel and cement along with coal have been equalised on the principle that the railway freight equalisation has to be applied and all parts of the country should more or less get these commodities at a fixed price irrespective of the distance, no consideration was made for other raw materials. What does it mean? In other words, it means that the nearby areas have to pay more and the distant areas, distant places and distant consumers have to pay less. What it means otherwise is that it is a matter where nearby areas have to pay more in order to supply at heavily subsidised rates to distant consumers. It means that a heavy burden is placed on the nearby places comparatively than on distant consumers. My point is that at the cost of the eastern region, at the cost of the persons who are within the easy reach of the basic raw materials of iron and steel, cement and coal, the Southern regions, the Western region and the people of Bombay and Ahmedabad and other places are to be given this facility...

SHRI M. C. DAGA (Pali): That is what is called sacrifice.

SHRI B. K. DASCHOWDHURY: If you call it sacrifice, I do not mind. We give you jute and tea, we give you coal and cement. That is a sacrifice. But what

do we get from you? What do we get from the Government? What do we get from the Western States? My hon. friend's interruption reminds me of a poem that I had once learnt depicting with great pathos the sad plight of the negroes in America.

"We raise the wheat,  
They give us the corn.  
We bake the bread,  
They give us the crust.  
We serve the meal,  
They give us the huss.  
We peel the meat,  
They give us the skin.  
And that is how,  
They take us in."

This is how they want us to make a sacrifice for the country's sake. We give them milk and honey, we give them 30 per cent of the total foreign exchange earned, only from jute and tea. Even then we have to starve—the development of the eastern regions, compared to the western region, lags far behind.

SHRI VASANT SATHE (Akola): Rajasthan gives you brain and the managerial skill.

SHRI B. K. DASCHOWDHURY: That is why our people in the eastern region—West Bengal, Orissa, Bihar and Assam and other small States are remaining hungry almost half the year. The Rajasthan people go to the eastern States, Meghalaya and Shillong and everywhere exploit the poor local people and make the maximum gain. They simply go with a small bundle of their clothes and personal belongings and they go back to their homes to build palatial buildings. From where does this money come? From the toils of the people of the Eastern regions. That is another wealth drain. This is the aim of the Rajasthani people.

What I was telling was about the principle of freight equalisation of important commodities for the sake of industrial development, or as my friend was

telling, for the sake of the country's development. So, the freight of important raw materials like iron and coal and cement have been equalised on the basis of freight equalisation. But the freight of other things have not been equalised. In the Eastern Region, principally West Bengal and the Calcutta belt, there are a good number of chemical industries. The Chemical industries depend upon oil seeds, then they require salt in a large quantity. Then, the weaving industry there depends upon cotton. Now for oil seeds, salt and cotton we have to pay a higher freight. Unfortunately, for all these years, the Government has not considered the question of freight equalisation for these important raw materials.

That is indeed a pathetic situation. As a result what happened? Since this price equalisation on iron and steel has been taken over by the Government of India, the wagon industry, the engineering industry, all these industries have started declining from that period, that is, from 1956-57 onwards. As a result thereof such industries, wagon industries, engineering industries and industries based on iron and steel have started developing at a faster pace in other parts of the country. This is what we find today. There was a time when in the Calcutta area itself, in West Bengal itself the wagon—building industry's capacity was to the extent of sixty or sixtyfive per cent. But today it has come down to something like thirty or thirty-two per cent. It is not only the question of labour troubles. According to the Economic report labour problem is not the main issue, there are other things that need careful study.

What about coal? This is what the principle of freight equalisation has led to. Coal has become dearer in Bihar and West Bengal. Take Jharia in Bihar and Raniganj in West Bengal. These two areas have the best quality of coal that we know. Based on the principle of freight equalisation the Railway is transporting coal on this basis of telescoping freight rate. All the wagons that are being despatched from the pit-head of the mining area are despatched to distant areas, not to nearby areas. Even the local people in Bihar itself are

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not getting it. They have to take the coal through the road transport system or bullock carts or something else.

I have got the study report on economic development in Bihar and Punjab. I want to quote one observation from there. It says:

"In the case of coal, besides the freight rate, the policy of restricting the allocation of railway wagons to points below a certain minimum distance virtually eliminated the movement of coal within Bihar by rail transport."

Since Bihar does not have a good road transport system, to transport coal by road remains a very poor substitute for the rail transport. Then it says:

"Consequently coal became costlier and sometimes even scarce to industries in Bihar"

Because of freight equalisation on the price of coal, Punjab is getting at a much lesser rate than what Bihar or Bengal or nearer areas can get. Maharashtra or Gujarat can get at a much lesser rate, and probably, Madhya Pradesh and Rajasthan and also South India and Tamilnadu can get at a lesser rate than what northern areas like Bihar, Orissa, West Bengal, or Assam and all these places can get. And this is in accordance with what the report says. This is not merely my own observation. My senior colleague, Shri Tiwariji, will agree with me. Even for the domestic consumption the coke is dearer in Bihar than in other places. This is what happens. This is the economy, that we, the people of the eastern and the north-eastern regions have to sacrifice in favour of those of Rajasthan and Gujarat.

Another interesting thing is this. It shows how these double standards have been maintained so long. When the question of price equalisation of petrol came up, it had been decided to tackle the problem on a different footing. I quote from the Thirty-first Report of the P.U. Committee of the Third Lok Sabha. It says:

"The pricing of petroleum products is based on the principle of import parity."

The entire country has been divided into 8 parts on the basis of 8 ports. They are: Kandla, Okha, Bombay, Goa, Cochin, Madras, Vizag and Calcutta. The country has been divided into 8 economic supply areas based on these ports. The price of petrol depends upon the crude price from the Gulf area.

MR. DEPUTY-SPEAKER: And on excise duty.

SHRI B. K. DASCHOWDHURY: I am coming to that. Several other causes are there, excise duty, f.o.b. value, handling charges and all these things. The main principle is the cost from the Gulf area to the port, excise duty and other things. Then, the entire country had been divided, as I mentioned earlier, into eight parts, and those eight parts have been marked as the port areas and the pricing zone. Now, what happens in the price zones?

According to the report given by the Indian Oil Refineries and also by the Indian Oil Corporation, according to their own observation, in Calcutta, the price per kilo-litre of petrol is Rs. 768, whereas in Barauni and other places like Gauhati etc. it is about Rs. 834.52. Why is that difference there? The difference is because from the port area it has to be moved inside. In the western region and in the southern region there are a number of ports whereas in the north-eastern region there is only one port and that is Calcutta. So, a number of ports are getting these facilities. So, they have decided that the pricing of petrol should not be on the basis of this freight equalisation, and, therefore no such equalisation should be there in prices, or these common prices or equal prices, because if they were to be applied, in their own words—I shall quote them just now—the entire development of industries will be disturbed. I am quoting from the same report. At page 37, they say:

"The Oil Prices Inquiry Committee observed that the advantage of freight pool system is that it helps in removal of locational advantages for the industry and accelerates industrialisation in

up-country areas which are at present unattractive economically on account of high cost of fuel.

The bulk of the refined petroleum products are at present consumed in or around the port towns."

This is because industries are being developed in and around the port towns.

The report further says:

"Industry has also been encouraged in these areas on account of the comparatively lower cost of fuel under the present railway freight structure. The creation of a freight pool will necessarily result in increased cost of the consumers in these areas and may mean considerable hardship to industries located there."

By the word 'there' they mean the port areas where these industries have already been located. It further says:

"It would be doing violence to the price levels of the various manufactured goods in the country if the cost of fuel were to rise considerably as a result of the introduction of freight pool, and the balance of convenience therefore lies in the maintenance of the *status quo*."

I admit that the Government has an apparent contradiction here. This was the observation of the Oil Pricing Inquiry Committee in the year 1966. But in 1956, this very Government had decided that for an overall and balanced development of all regions of the country, freight equalisation should be there, but in the case of oil price equalisation they said 'No'. They had understood it. If this price equalisation had been accepted even for oil, the up-country areas or inland areas might have had a chance to develop, but that was not done because that would have adversely affected the port areas and the developed areas. This is the apparent contradiction in the Government of India's policy and this is what they have been following for so long.

Because of such fiscal measures and the mechanism of these fiscal measures, various parts of this country have not been able to attain an equal momentum of development. That is why even today, when we have passed through three plans already and we are towards the end of the Fourth Plan, we still have to say aloud that there are many backward regions in the country. As I had stated earlier, the reason is very clear, namely the wrong policy pursued for so long by Government.

My resolution is very clear and very particular that this freight equalisation should be extended to cotton, oil seeds, salts etc. Speaking about cotton, what do we find? Cotton is grown in the western region, in the north-western region or the northern region of Punjab and Haryana and to a certain extent in the southern region. Gujarat produces 30 per cent, Maharashtra produces 23 per cent, Haryana and Punjab 21 per cent, Tamil Nadu 8 per cent and Karnataka 8 per cent, and altogether it comes to about 90 per cent. Some quantity is produced in some other small areas over here and there. Out of this total production of cotton, we find the following picture regarding the cotton consumed by the different regions and the cotton required for industries like spinning mills and others. The cotton production in the western region, including Maharashtra, Gujarat and Goa, is 31.25 lakh bales and consumption by their spinning and weaving mills and other units only 21.38 lakhs bales, leaving a balance of 9.36 lakh bales. So also in the southern region, we find that their cotton production is 12 lakh bales and their consumption is 14 odd lakh bales. In the northern region also, we find production is 18 lakh bales and consumption a little more than 10 lakh bales, leaving a balance of about 8 lakh bales, that is about 80 per cent. But in the eastern region, including West Bengal, Orissa, Bihar and Assam, cotton production is only a marginal 0.08 lakh bales. But their requirement is 2.71 lakh bales. What is the deficiency in this region? In terms of percentage, it is 97 per cent so they have to take this from the western

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region where cotton is grown and where it is available and is surplus, and also from Punjab and Haryana. But they have to transport this by railway, a distance of 1500—2000 kilometres. It is very difficult to transport it by road because road transport is not well developed. High freight charges make transport by railway wagons expensive. Even in the observations of the Railway Ministry about certain items that are being charged at a very low rated freight such as coal and certain other items, the high-rated items are cotton and oilseeds. Whenever we have to take anything from the western region, from the western ghat region or even from the northern or north-western region, we have to pay a highly inflated freight as a result of which the cost of production of the commodities using cotton is much more.

Recently, the West Bengal Government has made a study and found out that it is nearly 3-4 per cent more on account of freight alone per unit cost.

But what happens in the reverse process? They are taking coal from the north-eastern region and the eastern region at a cheap rate. What is the cost of coal transport in the unit cost that has been assessed by industrialists and experts? It is hardly one per cent or a little less of the total cost. But in our case, even the freight cost for the raw material is about 3-4 per cent more. How then will the spinning and weaving mills, handloom factories and powerloom factories in our region be in a position to compete with such units in the western region? While you have accepted the theory that in respect of iron and steel, cement and coal there should be the benefit of freight equalisation available, at the same time, you have not accepted the theory that in those regions where cotton and oilseeds are not available and for which they have to depend on supplies from other regions, the benefit of freight equalisation should be afforded. The Government of India has not even considered this matter. This is a very apathetic attitude to take.

If we consider the geographical conditions of this eastern region we have a bigger market for cotton compared to the west so far as coarse cloth is concerned. With the emergence of friendly Bangladesh, where no cotton is grown, there will be a larger demand for export from the eastern region to other parts also. Is it the policy of the Government of India to reserve the development of the cotton textile industry, the weaving, handloom and powerloom industry, to certain localities, that is mainly to the western area including Gujarat and Maharashtra and the southern region so that persons employed or seeking employment in the eastern region may not have scope to prosper and develop? Whereas we have more workers per loom. That is also revealed by the study made by the Government of West Bengal. I would like to quote here. In Gujarat, the labour employed even in three shifts of a spinning mill is 5,699. The spindles worked in three shifts come to 5,46,396. In West Bengal, it is 6,034. So, we find that even in respect of the spindles which are being used in the machine in the spinning mills, the per capita labour force employed in West Bengal is much more. We find here even the per capita spindle—it has been given—in Gujarat per worker, that they are engaged in, is 95.7 per cent. In West Bengal, it is 76.6 per cent. As a result, what happens? If we start this industry in West Bengal and other eastern regions, we are in a position to employ progressively more labour than those who are being employed in Maharashtra, Gujarat and all those places. This is another advantage. Which the Central Government is deliberately blind to.

The third advantage from this point of view is this. In West Bengal, we have only a few spinning mills. Almost all the spinning mills are being located in the western region. You will be astonished to know that though the eastern region is comprising about 25.9 per cent of the population, and comprising Bihar, West Bengal, Assam and Orissa and all those places, the percentage of spinning mills comes only to six per cent of the total number of spinning mills in the country, all the others are in different parts, mainly

in the western regions and the western ghat area. Out of this six per cent, five per cent are in West Bengal and one per cent in Bihar, Orissa and Assam. As a result, what happens? Firstly, we are to take this raw cotton at a very high-rated price because of the railway freight. Secondly, whenever there is any scarcity in the western region, if this industry is localised in one of these areas, we find a sort of cotton yarn crisis as we experienced even in the earlier parts of this year. The hon. Minister knows it very well, and in spite of the various measures taken by them to relieve the pressure they could not ultimately succeed. What I want to say is, it is better for the country's interests that there should be an overall development of the spinning industry. Let the spinning industry both in the eastern region including the southern region and the State of the hon. Minister, my friend, the State of Kerala, be developed. In that case, even if there is a current failure, even if there is labour trouble, and even if there is a closure of spinning mills in any part of the country, the industries in the other parts will have a chance to survive or at least they will go ahead with their own production. If that is done the serious scarcity of cotton yarn as we have experienced in the early part of this year—probably has not yet been completely removed: it is still there in the market—could be done away with.

But how can the spinning mill industries develop in the eastern region unless we give some sort of incentive, unless we equalise the freight and unless we make it at par, competitive equally with the western region? That can only be done when the freight is equalised like that of the raw materials like iron, steel, cement and coal.

This is about freight equalisation, I will now come to the next portion of my resolution, that is, "cash subsidies be given for major foreign exchange earners, viz., jute and tea, in similar manner as is done in large number of other exportable commodities." The Government of India has several measures to give cash subsidies, and as a matter of fact, in one of these papers, they have declared that there are 450 and even more exportable commodities that are

being given this sort of cash assistance and subsidy. I quote:

"Financial support to the exporter for making his goods competitive in the international markets.

"The scheme for the grant of cash assistance against exports in general is a post devaluation export promotion measure coming into effect in respect of exports with effect from the 6th June, 1966. The objective of the scheme is to compensate exporters for the loss incurred because of uncompetitive prices of our products in international markets for various reasons such as lack of economies of scale, non-refundable State and local taxes, neutralisation of disadvantages inherent in the present stage of our economy."

There are more than 450 major products on which this facility of cash assistance against export is admissible. It is in their own records. There are certain non-traditional items on which cash assistance is given.

The paper also mentions cotton textiles along with many others. We had discussions about jute and cotton. But in the cotton textiles the Government of India is not earning a single pie; rather the Government of India is losing heavily in every year. They are giving a number of incentives such as export entitlements, import replenishment, etc. resulting in a net loss to the extent of Rs. 120 crores. I have an article published in the Economic and Political Weekly which says in its last para that even in this year the Government is considering importing long-staple Egyptian yarn and Sudanese cotton costing Rs. 250 crores... (Interruptions) You can refute these figures if you can. The article is by M. G. Pabaskar. In 1971-72, long staple Egyptian and Sudanese cotton was imported to the extent of Rs. 113 crores. That is the Economic Survey Report. To what extent is this cotton meant for fine and superfine cloth or to be mixed with synthetic fibre? To what extent exports of textiles manufactured out of this variety of cotton yarn have taken place? Has the Minister of Commerce enquired into these points? To



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what extent you are allowing them to import these high priced raw cotton and to what extent exports have been made? It is hardly ten per cent. It means that you earn a foreign exchange of hardly Rs. 11 or 12 crores from exports out of these qualities of textiles. Then what is the good of importing so much? What is the use of spending so much foreign exchange? I shall quote what Mr. Pabaskar has written:—

"Leaving aside probably the USSR, India ranks first in the world in the consumption of extra long staple cotton. Even the most affluent community in the world, United States consumes no more than one lakh bales of extra long staple cotton, Japan absorbs around two lakh bales mostly for the manufacture of textiles for exports. India however exports hardly any fabric manufactured from extra long staple cotton. In 1972 the total Indian yarn production of counts 60s and above which had been woven mainly from extra long staple cotton amounted to 48 million kgs. and only 1.1 million kg. of this yarn was exported." . . . .

It follows that over 90 per cent of the extra long staple cotton imported into the country is used in the manufacture of fabrics consumed domestically. No other country in the world can boast of such a high consumption of superfine cloth woven from extra long staple cotton. In this respect, India the land of poverty really outdoes the most affluent States like Japan and United States that is what he writes.

We need medium cloth and coarse cloth, not fine and superfine cloth, to satisfy the demands of our consumers. Instead we give so much allowances and facilities and incentives and cash subsidies to our textile industrialists and spinning mill owners. As a result they are earning crores of profit out of this superfine cloth. The superfine cloth is also not exported, properly as they are supposed to do. They get import entitlement in view of export replenishment. What are these people actually doing? They are export-

ing some amount of goods. Certain incentives are given for more and more exports. One of the incentives is that they are given certain import licences. How these import licences are being sold openly? I have here an advertisement from a paper which talks about this. It says: advertiser interested in purchasing import entitlement for MSWG 364361—(certain technical thing is there). It openly invited any person who has got this import licence under the scheme of import entitlement to sell it to him. It also says in the advertisement: please quote the premium and other charges required for this. This advertisement appeared on 15th July, 1973 in the 'Times of India' on page 8.

15.58 hrs.

[SHRI K. N. TIWARY in the Chair]

The Government should know how these import entitlements and other facilities given to some persons under the scheme are misutilised. They must know how the hard earned foreign exchange is spent. He says openly: I am ready to purchase your import entitlements at a premium; please quote your premium and other charges. For these import entitlements sometimes they charge 200, 300 or even 400 per cent. This is how black money is being generated from year to year.

Several other measures have also been declared from time to time by the Government. They get many incentives. Take for instance, groundnut. We face the heavy shortage of groundnut. There is acute scarcity. Even in the export of groundnut and groundnut oil the Government of India is encouraging by giving some sort of incentive. Those who export groundnut oil to other countries also get some incentive. They get an import licence which is about 60 per cent of the export value. They import 'Copra' and 'Palm Oil'. I can give details from the Economic and Political Weekly. The import entitlement is 60 per cent of the export value. They export this and import copra and palm oil.

These copra and palm oils have been sold at a premium of 200 to 300 per cent.

In this manner, a number of incentives and cash assistance have been given to these commodities, but no such incentives and cash assistance have been given in the case of jute and tea which are the principal foreign exchange earners. Instead, for export of jute, hundreds and thousands of rupees are being charged as export duty. While on the one hand they are saying that jute is losing its international market and competitiveness, in the same breath they are imposing Rs. 1,500 as export duty on each bale, i.e. 180 kg. of jute. That was earlier in 1948-49. Even at present it varies from Rs. 600 to 700. Very recently I understand the minister has taken some measures in regard to carpet backing and certain relaxations in import duty have been given. No other incentives have been given for the jute industry. I ask, why equal incentives should not be given for jute manufactures, on the condition that the price of raw jute must be increased? Why equal facilities should not be given for the development of tea industry in the eastern region, 85 per cent of which is in the eastern region—Bengal and Assam—and the rest in the southern and other parts of the country? Why equal incentives and cash assistance should not be given for the development of jute and tea industries so that the jute growers and tea growers may have a better and fair price? You are giving a fair price to the cotton growers. Why are you not giving a fair price to the jute growers?

16.00 hrs.

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With these words, I would very much like to hear the other hon. members and the minister. I appeal to the Minister that Government should seriously consider this measure. Otherwise, if this apathetic attitude is continued for long, especially in the eastern region, the people there will have sufficient reasons to believe that they are being exploited grossly and mercilessly.

MR. CHAIRMAN: Resolution moved:

"This House is of the opinion that for balanced development and growth in all regions of the country, incentives like 'Freight Equalisation' be equally applied

on cotton, oilseeds and jute as in the case of steel and cement; and cash subsidies be given for major foreign exchange earners viz., jute and tea, in similar manner as is done in large number of other exportable commodities."

SHRI VASANT SATHE (Akola): Sir, while listening to my friend, Shri Daschowdhury, I really felt that there is much to be said in favour of this resolution. I really do not know what points Government are having in mind for persisting in the present policy of not giving the same treatment of freight equalisation and other benefits to jute, which is one of the major products of the eastern region, as is done in the case of other primary products like steel, coal and other things. I am sure in the tenor of dogged defence which the ministers can put up to defend certain policies of the Government and the bureaucrats, as we saw this morning, both the ministers in charge of this ministry will come up with some defence.

But, as far as national growth, balanced growth, is concerned as a person coming from Maharashtra. I see full justification for the case of balanced growth and protection of jute producers.

I come from a cotton-producing area. My region has been demanding a fair price for cotton for a long time. In spite of the fact that in Maharashtra there is a monopoly of cotton production, the cotton grower is not getting a fair price, because there is no price equalisation. You get a higher price for cotton in the nearby Andhra Pradesh and Madhya Pradesh. So, the whole idea of giving protection to the cotton growers gets defeated. What is the result? In spite of all our best wishes for the cotton grower, in spite of the fact that there is a record production of about 70 lakhs of bales last year, the cotton growers are the worst sufferers today.

So, we must have a well-coordinated textile and jute policy, because jute is a major foreign exchange earner. Coming to import, why are you so helpless in the matter of stopping or banning the import of Rs. 100 crores worth of long staple cotton? Earlier the argument was that there is a gap between our demand and

[Shri Vasant Sathé]

supply. On the basis of 15 yards *per capita*, if we take into account our production there is a gap of 10 lakhs bales of cotton. Therefore, it was said that we are importing 10 lakhs bales of cotton. This argument was put forward when our production was 54 lakhs bales. Now when we are producing 70 lakhs bales, will the same argument stand? Yet, they say they will import 10 lakhs bales of cotton. Now the argument is that they will export yarn and cotton and earn foreign exchange. I want to know how much foreign exchange you earned by export of yarn and cloth made out of imported long staple cotton. I want him to give concrete figures because according to 'Economic Times' and many surveys foreign exchange is earned mainly by export of medium and coarse variety of cotton, and not even yarn. You are not exporting any yarn made out of superfine cotton. Therefore, the entire superfine cloth is utilized for the consumption of what is known as the elite class of the urban areas. I do not want to use the word "socialist" because it is not very popular these days; it is a provocative word. But do you think it is equitable, humanitarian, just democratic planning of the textile industry? I hope the Minister will not get up and say that he is dealing only with commerce and import and export and not with industrial development, which is dealt with by somebody else. After all, the Government is one and there is joint responsibility. They should think of the welfare of the people of the entire country.

Textiles is the basic necessity of life. Next to food comes clothing. How is *garibi* to be removed? How is the poverty to be removed? At least if you youngmen are progressive, I am sure, nobody can ever question your sincerity and honesty if you decide, as far as textiles is concerned, to see to it that cotton that is produced in the country gets equitably distributed at a proper price in the country.

What happened today morning? When we asked a question about the standard cloth meant for the common people in the fair price shops, we found, in that

also black market was being indulged in—shortage in the metres. We did not know who the mill-owner was and what was being done.

What I am saying is that this is a part of the national policy. Why do you plead day in and day out your helplessness against vested interests? Helplessness against whom? The day you said, "We cannot immediately stop the import of Rs. 100 crores worth of long-staple cotton", what has happened? Why can't you stop it? We know, we have contracts with Sudan or Egypt. You say, after all, you have to export something to them and, therefore, you have to import. This the argument given. For whom is it? If you are really to get anything from them, if this is a part of the contract, I want to pin you down on this and ask: Why don't you sell this cotton directly to other countries? You have a contract with Sudan. All right. You get it and sell it directly to other countries.

I am sure, other countries will be happy to have it even at a premium price. But please don't dump it on our country. By doing so, you are killing your own cotton growers because they will never get a fair price for cotton. You are killing the cotton industry.

The handloom weavers and yarn producers also want fine and super-fine cotton. They cannot get that yarn. Their *sarees* cannot complete with *Khatau sarees*. They do not get market for it. About 2 crores of people who live on handlooms are today suffering and dying on account of this. So, a comprehensive textiles policy and also jute policy will have to be framed. The same trouble is with jute growers.

In fact, in the world today, if we had a little more bold and progressive policy not in favour of big magnets but in favour of the grower, I am sure, even today jute could give us much better foreign earnings and a better price to the grower. He will grow better jute and grow more. But, unfortunately, even within the country, we seem to be helpless before the vested interests.

I really do not understand what is wrong in our whole economic thinking. Even if the basic, elementary, planned growth is to be brought about, I think, a Resolution like this ought to be accepted without any debate. They should have come forward themselves saying, "Here are the basic principles of this Resolution. We will give this protection." But this is a principles of this Resolution. We will give convention is that whenever it comes from a Private Member and, particularly, from the same party, the Minister's reply will be, "Well, there are these things or those things; these considerations or other considerations", and, ultimately, he will request the hon. Member to withdraw his Resolution. This is what will happen. We know that.

In the end, I would again request the hon. Minister that it is high time in this country—I am sure, he will agree with me—we apply our minds seriously to this whole question of our policy relating to balanced growth of regions and to basic needs of life, the basic consumer goods, and formulate our policy accordingly. If you do this, I am sure you will be able to achieve something in your tenure.

\***MR. SARADISH ROY (Bolpur):** Mr. Chairman, Sir, while extending a general support to the resolution I would like to point out that non-equalisation of freight charges is not the only reason which has impeded the industrial growth of the States in the eastern region of the country. We strongly feel Sir, that industrial backwardness of the eastern regions and also those in other regions of the country have been caused owing to the economic policy of the Government which takes better care of the producers rather than the workers. It is because of this defective policy that many of the States in the country continue to remain industrially backward. Not only this Sir, the continued pursuance of this policy has led to the closure of many factories in the different parts of the country too. While saying so, it cannot be denied by any one here that non-equalisation of freight charges has been one of the main contributing factors which has slowed down the pace of the industrial

growth in the eastern region. The hon. member Shri Das Chowdhry has proved it by citing many facts and instances while moving the motion little while ago. There cannot be two different opinions that the cost of production of cloth produced in the mills of Calcutta or its neighbourhood is more compared to the cost of production obtained in Maharashtra. The obvious reason for this fact is that the cloth manufacturers of the eastern region have to pay higher freight charges for cotton which they have to procure from the States in the North or in the West. A glance through the statistics of the wages earned by the cotton textile workers all over India some ten years ago will reveal that a textile worker in West Bengal was paid much less than his counterpart in Maharashtra. But even during those days the mill owners had to keep the prices of cloth low in order to compete with the textile manufacturers of Maharashtra and this they used to do by paying less to the workers. In this way, Sir, the workers were defrauded continuously over a very long period. The situation gradually deteriorated and it was no longer possible for the mill owners to keep cheating the workers and their margin of profit gradually fell and a time came when many of the cotton textile mills of West Bengal were closed down, because they could not compete with the producers in other States. Therefore, a time has definitely come when the Government will have to consider very seriously the different factors that are leading to the closures of mills and in this context a demand of the eastern region for a freight equalisation of cotton is a very legitimate one and should be conceded by the Government without any further delay. I would now like to take up the second part of the resolution which is indeed very important. It has been suggested that Government should give subsidy on those items which are manufactured for export and in turn help us to earn foreign exchange for the country. From our experience in West Bengal we have found that last year the Government had given subsidy on the export of jute goods. This had only helped the jute mill

\*The original speech was delivered in Bengali.

[Dr. Saradish Roy]

owners to inflate their profit and the cultivators who had grown jute remained completely out of the purview of the benefit of the remission given in excise duty. The Government then fixed the jute price but the Jute Corporation did not act in time and they did not come forward to purchase jute from the cultivators at a remunerative price or at a price fixed by them. As a result of this apathetic attitude of the Government the jute growers were exposed to complete helplessness and when they started making distress sale and the prices fell to Rs. 35 to 40 per maund then only the Jute Corporation stepped in to make some purchase and the rest was purchased by the small owners who reaped huge profits at the cost of the cultivators' miseries. The cultivators were completely cheated because they had made a good harvest but their produce could not bring good returns because of the class character of the Government which always upheld the interest of the millowners and paid lip service to the cultivators. During the discussion on the calling attention motion we have heard from members this morning how the Tripura jute growers are compelled to sell jute at Rs. 15 per maund and the Jute Corporation has not yet appointed its own agents to buy directly from the cultivators. Therefore, Sir, I feel that we have to evolve a procedure to ensure that the benefits of subsidy is not entirely usurped by the millowners as at present but the benefit must directly go to the cultivators as without it they can never be enthused to produce more. If the production of jute falls it will no doubt affect the industry and the industrial growth of the country. The situation with regard to tea is equally unhappy. We discussed in the morning how owing to communication disruption tea is not being exported from Tripura. Many millowners have closed down their factories because their margin of profit has fallen but the workers are the worst victim who have lost their jobs. Therefore while extending our general support to the resolution and supporting the plea for freight equalisation on cotton we must emphasise that the Government's

policy should be so oriented that the industrialists do not corner the benefit of the Government's move of concession for development purposes and fatten their profits. Therefore, with regard to the second portion of the resolution namely to give subsidy to export items it is our view that it should not be allowed to be exploited by the millowners in their own interests. Sir, very recently the jute mill workers in West Bengal had gone on strike. The call for strike was given not only by the leftists party but it had the support of the labour wing of the Congress namely INTUC. The main demand of the workers was that the Government should nationalise the industry, which is earning a lot of foreign exchange for this country but the millowners are appropriating to themselves a great share of the profit. Likewise Sir, it is also our view that the tea industry which also earns substantial foreign exchange for the country should also be nationalised. We can assure the Government that even after nationalisation there will be no reduction in the foreign exchange earned by these two industries. With these words, Sir, I conclude my speech.

THE MINISTER OF COMMERCE  
(PROF. D. P. CHATTOPADHYAYA):

Mr. Chairman, Sir, the Resolution is very significant and touches upon some very vital issues of the national economy and therefore it has to be considered very carefully and taking into account various angles concerning different regions, different commodities and different levels of the raw materials (primary and secondary).

Sir, before I go into the details of these things I thought I should mention some of the well-known practices of the Government bearing on this problem. Already the Railways follow a sort of telescopic rate in the matter of freight. The question is not one of a particular commodity, or of a particular area, or region or province. So, it should be taken from the all-India point of view. If for the development of the country as a whole some sort of distribution or re-distribution of the existing pattern of distribution is

called for, we shall not hesitate to look into the matter. But since the question is very complicated and intricate, having different facets, we cannot come to a hasty conclusion or a very quick decision on the matter.

The first point that we must bear in mind is that freight is only one among many other factors of production, and even in one particular factor of production, it is not a whole factor, but it is part of a factor, that is, at what price a particular raw material is available at the production site. So, freight has a very important bearing, no doubt, on production, through one particular factor, namely the price of the raw materials, but there also, it is a part of the factor and not the whole of it.

Secondly, it has to be borne in mind that price depends not only upon the transport itself but on what type of transport we use. Sometimes, we have to use in some areas road transport, and in some areas we have to depend upon railway transport, and the types of railway such as metre gauge, broad gauge etc. make a lot of distinction in the freight structure. Also, in regard to the nature of the commodities, some high-valued raw materials are preferred by the producers to be transported by road rather than by railway. So, even the freight factor has to be studied together with the type of transport that we use for moving this sort of raw materials.

For example, in the case of eastern India, unlike some other areas of India, the railway is used mainly, and perhaps there the problem of railway transport bottleneck is more acute than it is elsewhere. The question of freight equalisation has been mooted by some eastern States and some southern States. A committee was formed at the time of my predecessor in this Ministry, when it was named the Ministry of Foreign Trade. The Committee has gone into the matter, called for the comments and opinions of the different State Governments and the concerned interests and many of them have submitted their views before the committee.

One of the objects underlying the demand for freight equalisation is very understandable, and it has been made very clear by the hon. Members who spoke on the resolution, namely how to remove, or if that is not possible, minimise regional imbalance, imbalance defined in terms of economic and industrial growth. Also, perhaps they have in mind the problem resulting from concentration of industries in particular localities. These are very understandable aims underlying the resolution. But, as you know, to remove this problem and to do away with this problem, freight casualisation, though important, is helpful only marginally or peripherally. Government is already seized of the matter and it is through some credit facilities made available to the backward areas at cheaper rates that it is trying to partially mitigate the hardship of the people of the backward areas concerned and to promote industrial growth in those areas. It is well known that one of the industrial policies of the Government is to make relaxation of some other provisions regarding licence for those people or industrialists who want to come to the backward areas to open industries. It is through relaxation or redefinitions of the industrial licensing method and also by easy credit facilities that regional imbalances and similar problems can be effectively tackled.

When I say this, I do not mean to say that there is no point underlying the demand of freight equalisation. In fact, we in the Ministry looked into the problem in depth and detail. A committee went into it and we found that this method followed in our country, that is, the method of freight equalisation in respect of some basic raw materials like coal and steel are not followed in some other countries. We looked into countries like the USA, UK, USSR and also China. We obtained information through our embassies and tried to see how they follow or do not follow the principle of freight equalisation. Our intention was to see how in the socialist mode of production and also in the capitalist mode of production, also how in a developing economy and also in a developed economy, the freight structure is allowed

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to enter into the cost of production in what manner and what weightage is given to it. We have obtained information which suggests that there is no freight equalisation either in the USA or the USSR or China or Brazil.

So we have looked into the production structure of developing and developed, capitalist and socialist economies, and we tried to ascertain how they tackled the problem. So far the information made available to us suggests that they do not follow this freight equalisation method. We looked into why they do not follow, what was the rationale behind following it, how they do it and so on. It may be that some of them give locational advantages of raw materials, both basic and non-basic, and then bring about a sort of freight parity in and through a common subsidy fund. There can be a common subsidy fund making good the freight differential. This is possible. But since it is still a hypothetical matter, I cannot express a categorical opinion on this very delicate and important subject. But it is really intriguing why those economies, diverse types of economies, with different levels of development do not follow this method, how they tackle the problems and issues resulting therefrom. I have conjectured about doing away with the freight differential in terms of a subsidy from a common pool but since I do not know at this moment I do not like to go into the depth of the matter.

But so far as our thinking is concerned, it has been made abundantly clear in the view of Shri Krishnamachari, who was referred to by Mr. Daschowdhury, that coal and iron have been treated on a different footing from which oilseeds and cotton and jute are being treated, because of the reason that they are primary raw materials. So, to the question why freight equalisation has been extended to coal and iron and has not been extended in the case of jute and cotton, the answer obviously, as has been given clearly on the floor of the House, is that they are two different types of raw materials, basic raw materials and the non-basic raw materials.

Now, about the economy of the non-basic raw materials, how far we should go into the defence of this, I am not quite clear, because the weightage of raw materials in the case of basic and also in the case of non-basic has to be gone into. The comparative economies of all non-basic raw materials....

**SHRI VASANT SATHE:** What have you to say about cement which is the basic raw material for building; jute which is the basic raw material for jute clothings, or cotton which is the basic raw material for cotton cloth? How do you differentiate between the basic and non-basic raw materials in this matter?

**SHRI B. K. DASCHOWDHURY:** It is a philosophical proposition.

**PROF. D. P. CHATTOPADHYAYA:** It is very much of an economic and commercial proposition, but if my friend likes he may philosophise on it.

**SHRI B. K. DASCHOWDHURY:** I deny that.

**PROF. D. P. CHATTOPADHYAYA:** I was saying that the relative economies of the basic and non-basic raw materials have to be taken into account. Also, in that context, the wage structure of the places in question has also to be taken into account. As you know, the wage structure varies. Our studies reveal that because of the low wage structure in eastern India they have some advantage. The wage being a factor of production, since they enjoy some wage advantage, by that factor of advantage the freight disadvantage is practically neutralised. I say it as a matter of fact but I do not approve of it as a matter of principle.

**SHRI B. K. DASCHOWDHURY:** It is a shameful argument. (*Interruptions*)

**MR. CHAIRMAN:** Please let him proceed.

**PROF. D. P. CHATTOPADHYAYA:** I do not approve of it. I say it is a matter of fact, but I do not approve of it as a matter of principle.

**DR. SARADISH ROY:** In some industries, the wage structure in the eastern region is higher than that in the western region.

**PROF. D. P. CHATTOPADHYAYA:** I say that because of the low wages in eastern India....

**DR. SARADISH ROY:** I said that in some industries in the eastern region, the wages are higher than in the western region.

**PROF. D. P. CHATTOPADHYAYA:** That is what I am telling you. As a matter of fact it is true but as a matter of principle one cannot approve of it. So, this argument of wage structure advantage from the producers' point of view, the industrialists' point of view, is a factor to be reckoned with but not a factor on which the principles or the policies of the Government should be based.

**SHRI B. K. DASCHOWDHURY:** What is the Government's policy?

**PROF. D. P. CHATTOPADHYAYA:** He has raised many issues. He spoke for 45 minutes, ably supplemented by a very able speaker, Mr. Vasant Sathe. So, they have raised a lot of issues, a wide spectrum, touching upon so many aspects. I am touching only a few of them which have been taken into account in taking a final decision. I have already said that freight equalisation either in the case of basic raw materials or non-basic raw materials is nowhere in the world. Why? A partial answer is available with us because it is basic. There is a no man's area between basic and non-basic.

**SHRI VASANT SATHE:** As far as the socialist world is concerned, this problem does not arise in their economy because all prices and costs are controlled. Don't take any analogy from the socialist world. Take the analogy from the non-socialist world.

**SHRI B. K. DASCHOWDHURY:** In 1966, the then Minister, Shri T. T. Krishnamachari took a decision thinking that iron is a primary raw material. I would like to know in view of this

whether cotton is also a primary or basic raw material for the weaving industry and spinning industry?

**PROF. D. P. CHATTOPADHYAYA:** It is non-basic. Even then I would not say that the question of freight equalisation has no relevance. Before I say it, I have to study it further in depth.

Other points have been made that we are giving a very heavy cash subsidy. In fact, in the case of textiles, originally we used to give 15 per cent cash subsidy. We have brought it down to 5 per cent.

It has been said that the jute growers have not got a fair price. It is partly true, but only partly. Let it be made absolutely clear that never before jute growers—I repeat, never before jute growers got more than the price which they got this year. This is a bumper crop year. 80 lakhs of bales have been produced this year. If the hon. Member takes the trouble to look into the quantity of production and the prices fetched in the earlier years, he will see and even the grower friends will corroborate that at this high level of production never before the growers got more than what they are getting this year. We promised to give them Rs. 58 per maund Calcutta landed Assam bottom varieties. They got between Rs. 54 and 56. It is true in some cases they did not get the prices and the stockists got it. That is why I said, it is partly true. Discounting these difficulties, I think it would be unfair, incorrect and inconsistent with facts to say that they have been deprived of what they have been getting all these years. This is the best price in a bumper year. I am not quite happy; I want they should get more.

**DR. SARADISH ROY:** Is it a fact that West Bengal Government has complained that producers are not getting the prices fixed by the Central Government?

**PROF. D. P. CHATTOPADHYAYA:** I have submitted my facts before you with a sense of responsibility. If there



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are other facts to show that I am wrong, I am ready to check up those facts from whatever quarter it comes.

It was said that the cotton growers are not getting a fair price. The idea that monopoly purchase is the best possible policy to ensure or give the best price to the grower is not necessarily correct. I mention this particularly to those friends who always say "go in for monopoly purchase of jute". The analogy of the monopoly purchase of jute, we tried in the case of cotton in Maharashtra but we found that the cotton growers are not getting a fair price.

SHRI VASANT SATHE: That is because you followed that policy only for one State and not for the whole country.

PROF. D. P. CHATTOPADHYAYA: Because of that, we have revised our cotton purchase policy and we asked the Cotton Corporation of India to go and purchase, looking at the market price, and not hesitate to purchase simply because the purchase price is rather high or low in some parts of the State. They have now come to a decision of purchasing, and not necessarily from the commercial point of view, waiting for a better time and allowing meanwhile the prices to crash down, thus harming the interest of the grower. We are taking care of that. This instruction has been issued recently.

SHRI VASANT SATHE: It is half-hearted.

PROF. D. P. CHATTOPADHYAYA: About the cash assistance scheme there is a wide-spread misunderstanding. The scheme for the grant of cash compensatory support against export was formulated to neutralise or reduce the gap created by lower f.o.b. realisation compared to cost of production of the product exported, because of various reasons as lack of economy of scale, non-refundable state of local taxes etc. and neutralisation of those advantages inherent in the present stage of our economy. On this principle, the facility of cash compensatory support has been allowed to exports

of industrial and non-traditional products to make our goods competitive in the international markets. So, it is not given necessarily on all occasions and as a matter of doles. Even where we give it, we review it, as we have revised in the case of cotton textiles; because we find that it is not necessary any more in the case of cotton textiles, we have brought it down.

Before I conclude, I would like to repeat what I have already said. The Resolution has a point in it, has a merit in it. But since it is an intricate and comprehensive question, we have to go deep into it and without going into it we cannot take a decision on a very far-reaching problem touching upon the national economy as a whole.

We are glad to inform the hon. Members that this problem has been taken up by the Planning Commission as well. In the Fifth Plan document they have admitted that the policy of equalising the prices of important commodities such as steel, cement and fertilizers throughout the country should be reviewed from the point of view of ensuring appropriate locational choice. So, the fact that a highly professional and authoritative body like the Planning Commission speaks for the necessity of reviewing the policy is indicative of the merit of the Resolution very persuasively argued by my two eminent friends on the floor of the House. But, in view of the fact that the Commerce Ministry, in consultation with the Planning Commission, is studying the problem and sorting out the implications and obtaining information pertaining to the issue....

SHRI VASANT SATHE: Before he concludes, would he say something about the import policy on long staple cotton on which you are spending Rs. 100 crores?

PROF. D. P. CHATTOPADHYAYA: We have reviewed the policy. Our policy is to gradually decrease our dependence on the imported cotton and also encourage the local cotton growers.

In view of the fact that we are seized of the problem, the Planning Commission is also looking into the problem and since the study is inadequate to take a resolution, I would ask my hon. friend, Mr. Daschowdhury, to withdraw the Resolution. I assure him that we will look into it and take a suitable decision as early as possible on the matter.

MR. CHAIRMAN: Sbrī B. K. Daschowdhury to reply.

You have spoken for a long time. You finish in 2-3 minutes.

SHRI B. K. DASCHOWDHURY: Sir, I think, the Private Members' Business will continue upto 5.15 P.M. because it actually started at 3.15 P.M.

MR. CHAIRMAN: No please. There is a Discussion under Rule 193 to be taken up at 5 P.M. You have already spoken for about 45 minutes while moving the Resolution. So please finish in 2-3 minutes.

SHRI B. K. DASCHOWDHURY: Not 2-3 minutes; I will require at least 10 minutes.

Sir, at the end, the hon. Minister made an appeal to me to withdraw the Resolution though in spirit he accepted that all matters contained in the Resolution are under serious review of the Government of India.

I cannot understand the policy behind it. At one time, he was appealing to me to withdraw the Resolution and at another time, he was saying that they appreciate all these difficulties; that the Planning Commission, the highest planning body, are seized of the matter and that the Government will take a decision as early as possible.

The Resolution has not said in what manner the 'Freight Equalisation' has to be done. It simply says that in principle it should have been accepted. It would have been better if the hon. Minister had accepted it if, as he said, the spirit of the Resolution was in the thinking of the

Government and of the Planning Commission as well.

Certain observations were made by the hon. Minister. I cannot make a proper reply to that within the limited time at my disposal. As a philosopher, he posed a problem and said all these things philosophically intermingled with political diplomacy. He started by saying that iron and steel being the primary material, it was necessary at that time to have a 'Freight Equalisation' for the better development or for the balanced development of the regions. But he missed the point that cotton, oilseeds and jute which are to be taken from the eastern region to the western and northern regions are also equally primary and basic materials for industrial development. I am sorry to hear the reply of the hon. Minister. He has not explained that. It would have been happier on my part, it would have been very much appreciative on my part, to give credit to the hon. Minister if he had accepted that proposition, very clearly, that that ought to have been done in 1956 itself when the theory of 'Freight Equalisation' had been accepted for certain basic raw materials for a balanced development in different parts of the regions of the country. It ought to have been better. But instead of that, he mixed up everything and gave a reply in terms of political philosophy mixed with political diplomacy saying that these are two different things.

Basically, these two things are quite the same and they stand on the same footing. If one is to be accepted as the basic or primary raw material, then cotton, oilseeds and jute are to be accepted on the same footing.

Then, the hon. Minister said about the question of telescopic freight rate system introduced by the railways. That is quite true. But the railways is nothing but a Department of the Government of India. If it is possible on the part of railways, in consultation with the Government, to accept the system of telescopic freight rate, that is, the longer the distance, the lesser will be the freight rate. Why was

[Shri B. K. Daschowdhury]

it not possible to adopt the same equalisation of freight system, as my learned friend says, for these basic raw materials or the primary raw materials in the terms of the hon. Minister, like cotton and oil seeds? Who is responsible for that? The Government must have to face the responsibility, must come prepared before this august House telling frankly, 'In the past we have committed mistakes'. There is no other way.

The hon. Minister also said that for the development of industries, the wage structure in the eastern region should undergo a change. I know the wage structure in the eastern region is very low. Even the erstwhile British employers would have been ashamed of saying that the wage structure in the eastern region is too low for the balanced development of industries.....

PROF. D. P. CHATTOPADHYAYA: He is unnecessarily making this. I have said it very clearly. Please do not dramatise an ordinary thing.

SHRI B. K. DASCHOWDHURY: I know the hon. Minister is justified. He said that it is a fact. But the question here is that it is not enough to say whether it is a fact or not.....

MR. CHAIRMAN: He has stated a fact.

SHRI B. K. DASCHOWDHURY: But I put it to him; let him admit and say that these facts would be rectified at the earliest opportune moment.

PROF. D. P. CHATTOPADHYAYA: That is what I said.

SHRI B. K. DASCHOWDHURY: No. You said simply that these are the facts and these are the factors, you have not admitted that over the years it has resulted in a serious discrepancy for the proper development in the different regions of the country. You have not referred to this fact.....

PROF. D. P. CHATTOPADHYAYA: That is why I am looking into the matter.

SHRI B. K. DASCHOWDHURY: It is no question of looking into the matter. So long what did you do? So long what did this Government do? These matters, you said that you will look into. We are also clamouring to remove these disparities. But, with regard to the process of removing these disparities, what I find is that the Government is still thinking and thinking. Here, I want a clear-cut assurance from the Government whether in the next year's budget, it will be the declared fiscal policy of the Government to remove all sorts of disparities in the wage structures and see that there is a common wage structure throughout the country. In the Eastern region, including Bihar, Assam, West Bengal, Orissa and all these places, the labourers get much lower than the workers in other areas.... (Interruptions) Also in Kerala. That should not be tolerated any more.

About jute prices I appreciate the hon. Minister's anxiety that he has got a great concern for the jute-grower and he said that never before did the jute growers get such a high price as this year and he said that the price of Assam Bottom was to the extent of Rs. 56-57 though it cannot be actually to that extent. But he misses one point in between. He has not calculated the fare deducted, the freight charges deducted because the price he has quoted is the Calcutta price.....

PROF. D. P. CHATTOPADHYAYA: I have said that it is Calcutta landed price.

SHRI B. K. DASCHOWDHURY: But what is the actual price received by the jute-grower? It is much less. It is less to the extent of Rs. 27—30 per maund. Even if it is Rs. 56 at Calcutta for the good variety of jute, it is Rs. 27—30 less because you have to take the transportation charges the jute-growers have to pay....

PROF. D. P. CHATTOPADHYAYA: It will be only Rs. 12 at the maximum.

SHRI B. K. DASCHOWDHURY: So, they are getting much less than the price the hon. Minister has quoted.

He said repeatedly that never before did the jute growers get that price. I will put a question to the hon. Minister. Did ever before the prices of essential commodities that the jute growers have to purchase viz., rice, wheat and other essential items rule so high? Why don't you give the same compromise on the principle of parity? If you accept the parity ratio, when their prices go up because of higher pay and increase in dearness allowance to the employees, why don't you accept the same principle for jute also? If the prices of essential commodities go up higher, why don't you accept the fact that prices of jute should also go up so that it can be compensated? You have not said that. It is most unfair to the poor jute growers who are giving Rs. 250 to Rs. 300 worth of foreign exchange to this Government. In recent years there have been heavy demands for jute products. The demand for jute products have gone up. In view of the price of petroleum and other allied products, the prices of synthetics have gone up. You say, because of the world market, because of the international competition, it is not possible to give more price because we have to maintain certain standard in the world, competitive, as you are calling it. Why are you giving cash subsidy to the extent of five per cent for cotton and other things? Why don't you give some subsidy to the other growers? Is it enough simply to say, we must maintain this world competitive market and at the same time we must ignore the claims of the poor jute growers? I appeal to you once again to give more remunerative price for the jute growers.

17 hrs.

MR. CHAIRMAN: Please conclude now.

SHRI B. K. DASCHOWDHURY: I am concluding. I would simply appeal to him at the last minute, at the last moment. Since all these matters are under the consideration of the Planning Commission, I will appeal to him to expedite this process of consideration because we know the consideration of the Government moves at a snail's pace. It should

not take another decade or so to finalise the consideration. I would only appeal to the hon. Minister to expedite this process before the Budget session. When the Government presents the next Economic Survey Report for 1973-74 or 1974-75, let there be a clear assurance, let there be a clear note given, in the form of a Memorandum, that all these points have been considered, not only the question of price equalisation, but also the question of the entire subsidy, how it is to be given, how we are to develop the interest of the jute-growers, how we are to pay a fairer and a remunerative price to the jute-growers and also for the tea industry workers to develop.

With these words, with deference to the wishes of the hon. Minister, and with your permission, Mr. Chairman, and with the permission of the House, I beg to withdraw my Resolution.

MR. CHAIRMAN: Does the hon. Member have the leave of the House to withdraw his Resolution?

SOME HON. MEMBERS: Yes.

SHRI B. K. DASCHOWDHURY: I withdraw my Resolution.

*The Resolution was, by leave, withdrawn.*

17.02 hrs.

RESOLUTION RE. NEED-BASED MINIMUM WAGES FOR WORKERS

MR. CHAIRMAN: We will now take up the Resolution to be moved by Dr. Saradish Roy regarding need-based minimum wages for workers. Dr. Saradish Roy.

DR. SARADISH ROY (Bolpur): Sir, I beg to move the following Resolution:

"This House expressed its grave concern at the falling real wages of the Indian workers consequent to the abnormal rise in prices of essential commodities and failure of the Government to grant need-based minimum