

[Shri B. Das]

making a profit of eight to ten annas per gallon. The whole object was foreign domination, so that Indian firms manufacturing benzol or petroleum by-products should not get the benefit.

Of course, we have never had a discussion of those three Agreements. The point is we have to have these Agreements over the Refineries in the present circumstances of India, but I want to know whether there is any clause in those Agreements which undermines our sovereignty, our independence, and which gives Burmah Shell or Caltex or the Standard Vacuum Oil Co., certain dominating authority over the Government of India in their economic policy or in the matter of defence. This I hope the hon. Finance Minister, and Production Minister and the others who negotiated the Agreements will examine with all its implications, and I would be very glad if my friend will assure the House even today that those Agreements are not contrary to the sovereignty of India, that those Agreements will not handicap us in time of peace or war, I am alive to the situation that if war starts, we will have in those Refineries, a certain amount of oil—crude oil and petrol. I am alive to it.

[MR. SPEAKER *in the Chair*]

I do not want to see any foreign domination by any contract which the sovereign Government of India has entered into with any particular company outside India. And I am very much upset about the U.K. and the U.S.A. The U.S.A. is dominating every field of economic activity, and the dominating activities of the U.S.A. are very dangerous to India. We are peace loving. We want to know if there is any implication whereby these two U.S.A. companies will at any time dominate our freedom of action in matters of peace or war.

PRICES OF COARSE AND MEDIUM CLOTH

Mr. Speaker: We will now take up the other matter—discussion on points arising out of answers given on the 17th June, 1952, to Short Notice Question No. 64 regarding "Prices of coarse and medium cloth".

Shri Sinhasan Singh (Gorakhpur Dist.—South): I raised a Short Notice Question in the House about the rise in the prices of medium and coarse

cloth effected in June last, and the reply was that this rise in prices was in accordance with the Tariff Board's recommendations. I read the Tariff Board's recommendations and found that this rise in prices was just against the very recommendations of the Tariff Board. The Tariff Board has recommended that the prices can be revised every quarter, having divided the year into four quarters. The first quarter was taken from January to March, the second from April to June, the third from July to September, and the fourth from October to December. The price can be revised in each quarter on the basis of the rise of price in cotton in the month preceding the quarter under review.

Now, in this case, the question arose for the second quarter, that is, the quarter beginning from April and ending with June. In April a review was taken, and the reply of the Government is that prices were not revised as there was some dispute over the cotton price, but ultimately in May the prices of coarse and medium cloth were reduced, and these were reduced in spite of the representation by the mill owners that they had purchased cotton at a higher price earlier. The very fact that the prices were reduced in May proves that the prices that were prevailing in the first week of March, 1952 were less, and that is also the reply. As time is very short, I will not go into all those things, but the very fact that these were reduced in May proves, and also Government admits, that prices of cotton were less, and because of the prices of cotton being less, the prices of cloth were reduced. I may refer to the reply of the hon. Minister also for ready reference here:

"I accepted the Short Notice Question because there was a misapprehension in the minds of the public that the recent announcement of an increase of 0.7 to 2.59 per cent. in the price of cotton goods owing to increased manufacturing costs was an *ad hoc* increase in the prices of coarse and medium varieties. Actually, that is not the case. In May, prices were substantially reduced—as I said, from 5 to 24 per cent. Therefore, the reduction in the prices effected in May was substantial and that was due to the reduction in the price of cotton. In this case, the slight increase was due to the taking into account of the increased manufacturing costs, largely due to increased

wages and dearness allowance, and this increase happens to be almost a microscopic increase."

So, from this reply it is clear that the raising of the prices in June was not based on the increase in the price of cotton, but on the increase of the dearness allowance and manufacturing costs.

Then, I refer to the Tariff Board's recommendations. Those facts should only be taken into consideration when there is a question for revision of ex-mill prices of cloth. Reasons for increase they have divided into two items, viz., cotton price and manufacturing costs. The Board says that cotton covers 70 per cent. of the cost of production of cloth, and manufacturing costs 30 per cent. The manufacturing cost consists of four items: wages, power and fuel, stores, overhead and other charges. The wages consist of nine per cent. of the total of 30 per cent., power and fuel seven per cent., stores seven per cent., and overhead charges seven per cent. So, the total is 30 per cent. The Board says the prices can be revised only when there is an increase of over ten per cent. in the wage level of the labourers and when there is over 50 per cent. increase in the power and fuel, and similarly 50 per cent. increase in stores. In the hon. Minister's reply it was said there was some increase in the wage level. We do not know whether there was any increase in the month of May or June in labour charges. There was none. A question was put by a lady Member of the House as to what had been the increase in the percentage of labour charges. The reply given was: "An inquiry was conducted by the Textile Commissioner attached to my Ministry and I think he has taken into account the increase in wages. Actually I have not asked him to work out these figures separately, but assuredly there has been a slight increase". According to the Tariff Board's recommendation there should have been no increase of prices in June. Then, there can be revision only once in a quarter, not twice. The prices were revised in May according to the Tariff Board's recommendation on the basis of prices that were prevailing in the first part of March 1952. They could not be revised even under the Tariff Board's recommendation for the quarter from April to June again. The prices could be revised only once but the prices were revised twice. Then we find that in the month of June, the prices were again revised and the prices have been increased for the third quarter from July to September with effect from 1st July 1952.

We find a news item on the 1st July 1952 as follows, "Cloth price revised". What we find in the quarter from April to June is that the prices of cloth have been revised three times, one in May—reduced—and another in June—increased—and the third increase again in June to take effect from 1st July. In the third quarter the prices could be revised on the basis of the increase in the cost of cotton and cost of manufacture etc. that were prevailing in the first week of June 1952. The hon. Minister in his reply on the 17th June said that there had been no increase in prices of cotton. I ask how could then there be increase in prices of cloth for the third quarter extending from July to September. What we find on 1st July is that there is a substantial increase in the price of medium, coarse and fine cloth. Whatever benefit was given to the poorer classes by a reduction of prices in May has been taken out of their hands by double increases of prices in June, and against this we find that a reduction has been given to superfine cloth. That reduction is also against the report of the Tariff Board. The Tariff Board on page 3 of its report says: "Whenever there comes a question..."

Mr. Speaker: The hon. Member has already taken nearly nine minutes. There will be no time for the hon. Minister to reply.

Shri Sinhasan Singh: I would like to have two minutes more.

When the question of revising the prices comes up, between the coarse and fine cloth, what should be done? The price of coarse and medium cloth should not be increased but the price of superfine cloth should be increased by imposing a levy, so that we can make up for the loss and the poorer classes may not be adversely affected. Unfortunately the result has been otherwise. The price of superfine cloth has been reduced. It was reduced in the first quarter and then again reduced for the third quarter. On the other hand the prices of coarse and medium cloth were reduced in May and increased twice in June against the recommendations of the Tariff Board. I could prove to the House by reference to other documents that every step that had been taken had all been against the poor people, and in spite of the definite provisions of the Tariff Board's report. I would invite the hon. Minister's attention to the report of the Tariff Board in order to see for himself if the increase was in accordance with the Tariff Board's recommendations. The revision of prices has been undertaken by the Textile Commissioner and I do not

[Shri Sinhasan Singh]

know whether any independent body has been appointed by the Government for revision of prices. On page 41, paragraph 14 of the Tariff Board report, it is said that "if a periodical revision of prices is decided on by Government, we feel that such a revision should be entrusted to independent bodies". We do not know whether there is an independent body or not, but the hon. Minister has stated in his reply that the prices were revised by the Textile Commissioner on the basis of the prices that were prevailing in the first part of June. If there was any increase in the price on the basis of the prices in the 1st week of June, my point is that the prices should have been raised in July only and not in June.

Mr. Speaker: Let the hon. Minister now explain the position with regard to the points raised. And then I shall call upon each hon. Member who wants to put a question. That is why I was asking the hon. Member not to make a long speech. This is a short discussion. So only the salient points need be put forward. The hon. Minister may briefly state his position. Then there are five people to whom I have to give time for putting forward their points.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari) This is not such a complex matter as the hon. Member has sought to make out. In fact I do not mind admitting that I tried to explain the position to him, but his mind is completely set. He has quoted something from the Tariff Board report. I have also read it, but I cannot come to the same conclusion as he has come to. He has quoted from page 3 of the Board's report. In 1948, the Textile Control Board had made certain suggestions before the Tariff Board—or as it is now called, the Tariff Commission—which have no validity today as they are old.

Again he has quoted, from page 41 of the Tariff Board report, their recommendations that if there is to be any revision in prices, a Committee should be appointed. I agree that this is the position. But if the revisions in prices are in terms of the recommendations of the Tariff Board by the adoption of what is called the realisation multiplier, then there is no need for any Committee.

There is one other misapprehension which my hon. friend seems to be labouring under. The recommendations of the Tariff Board are merely a guide for Government, and not in the nature

of a law passed by Parliament which the Government cannot ignore or alter. The hon. Member seems to think that I have committed the most heinous sin to humanity, if I have felt that there could be a deviation from the position of the Tariff Board in regard to some of their recommendations.

The facts are as follows: I accepted the Short Notice Question of the hon. Member because as I said there is a certain amount of misapprehension, and certain newspapers also had written leading articles on the matter, saying that this Government is doing something which is wholly against the interests of the consumer because of a revision of prices ranging from 0.7 to 2.59 per cent. on certain types of cloth. It is merely because I thought I could dispel these misapprehensions, I accepted the Short Notice Question. But what seems to have happened is that it has added further to the confusion in the minds of people rather than cleared them. The position was this:

Under the usual procedure, the Textile Commissioner must have revised prices in terms of the formula given by the Tariff Board. At that time it was found that the cotton prices prevailing in the 1st week of March were practically not real, because there were really no transactions, and prices were dropping and were showing possibilities of coming down further. So in consultation with the industry it was felt that the prices should remain what they were for the quarter ending with March, and that the fixation could be done sometime later. In May, representations were made to the Textile Commissioner by the industry that they have been purchasing cotton at prices higher than those ruling at that time, and therefore if the prices were fixed on the basis of the prices ruling in the 1st week of a previous month, the industry would stand to lose. A suggestion was made by the Textile Commissioner with the approval of Government that the scheme of weighted averages could be adopted so that the prices of cotton may be equalised between the higher and the lower once, so that the consumer would not lose materially. But this suggestion was rejected by the Industry.

The Textile Commissioner had no other option except to declare the new prices on the basis of the Tariff Board recommendation using what is called the 'realisation multiplier' for the 15 categories mentioned by the

Tariff Board. And the prices were announced and it resulted in a substantial reduction in certain varieties of cloth. At that time the industry mentioned to the Textile Commissioner that wages had gone up, doubled, since 1948 and therefore, the manufacturing costs should be taken into account. According to the Tariff Board report, there should be a revision in respect of wages provided the cost exceeds ten per cent. Actually the increase has been 17.75 per cent. over the 1948 basis, and also there should be a revision in manufacturing costs if the cost of fuel and power had gone up by 50 per cent. This had not gone up whereas wages had gone up 17.75 per cent. over 1948. Therefore, it was obligatory on the part of Government whose representative the Textile Commissioner was to give that increase of 0.7 to 2.59 per cent.

The question comes, what should we do in July? Well in July the prices had to be declared, and we had to proceed on the basis of the prices ruling in the week ending 10th June. There is no question of a departure. If there had been a departure, the industry would have clamoured. Actually representations were made to me when I visited Bombay that we declare prices for the whole half year. But I did not feel quite safe. I thought probably the consumer would be affected because the prices were hardening even during the time of June. As many Members in the know of how cloth is made are aware, while in the case of coarse and medium and even in medium of less than 36 counts Indian cotton is being used, in fine and superfine varieties and also in the case of medium containing more than 36 counts a certain element of foreign cotton comes and the prices of foreign cotton have been fluctuating enormously. American cotton, Egyptian cotton, East African cotton have all been going up and down and that explains that in the revision for the July-September quarter there have been variations. While the fine and the superfine have gone down, the more essential type of goods have gone up simply because of the component part in it of foreign cotton. That is the position. There is no question of hoodwinking anybody. After all there are two things. If the Textile Commissioner as the agent of the Government who works out the 'realisation multiplier' is to make any deviation, then the whole industry will be at him and the House will be hearing my hon. friend: Mr. Somani, giving the other side of the picture, how that industry has been neglected and badly treated by Government. And I thought

it would have been much better for me to answer after Mr. Somani had spoken and the House would have said: "Here are two conflicting things. The Government is trying to do their very best". There has been no departure really from the Tariff Board formula. The Tariff Board's formula is not like the Laws of Medes of Persians. Government have a certain amount of latitude in this matter. After all, we have to think of the implications of the necessities of the time. I can assure my hon. friend that there is neither evasion, nor fraud nor attempting to cheat the consumer, but it is only the consumer's interest, subject to the claims of the industry that we are trying to safeguard. Government, I hope, on the whole have done very well by the consumer in this particular regard.

Shri G. D. Somani (Nagaur-Pali): Necessarily I have to confine my remarks to put a few questions arising out of the discussion that has taken place here. I would first like to ask the hon. Minister whether or not it is a fact that the mills were issued quotas of cotton at the commencement of the season and pressure was put upon the mills to purchase that cotton at the ceiling or at about the ceiling prices. It is all right that the Tariff Board formula was applied from 1st May, that the cotton prices as ruling in the first week of April were taken into consideration in fixing the prices from 1st May. But in view of the fact that the mills were virtually compelled to purchase their requirements of cotton at ceiling prices, obviously there was a departure from the Tariff Board formula which allows the mills to use their own discretion in making purchases of cotton. Because if the mills are allowed discretion they might benefit or they might not benefit and they might be right or wrong. But here when they were virtually compelled to purchase their cotton requirements at ceiling prices, then this Tariff Board formula should not have been applied.

I would also like to ask the hon. Minister another question. There is a Cotton Textile Control Advisory Committee under the chairmanship of Shri Morarji Desai, Chief Minister of Bombay, which consists not only of the representatives of the industry but of other interests as well. I would like to know whether that Committee made any recommendation about this question of cotton prices and whether Government implemented that recommendation which was made as a result of a decision taken by that Cotton

[Shri G. D. Somani]

Advisory Committee, I think, at its sitting on 27th May at Ahmedabad.

The next question I want to ask is this. Whatever slight increase was given to the industry from 1st June, was it long delayed or not? So far as I am aware the Tariff Board formula lays down, as the hon. Minister himself pointed out, that if the increase in manufacturing charges goes beyond a certain limit, that formula should automatically be applied by the Textile Commissioner in fixing the revision of prices for the quarter, but here it was done long after this rise in the manufacturing cost due to enormous increase in wages, dearness allowance, stores, fuel and so many other items—it was done after several months had passed and after several representations were made to the Government and even then it was not to the fullest extent of the increase that had taken place in the manufacturing cost. It only neutralised partially the increase in the manufacturing cost. So I would like the hon. Minister to enlighten the House on whether this increase was given long after the industry became entitled to it and whether in giving this increase certain other items like fuel, stores etc. were omitted due to some technical reason or the other.

Shri S. N. Das (Darbhanga Central): While we are not conversant with the Tariff Board formula and the way in which prices are fixed, we are concerned at the rising prices. We see that the poor people, especially the labour class, who have lost their purchasing power to a great extent find it very hard to purchase cloth. We also find that the labourers want higher wages, the mill-owners want higher profits, and the Government has to balance between the various interests concerned. Today the consumers and a very large section of the poor masses suffer to a very great extent. During our election tours we were confronted with all kinds of questions. In every village we visited we were told that every now and then prices of coarse and medium cloth are being increased and the people were going without cloth. Therefore, without going into the formula, I would just request the hon. Minister to find out ways and means whereby the large masses of people inhabiting India, especially the poor villagers, may be able to obtain coarse and medium cloth at a cheaper rate. If that is not possible, I would suggest to the Government that they should subsidise coarse and medium cloth in the case of labourers, especially landless labourers.

श्री रामजी वर्मा (शिला देवरिया—पूर्व):

माननीय मंत्री जी ने अपने भाषण में जो जवाब दिया उस को मैंने बहुत गौर से सुना लेकिन मुझे इस पर दुःख हुआ कि उन्होंने यह कहा कि गवर्नमेंट टैरिफ बोर्ड (Tariff Board) की सिफारिश मानने के लिये वाध्य नहीं है। यह ठीक है। एक दूसरे भाई ने भी कुछ जवाब दिया है। मालूम होता है कि कपड़े के बनाने वालों को, मिल वालों को, तो मौका है कि वह अपने को गवर्नमेंट के सामने रिप्रेजेंट (represent) कर सकें लेकिन जनता की, कंज्यूमर्स (consumers) की बात को कहने वाला कोई नहीं है। उन की बात सुनने के लिये अगर आप दो चार सदस्यों की कमेटी बना लेते तो अच्छा होता।

अभी हमारे ठाकुर सिंहासन सिंह ने कहा है कि कपास का दाम बढ़ा नहीं और चीजें बढ़ी नहीं, लेकिन कपड़े की कीमत दो दी मर्तबा बढ़ा दी गई। तो आप इस तरह से कपड़े की कीमत बारबार बढ़ाते जाते हैं और यह कहते जाते हैं कि ऐसा कोई कानून नहीं है जो कि हम को टैरिफ बोर्ड की सिफारिशों को मानने के लिये वाध्य कर सके। ठीक है। ऐसा कोई कानून नहीं है लेकिन जो जनता की इच्छा है और जो जनता की आवश्यकता है उस की आप को इस तरह से उपेक्षा नहीं करनी चाहिये। आप को इस पर गौर करना चाहिये। जब कपास की कीमत बढ़ी नहीं और कोई दूसरी परिस्थिति आई नहीं तो आप की इस तरह से दो दो मर्तबा कपड़े का दाम बढ़ाने का क्या हक है। आप को अधिकार है कि आप चाहे किसी की सिफारिश को मानें या ठुकरा दें, उसे सुनें या न सुनें, यह आप की मर्जी है, लेकिन आप का यह तरीका ठीक नहीं है। आज जो यह आध घंटे बहस के लिये मंजूर किया गया है इस में मैं जनता

की बात कहना चाहता हूँ। अभी एक भाई ने इलेक्शन के समय का वादा और अपना अनुभव आप के सामने रखा है। मैं भी आप के सामने यह बात रखना चाहता हूँ कि आप जनता की आवश्यकताओं को यह कह कर ठुकराने की कृपा न करें कि आप को कोई कानून टैरिफ बोर्ड की सिफारिशों को मानने के लिये बाध्य नहीं कर सकता है। यह आप के लिये अच्छा होगा और इस से ही मुल्क का कल्याण होगा और जनता भी यह समझेगी कि वाकई इस मर्तबा जो जनता की तरफ से चुनाव हुआ है, पहला चुनाव हुआ है, उस के अनुसार बनी पार्लियामेंट में हमारी बात भी सुनी जाती है, उस पर गौर किया जाता है। इस तरह से आप को टैरिफ बोर्ड की सब बात को नहीं ठुकराना चाहिये। (इस समय घंटी बजी) मैं एक दो मिनट और लूंगा।

Mr. Speaker: There will be no time left for the hon. Minister to reply.

श्री रामजी बर्मा : मैं अभी खत्म करता हूँ। मंत्री महोदय को मालूम नहीं, टैक्सटाइल कमिश्नर (Textile Commissioner) मोटे कपड़े की कीमत अपनी तरफ से बढ़ा देते हैं। इस तरह से आप दाम बढ़ने दीजियेगा तो यह जो नौकरशाही कहलाती है उस की मनमाना करने की मनोवृत्ति और बढ़ती है। इस तरह से तो अफसर जब चाहे दाम बढ़ा दिया करे। इस से जनता के हित का हनन होता है। इसलिये यह जो सवाल उठाया गया है मैं समझता हूँ कि माननीय मंत्री इस पर फिर से गौर करेंगे और गवर्नमेंट भी इस पर खास तरह से गौर करेगी।

Shri Gadgil (Poona Central): I only want to ask one question, with your permission.

Mr. Speaker: He had not given notice.

Shri Gadgil: My question is most vital.

Mr. Speaker: Maybe, but he had not given notice.

Shri Gadgil: The question was whether...

Mr. Speaker: Order, order.

Shri T. T. Krishnamachari: With regard to the points raised by my hon. friend there and by Mr. S. N. Das, I must say that the Government is as keen as they are in regard to this matter. The trouble is that we have to give a floor price for cotton and manufacturing costs and labour charges have to be taken into account. Ultimately, we find we have to fix a price which in all conscience is very high, and I would like to reduce it. But there is one misapprehension which I must remove. What we call coarse in our language does not happen to go to poor people, because often they use medium varieties and fine varieties are also in demand by them. I can assure my hon. friends that this is the concern of Government and we are trying to do our best, but we are tied by circumstances over which we have really no control.

With regard to the points raised by my hon. friend Shri Somani, I can say that there is no compulsion so far as the Textile Commissioner is concerned in making purchases of cotton. Allocations were made and the concerned people were told, "Allocations have been made. You may take delivery". After all, the Textile Commissioner did not know at that time that the prices were going to drop in the matter of *jarilla* from Rs. 820 to 610. They were taking trading risks and you cannot ask the Government to cushion those risks.

With regard to the question of providing for increased prices and the demand of the Textile Control Committee, as I have said before, the scheme of quotas was offered to them, but they said they would not take it. Later on, they said they wanted it and at that time we found that the consumers' interests did not warrant the Government accepting that proposition. We are here torn between our desire to keep cloth cheap and also provide reasonable return for the various interests and I feel that we are doing our very best.

The House then adjourned till a Quarter Past Eight of the Clock on Thursday, the 17th July, 1952.