

annas seven per lb. with effect from the 2nd October, 1954. I informed the hon. Members then that though the prevailing level of price of tea at that time justified a larger increase in duty, Government took a long-term view and decided to make only a moderate increase in duty in order that this level of duty could be sustained for a fairly long period without damaging our export prospects. At the same time, Government examined carefully the need for the introduction of a system which would automatically adjust itself in relation to major variations in price. The details of this system have been worked out and will be introduced in the Tariff Bill by the Finance Minister. Under this system Government would be able to mop up profits during a period of high prices while the industry would get benefit automatically when there is a steep fall in prices. The system will at once retain the advantages of a specific duty and avoid the administrative difficulties of an *ad valorem* duty.

It was considered that pending the introduction of this system the rate of duty should be raised to a level which would be appropriate to the prevailing price. Hence Government issued a notification on the 8th January 1955, increasing the export duty on tea from seven annas to ten annas per lb. This duty is a moderate one compared to the prevailing price of tea. Incidentally, I may mention that Ceylon increased the duty from 100 cents, that is Re. 1 per lb. to 130 cents i.e., Rs. 1/4/9 per lb. in the month of January, 1955.

I commend this Resolution to the hon. Members of this House for acceptance.

Mr. Chairman: As has been desired by some hon. Members, we might take half an hour for the Resolution

regarding tea or, if the House wants that all the four Resolutions should be discussed together and every Member should be given an opportunity to talk on any one of them he likes, we can discuss them together. May I know the reactions of the hon. Members whether all of them may be taken up together or half an hour should be given to each of them separately?

Hon. Members: Tea may be taken up separately.

Mr. Chairman: There is no hon. Member who desires to speak on this. Then, I will put it to the House.

The question is:

"In pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), Lok Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry, No. S.R.O. 112 dated the 8th January, 1955, by which the export duty on tea was enhanced from seven annas to ten annas per lb. with effect from the date of the said notification."

The motion was adopted.

RESOLUTION RE EXPORT DUTY ON GROUNDNUTS, GROUNDNUT OIL CAKE, DE-OILED GROUNDNUT MEAL AND DECORTICATED COTTON SEED OIL CAKE ETC.

The Minister of Commerce (Shri Karmarkar): I beg to move*:

(1) "In pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934). Lok Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry No. S.R.O. 113, dated the 9th

*Moved with the recommendation of the President.

January, 1955 by which the export duty on groundnuts was enhanced from Rs. 150/- to Rs. 300/- per ton of 2,240 lbs. with effect from the date of the said notification."

(2) "In pursuance of subsection (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), Lok Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry, No. S.R.O. 332, dated the 5th February, 1955, by which an export duty of Rs. 230/- per ton of 2,240 lbs. on groundnut oil cake and an export duty of Rs. 175/- per ton of 2,240 lbs. on de-oiled groundnut meal (solvent extracted variety containing less than $\frac{1}{2}$ per cent. oil) were levied with effect from the date of the said notification."

(3) "In pursuance of subsection (2) of section 4A, of the Indian Tariff Act, 1934 (XXXII of 1934), Lok Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry, No. S.R.O. 386, dated the 15th February, 1955 by which—

(i) an export duty of Rs. 100/- per ton of 2,240 lbs. on decorticated cotton seed, oil cake and an export duty of Rs. 50/- per ton of 2,240 lbs. on all oil cakes, other than the following namely, groundnut, copra, mowha, tobacco seed, neem seed and decorticated cotton seed oil cakes were levied; and

(ii) the export duty levied on de-oiled groundnut meal (solvent extracted variety containing less than $\frac{1}{2}$ per cent. oil) was made applicable to de-oiled groundnut meal (solvent extracted variety containing less than 1 per cent. oil)

with effect from the date of the publication of said notification in the Gazette of India."

I should like to say at the outset about the way in which our budgeting of export quotas as well the fixation of export duties are normally done. As hon. Members are aware, on many a commodity, our decisions have to be limited by international conditions. The commodity prices, many a time, rise and fall in the external market and we have had to expand our exports or limit the exports as justified by world conditions. There is also the internal demand and the quantum of export is also influenced by what the internal demand could be as against the internal supply. The supply is also bound to vary, and whereas the demand remains more or less constant, owing to a short-fall in crops or an increase in crops, there is always a difference in availability. Then, again, the principal consideration in firstly imposing an export duty or raising an export duty or decreasing the export duty is with a view to mop up any unnecessary excess profit. That is to say, if there is a large gap between the internal prices and the corresponding external prices, that is, export prices and the foreign prices prevailing at a particular time, then the State has always taken care to see to it that the advantage goes to the State. If I might invite the attention of the House to the salient facts connected with these three Resolutions, the House will notice that whereas the first Resolution seeks to have the support of the House for the action taken by the Government, according to the Resolution quoted, by which the export duty on H.P.S. groundnuts was enhanced from Rs. 150 to Rs. 300 per ton of 2,240 lbs., in the second case, that is the Resolution under item 7 of the Agenda, what we did at that time was that we imposed an export duty of Rs. 230 per ton on groundnut oil cake and Rs. 175 per

[Shri Karmarkar]

ton on de-oiled groundnut meal. In the third case, the House will note that part (ii) of the Resolution relates itself to a little variation in the type of oilcake, whereas by the first part of the Resolution we impose a duty of Rs. 175 per ton on de-oiled groundnut of a particular variety meal. We define that meal as solvent extracted variety containing less than $\frac{1}{2}$ per cent. oil. By the second part of the third Resolution, we have made that applicable to de-oiled groundnut meal containing less than one per cent. of oil. In the first part of the third Resolution, what we have done is that an export duty of Rs. 100/- per ton of 2,240 lbs. on decorticated cotton seed oilcake and an export duty of Rs. 50 per ton on all oilcakes have been levied. All these actions have been based on the considerations prevalent in respect of the different commodities that have been mentioned there.

I shall not take the House through all the various vicissitudes connected with these exports. As the House will doubtless remember, our policy of exports in the case of groundnuts and groundnut oil has varied from time to time. For instance, I might invite the attention of the House only to the latest policy announced in regard to groundnut oil. The policy adopted on the 28th November, 1954 was this. Our first release was 20,000 tons, and on the 20th January, 1955, we released another quota of 20,000 tons of groundnut oil. The third release was on the 4th February, 1955, and that was for a quantity of groundnut oil to the extent of 30,000 tons. Regarding groundnuts, our first release was on the 28th November, 1954, and that was 10,000 tons; the second release came on the 8th January, 1955, and that was about 10,000 tons, that is 8,000 tons in terms of oil. So, it came to this that the total quota so far released, in

terms of oil, came to about 84,000 tons. In respect of this particular matter, I might tell the House that normally we have fixed an annual ceiling of 80,000 tons. This was fixed by the Government in 1950 for exports outside India, but as I said a moment ago, the quantum of export during each year is fixed in consultation with the Ministry of Food and Agriculture on a review of the domestic requirements, price tenders, etc. For instance, during 1952-53, a quota of 60,000 tons was fixed for export. Then the position was again examined a little later, and because the internal position was rather tight, we examined the position and it was decided at the beginning of June, 1953 to ban further sales, and by August further shipments of oil were also stopped. Then again, in the month of July and August, 1954, prices began to decline on the expectation of a further good crop in 1955. They moved, as hon. Members are aware, somewhere between Rs. 1120 and Rs. 1150. There were also complaints about accumulations in the different parts of the country and trade became nervous as it was anticipated that the crushing of the new crop and the carry-over from the previous year would pull prices downward. Therefore, the Government released the following quotas at different stages. The first release and the second release in August and October, 1954, were to the tune of 15,000 and 14,000 tons of the old crop. As soon as the estimates of the new crop was definitely known, the following further releases were made. I will not tire the House with details of these figures. From the new crops we made a further allotment of 76,000 tons. At that time it was decided to allow exports; it was found that there was considerable difference between internal and external prices. The internal prices were ranging between Rs. 1,000 and

Ra. 1,120 per ton whereas the external prices of groundnut were Rs. 1,800 per ton. It was considered that while an export quota might help to develop the market, we had to guard against the prices running away by levying a high export duty. As hon. Members are aware, an export duty of Rs. 350 per ton was imposed on groundnuts on the 29th July, 1954. I will not tire the House with the considerations that formed the basis of our action. Because the external prices showed no signs of rallying and internal prices fell at Madras by Rs. 132 per ton, it was decided, as a further effort to sustain the market, to scale down the export duty from Rs. 350 to Rs. 225 per ton on the 2nd September, 1954.

Mr. Chairman: The hon. Minister may continue his speech tomorrow.

As it is 4-30 P.M. now, the House will now adjourn and meet again at 5 P.M.

The Lok Sabha then adjourned till Five of the Clock.

The Lok Sabha re-assembled at Five of the Clock.

[**MR. SPEAKER** in the Chair.]

GENERAL BUDGET FOR 1955-56.

The Minister of Finance (Shri C. D. Deshmukh): Sir, I rise to present the statement of the estimated receipts and expenditure of the Government of India for the year 1955-56.

This year, for the first time, Hon'ble Members will find circulated with the Budget papers Hindi versions of the Budget Speech, the Annual Financial Statement and the Explanatory Memorandum. I am sure the House will welcome this beginning. The Budget documents contain a large number of highly technical terms for which suitable equivalents have yet to be evolved and standardised. Imperfections are inevitable in this first attempt and I trust Hon'ble Members will bear with them.

Economic conditions during 1954 were generally satisfactory. Rainfall

was seasonal and adequate in the country as a whole, although in certain parts of the country floods caused extensive damage. There was no other major climatic upset. In the aggregate the outturn of crops was good and the overall stability attained by the economy in 1953 was maintained.

The trend of prices for the greater part of the year was one of downward adjustment. The general index of wholesale prices which had stood at 392.6 at the end of December 1953 rose moderately to 404.2 by the middle of April 1954. Thereafter prices fell rather sharply to 378.4 by the end of June and, except for a slight rise up to the end of September, there was a further fall with the harvesting of the Kharif crop, and the index at the end of January 1955 stood at 360.

The recent fall in prices has been due largely to a fall in price of food-grains, certain raw materials like oil seeds and certain miscellaneous articles like black pepper. The price of rice was about 12 per cent. lower in December 1954 as compared with December 1953 and that of wheat about 16 per cent. lower. Wheat prices had in fact declined by as much as 30 per cent. during the first six months of 1954 and, to safeguard the interests of wheat growers, Government announced a policy of price support at Rs. 10 per maund. Prices of coarse grains have also recorded a sharp decline in recent months and the Government of India have announced, as a measure of relief, the decision to purchase from cultivators jowar and maize at Rs. 5-8-0 per maund and Bajra at Rs. 6 per maund at certain specified mandis in areas where prices had fallen below these levels. These measures have on the whole had a reassuring effect.

The fall in wholesale prices has, to some extent, been reflected in living costs in various industrial centres. The All-India Working Class cost of living index declined by about 7 per cent. between January and December 1954. Compared with the peak of