

[Pandit Thakur Das Bhargava]

that the time is not sufficient. What is the bar to extend the time. At any time the Chair can do it and the House can do it.

**Shri Ramachandra Reddi:** It is in the hands of the House and as such the extension can be made. It is the desire of the House.

**Shri A. M. Thomas (Ernakulam):** When the discussion proceeds, if there is any necessity we can do it.

**Shri Mohiuddin (Hyderabad City):** In view of its importance, I do suggest that the time be extended.

**Mr. Deputy-Speaker:** So, the House is in favour of suspending the rule regarding notice for tabling the amendment. The rule is suspended.

Now, Mr. Reddi wants an extension of time by two hours; let us have half, one hour.

**Shri Raghbir Sahai (Etah Dist.—North-East cum Budaun Dist.—East):** Sir, my resolution comes after that.

**Mr. Deputy-Speaker:** After the previous resolution, the hon. Member's resolution will come up. There will be in all three hours for this resolution. When I called Mr. Gopalan the other day, he had only one minute. There will be full three hours today. The hon. Mover will have 30 minutes and the rest will have 20 minutes each. The hon. Member will have the right of reply.

So, the question is:

"That this House agrees with the Thirty-fifth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 24th August, 1955, subject to the modification that the time allotted for the discussion of the Resolution regarding State monopoly of foreign trade be increased by one hour."

The motion was adopted.

#### RESOLUTION RE STATE MONOPOLY OF FOREIGN TRADE—Contd

**Shri A. K. Gopalan (Cannanore):** Sir, my resolution is.....

**Shri Raghbir Sahai (Etah Dist.—North-East cum Budaun Dist.—East):** On a point of order, Sir. It is that when last time the report of the Committee was accepted, Shri Gopalan's resolution was given two hours. He has already taken one minute and there is a balance of one hour and 59 minutes left. The next resolution in order was mine, on community projects. In the last meeting of the Committee it was allotted 2 hours and 15 minutes. So, I expected that after Shri Gopalan's resolution had been finished my resolution would be automatically taken up. Unfortunately or fortunately 20 minutes more have been taken up by the Companies Bill. I thought that 20 minutes would be extended today and after Shri Gopalan's resolution my resolution would be taken up. I feel it would be proper if the former allotment of time is stuck to and I am also accommodated.

**Mr. Deputy-Speaker:** Unfortunately, the House does not agree with the hon. Member: that is my difficulty. Shri Gopalan.

**Shri A. K. Gopalan:** My resolution is:

"This House is of opinion that in order to implement successfully the Second Five Year Plan, Government should immediately enforce State monopoly of foreign trade in commodities like jute, hides and skins, coconut, pepper, tea, cotton, rubber, manganese, mica, coal and other metallic ores."

A State Trading Committee was appointed in 1950 and it submitted its report. But that Committee did not discuss this question in the context of planning. But today everything and especially a vital subject like the form

of trade should be discussed in the context of planning. It should also be judged in the light of its conformity with the objective of the State, namely, the socialistic pattern of society.

So, the question is, 'Is the present form of foreign trade compatible with planning?'. No, not at all. Prime Minister Nehru spoke of capturing strategic heights in the interest of development. He was perfectly correct. We do believe that without capturing the strategic or commanding heights as you like to call them, you cannot embark upon planning; let alone achieving success in it.

[PANDIT THAKUR DAS BHARGAVA in the Chair)

This foreign trade is a very vital strategic height and without capturing it, the talk of controlling the plains, that is, controlling the economy is just moonshine. Unless the State takes over foreign trade (both export and import) at least in some major activities here and now any plan is foredoomed.

In planning, we formulate a programme of production and development for five years, calculate the resources for the development, try to check up every year whether the particular year's part of the plan has been done. But, what do we find if we leave the foreign trade entirely or mostly in the hands of private traders?

We find that due to the manoeuvres of the private exporting firms, many of which have international ramifications, the prices of our export goods fluctuate violently. Sometimes, there is a heavy buying pressure (when they try to corner the stocks); at other times there is abstention from buying or heavy selling pressure—when they want to depress our prices. This is speculation pure and simple and both the foreign and Indian merchant capital engaged in foreign trade has degenerated to this level.

In 1951, some well-known firms, expecting the continuation of the Korean war, purchased huge quantities of oil-seeds, ground-nut and other

export goods, but in 1952 seeing the continued negotiations for truce, released the stocks on the market for sale. This caused a depression of prices of these goods. In 1953, another well-known European firm cornered stocks of pepper and then released them for sale thus bringing about a slump in the prices. Such activities exercise a very unsettling effect on our economy. They affect our production programme and negates planning. There can be no question of a steady improvement in production and employment under the circumstances.

3 P.M.

We also find that these private trading firms keep you bound to the traditional channels of trade and expose our export goods to boom and slump alternatively. As a result of this, there are violent fluctuations in the prices of these goods. In 1952 tea prices slumped heavily then in 1954 there was a boom unprecedented in the history of that commodity. As far as jute is concerned, in 1950, there was a boom and in 1952 there was a slump in the price. As a result of this boom and this slump, what happens is that sometimes the factories or mines or plantations worked to their full capacity. Sometimes they closed the factories. Thus trade fluctuation upsets our production programme and introduces chaos in the economy. This is just the opposite of planning. It may be argued that the factors operating in the overseas markets are beyond the control of our traders and any way our export goods have to face this boom or slump. There is no escape from it even if the trade is taken over by the State. I do not think it is correct.

Firstly, the advantage in the State taking over the trade is that with the help of its trade offices in various other countries, it will quickly and at a much lower cost, be able to negotiate for the disposal of our products.

Secondly, the most important factor is that the State can enter into long-term commodity arrangement with other countries, which the private

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trading firms cannot. For example, in 1954, there was a glut in tobacco. The Government concluded a trade agreement with China; according to which China agreed to purchase our tobacco. There was an easing of the situation in that commodity. But our tobacco traders were not able to promise whether they would be able to give them tobacco every year of the same quality and in the same manner. As far as China is concerned, they have got a planned economy. It plans its production and exports and imports. It cannot depend on the whims and fancies of our traders, who always wait for a higher price. So, they have either to step up production in their own country or enter into an agreement with other countries from whom they will get the things. Such kind of things would not happen if the foreign trade in tobacco is in the hands of the State. The essential distinction between the trade in private hands and the trade in the hands of the State is this. If the trade is in the hands of the State, it will always look for the long-term interest of the country, and if the trade is in the hands of the private traders, they will only look for profits. That is the first difference.

The United Nations appointed a number of committees to look into the various aspects of commodity trade and economic development, relative prices of exports and imports in under-developed countries and also instability in export markets of under-developed countries, and also to recommend measures for international economic stability. Each one of these committees was of the opinion that in order to prevent the fluctuations of export prices, international commodity agreements should be concluded. But up till now no such agreement has been concluded. America as the leading capitalist country in the world, was eager only to get through some agreement in commodities in which they had some special interests. Her interests were to sell wheat at a high price and also to get things like

manganese which she wanted to buy at a low price. The failure of the International Materials Conference showed the necessity that unless there is a long-term agreement, import and exports cannot be successful. The long-term commodity arrangement cannot materialise without the State taking over the trade as has been proved in the case of tobacco which I explained now. All this happens as a result of leaving the trade in the hands of private traders. Therefore, my first point is that the State must take over the export and import trade at least in the major commodities in order to overcome the fluctuations in our export prices and also to conclude long-term commodity arrangements with other countries and to provide stability in our economy.

The second point is that the State must take over the foreign trade in the major commodities in order to augment our financial resources for the Plan itself. The Plan-frame has estimated a fall of Rs. 2,400 crores and it has proposed to raise Rs. 800 crores by way of taxation and Rs. 400 crores by securing foreign assistance. This gap can be narrowed if the State takes over the export-import trade.

The third point is that taking over export and import trade—from 1950 to 1955 there has been violent fluctuation in the prices—will stop the violent fluctuation of prices and thus prevent the depression of the peasant's income. According to Dr. P. J. Thomas's article in a paper, owing to the fluctuation in prices in pepper, cashewnut and other things in Travancore-Cochin, about Rs. 60 crores of national income has been reduced in the last one year. In a way, it affects the peasant's income as well as the economy of the country.

The most distressing feature of our foreign trade is its dependence on Anglo-American market. It is not that we do not want our country to trade with Britain and America. What we want is to shed once for all its dependence on one type of market and that

too only in these two countries. It is true that of late there have been some attempts for diversification of our trade, but it has not been successful because there are some big defects in the system of our trade. What are the defects?

The defect lies in that our traders try to sell our goods in Britain and America first, and when they understand that they cannot dispose of their stocks there and the stocks become unsaleable, they look for other markets, which is contrary to planning. This can happen because we have allowed the British trading firms in India, financed by the Exchange Banks, to be in a dominant position in our foreign trade.

Again the defect lies in that the traders whom we call established importers are those very people who before 1947 used to trade almost exclusively with Britain. They have better links with the exporting firms in Britain and then in America, and it is very difficult for other countries to get into this chain and have import and export trade, no matter whether it is capital goods or consumer goods. Unless the State takes over the foreign trade, the others cannot get inside. What happens, therefore, as a result of these practices of our private traders is that those countries from whom we generally do not import cannot purchase our goods, however much we would like them to purchase, because they do not want to go off the balance in payment position.

Now comes the profit. It has been non-officially estimated that the export and import trade yields to our trading firms an annual profit of Rs. 125 crores. I do not know whether this figure is correct. It is for the Ministry of Commerce to say whether it is correct. Unfortunately, the Ministry does not want to divulge the names of the trading houses and the profit they make. I say this because through the Research Section of Parliament we wanted to get the figure and the names of big trading houses that make the profits, but we were told that they had

no access to it, and it is for the Ministry of Commerce to give the figure if they like. That is the reason why we are not able to say exactly what the profits are and which are the main importing trading houses that have got these profits. I shall request the hon. Minister, when he gets up to give the reply, to give us an idea of this figure, because it is very important for us to know about the profits and the major houses that get these profits. Anyhow, we have reason to believe that the sum of about Rs. 125 crores is a possible amount, because the exports are valued at about Rs. 600 crores and the imports are valued at about Rs. 600 crores. On a modest calculation of ten per cent profit, it comes to Rs. 120 crores. This is for the entire foreign trade.

**Shri A. M. Thomas (Ernakulam):** Does the hon. Member want to take over only the foreign trade?

**Shri A. K. Gopalan:** No.

It can be only the commodities which I have explained; they give Rs. 100 crores a year. For five years we get about Rs. 500 crores if we take the export-import trade. You said that the resources for the Second Five Year Plan should be augmented and propose to have taxes on the commodities, especially the commodities for the consumption of the poor people. It is fraught with dangerous consequences. We will have to find out other ways. Taxation on essential commodities will not only deprive our common people of the benefits of the Plan but will make them bitter against the Government. That is the reason why it is the duty of the Government to see that all the resources are properly tapped. They should take over the monopoly of foreign trade at least in the commodities that we suggested so that there may not be the possibility of taxation on essential commodities.

Government need not have any fear in this respect because as far as State trading is concerned, the Committee on State Trading in page 18 of their report says:

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"Strict control of foreign trade is coming into vogue all over the world to an increasing extent."

The Committee admitted that this control in their regimentation is not designed merely to deal with the temporary difficulties created by the balance of payments problems. A purposive direction of foreign trade with a view to promoting the best utilisation of the available resources has become the key note of economic policy in many countries. In countries like the U.S.S.R., Czechoslovakia and other European countries and in China also, foreign trade is controlled mainly through State controlled agencies. Besides the capitalist countries also have in emergencies taken to State trading. The United Kingdom Commercial Corporation in Britain, the Wheat Boards in Australia and Canada, Commodity Trading Corporation and Reconstruction Finance Corporation in America, the I.A.P.I. in Argentine are all instances of State trading by capitalist countries. Therefore by no stretch of imagination can it be conceived as a totalitarian measure. The argument that our resort to State trading will be looked upon with disfavour by some other countries to our detriment is not also correct because in most of the countries they have taken up State trading in many commodities in times of emergency and at other times also.

I now want to point out about each of the commodities and how those commodities' exports had been mainly in the hands of Britain and America. Take the case of manganese. There was a sharp decline in price in 1954 and the price came down from Rs. 150 to Rs. 70. Hundreds of mines in M.P., Bihar and Orissa were closed because the prices were very low. These could happen because of our dependence on the U.K. and American market. Fifty per cent. of the total export is taken by America due to the stockpiling for preparation for war. Later on it was due to the Korean war. There was a very big boom in our

manganese industry due to these and Government also got heavy duties. There are a few big steel co-operatives in the U.S.A. which together controlled 42 per cent. of the net investments in the U.S. steel industry and they are now busy exploiting manganese deposits in Brazil and this was the factor responsible for the slump and also for the slackening of demand by America. We have reason to believe that if Government negotiates with other West European countries, they will be found agreeable to purchase manganese on the basis of a long-term commodity agreement.

The second commodity is mica. The disastrous slump in the production and export of mica began from 1951. It continued uptill 1953 middle of June and then the prices came down by sixty per cent. India holds a monopoly of the mineral, producing about 80 per cent. of the total world output. We almost entirely depend upon the American market which takes nearly 85 per cent. Next comes U.K. and then France. These foreign monopolies have taken full advantage of our helplessness and dictate the price they want to pay to us. They have their own purchasing agencies here which fully utilise the competition among the Indian mica producers who are exporting individually and thus they force down the prices. This also shows that if we had taken up the trade in these commodities, it would have brought revenue to the State and provided security of employment for lakhs of workers.

The third commodity is tobacco. British Tobacco Manufacturing Company, Imperial Tobacco Company of India and its main tobacco leaf agency, Indian Leaf Tobacco Development Company has been dominating the tobacco trade and making crores of rupees. Here are the figures according to their reports. In 1950, the net profits were Rs. 90 lakhs; in 1951, 164 lakhs; in 1952, 238 lakhs, in 1953, 56 lakhs and in 1954, 155 lakhs. This is as far as the tobacco trade is concerned.

We want to nationalise the export trade of groundnut because it will yield not only revenue to the State but we can prevent depression of the income of the peasant. In answer to the question in the Lok Sabha it has been revealed that in July 1955 that the prices of groundnut oil-cake varied between Rs. 160 and Rs. 165 per ton in the market here but the prices were Rs. 507-520 per ton in the London market. This shows what enormous profits are reaped by the East Asiatic Company, Volkart Brothers and the Rallies.

Then comes shellac. Since the beginning of 1952, and throughout the year 1953, our shellac industry and trade passed through a severe crisis. Shellac prices fell in 1952 by about 70 per cent. of those prevailing in 1951 because we are almost completely dependent on Anglo American markets. The United States buys more than 50 per cent. and the United Kingdom, 25 per cent.

The position is the same with regard to jute also. I do not want to go into the details for want of time. I only want to point out the fluctuation in the prices as in the case of all the other commodities during the years 1951 to 1954. The lowest price for pepper in 1951 was Rs. 508 and the highest price in 1955 is Rs. 207. As far as coconut oil is concerned, the lowest price in 1941 was Rs. 21 and the highest price in 1955 is Rs. 21. So far as groundnut oil is concerned, the lowest price in 1951 is Rs. 68 whereas the highest price in 1955 is Rs. 45. With regard to copraoil the lowest price in 1951 was Rs. 423 and the highest price in 1955 is Rs. 370.

**Shri Mohiuddin** (Hyderabad City): How is it possible? The hon. Member is quoting the lowest figure for the highest price and the highest figure for the lowest price.

**Shri A. K. Gopalan**: There are two things. They are: the lowest price in 1951 and the highest price in 1955. I wanted to show the fluctuation in prices. Rs. 508 was the lowest price

in 1951 but in 1955 the highest price was Rs. 207. I wanted to show that the lowest price in 1951 was twice as much as the highest price now or the present price is just half of what it was in 1951. I think you have understood it.

So, I move that this resolution may be accepted because it will do good to the economy of the country as there must not be violent fluctuations of the prices. This will help us to have a stable economy and we will also be able to get crores of rupees for the development of our country.

**Mr. Chairman**: Resolution moved:

"This House is of opinion that in order to implement successfully the Second Five Year Plan Government should immediately enforce State monopoly of foreign trade in commodities like jute, hides and skins, coconut, pepper, tea, cotton, rubber, manganese, mica, coal and other metallic ores."

**Shri Ramachandra Reddi** (Nellore): I beg to move:

"That in the Resolution, for the word "enforce" substitute "appoint a small expert Committee to report on the question of".

**Shri V. P. Nayar** (Chirayinkil): I beg to move:

That in the Resolution after the word "rubber" insert "cashew-nuts, lemon-grass-oil, ginger"

**Shri Bogawat** (Ahmednagar South): I beg to move:

"That at the end of the Resolution, the following be added:

"as well as oilseeds".

**Shri Sivamurthi Swami** (Kushtagi): I beg to move:

That at the end of the Resolution, the following be added:

"This House is further of opinion that an Expert Committee should be appointed to examine the question of State monopoly of foreign

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trade of our country in respect of all such other commodities which will conduce to increase our national reserves".

**Mr. Chairman:** Amendments moved:

That in the Resolution, for the word "enforce" substitute "appoint a small expert Committee to report on the question of".

That in the Resolution after the "rubber" insert "cashew-nuts, lemon-grass-oil, ginger".

That at the end of the Resolution, the following be added:  
"as well as oil seeds"

That at the end of the Resolution, the following be added:

"This House is further of opinion that an Expert Committee should be appointed to examine the question of State monopoly of foreign trade of our country in respect of all such other commodities which will conduce to increase our national reserves".

**Shri Raghuramaiah (Tenali):** I have also a little soft corner for State trading but that does not mean that I am supporting Shri Gopalan's resolution. He seems to have a much wider corner.

**Shri K. K. Basu (Diamond Harbour):** You do not want to be in good company?

**Shri Raghuramaiah:** Good or bad, I will go some distance with him but I cannot go with him all the distance.

**Shri Pannoose (Alleppey):** So, for some distance we will carry you.

**Shri Raghuramaiah:** But, I am glad to see a change-over in him. He has been very solicitous to ensure sufficient finance for the success of the Second Five Year Plan. It is a significant change-over from the previous hang-over and if I make a few remarks it is with the same consideration that all of us want the Five Year Plan to succeed. We all want money for that. But, the question is: how to get that money? The question is: wherefrom we will get that money and whether the method suggested by Shri A. K. Gopalan is the right method? Trading is not talking.

It is not a joke. It requires speculation; it requires contacts and it requires a certain sense of taking risks. As pointed out by Shri A. K. Gopalan himself, prices vary. A commodity which today sells at Rs. 10 may sell tomorrow at Rs. 20. Who is to take the risk? Supposing the Government buys a commodity and the market slumps and there is loss, what will happen? I know we have got the Public Accounts Committee. We have also got hon. Members in this House who will try to tear the whole transaction to pieces. That is good. We ought to be vigilant. But, then, are we prepared to take risks in respect of every commodity. State trading is not a new thing. It is not a mere imaginative piece of Shri A. K. Gopalan. It has been there already. A Committee was appointed in 1950, a reference to which has been made by Shri A. K. Gopalan himself.

**Shri A. M. Thomas:** The Committee was appointed in 1949.

**Shri Raghuramaiah:** I am thankful to the hon. Member for the correction; but, anyhow, it examined the whole question more elaborately and in full details. That Committee seems to have recommended a very restricted scope for State trading confining it, in the first instance, purely to import and export business and only in certain commodities like cotton and so on. But, on the whole, it does not seem to have encouraged State trading on a wide basis—not, at any rate for revenue purposes. Reference has been made to cotton. In England the Government tried State trading in raw cotton. I am told that their experience was not very happy. They had to modify it considerably. Later on, I understand that they were faced with the problem of wrong stocks purchased at wrong prices. Therefore, they had to modify their policy.

Even in our country we have had some experience of trading in food-grains. I have got here a pamphlet with me—I am not prepared to accept the figures given here as com-

pletely correct, as this has been supplied by a non-official agency and I speak subject to correction—which indicates the enormity of the loss which we have incurred. Of course, loss in this case may be justified. Anything is justifiable when compared to the prospect of starvation which we were faced with. Certainly the Government had the primary responsibility of keeping up stocks and, may be, in that we have had to incur certain losses. The figures supplied by this Employers' Association, Calcutta—as I said I do not quote it with authority or authenticity—show that in 1944-47 alone there was a loss of Rs. 78 crores and so on—it gives the figures year by year—and in a period of less than two decades it gives out that we have incurred a loss of Rs. 277 crores. Whatever be the justification, in the case of rice we recently imported from Burma we suffered a loss. I think it is a well-known fact that it was more a political deal than a commercial deal. Are we prepared to allow all this loss? Why is that? It is because trading implies taking risks. Are we prepared to take risks?

Shri A. K. Gopalan has given some figures which go to show that in certain commodities, at the present moment, we are making a lot of profit. In case Government steps in directly or indulges in that business through State Corporation, are we prepared to allow Government the same profit that we are now having? How many times Members have asked Government in this House in regard to rice: what is the procurement price; what is the import price and what is the margin of profit that Government is taking and so on. In the case of jute, during the control days, when 5 per cent. was allowed to merchants, did not many Members in this House question as to why we should allow 5 per cent? Will not Shri A. K. Gopalan himself come forward tomorrow as the mythological champion of the poor and question: why is Government making 10 per cent. profit? It should have given it at much less profit to the poor consumer in the country.

**Shri T. B. Vittal Rao (Khammam):** We will not say that. What has that to do here?

**Shri Bogawat:** He has said it so many times.

**Shri Raghuramaiah:** I should like to believe what you say and live to see whether you practice it then, but I know that we ourselves would not like.....

**Shri A. K. Gopalan:** Let it be only 1 per cent. or  $\frac{1}{2}$  per cent. Let Government have that.

**Shri Raghuramaiah:** Shri Gopalan is agreeable to give the Government  $\frac{1}{2}$  per cent. but the question is that we ourselves would not like Government to make profit when it is a question of supplying the consumer with a commodity at a price at which the Government gets it.

Then there is also this aspect. He himself has said so many times—and so many Members have been very enthusiastic about it—that he wants our unemployment problem to be solved. Whenever it is a question of nationalisation in industry they raise a hue and cry, but I do hope that Shri A. K. Gopalan has also in mind the repercussions of a measure of this nature on unemployment. I do not have the figures here which show to what extent there will be unemployment, but I am sure he will agree with me that there will be enormous unemployment. The entire middle-class trading community—lakhs and lakhs of people who are employed in those concerns will have to go without job when state undertakes trading. The State can carry on with a hundred people whereas a private trading concern will have 50,000 or 60,000 people employed. (*Interruption*) My friends need not be so very bitter because, as I said, I am coming, in a way, to support them to a certain extent. If only they have a little more patience—I know I am asking too much of them—they will appreciate what I say.

I am against indiscriminate State trading in respect of every commodity irrespective of circumstances. I am



[Shri Raghuramaiah]

against State trading in commodities especially with countries where there is freedom of trade and where there are absolutely no monopolies. In that case it is impossible for us to have monopoly here. If our object is to get goods at as cheap a price as possible and to sell them at as costly a price as possible, that cannot be done by leaving it to a Government department, however erudite it might be, I know, in one case where a commodity could have been got for Rs. 11 a unit, some officer did not know it and he okayed it for Rs. 17-8-0 per unit. He was only bargaining for a reduction of -/8/-annas. I do not blame the Government for that. Government have not got the machinery for State trading. They have not got the equipment for it and the personnel for it. That is not a function of the Government.

But, in one respect, out of my experience in tobacco, I would strongly commend State trading there. There may be a few other things of which I may not be personally aware. Government might be able to take up trade in those cases also. My considerations are these: the Commerce Ministry was good enough to send a team to China, and I happened to be on that delegation.

**Shri T. B. Vittal Rao:** You were the leader of the delegation?

**Shri Raghuramaiah:** I wanted to be a little modest. I thank you for having mentioned it in the House. I was the leader of the term. I might tell my hon. friends that due to my efforts, particularly the virginia growers have got a crore of rupees. I may also say that the people have appreciated the effort made by the Commerce Ministry so much—I am not disclosing a secret when I say that they wanted to raise a statue for the Minister of Commerce and Industry. Shri T. T. Krishnamachari.

**Shri D. C. Sharma (Hoshiarpur):** If it is so, we will also subscribe to it.

**Shri Raghuramaiah:** I may also disclose a further secret, if I may,

that Shri T. T. Krishnamachari, in his usual modesty, has refused any statute being raised for him. Anyhow, it happened this way. About three years ago, the export market for tobacco completely thinned out. There were stocks running to the value of some crores of rupees particularly in the Andhra area which produces the vast bulk of virginia tobacco. There was a terrific economic collapse in the country-side. The whole economy of the people was disturbed. Of course it gave good grounds for my friends on the other side to exploit. It was a very unfortunate situation. The Commerce Ministry took up the question. As I said, they sent a delegation to China. During the negotiations, I came to know—and these are very important points which I would like the hon. Members to remember—that a few traders, behind the back of the Government, behind my back, were actually cabling to the Chinese Government offering the commodity at two or two and a half annas a pound, when I was quoting the same at four annas. This kind of indiscriminate competition among our people, because there is freedom of trade, did a terrible havoc. In the last deal which the Chinese were negotiating, I know, as a matter of fact, the Chinese were willing to accept a certain grade at four annas a pound. While the negotiations were still going on, the same thing happened; the representative of China went directly into the Guntur market and got an offer for three annas one pie per pound and they, concluded the deal. It was very unfortunate. Not only in China but in some other countries also, even democratic countries, tobacco has become a State monopoly. Japan is one of them. The entire trade of tobacco there is in the hands of the State as a monopoly. The same is the case in Thailand. In the Communist countries and in most of the East European countries, the entire buying and selling of tobacco is completely in governmental hands. We are at a disadvantage whenever we deal with totalitarian countries or with other

countries, so far as the tobacco is concerned, where it is a monopoly in the hands of the Government—we are at a terrific disadvantage, because on our side our trade is in the hands of two or three thousand people cutting each other's prices and incidentally cutting each other's throats also. Therefore, I would suggest that in such cases, that is, where the trade so far as other countries are concerned, is in the hands of a monopoly association—whether it be the State or semi-official organisation—we must also have a proper organisation in this country. It may be a governmental body or a semi-governmental body. As I said, the tobacco deal was a very successful deal and I would like to compliment again the Commerce and Industry Ministry in having effected that deal. I would, therefore, say that while I am opposing this resolution, while I am against indiscriminate State trading, in cases where the trade is in the hands of monopolists in other countries, we should have in this country an organisation, whether it is a governmental body or semi-governmental body. In fact, one of the recommendations which the delegation, of which I had the honour to be the leader, made was that in the case of tobacco, the trade in this country should be entirely in the hands of a body in which the growers also should have their representation. I would strongly urge upon the Government that they should keep that aspect in mind, and at the same time avoid indiscriminate state trading. While, therefore, I am opposing the resolution, I would commend these few considerations of mine to Government.

**Shri G. D. Somani (Naguar-Pali):**  
I would like to make a few observations regarding the implications of the resolution which has just been moved by my hon. friend Shri A. K. Gopalan. It was all right when we had those control days and when competition was not there and when, in certain fields State trading was resorted to. But, if we will look into the results

of the State trading of that period, we will know how risky and dangerous it was for the State to trade. Certainly now, in the times of competition, my friend Shri Gopalan says that State trading will help the resources for the second Five Year Plan, but I think the result may be quite otherwise. The State might be left in a position in which it will be very difficult to get along. Not only will it not benefit the community at large but there may be complete chaos and mess in so many directions.

As the circumstances stand to day, we are all aware of the expansion of the public sector in so many directions, and we have got in the public sector so much tasks to be performed and the Government's hands are already full with them. We have the programme of an ambitious expansion of industrialisation in the public sector like the three huge steel plants and various other projects with which the State is already engaged in a manner which clearly indicates that there is a complete lack of administrative and technical personnel of the calibre which will be able to execute the jobs in the manner in which they should be executed. That being the case, I think, to advocate at this stage for any action on the part of the State to resort to State trading will be only inviting repercussions of a nature which we should certainly avoid.

I have got before me a booklet issued by the Employers' Association of Calcutta, wherein they have analysed and reviewed State trading in India from the period 1943-44 to 1953-54. That covers a period of ten years when there was scarcity of foodgrains and there were heavy imports from foreign countries. That association has analysed the various aspects of imports and distribution and has given facts and figures in this booklet which should really show the dangers of State trading, the desirability for which my hon. friend Shri Gopalan had just now been indicating. The final position, as shown by that

[Shri G. D. Somani]

booklet, taking into consideration the Burma deal which alone could be said to be responsible for a loss of over Rs. 30 crores on the basis of the formula indicated earlier on account of the fall in prices, not to speak of damage to other classes of trade,—the final position shows that State trading in a decade has cost the community as much as Rs. 277 crores. The booklet says that no account is taken here of the possible savings of Rs. 140 crores that might have been obtained through a more careful purchase policy in respect of imported foodgrains. They have gone into the details of the imports and distribution and how they were handled by the various State Governments. State trading was resorted to at a time when there was an acute shortage of foodgrains and when it was absolutely easy to regulate the trading in a manner which would have brought benefit to the community at large and which would not have shown the results which this booklet has analysed from the various facts and figures which have been disclosed by the committee which went into this question of State trading.

This is the conclusion of the analysis

"It will, therefore, be readily realised that the results of state trading in food have been very discouraging and that available resources have not been properly utilised. The consumer cannot claim that he was supplied with good quality foodgrains at favourable prices. The Central Government cannot claim that they purchased foodgrains in foreign countries at favourable rates. The State Governments cannot claim that they procured the maximum quantities possible and unnecessary imports were avoided. Such is the sad experience. How can it be contended that an extension of state trading will help the Government to raise additional resources, in the shape of profits, for the prosecution of the second Five Year Plan?"

This is the analysis on a proper study of facts and figures of state trading on a very vast scale in foodgrains and under circumstances which were favourable. Now, if we talk of state trading at a period when there is such huge competition, I am perfectly certain in my mind that the implications of this policy will be highly detrimental to our national economy. I have got some experience about this bulk purchase system which we had in the textile industry for the purchase of cotton. This system worked all right so long as there was an acute shortage and so long as mills could not procure their cotton from any other source?

**Shri V. P. Nayar:** Was it purchased on the basis of quotas fixed by Government?

**Shri G. D. Somani:** Yes, these purchases used to be handled on a Government to Government basis and the various mills used to enter into commitments with the Textile Commissioners on the basis of a certain quota which was fixed for these mills. Ultimately in the last year it meant heavy losses for the mills and the Government found that this system could no longer be continued; perhaps if the system had been continued, it would have resulted in great harm to the industry and to the country in general. What I want to submit is that it is all right when there is any acute shortage in a certain sector or a certain community; even then it would be desirable only for a limited period. But in conditions of free competition, it will be almost an impossible task for any State trading organisation to efficiently and economically handle the export and import trade of the country. This is a very highly specialised job, and when my friend talks about the violent fluctuations, he easily forgets that it is not under the control of the importing and exporting countries to regulate the prices. In imports and exports, it is the world trade which functions. The prices fluctuate due to

conditions which prevail in the world market and it is certainly not within the jurisdiction of any individual country to regulate the prices of commodities, which are governed by international factors. I am aware of the export and import trade of certain commodities and I can say with personal knowledge that it will be doing a great harm to our export and import trade if the export and import houses which have been in this line for a number of years are going to be abolished. If those who have got a specialised knowledge and experience of that trade are going to be ousted and if the State is going to take upon itself the responsibility which it cannot discharge efficiently in view of the lack of personnel and various other factors, it will do great harm to the country. I respectfully submit that this resolution has come really at an inopportune moment. On the one hand the State has got upon itself such heavy responsibilities for which even named they are feeling the lack of personnel. Whatever responsibilities are placed on the State for fulfilment of the second Five Year Plan, they are finding it very difficult to discharge efficiently. Therefore, it is not proper to contemplate making an encroachment in the field of the private sector, in a field in which they are discharging their responsibilities in a manner which cannot, by any stretch of imagination, be regarded as detrimental to the national economy. I therefore plead with all the earnestness that I can command that there is absolutely no circumstance in the country at present to warrant any encroachment in the field of the private sector by resorting to State trading, because the results would be disastrous. The study about State trading in foodgrains has disclosed that, although that study has been taken for a period when there was an acute scarcity of foodgrains. I am also reminded of another instance when the Government of India imported some cloth from Japan. That was also in a period when there was acute scarcity of cloth and the cost to our exchequer was also very

heavy. If this had been the result of State trading in various times and if, even in periods of acute shortage the Central Government or the agency which handed that State trading could not properly discharge its responsibilities to complete satisfaction, then it clearly follows that there is absolutely no justification for entertaining the hope that any extension of State trading at present will lead to any beneficial results. This is a period of growing competition in the international markets. Every market is trying to become self-sufficient. It is in this period of growing competition that full support and encouragement should be given to those who have been in the trade and who know the technique of the trade and also the various other factors which govern the regulation of that trade. Therefore, this policy is fraught with dangerous consequences and I respectfully submit that before any such proposal is entertained, the Government should take into consideration the serious repercussions which the implementation of this policy will involve.

**Shri A. M. Thomas:** This question of State trading was being considered from time to time even before the Committee to go into this question was appointed in 1949. In this matter, as in other things, the party in power does not adopt a doctrinaire approach. But one has to decide each case on its merits. In the draft plan, frame that we have got, at page 9, there is this very significant statement:

"The public sector must be extended rapidly and relatively faster than the private sector for a steady advance to a socialistic pattern of economy: In order to make available large capital resources for investment and national development and to facilitate the implementation of the Plan, Government will be prepared to enter into such activities as banking, insurance, foreign trade or internal trade in selected commodities."

[Shri A. M. Thomas]

The memorandum submitted by the panel of economists also more or less echoes this suggestion that has been put forward by Professor Mahalanobis. The subject is of some immediate interest so far as I am concerned or rather my State is concerned, because from a report dated August 13, in the Hindu, I find that Mr. Panampalli Govinda Menon, Chief Minister, stated in Trivandrum that he had submitted a proposal to the Union Government for the establishment of a State trading corporation in Travancore-Cochin for the export of the State's marketable agricultural and commercial products. Referring to that proposal, he has also said:

"The Corporation would be run in co-operation with the Government of Madras and the Union Government. There would be a price stabilisation fund in order to prevent wide price fluctuations which would detrimentally affect the cultivators and the producers of the State."

Since this resolution is being discussed when this matter is pending before the Commerce and Industries Ministry, I would like to know from the hon. Minister what his reactions are to this proposal. I will later on also come to this matter. First of all let me make my position clear that I cannot subscribe to the resolution of Shri Gopalan as it stands.

You will find that we have got a democratic State functioning here. It is all right to advocate state trading under a totalitarian regime as in Russia or in China. Even in China, where state trading has been adopted, you will find from the report of the work of the Government submitted by Chou En-lai Prime Minister in 1954—it is a remarkable document:

"Our State trading departments have not yet been able, however, to cope entirely with this vast change in the home market. As a result they have been often

unable to avoid being placed in a passive position. This difficulty in our trade administration and other drawbacks of our trading establishments such as the failure to make a thorough study of supply and demand or the incurring of inflated administrative expenses must be swiftly eliminated."

If this is the picture of the department of state trading that they have in China, I would respectfully ask whether our administrative machinery can cope with the task that has been just advocated by my friend Shri Gopalan.

This morning we heard from the Commerce and Industry Minister—and he was perfectly frank when he said it—that he cannot say whether he would be able to get the necessary personnel for the three steel plants to achieve the targets with regard to steel production. So that it is a matter of personnel also, and if that is the case, I do not know whether we should make any violent departure in the pattern of our trade that we have at present.

The argument has been put forward that the extra profits derived from state trading can be got by the State and enormous resources will be thereby obtained for financing the second Five Year Plan. We have just now seen from the figures read out by Shri Gopalan that the prices of these commodities for which he wants state trading fluctuate in a violent fashion, and I would ask whether that is not an argument against State trading.

Shri V. P. Nayar: Certainly not.

Shri A. M. Thomas: We are dealing with the money of the poor tax-payers, and as such if the State incurs a loss or if the State takes a risk, the result will be that the tax-payer will have to suffer thereby. If money is the consideration, we are adopting necessary methods in case of excess profits obtained by private industrialists and private dealers by resorting

to export duties as well as import duties to mop up the profits for the State. So that I do not think the argument for state trading can be based mainly on the ground of getting the necessary resources for the next Five Year Plan.

I would ask the hon. House to consider certain aspects of our trade. We are just now dealing mostly with countries where there is free trade and where there is no state trading. In the Committee report that my friend as well as Shri Raghuramiah referred to, you will find at page 21 the figures quoted, which relate to the year 1948-49. The figures are very revealing. You will find that out of the total foreign trade that we have trade with Soviet Russia, Czechoslovakia, China and Argentina is only 4.1 per cent; and with the other countries, namely United Kingdom, other Commonwealth countries including Pakistan, the U.S.A. etc., it comes to 71.6 per cent. If this is the picture of trade that we have at present, can we afford to make a violent departure in its normal course? If the State steps in what will be the repercussions which it would create in the matter of our exchange earnings. I do not think that we can at all risk in this matter.

We may also have to consider the aspect just now pointed out by Shri Somani, namely that these traders have got long-established contacts in those places with which we have about 80 per cent. of our trade. We have also to take into consideration the psychology of the foreign buyers when the State steps in, in the matter of foreign trade.

The second thing that we have to consider is that in none of these items pointed out by Shri Gopalan we have got a monopoly. It would not be advisable for a State like ours wherein mixed economy has been accepted, to step in to trade in a commodity for which we have not got a monopoly.

We have also to consider the fact which I mentioned in the beginning, namely that we have got a democratic State. It is all right to adopt these methods in a State where there is complete regimentation.

I do not want to take the time of the House going through the various items that have been mentioned by my friend. I would in this connection refer to the Report of the Taxation Enquiry Commission also. The Taxation Enquiry Commission, as we know, has been very progressive in its report and it has placed before itself a socialistic pattern of society and increased State enterprise. After mentioning the recommendations of the State Trading Committee, the Taxation Enquiry Commission say on page 208:

"We think that no spectacular results, purely from the point of view of revenue, may be expected from State trading over a short-period. State trading requires personnel with specialised experience of business and raises the question of the adequacy of the governmental machinery at present for the task. Also the best time to extend State trading would be when prices are generally on the upgrade; the present, therefore, does not seem to be an opportune time for a wider incursion into this field. Altogether, the immediate scope for increasing non-tax revenue by enlarging State activity in the sphere of foreign trade seems to be limited, at any rate, for the time being.

Another aspect of State trading relates to the domestic economy; in India, the most notable instances of this has been State trading in foodgrains during and after the War years. This as well as other civil supplies schemes have been concerned with regulated provision of certain essential articles in a period of relative scarcity and were generally con-

[Shri A. M. Thomas]

ducted on a 'no profit no loss' basis over a period, apart from the (substantial) subsidies directly provided in the budgets of Central and State Governments. Such schemes, in their nature, were temporary. State trading, internally, could also be considered as an aspect of what have been termed fiscal monopolies."

4 P.M.

So, in a matter like this, we have to take each case and examine it on its own merits.

With regard to the articles mentioned by my friend, let us take for instance, the question of jute. With regard to jute, when it was a seller's market, so to say, Government did think at that time that it was not feasible to enter into that field. If that was the position then, today our position is no better. We have to compete in this field and we had even to reduce the export duties with a view to keeping up our foreign markets. When that is the position, it may not be advisable to adopt State trading in this particular article.

In the one or two minutes more that I have got, I would like to deal with certain articles for which Government may consider the advisability of State trading or the State stepping in one form or other. I refer to some of the important articles of my State, namely lemon-grass oil, cashew, ginger, pepper etc.

**Shri Punnoose:** But then you support Shri Raghuramaiah also.

**Shri A. M. Thomas:** With regard to these articles, there are certain advantages which may be taken into consideration by the hon. Minister when he considers the suggestion that has been put forward by the Chief Minister of Travancore-Cochin. The advantages are as follows. The producing areas of these cash crops are not far-flung. They are located in Travancore-Cochin and the Malabar district of Madras. And Cochin is

the principal market for these Commodities. Secondly, organisation and control for the marketing of these articles will also be easy, because only two States have to be dealt with namely the States of Travancore-Cochin as well as Madras. Besides, there is another advantage with regard to these commodities. There are well-known trade agencies which can easily be fitted in into the State pattern and converted into State agencies. It will also be found that in the case of spices, there are well-known organisations even in America with whom the State can easily deal. In spite of the wide fluctuation in demand as well as price, still we have got, so to say, a substantial monopoly with regard to these articles. Government have appointed an export promotion council for these articles. Moreover it has in view several quality control measures for the grading and standardisation of products, all of which will prepare the field for the State stepping in. Another point which has to be borne in mind with regard to these articles is that these are articles which are not subject to easy decay.

**Shri V. P. Nayar:** Will the minerals also decay?

**Shri A. M. Thomas:** These are all the advantages to be considered, while considering the question in what form or to what extent State trading can be done in articles like pepper, ginger, lemon-grass oil, cashew, etc.

With regard to cashew, there is undoubtedly a case for State trading, because we have practically got a monopoly of the cashew kernel trade. At the same time, we do not have an adequate supply of raw nuts, and therefore, we have to depend on imports. As will be recalled, several questions have been asked in this House about the vagaries of the importers and so on. So, this will be a fit case where the State can step in both in the realm of import as well as in the realm of export.

**Shri L. N. Mishra** (Darbhanga cum Bhagalpur): At the outset, I would like to thank my hon. friend **Shri A. K. Gopalan**, because through his resolution, he has given a chance to this House to discuss an important subject like State trading. I feel that this subject has been treated in a perfunctory manner so long, and Parliament has not an opportunity so far to consider it fully. In the First Five Year Plan, State trading could not get its due place. In the Second Five Year Plan, it may get some place, because I find that there are some indications in that direction. For instance, I find Professor Mahalanobis talking of State trading to get some resources, and the plan-frame for the Second Five Year Plan also makes a mention of it. I hope therefore that due consideration will be shown to this question of State trading.

I am not one of those who believe in dogmas, but I feel that there are subjects where one can be dogmatic also. State trading in chosen articles may, I feel, create an atmosphere which may provide some opportunities to the people, especially the agriculturists, and make them feel that some justice is being done to their case.

A little while ago, I heard my hon. friend **Shri A. M. Thomas** talking against State trading in a commodity like jute. I might say here that I have been demanding State trading in jute for the last three years in this House. Year before last, the hon. Minister of Commerce and Industry stated that he had no difference with me so far as State trading in jute was concerned, but his only anxiety was about personnel and risks. I admit that there is want of personnel; I admit that there is a certain amount of risk, and there is a 50 to 60 per cent. chance of incurring losses also. But I want to ask, what about your other State undertakings. I had opportunity to go through the reports of some of these State undertakings, and I may say that except some of the undertakings run by the Ministry of Railways and the Ministry of Com-

munications, most of the other undertakings are giving loss to the State. What about the Machine Tool Factory? And what about the **Nahan Foundry** and the **Hindustan Shipyard**? We have incurred losses on these undertakings. We have entered into contracts with foreign firms and those contracts have not been fulfilled; thus, money from the public exchequer has been wasted in many State undertakings. Now, should all these undertakings be closed down because they are incurring a loss? Are we going to narrow down the public sector by closing them down? We are not. On the other hand, we are talking of expanding the scope of the public sector. In fact, if we believe in a socialistic pattern of society, we cannot run away from this. We have to have State trading, and we have to increase the activities of the State even when I take it for granted that there will be loss, there will be risks, and there will be want of personnel. But I can say that there are men in the services, who are inferior to no businessmen. We have just to give them some power. At present, because of lack of adequate power, they lack initiative, they have not got confidence in themselves, and they cannot take immediate and quick decisions. We have to give them powers, so that they may have the initiative and also they may take immediate and quick decisions. I do not say that State trading should be resorted to indiscriminately in all articles. I only say that in at least certain chosen articles, State trading should be attempted. State trading is not something which is an anathema to us. We had State trading in certain articles, as for instance, foodgrains. We have State trading in steel today. We have State trading in fertilisers, and also in a certain amount of imported cotton from East Africa and Sudan. I was glad to hear from the hon. Minister that the experience of State trading in these articles has been satisfactory. If that be so, then what is the reason for shelving this question of State trading?



[Shri L. N. Mishra]

Many hon. Members have referred to the Report of the Committee on State Trading. I have also read that report, and I may say, with all respect to the members of that committee, that that report is very much discouraging for anyone who has thought about this question. If Parliament feels that that committee was right, and that the opinion expressed by that committee on State trading is final, then there is nothing to say. But I feel that we should think over the question fully.

About six months back, the hon. Minister of Commerce and Industry had told us that some official committee had been appointed to examine this question of State trading. I want to know what their recommendation has been. We have to think over the fact that we cannot do without State trading.

So far as jute is concerned the House knows it has a romance of its own. It has undergone very many changes in its life. Sometime, it gets a boom, and sometime, there is slump. But if we examine the question, we shall find that most of the time, its position has been affected by a fall in foreign demand or an increase in foreign demand. The exporters in the jute trade have exploited the situation. We had a good foreign market. But in 1951-52, there was a setback and we lost our foreign markets. These exporters, in pursuit of their profit motive, charged unreasonable prices, and we lost our foreign markets. We lost our markets in Argentina, U.S.A., the Middle East and other countries. What was the price of Jute? It was Rs. 10, 11, 13, 14, like that—an un-economic price. It goes to the credit of the Ministry that it took some steps. It persuaded people to send some delegations. Some delegations were sent. There was a recovery in the market. Today the market is somewhat reasonable and satisfactory. If we want to maintain this market, we have to see that the old story is not repeated, that these exporters do not

exploit the position, that these exporters do not export according to their will only. You know that the foreign purchasers want stabilisation in the price of jute. There has been no stabilisation in the price of jute. We can guarantee stabilisation only if we have some control over the price of jute. We know that 75 per cent of the jute industry is in the hands of not more than 12 managing houses. These managing houses have entered into direct export trade also. Not only that; they have resorted to retail purchases also in the secondary and primary markets. Most of these people have their own purchasing centres. They are making purchases from the growers; they are manufacturing the goods and they are exporting the goods. So the whole monopolistic control over this industry is held by them. The result is that the State has little control. It is true that we used to get some export duty which added to our revenue. But the position is not satisfactory. During the Korean war boom days, there was some talk of having State trading in jute. But the idea was dropped. I feel that if we had adopted this idea of State trading in jute in those days we would not only have intercepted the huge profits earned by these exporters, but we would also have gained something for the State exchequer. But we did not do that. I feel that we committed a grave blunder in those days by not doing it, and we are reaping the consequences of that mistake now. Therefore, we should have State trading in certain articles at least. Today, the position of tea is very good. We have got a boom. People say there is competition, the character of the market has changed; therefore, there is no use having State trading. We missed a great opportunity by not having State trading in Jute. Why not we have State trading in tea today? As far as jute is concerned, even today we can have State trading. That will give us a chance to try the policy of State trading. It does not matter if we incur some loss. In this subject, some loss should

be no consideration. There are interests which are going about with propaganda to the effect that State trading is not advisable. Many of the Members might have seen a booklet published by the Calcutta Employers' Association entitled *State Trading in Foodgrains*. They have tried to show how the State has incurred a loss by resorting to the policy of State trading in foodgrains. Yes, we have lost. But do you know what the consequences would have been if there had been no State trading in foodgrains? There would have been a second 'Bengal famine' in the country. These private interests would then have earned enormous profit at the expense of the people, and the people would have suffered. The country had a serious food problem, and the State was right in having a policy of State trading in food. Therefore, we should not get discouraged by theoretical suggestions of the character put forward by these interests, and give up the idea of State trading.

Shri A. M. Thomas had said something about a State trading corporation run by the Travancore-Cochin State or Madras. I also feel that at the central level, there should be a State trading corporation. It should examine the position of all the commodities with which we deal. We can have State trading not only at the import and export level, but also at the internal level. So far as the agricultural raw materials are concerned, the agriculturists are deprived of their due share. There is no fair relation between the prices of manufactured goods and agricultural raw materials. A reasonable price has been denied to the agriculturists. Therefore, if a State trading corporation is created, it may look not only after import and export trade but after the internal trade also. The corporation may be given adequate powers and adequate personnel. If we want to have private individuals for this purpose, let us employ people from the private interests also, if they can serve the country. Because

of the risk of loss or want of personnel, we cannot give up the idea of State trading. I believe that mere State trading may not give us any finance to finance the Second Five Year Plan, but I feel State trading can give us some resources for economic development and more of capital investment. That would also end the monopolistic and quasi-monopolistic control by private interests.

A week ago we were discussing the Press Commission's recommendations. They have suggested the formation of a State trading corporation for newsprint. I know newsprint is an article which is very much exploited. The Press barons exploit it for getting advertisements, for circulation etc. We can have state trading in newsprint in the same way as in jute. Then there is the question of mica. I come from Bihar and I know the history of the mica industry. We have lost foreign markets and the industry has suffered. But the internal consumption is going to increase, and there is no cause for alarm. Also, there is the question of manganese ore. We have lost our foreign market in this commodity, in the U.S.A. But since we are producing more steel, we will be utilising more and more manganese ore. I would request Government to consider all these articles with reference to State trading and not mind the risk. It is a fact that the Public Accounts Committee and the Estimates Committee may comment on the loss incurred. They are representative Committees of Parliament and they would give us the margin once Parliament decides the policy to have State trading. The officers have to be given some latitude. If there is a loss incurred, it does not matter. You may incur a loss, as you are incurring in many other industries. But the risk has to be taken.

**Shri A. M. Thomas:** Will any officer take the risk?

**Shri L. N. Mishra:** Prof. Mahalanobis has said that if the public sector

[Shri L. N. Mishra]

is to be expanded, the rules have to be amended, our services have to be given more powers; they must be given power to take quick decisions. If we do not do it, there is no use of having more of the public sector or of talking about a socialistic pattern of society. I therefore support the policy of State trading in certain chosen articles, and in pursuit of it, the creation of a State trading corporation

श्री शिवमूर्ति स्वामी : मैं श्री ए० के० गोपालन के प्रस्ताव को तहे दिल से सपोर्ट करता हूँ और साथ ही साथ मैं अपना अमेंडमेंट भी पेश करता हूँ।

इस हाउस में दो तरह के ख्यालात जाहिर किये गये हैं। चन्द एक मेम्बरान ने अपना यह खयाल जाहिर किया है कि यह बिलकुल अपॉन्चुन टाईम नहीं है और इमसे ज्यादा देश को आमदनी होने वाली नहीं है और साथ ही उन्होंने यह भी हमको बताया है कि जिस तरह की मिशनरी रिपोर्ट वाला परसूनल हमारे पास होना चाहिए, आज हमारे पास नहीं है। मैं यह बता देना चाहता हूँ कि मिशनरी रिपोर्ट के आदमी यदि आप बी०ए०, एम० ए०, वाले लोगों में या आई० सी० एस अफसरों में देखना चाहें, तो वहां आपको नहीं मिलेंगे। इसके लिए तो आपको बिजनेस मार्केट में जाना पड़ेगा, जो छोट छोट व्यापार करने वाले हैं, उनमें छानबीन करके अपने मतलब के आदमी निकालने होंगे और उनके सहयोग से अगर आप अपने यहां एक तरह की लिमिटेड कारपोरेशन कायम करेंगे, और जिस तरह ट्रेड मंशिनरीज और बहुत से मुल्कों में कायम की गयी है, उस तरह पर अगर आप प्रोसीड करेंगे तो मैं समझता हूँ कि हम आने भक्तुद में कामयाब हो सकेंगे। इस तरह अगर छोट छोट लोगों को चांस दिया जाय तो मैं नहीं समझता कि भारत में ऐसा परसूनल नहीं है जो कि फारन ट्रेड में एक्सपोर्ट होकर मुल्क की खिम्त न करे।

मंत्र दूसरा सुभाव यह है कि अगर हम अपने मुल्क को सोशलिस्टिक पैटर्न पर बनाना चाहें या समाजवाद की तौर पर इस मुल्क की एकानमी को बढ़ाना चाहें तो कोई बजह नहीं है कि हम स्टेट ट्रेडिंग को हाथ में न लें। यहां पर स्टेट ट्रेडिंग की एक ग्लूमी पिक्चर दी गई है। लेकिन क्या मैं अपने दोस्तों से एक सवाल पूछ सकता हूँ? लांग एक्स्पॉर्ट और इम्पोर्ट के लिये लाइसेंस लेते हैं, वह लांग खुद व्यापार करते हैं, यह बात दूसरी है, लेकिन क्या ऐसे ही लांग बाजारों में अपने लाइसेंस को हजारों रुपये में नहीं बेचते? जो बड़े बड़े मार्केट्स हैं, जैसे बम्बई, कलकता, मद्रास, ट्रावनकोर कोचीन बर्गेरह, वहां क्या लाइसेंस हासिल करने के लिये हजारों लाखां रुपये नहीं दिये जाते हैं? और उन एक्स्पॉर्ट इम्पोर्ट लाइसेंसों को हासिल करने के बाद क्या होता है? न वह एक्स्पॉर्ट करते हैं न इम्पोर्ट करते हैं, बल्कि सिर्फ लाइसेंस दूसरों को दे दिये जाते हैं और बहुत रुपये पगड़ी की तौर पर कमाये जाते हैं। इस के बारे में मैं यह भी सुनता हूँ, और यह ठीक है, कि यह कोई जरूरी नहीं है कि एक्स्पॉर्ट इम्पोर्ट बिजनेस में नुकसान ही होता है। कुछ इन्टरनेशनल मार्केट्स जरूर होते हैं जिन में हमें नुकसान होता है, लेकिन मैं इस खयाल का नहीं हूँ कि स्टेट एंसी चीजों का एक्सपोर्ट या इम्पोर्ट लाइसेंस इश्यू करना बन्द कर दें। वैसे यह चीजें खुली तौर पर ट्रेड करने के लिये इन्डिविजुअल्स को भी दी जा सकती हैं, लेकिन अगर कामर्स और इन्डस्ट्री मिनिस्ट्री एरी तौर से स्टेट ट्रेडिंग करना चाहे तो उस को मार्केटिंग के लिये एक मंशिनरी या ट्रेड कारपोरेशन जरूर बनाना पड़ेगा, नहीं तो कामर्स और इन्डस्ट्री मिनिस्ट्री सिर्फ एक कंट्रोलिंग आफिस हो कर रह जायेगी और सारी मार्केट जो व्यापारी लोग हैं उन्हीं के हाथ में रह जायेगी।

एक टैक्सेशन एन्क्वायरी कमीशन बनाया गया था उस ने कहा है कि हमें नानटैक्सेशन इंग

सं बढ़ना चाहिये। अब टैक्स इतने बढ़ गये हैं कि छोटे छोटे आदिमियों को व्यापार करना बड़ा मुश्किल हो रहा है, लेकिन बड़े बड़े आदिमियों से हम को उस को लेना चाहिये। इस तरह से टैक्स ले कर हम बहुत कुछ बचा सकते हैं। आज हमारा पैसा जब इन्डिविजुअल्स के पास आ जाता है तो उस का उन के पास से निकाल लेना बहुत मुश्किल होता है। लेकिन स्टेट के पास आने के बाद उस को हम ठीक से खर्च कर के अपनी इन्डस्ट्रीज को बढ़ा सकते हैं। हम प्लानिंग कर रहे हैं, पहली पंच वर्षीय योजना खत्म हुई, दूसरी पंच वर्षीय योजना को अब हाथ में लेने जा रहे हैं, इस के बाद तीसरी पंच वर्षीय योजना होगी। दूसरी पंच वर्षीय योजना के अन्दर बड़ा अपावर्न टाइम होगा स्टेट ट्रीडिंग को बढ़ाने का। तीन साल हुए एक फिक्स्ड कमिशन बैठा था। जिस तरह की उस की स्कीम थी, उस के कंट्रैक्ट में हम आज प्लानिंग की बात यहां बैठ कर सोच रहे हैं। उसी तरह एक स्टेट ट्रीडिंग कमेटी बनी, उस की रिपोर्ट आ गई, लिहाजा उस के कंट्रैक्ट में, आज कल के जमाने के कंट्रैक्ट में, मैंने यह एग्मेंटमेंट दिया था कि एक कमेटी बैठवाई जाये और वह कमेटी हमेशा स्टेट ट्रीडिंग कारपोरेशन को हिदायत करती रहे कि कौन से माल को सरकार को अपनी मोनोपली में हासिल करना चाहिये। मिसाल के लिये मैं टी की एग्जाम्पल दूं। हमारे पास टी का पूरा बाजार था, हम ने १९४४-४५ में १४९.०६ करोड़ रुपये की टी एक्सपोर्ट की, १९४४ में १०२ करोड़ रुपये की और १९४२ में ४९ करोड़ रुपये की एक्सपोर्ट की थी। इस तरह धीरे धीरे टी इन्डस्ट्री के अन्दर जो क्राइसिस थी उस को काबू में किया और जैसा कि अभी मिश्र जी ने बताया, हमारे तमाम मुल्क में जूट और टी का ७० परसेन्ट एक्सपोर्ट हम कर रहे हैं। इसी तरह से जो हमारे बड़े बड़े ट्रेड हैं अगर उन को हम हाथ में ले कर स्टेट ट्रीडिंग के दायरे में ले जायें तो कोई बजह नहीं है कि हमें नुकसान हो। दूसरे इस तरह से हमारी

इन्टरनेशनल मार्केट को जो नुकसान पहुंचता है उस को भी रंगुलेट कर सकते हैं। लेकिन मुझे बड़ा ताज्जुब हुआ यह जान कर कि टामस साहब के यहां यानी ट्रावनकोर कोचीन में, जहां पर मैं गया भी था, पेपर इन्डस्ट्री बगैरह में चन्द लोगों को बड़ी तकलीफ हुई थी। अब चन्द फार्मर्स के हाथ में वह इन्डस्ट्री है और वह लाखों रुपये पैदा कर रहे हैं। जब वह किसानों या इन्डिविजुअल्स के हाथ में थी तो पैदा करने वालों को नुकसान होता था। बात यह है इन्डिविजुअल व्यापारियों के हाथों में होने से रेट्स में फ्लक्चुएशन्स होते रहते हैं। फार्मर्स के हाथों में आ जाने से यही नहीं कि फ्लक्चुएशन्स कम होते हैं बल्कि एक क्रिस्म की आसानी और पैदा हो जाती है कि एक्सपोर्ट का एक अलग रेट रहता है और इनर ट्रेडिंजनस का रेट अलग रहता है। दोनों में काफी मार्जिन रहता है इस लिये ज्यादातर नुकसान नहीं होता। लेकिन इस की वजह यही है कि यह इन्डस्ट्री इन्डिविजुअल्स के हाथ में बाकी नहीं रहती है। मैं जानता हूं कि आज हमारे नैशनल्स में सिन्सिअरिटी है, दूसरी रिजिनेंस कम्युनिटीज में भी बहुत काफी सिन्सिअरिटी के लोग हैं। हम को उन सिन्सिअर लोगों का सहयोग लेना चाहिये। बाज एंसे लोग भी होते हैं जो कि कभी अपने मुल्क की बात नहीं सोचते हैं, अगर हम किसी फार्मर कंट्री का एकानामक ब्लाकड करना चाहते हैं, जैसे कि गांवा के बार्स में, तो एंसे लोग भी मौजूद हैं जो एकानामिक ब्लाकड की परवाह न कर के छिपे तौर पर उन से व्यापार कर सकते हैं। खुद मुझे मालूम है कि जब यहां एक्सपोर्ट और इम्पोर्ट कंट्रोल था उस वक्त भी लोग पेट्रोल और तेल का एक्सपोर्ट और इम्पोर्ट छिपा कर के सरकार को किस तरह से धोखा दे रहे थे। लेकिन मंत्र कहने का मतलब यह है कि पालिसी के लिहाज से, पॉलिटिकल रिजिनेंस के लिहाज से और मुनाफे के लिहाज से भी हमें एंसे लोगों का सहयोग जरूर लेना चाहिये जिन से हमारी छोटी छोटी इन्डस्ट्री को फायदा पहुंच सकता है। मुझे इध की

[श्री शिवमूर्ति स्वामी]

खुशी हैं और मैं इस को यहां पर बतला देना चाहता हूं कि आज कल जो हमारी हैंडलूम इन्डस्ट्री की प्रोडक्ट्स हैं वह फारन कंट्रीज को एक्सपोर्ट हो रही हैं, लेकिन इस लिये उस की तरक्की नहीं हो रही है कि ऐसी कोई स्टैंड मैशिनरी नहीं है जो उस को जमा कर के दूसरे मुल्कों में, जहां पर उस की मार्केट है, बाजार है, वहां पर उस को भेजे। प्राइवेट लोगों के व्यापार करने से उस की तरक्की नहीं हो सकती है। जब तक सरकार दंश में इस तरह की मैशिनरी नहीं बनाती है, उस वक्त तक इन छोटे व्यापारों की तरक्की नहीं हो सकती है और न ही छोटे प्रोड्यूसर्स की ज्यादा कॅपैसिटी ही बढ़ सकती है। इस लिये मैं बहुत नम्रता से प्रार्थना करता हूं कि आप स्टैंड ट्रेडिंग को हाथ में लीजिये।

हमारे यहां १९४४-४५ में कुल ९२९६ करोड़ रुपये की स्टैंड ट्रेडिंग रक्की गई थी, उक्त में एक्सपोर्ट और इम्पोर्ट दोनों ही हैं। हम को दंश में एक्सपोर्ट को अपने हाथ में लोग हाथ पड़ा था। लेकिन अगर हम इम्पोर्ट को अपने हाथ में नहीं लेते हैं और उस के लिये लाइसेन्सेज देते हैं तो वह बाहर के मुल्कों से सस्ता माल ले कर दंश में मंहगा बचते हैं, वह लोग कामन मैन, यानी पीपल्स के इन्टरस्ट को नहीं देखते हैं और सांसायटी के एक्सप्लायटेशन से अपने मुल्क को और अपने मुल्क के रहने वालों को नुकसान पहुंचाते हैं। यह कोई नई बात नहीं है। लेकिन किसी डिमाक्रीटिक सेट अप में यह ज्ञान की बात नहीं समझी जानी चाहिये। लिहाजा मैं यह कहना चाहता हूं कि एक्सपोर्ट के साथ साथ इम्पोर्ट को भी, जो जो माल जिन्दगी के लिये और नॅशनल डेवलपमेंट के लिये जरूरी हों जैसे मैशिनरी है यानी कौण्टल गुड्स, उन के इम्पोर्ट को भी अपने हाथ में लेना चाहिये। अगर आप कॅन्जर्स गुड्स को इम्पोर्ट करने तो लोकल इन्टरस्ट में एक क्राइसिस पैदा हो सकती है। जब तक आप कॅन्जर्स गुड्स

का जो इम्पोर्ट हो रहा है उस को नहीं रोकते तब तक आप अपने पर पर खर्च नहीं हो सकते हैं।

लिहाजा मैं इस समय सिर्फ इतना ही कहना चाहता हूं कि अगर आप भारतवर्ष को एक समाजवादी स्टैंड बनाना चाहते हैं, दंश में समाजवाद लाना चाहते हैं, या समाजवादी राज्य कायम कर के तरक्की की तरफ ले जाना चाहते हैं तो कोई बजह नहीं है कि आप मरें सुभाव पर विचार न करें। एक न एक दिन आप को टूट को अपने हाथ में लेना पड़ेगा। आप के पास न पर्सनल की कमी है और न नालेज की। आप को इस में कोई इन्फिरियोरिटी कामप्लेक्स नहीं फील करना चाहिये। हमेशा हिन्दुस्तान में ऐसे दिमाग रहे हैं, और आज भी हैं जो इस काम को कर सकते हैं, लेकिन जरूरत है उन का सहयोग लेने की। आप में इस की ताकत पैदा होनी चाहिये और यह ताकत हमेशा बढ़ती जानी चाहिये कि आप ऐसे आदिमियों का सहयोग ले कर एक सहकारी भावना से एक स्टैंड ट्रेडिंग कारपोरेशन कायम कर सकें। अगर आप ऐसा करेंगे तो कोई बजह नहीं है कि आप इस काम में नाकामयाब रहें। पंच वर्षीय योजना को कामयाब बनाने के लिये और छोटी छोटी इस्तकारियों को मदद करने के लिये गवर्नमेंट को स्टैंड ट्रेडिंग को अपने हाथ में लेना चाहिये।

इन अल्फाज के साथ मैं इस रजोल्यूशन की तार्जिद करता हूं और उम्मीद करता हूं कि हाउस मेरी इन ब्युज के साथ है।

Shri Ramachandra Reddi: While I am very happy that Shri A. K. Gopalan has brought forward his resolution before the House to attract the attention of the House towards this important question, I am not able to agree with him in the approach he has made to this problem. Evidently the provocation for this resolution is the statement that Professor Mahalanobis seems to have made somewhere...

Shri M. S. Gurupadaswamy (Mysore): Very difficult to pronounce.

Shri A. M. Thomas: What is the proper pronunciation of it?

Shri Ramachandra Reddi:....that on account of foreign trade monopoly by the Government there will be a great possibility for earning and investing more money on the Second Five Year Plan. I am afraid that it has not been properly understood. Evidently he thought that greater profits can be secured by the Government and those profits can be ploughed into the Second Five Year Plan. But when we examine the matter closely, I do not think that he is so very correct. While I want that the entire matter has to be examined by a committee set up for that particular purpose. I would not throw cold water on the proposition of State trading by Government unless and until it is properly examined. It might be said that in 1949-50 a committee had been appointed for this particular purpose and the committee had reported to us and so no further committee is necessary for this purpose. But the circumstances that existed in 1949-50 are different from the circumstances that exist today. Then there was great dearth of consumer goods, there were great restrictions on exports and everybody felt that there must be something done by the Government with a view to relieving the situation and helping the consumers as well as the producers in their respective spheres. But today normal conditions have come into existence, and trade channels are working normally. If there are any defects in the working of these channels, there must be other steps taken to correct them. Any advocate of State monopoly of export trade must realise the vastness of the problem. Several hundreds of crores of rupees have to be invested by Government if the State should take up the monopoly of exports. Whether the Government would be able to find that investment is one thing, and whe-

ther the amount of Rs. 500 or Rs. 600 crores invested by the private sector will be sufficient for the Government to take up the trade monopoly is another thing. Ordinarily, Government methods and the manner in which they work some of the schemes do require two to three times that amount to conduct their trade activities in a proper manner. We have had sufficient experience in former years of the capacity of the Government to undertake any trade activities. We had our painful experience that in everyone of those activities that the Government undertook, there has been a loss or disappointment. Even with regard to foodgrains there seems to have been a loss of Rs. 277 crores, probably inclusive of nearly Rs. 30 crores that were lost in rice transaction with Burma. Several factors will be affected by the State monopolising the export trade, and the activities of several individuals will have to be cut short. The costs of the Government would also increase either because of the fact that they are not properly trained for the purpose or because of the fact that they will not be able to get proper men for conducting the trade activities. There will be ordinarily several wastages in the transactions. Usually we find haulage costs, wastage, shortage, pilferage and also the difficulty in grading, standardisation, elimination as well as price discrimination. These are all matters that cannot be expected by Government to be learnt in one day or within a short period, and they are matters where a lot of experience has to be gained.

The Punjabrao Committee, which reported in 1950, was not very hopeful about the success of State monopoly of export trade. They advised caution and selective application of the principle of State trading, and they wanted that interference with normal trade channels should be avoided. These are the two main principles on which they felt very strongly, and they cannot be forgotten even today when we apply the

[Shri Ramachandra Reddi]

State trading monopoly system to our conditions. In 1949 the devaluation of the rupee had its own repercussions, and today in 1955 we have the devaluation of the Pakistan rupee, which also has its own repercussions. Shri Gopalan told us that there are very wide disparities in prices between Indian markets and foreign markets, and he quoted one or two instances. But we are always conscious of the fact that the Government is very alert in these things and they will try to impose as much export duty as possible to equalise the prices or to reduce as much as possible the profits of the middle-man or the exporter here. The countries where we have our markets for exports are very many and the conditions there will have to be studied by the Government closely before they enter into any trade with them. As a matter of fact, unless a trading is inaugurated by the Government or conducted for the purpose of understanding the trade methods, there is every possibility of mistakes being committed and I think, at this stage, neither the Government nor the people will be willing to allow any more mistakes to be committed, in the interest of our own economy. Even with regard to food-grains trade that we had to take up some years back, we are told that the Government has not been able to unveil or reveal the secrets in regard to the administrative charges that they incurred. As a matter of fact, large sums of money have been spent both by the State Governments and the Central Government in conducting the administration of food purchase and distribution. All these hang heavily upon the common taxpayer. It is all right when Shri Raghuramaiah is thinking of only monopoly in tobacco or Shri Thomas of pepper and cashewnut, but we have to understand the overall picture of the monopoly trade and find out, after a proper examination, the difficulties underlying there. I have

one instance to mention to this House. During the war period, monopoly export of mica products was taken over by a particular committee under the instructions of the Government. They had to seize, purchase and export mica. Immediately after the war was over there was such a large demand from other countries for mica and that went to show that there was much disparity between the price given to the producers here and the price prevailing in the foreign markets. Thus, the producer and exporter lost very heavily and probably the Government also incidentally in having allowed the monopoly mission to take care of the purchase and export of mica. That is a commodity which is not utilised very much in our own country; it is a dollar earning commodity. In that respect, America had the largest monopoly of the profit and India lost much. In between came the Government to arrange for the monopoly and trade and the sufferers were the producers, the labour here and also the dealers in mica.

It is, therefore, in that view that I would suggest the entire matter has to come up before a small committee of experts. The committee need not take a very long time because they know the trade conditions today both here and elsewhere. After a short enquiry they may give a report upon the subject which could be most welcome. Otherwise, if we are to rush into the field as suggested by Shri A. K. Gopalan and "immediately enforce", this, probably we will be committing a very big mistake especially in view of our former experience. The work of the committee which I suggest would be to study the trade conditions as well as the capacity of the Government both in the machinery that it can have for this particular venture and also its financial capacity; the financial commitments of the Government and for how long they have to be there

duly committed will also be studied and reported upon. Above all these things, the increase in the cost of the machinery of the Government will have to be taken into consideration and studied. Over and above these things, the matter whether any sector of labour or producers would be affected by the Government's taking up the State monopoly will have to be studied and carefully reported upon.

These are the very few suggestions that I make in support of my amendment and I wish the Government will not be in a mood to reject the suggestion—namely appointing a committee with a view to examine the whole thing and advise Government as well as the country on this very important problem when we are at the threshold of the Second Five Year Plan.

**Shri V. P. Nayar:** I was rather amused when I heard the views of some of the hon. Members of the Government party who actually had no case against the adoption of this resolution. I was particularly interested when I found that of all persons on the other side, Shri Raghuramaiah had taken some interest in economic matters.

**An Hon. Member:** Tobacco.

**Shri V. P. Nayar:** What is the substance of the resolution tabled by Shri A. K. Gopalan? Shri Raghuramaiah says that we have no ground and the State cannot take control of trade but because tobacco is presenting a problem in Andhra it may be tried.

**Shri Raghuramaiah:** I do not like to be misrepresented. What I said is this. Tobacco is only illustrative. There may be hundred other commodities which may be similarly situated. What I said is that where trade in other countries is in monopolistic hands we are at a disadvantage in not having similar monopoly here. That is illustrative and not exhaustive.

**Shri V. P. Nayar:** Let me put it as I heard it. I thought that he was not against State controlling the trade in the matter of tobacco. Then we go to Travancore-Cochin where Shri A. M. Thomas condemned the resolution. But so far as spices are concerned—because Travancore-Cochin has a monopoly of spices—he says, let us try spices. Let us look at the points made by Shri L. N. Mishra. He comes from Bihar where jute and mica presents a problem and he says that these two articles may be taken over.

**Shri Raghuramaiah:** I suppose you are interested in coconut.

**Shri Raghunath Singh** (Banaras Distt.-Central): What are you going to say about U.P.?

**Shri V. P. Nayar:** I was reminded of a phenomenon in nature which may be called mosaic vision. You know the famous biologist Muller has defined certain insects. Their eyes are divided into compartments and they could not see a whole object. One part of that will cast shade on that particular eyelet and the insect has to move round to have a whole picture. It is just like Shri Raghuramaiah coming from Andhra saying about the necessity for tobacco; Shri Mishra coming from Bihar seeing the necessity for controlling the trade in the matter of mica and jute and my hon. friend Shri A. M. Thomas very emphatically talking about the necessity for having some other thing. We may take the sum total of all these.

**Shri Raghuramaiah:** Your eye is on the whole Government and the country.

**Shri V. P. Nayar:** In our resolution, we do not say that these are the articles to which you have to confine State-trading. I have given notice of an amendment to include some other articles. It is open for Members to say that other articles should be included; they can send their amendments.

**Shri Raghuramaiah** was again saying that when you dealt with countries



[Shri V. P. Nayar]

where there was free trade, you could not stipulate this. I was not surprised when he brought out his theory that because there is a fluctuating market, it is impossible. Perhaps it will take a few months or years for him to understand that, as the Mover had pointed out, if you have long-term international agreements, that is a factor which would precisely work against the operation of price fluctuations. That requires some understanding of economics for which the hon. Member may take some time.

**Shri Raghubarallah:** I would prefer a better teacher under better auspices than my friend Shri V. P. Nayar.

**Shri V. P. Nayar:** That he shall not get. Shri A. K. Gopalan's resolution must be viewed in its entirety. What was the case he made out? He made out a case that we must have an agreement with other countries for a long duration, for a number of years and such international commodity agreements must necessarily have one condition, that is the regulation of price. Under such conditions no stretch of imagination can bring us near to any conclusion that prices will continue to vary.

**Shri A. M. Thomas:** For an agreement there must be two parties.

**Shri V. P. Nayar:** The parties can be found out very easily. That is a point which has been missed.

The most important points were there as I heard the hon. Members. We can understand the stand taken by Shri G. D. Somani. All along he has been emphatically defending the monopoly in the private sector and very consistently doing it. I do not have any quarrel about him. There was some other point made by him. For instance, a question was posed. Supposing you take to State trading, where does the Government have the apparatus? I ask this very simple question. Is not our Government running the railways with over a million workers. If it is a question of technical job, is not our Government having arrangements for transport,

industry, etc. Is this export trade a more technical and intricate problem which the resources of Government cannot work out?

Then I come to the question of previous losses. Much has been said about our experience in State trading. Sir, you have only to go through the documents submitted by the Public Accounts Committee to see how such unauthorised deals had ended in such colossal loss. For example, I refer to Japanese cloth scandal. Why did we lose? The Public Accounts Committee has come out with a very definite statement on that which the Ministry and, particularly, Shri T. T. Krishnamachari did not choose to consider. That, apart, we know now how in the case of former transactions on a State to State basis we have lost. Shri A. M. Thomas was quoting Chou-En-lai. But, has he said that because at a particular point of time some mistakes were committed by some people and they own those mistakes we should not make a beginning? Is it Shri A. M. Thomas' view that because we are likely to commit some mistakes we should put it off?

Then, another point was made about the question of personnel. It is rather fantastic in this context to think that the State cannot take over this field which is so very necessary in our present context of planning because we shall be requiring a number of persons to run this. The vastness of the problem, as Shri Ramachandra Reddi said, seems to be a nightmare, but a Government which has to deliver the goods for 360 million people will certainly have to tackle vast problems. You have to find out ways and means how to tackle them. It is no good saying that because the problem, as you see it, is very big, we cannot make a beginning.

Sir, I do agree that the problem has to be studied from several angles and some study has already been made, however incomplete, it may be. But, that is no reason why you should put

it off. Five years ago nobody thought of having a Plan. Then, you had a Plan, however badly it might have been worked out, or however badly it might have been implemented. We did have a Plan and it was a big Plan too. Was it not? At that time Government did not come out to say: "We have nobody with us to have a Plan worked out". Therefore, that is no argument.

I have given an amendment to include two or three articles apart from those already included in the resolution of Shri A. K. Gopalan. Here I should like to quote from a report of the Government to show why this resolution is necessary and why these articles have also to be included. For example, here is a report of the Spices Enquiry Committee. My amendment seeks to include cashew-nuts also as one of the items for State trading. Here is a very revealing passage. If you go through this report it tells you the details about how three or four monopolistic concerns in Bombay are operating in connection with the import of raw cashew-nuts and are having complete control over the industry. Shri T. T. Krishnamachari has time and again admitted that these three or four companies are in a monopolistic position.

**Shri A. M. Thomas:** Sir, is it not the parliamentary convention to refer to Ministers by their designation and not by name?

**Shri V. P. Nayar:** Let us not worry about conventions.

**Shri Punnoose:** He can speak good of them. (Interruption).

**Shri V. P. Nayar:** The hon. Member from Ernakulam may do well to be silent. This is what the report I mentioned says at page 124:

"While bulk of the Indian cashew-nut crop is collected by itinerant merchants, the imports of foreign nuts are done mainly through a few influential firms for whom this forms only a side-business. The Government should, therefore, give all assistance to the factory owners in regard to

the procurement of raw nuts from foreign countries."

This is precisely what is contemplated in the resolution. How are you going to help them? Government says: this is not a document which we have brought out. This is after all a report of a committee appointed by Government. It says that in order to sustain the industry, in order to see that the industry does not collapse, Government has to help the factory owners in getting raw nuts. Why don't you have State trading in that? It is admitted by Government—both by the hon. Minister for Commerce and the hon. Minister for Commerce and Industry—that some three or four firms in Bombay control the entire import of raw nuts.

Then there is another commodity and that is lemon-grass oil. There also, in a few years, from about Rs. 40 lakhs our export went up to Rs. 2 crores. These are all agricultural commodities which are not controlled by a few managing agencies or some thing like that. About 35,000 acres of land cultivating lemon-grass are distributed among as many people as possible. Every man has a small holding. Before the war or just in the middle of the war our export was to the tune of Rs. 40 lakhs and then it went up to Rs. 2 crores. But no peasant who is manufacturing lemon-grass oil can ever have an estimate of what he will get from the next crop because the price is subject to much variation. If he plans out his domestic budget on the basis of an yield of say Rs. 500 from an acre of land it may not come true. When the prices of agricultural commodities decide the domestic budgets of thousands of people in this country, there is no reason why Government should not attach importance to those commodities and take them over straightaway.

The Report of the Spices Enquiry Committee has given a case for all the articles dealt with in that Report.

**Mr. Chairman:** The hon. Member must conclude now.

**Shri V. P. Nayar:** I am sorry, I have not the time to quote from it.

**Shri A. M. Thomas:** They do not recommend State trading.

**Shri V. P. Nayar:** They have not used the words "State trading". But, they say that Government should give assistance to factory owners with regard to the procurement of raw materials. On the one hand they admit that monopoly is there; on the other hand they say that the industry is in a very bad position because of monopoly and on the third they say that Government should give all help; help which can rehabilitate the industry and which can prevent monopolistic groups in the industry. That help, we say, is the help through State trading. Let the Government import all raw cashew-nuts and distribute them at a fair price. That is what I mean by State trading though **Shri A. M. Thomas** might have some other notions about it.

**Sir,** in considering this resolution I would request hon. Members, who, unfortunately for this House and for the country, hold opposite views, to consider this aspect of the question. We very often know that in the game of football there are some good defence players who never go after the ball but go after the player. In the same way, because the resolution has come from **Shri A. K. Gopalan**, **Shri Raghuramaiah** went out for **Shri Gopalan** and did not touch the subject.

**Shri Raghuramaiah:** It is a good hint to you to change sides.

**Shri V. Nayar:** Therefore, I submit that not merely these articles which are covered by the resolution should be included in State trading but such other articles as ginger, cashew-nuts and lemon-grass oil and other agricultural commodities on the prices of which depends the economy of thousands of people, should also be taken up for the purposes of State trading immediately, so that whatever profit Government can make can be utilised in the context of our planning

for the common advantage of the people.

**Shri Bogawat:** I am very glad, and it is a healthy sign, that the persons who were speaking very violently against the Government are now putting trust in Government. It is also a very healthy sign that Communist Party has begun to care for the Second Five Year Plan.

**Sir,** you know that out of the articles mentioned in the resolution, many articles such as tea, jute, cotton etc., have been listed as those in which we have to increase our production in the Second Five Year Plan. Similarly we have to increase our industrial production. Now, I admit that Government may be in a difficult position because they are not having the personnel or experienced people or business minded people to carry on State trading.

5 P.M.

I also know that there was loss during the last ten years when there were controls so far as the State trading is concerned. But it should not be the case of Government that they cannot approach this problem. Government will have to consider this problem in the near future. Some of the Members have given their reasons, and I shall give my reasons also. So far as the exports and imports are concerned as Government have to give licences for foreign trade, it is but natural that some people take undue advantage of those licences. Not only that. Though we may have some honest officers, it has come to my notice that in many cases some officers have pocketed money and when it is a question of duty on the export trade, these big business people try to know many things and they take undue advantage. The reason why I have given amendments as regards oilseeds is this. In 1954 I know that one businessman had made a profit of Rs. 1 crore in oilseeds and Government refused to make an enquiry into it, so as to know what advantage he got and how he got the information about the duty and from

what officers and so on. If these enquiries are made, Government will come to know how underhand dealings are going on and how big business people have taken undue advantage so far as these transactions are concerned. If these things had not happened, I would not press on Government that there should be State trading on some of the articles. We know that we are exporting commodities to the value of Rs. 550 crores or thereabouts, to foreign countries. I have not got recent figures, but I shall quote from the figures for 1952-53. The export of tea was to the tune of Rs. 80,30,50,000, cotton, Rs. 28,94,10,000; oilseeds and oils, about Rs. 29 crores in all; hides and skins, Rs. 20,34,53,000 in 1952-53 and Rs. 25,76,96,000 in 1950-51; metallic ores, Rs. 36,98,97,000.

One of the hon. Members said that trade in jute is in the hands of 12 managing houses of a big type. It is but natural that these managing houses cornered the market. Then there are fluctuations and they take undue advantage, and the result is that our agriculturists suffer very heavily. This happens every year. When the agricultural products come into the market, the poor agriculturists do not get the proper price. This is due to the fact that the big business people have the trade in their hands and they take undue advantage of the ignorance of the agriculturists. The agriculturists are needy people and they have to sell their crops, in the circumstances, at a low price. So, in order to protect our agriculturists, in order that there should not be undue advantage to the big business people who corner the market and also in order that there should be some reserve or some profit for our second Five Year Plan, it is very necessary that out of the articles that I mentioned, Government should begin to trade at least in some of those important articles. Why not make a beginning? I request Government to make a beginning so far as some important articles are concerned, for instance, jute, tea, etc. If this is not done, then the producers will have to

suffer and especially the agriculturists will have to suffer.

There is one more thing. We are exporting hides and skins to the value of Rs. 20,34,53,000. This is not a good thing. Why not encourage this industry and prepare leather instead of importing leather from foreign countries? So many things are to be looked into. When our country is to prosper and when we have to implement our Second Five Year Plan, State trading is but a necessity. I humbly submit, without making a big speech, that Government, though for the present it does not want to have State trading in all the articles, should at least make a promise that it will think out the problems and make a beginning with some of the important articles. Then I have nothing to say, but the beginning will have to be made. I submit that for the sake of avoiding these illegal things, so that our agriculturists should not suffer and that the State should be prosperous and our second Five Year Plan should go on properly, it is very necessary that Government should take interest, prepare plans and recruit good personnel and also people having good experience in business and thus see that State trading is begun. If Government does this, I think many things will be accomplished.

**The Minister of Commerce (Shri Karmarkar)** rose—

**Mr. Chairman:** There are only three minutes more.

**Shri Karmarkar:** I shall just say one sentence. This is really a very important subject and it is at the relevant time that this subject has been brought before the House.

**Shri M. S. Gurupadaswamy:** Are we not having more time?

**Shri R. N. Singh (Ghazipur Distt.—East Ballia Distt.—South West):** We have got one hour more.

**Mr. Chairman:** How does he say it? Did the House agree at any time that it will sit up to 6 o'clock today? So far, it has not taken any such decision.

**Shri M. S. Gurupadaswamy:** If I have understood aright, we have to sit till 5-20 P.M.

**Mr. Chairman:** There is no point because the reply will not be complete. After all, the hon. Minister is likely to take 20 or 30 minutes.

**Shri Karmakar:** I shall need half an hour.

**Mr. Chairman:** And the reply of Shri Gopalan is also to be given. We

have got only three hours in all for this Resolution. I do not want to regulate the debate in such a way that more than three hours are spent over this topic. We have yet got about 40 minutes for this resolution. Therefore, I do not think it will be of any use to prolong the debate.

*The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, the 30th August 1955.*

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