

during the year ending the 31st day of March, 1954, in respect of 'New Delhi Capital Outlay'."

DEMAND No. 140—CAPITAL OUTLAY ON BUILDINGS

"That a sum not exceeding Rs. 8,48,70,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1954, in respect of 'Capital Outlay on Buildings'."

DEMAND No. 141—OTHER CAPITAL OUTLAY OF THE MINISTRY OF WORKS, HOUSING AND SUPPLY

"That a sum not exceeding Rs. 8,16,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1954, in respect of 'Other Capital Outlay of the Ministry of Works, Housing and Supply'."

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

PRICES OF JUTE

Shri B. K. Das (Contal): This discussion arises out of a question that I put on the 3rd of March. I wanted to know what exactly were the results of the steps that were taken by the Government to ensure an economic price to the jute growers. It was not clear to me how far those steps produced results. The *Fatka* market was closed and certain other steps have been taken by the Government but we have seen that those steps that have hitherto been taken have not produced any tangible results. The situation is such that it calls for immediate action and my purpose in raising this discussion is to draw the attention of the hon. Minister to this miserable condition of the jute growers. I admit that the hon. Minister is already aware of the situation. In November last, he said:

"The price of raw jute in the middle of November this year was half the price prevailing in the middle of November last year. I consider this to be a most dangerous development for the future of the industry, and I hope I shall have the willing cooperation of all in maintaining raw jute prices at reasonable levels."

This reasonable level has not been maintained. Prices are going down further and further, and the suffering of the growers knows no bounds. In view of the fact that the sowing

season is near at hand, we are at a loss to know what will be the effect of this on the next crop.

The other day, the Minister of Agriculture gave some idea to us of the steps he is taking to step up production, or at least to maintain the production at the last year's level. If prices are not maintained, it is very doubtful whether the crop will maintain that level.

We have been told that the industry also is suffering a lot. There is accumulation of stocks which do not find a favourable market, and the prospect also is not good. It is argued that because of the accumulation of stocks and the difficulties of the industry, they are not able to offer a fair price to the growers. This is a most important point in tackling this problem. To my mind, the question is whether the sacrifice which the growers have been called upon to make is proportionate to the sacrifice which the industry is making. I think the industry has not been called upon to make any sacrifice at all. It may be that the prices have fallen much below what they were in 1952. There was great inflation of prices in the beginning of 1952 and at the present moment they have found a normal channel of demand and supply. If we compare the fall in prices of raw jute and of hessian, we find that while the proportion of fall in hessian prices would be something like 23 or 24 per cent. the fall in raw jute prices is something like 63 or 64 per cent. As regards the prospect of the market, I would only quote what has been said by Mr. William A. Nugent, Vice-President of the Burlap Council of America. He is also the American representative on the Indian Jute Mills Association of Calcutta. He was going to make a report to the Indian Jute Mills Association in its annual meeting, and it is reported in the *Jute Bulletin* of January 1953 that in his opinion:

"The outlook in the burlap industry in 1953 is the brightest for any year—since the end of World War II. Many burlap consumers who have been forced to use substitutes in recent years are gradually resuming the use of burlap for packaging and other purposes."

So, the industry, in my opinion, is not facing such a crisis as the jute-growers are facing. As the time is very short, I will just close with one remark that the Chief Minister of West Bengal made the other day during discussion in the West Bengal Legislative Council. He said: "While the sale in January and February

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was poor. it had been very satisfactory in the first three weeks of March." So, we find that the market is improving and it is expected from what has been said by Mr. Nugent, which I quoted just now, that there is a very bright prospect for the burlap industry in overseas market.

It is always felt and said also that the raw jute price is linked up with the prices prevailing in the overseas market. The Indian Jute Mills Association has been given a sum of \$ 25,000 for their foreign propaganda; much other help has also been given to them. But I do not know what help has been given to the jute-growers. So far as the jute-growing areas are concerned, this is a matter affecting their vital economy. So far as West Bengal is concerned, we shudder to think what will become of the rehabilitation programme that has been taken up. Many jute-cultivators have come from East Bengal and they are being rehabilitated in West Bengal in the jute-growing areas. If the prices of raw jute are allowed to fall further and further, the whole programme will be upset. This is a matter which should be taken into consideration very seriously.

I understand that the Chief Minister of West Bengal has already submitted some note to the hon. Minister, in which he has given some indication as to what he should do in this respect. As the time is very short, I will close by making one suggestion.

Mr. Deputy-Speaker: No, no. The hon. Member has taken ten minutes. What is the meaning of saying that the time is short and proceeding on?

Shri B. K. Das: A minimum price should be fixed. We have pressed this point many times, but the hon. Minister has always replied that this matter is under consideration. We think that unless this is done, this inevitable thing is done, we cannot give any succour to the growers. If that is not possible an *ad hoc* price should be fixed by the Government and either the Government or the mills should make purchases at this rate. That *ad hoc* price may be fixed for this year. Credit facilities should be afforded to the growers. Import of quality jute only which is not available in India should be permitted from Pakistan; all other qualities should be discarded. As regards the terms of reference to the Commission—which the hon. Minister promised the other day to make a thorough enquiry—we are not aware what the terms of reference will be.

Mr. Deputy-Speaker: The hon. Member must resume his seat. There are other Members who wish to put questions.

Dr. Suresh Chandra (Aurangabad): Is there quorum, Sir?

Mr. Deputy-Speaker: There is quorum.

Shri T. K. Chaudhuri (Berhampore): As there is no time and you have allowed only one question, I would like to refer to the fact that although this discussion arises out of the closure of the *fatka* market and the failure of the market to respond to the closure of that speculative market, a new factor has come into play, that is the Indo-Pakistan Agreement relating to 18 lakhs of bales of jute which is to be imported into India, which is giving cause for anxiety. But I want to impress upon the hon. Minister . . .

Mr. Deputy-Speaker: He may put the question.

Shri T. K. Chaudhuri: I am coming to the question.

Mr. Deputy-Speaker: I am not allowing any speeches.

Shri T. K. Chaudhuri: In one minute I will

Mr. Deputy-Speaker: Not even in one minute. The point is only one question can be put. The hon. Member can ask the question. Under the rules any hon. Member, other than one who has tabled this motion, can only put a question and elicit an answer.

Shri T. K. Chaudhuri: In view of the fact that several proposals for fixing minimum prices of jute were returned down and a great agitation is now being carried on in Calcutta by the Raw Jute Interests Joint Committee for fixing the minimum prices, may I know from the hon. Minister whether he is aware of the fact that the so-called Raw Jute Interests Joint Committee, who are carrying on this agitation for the fixation of minimum price, are, so to say, the old *fatkawallahs* who are saddled with large stocks of raw jute purchased from the growers at very low prices and that if any minimum price is fixed now the benefit would not accrue to the real growers? I would only request the hon. Minister to clarify this aspect of the question.

Mr. Deputy-Speaker: Shri L. N. Mishra. The rule is:

"Any member who has previously intimated to the Speaker may

be permitted to put a question for the purpose of further elucidating any matter of fact."

Shri L. N. Mishra (Darbhanga *curr.* Bhagalpur): May I know whether it is a fact that jute of even superior quality from Bihar does not get fair treatment at the hands of dealers in Calcutta as a result of which the prices ruling in Bihar are abnormally low comparatively and there is a glut in the jute market of Bihar; and has any representation to this effect been made by the Government of Bihar to the Government of India?

The second thing I want to know is

Mr. Deputy-Speaker: Only one question. There are three others.

Dr. M. M. Das (Burdwan—Reserved—Sch. Castes): May I know whether Government is aware that foreign firms owning jute mills in Calcutta give loans in advance to Pakistani jute growers and they purchase Pakistani jute in preference to Indian jute; is Government prepared to investigate into this matter, and if it is found to be true, will Government take adequate steps to stop such a practice?

Shri Jhunjhunwala (Bhagalpur Central): In view of the fact that Government realised so far back as in November that the price of jute was going down, was there any step taken to export this Indian jute, was there any market for export of this Indian jute and at a higher price than what was being paid here in India; and may I know whether there is still any market for export of this jute and if so at what prices?

Shri S. C. Samanta (Tamluk): May I know from the hon. Minister whether Government have changed their policy of Grow-More-Jute campaign and adopted a policy of meeting the remaining target of seven lakh bales of jute by importing the same from Pakistan; if so, may I know whether Government are aware that jute supply from Pakistan in recent years was neither regular nor continuous; and may I know whether Government have given thought to the matter that the rise in the price of jute received by the cultivators was not only for the propaganda of Government but for the allurements of price also and, if so, what step Government is going to take when the fall of prices is at hand? I would also like to know whether there are jute mills in India, especially in Calcutta, which are using only indigenous jute so that we may consider whether without importing the best quality of jute from Pakistan, we can go on?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): How much time can I have?

Mr. Deputy-Speaker: Ten minutes. The hon. Minister wants more time?

Shri T. T. Krishnamachari: Yes, Sir.

Mr. Deputy-Speaker: All right.

Shri T. T. Krishnamachari: The points raised are very many.

Some Hon. Members rose—

Mr. Deputy-Speaker: If the House is willing, I have no objection. (*Inter-ruptions*) It can stand over. Hon. Members always want new rules and practices.

Shri Vittal Rao (Khammam): You said you can extend by one hour.

Shri T. T. Krishnamachari: I agree with Mr. B. K. Das that the position of raw jute prices is certainly going down. Assam bottoms—it is a standard article—is now round about Rs. 20/- a maund.

An Hon. Member: Rs. 18.

Shri T. T. Krishnamachari: I find it rather difficult to isolate the causes for this depression in jute price. My hon. friend Mr. B. K. Das has touched on the point of prices for manufactured goods. The price for hessian standard variety, 10 oz. is Rs. 40/- per 100 yards, or a little below—I think it is about Rs. 38-39. For sacking it is below Rs. 90/-, it came to about Rs. 88-89 a few days back. The relationship between the cost of jute goods and jute has been mentioned by my hon. friend Mr. B. K. Das. The one factor that we have to take into account is this that even at times when price of raw jute was Rs. 35/- which was the rate ruling for some time, the price of hessian was about Rs. 55/-, a difference of about Rs. 20/- and today, I think more or less the parity is maintained. It might be that the sacrifice is not proportionate. It must also be recognised that the cost of manufacture, labour charges and other things are stationary and unfortunately, as it happens, the prices of jute goods have been undergoing a depression, and it is the raw jute price that suffers.

My hon. friend Mr. B. K. Das referred to some speech by an American gentleman here who said that the outlook for burlap is very good. I hope it is true. I will give some figures here. In January 1952, the jute goods passed for shipment were 84,000 tons, in January 1953, it was 47,000 tons, in February 1952, it was 52,000 tons, in February 1953, it was 36,000 tons, in March 1952, it was 74,600 tons. I

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am glad to say that the shipment for March 1953 is 70,829 tons. Normally, we will not consider this as a serious setback but for the fact that in the preceding months export was deplorably low. I do not know if this is a silver lining and is an indication of definite improvement of offtake in the future.

The thing that causes the greatest amount of anxiety to Government is that the demand for sacking has been progressively dropping with the inevitable consequences in prices. The production of sacking during the second half of 1951 was 2,76,800 tons. For the corresponding period in 1952, it was very much the same, a thousand tons more. During the first twelve weeks of 1952 the production of sacking was 1,44,000 tons, as against 96,000 tons for the first 12 weeks of this year. There has been a slight increase, undoubtedly, in hessian. Similarly, the stock of sacking during January-February 1952 averaged round about 53,600 tons. For the corresponding period in 1953, stock of sacking has been 86,400 tons. It is this weakness in the position of sacking that made the Government reduce the duty from Rs. 175 to 80 on the 27th of February. It is too early to judge the results of that reduction. But, the despatches during these two months also more or less coincided with the building up of stocks, namely, the despatches in January-February 1952 have been 108,000 tons and the despatches for the corresponding period this year dropped to 59,000 tons.

I have been asked to assign a reason for this slump. I must confess that it is very difficult, as I said, to isolate the causes. There has been a change all the world over to bulk handling. During the last year, or rather in 1951-52, the price of jute was so phenomenally high that it diverted the demand to substitutes. It also encouraged the setting up and expansion of jute mills in other parts of the world, the notable examples being Germany and Italy. Pakistan has set up new plants. Philippines has gone in for a plant. I am told that in Iraq and other Middle East countries, there are talks of setting up jute manufacturing plants, mainly for sacking. As I said, most of these plants are for sacking. It is very difficult for me to say in these circumstances whether the demand for sacking would rise or would slow down further. One reason why our jute prices suffer because of lack of offtake of sacking is that we produce largely the varieties called Bottoms and Cross-bottoms, and jute substitutes like Bimli and Mesta which is of lower

quality, go into the manufacture of sacking. That is why the price for the inferior quality jute, has shown a downward trend.

The question that has been raised is about price support. I have said before that it is a rather difficult question. The experience of Pakistan who, I understand—I do not know; I am only depending on hearsay—have lost several crores in affording price support for jute is a distinct lesson and a pointer. We are slightly differently placed in this matter. While Pakistan is mainly an exporter of raw jute, we are exporters of finished goods. Therefore, the price support becomes all the more difficult because it depends largely on the demand for finished goods in the parts of the world to which we ship these goods. I have said before that there are certain fixed costs, like the cost of production which cannot be changed. Wages cannot drop; depreciation cannot drop. The only element that can perhaps come down is the question of profits.

Granting that we do fix a price level, even if we envisage that possibility, we have to cover ourselves against possible losses which seem to be more or less definite, and the price fixed would be very low. I did consider this question very seriously and discussed it with the Bihar Government as also with the Bengal Government. It may be that if we fix the price at 17-8-0 a maund for delivery at a Railway station, it will work to Rs. 20/- for delivery at the mills which may not be satisfactory to my hon. friend Mr. Mishra. More than that we cannot give in view of the fact that the price ultimately will depend upon the price obtained for the manufactured goods. It is true that we can obtain better prices for our jute provided we sell hessian at about Rs. 48/- which we can afford to sell on the basis of comparative prices of articles manufactured in other parts of the world. But this depression has come largely because of the operations of the *fatka* market which depressed the prices, and in spite of the measures that we have taken, prices have not gone up; essentially because, I think, there is no vitality in the trade. So, in the circumstances, we cannot be far too cautious in the matter of price support, even though the risks attendant on our failure to give price support on the future cultivation of jute are perhaps obvious.

Many questions have been asked, but I think if I make a reference to the Pakistan Agreement, it would perhaps cover most of these points. I

am afraid this question of Pakistan Agreement and its mal-effects on the jute trade have been considerably exaggerated. In the past, many hon. Members of this House have protested against Pakistan levying a differential duty. Hon. Members have asked me repeatedly what are we doing about it. We did the obvious thing. We took the matter before the organization which administers the General Agreement on Trade and Tariffs, and ultimately, we had a conference with Pakistan. Well, now we benefit to the extent of Rs. five a maund on what we import from Pakistan. Hon. Members are now concerned about this levy being lifted, and they are afraid that locally produced jute will not be taken up. I think that when past criticisms and present criticisms are put together, any outsider will see that the Government have been careful in dealing with this matter. All that has been done is that in future—for three years—we shall give licences to the extent of 18 lakhs of bales.

I can give a few figures in support of the position that we have taken. Stocks with the mills on the 28th February, 1953 were 12.23 lakhs bales. The anticipated arrivals, of course, varied. The estimate of I.J.M.A. is ten lakhs bales. That is what they expect will arrive from the Indian market. It may be three or four lakhs short, but on that basis, it gives us roughly 23 lakhs bales. The estimated consumption during the months March to September, on the basis of 4.8 lakhs of bales per month, is 33.6 lakhs of bales, and the deficit is somewhere about ten lakhs bales. We have also to provide for some carryover for at least two months which would be roughly about 9.6 lakhs. So far, we have received from Pakistan about eleven lakhs of bales. In the face of a certain deficit of about ten lakhs of bales and the need for some carryover stocks with the mills, it stands to reason that we will have to import some more from Pakistan, even this year. In the year 1951-52, which was rather a good year for our exports, we imported about 18 lakhs of bales from Pakistan. Having all these facts before us, I believed that the estimated imports of a minimum of about 18 lakhs from Pakistan during the next three years is certainly not on the high side.

As regards the long-term arrangement which this confirms, the I.J.M.A. and other mills are estimated to need 59-60 lakhs bales a year, and on the basis of current Indian crop which the I.J.M.A. estimates in the region of 41 lakhs, or rather, about 45 or 46 as others put it, we shall still have a

deficit of anything from 15 to 19 lakhs of bales.

Apart from these calculations, on the basis of the estimates made in the Five Year Plan, the potential requirements of raw jute are about 72 lakhs of bales in 1955-56, and the planned target of Indian production of jute is about 53.9 lakhs, which again leaves a balance of 18 lakhs of bales. In these circumstances, I think that the estimate of 18 lakhs minimum for the import of which we said we will give licences, and do nothing more, is a reasonably safe estimate. We have, in coming to this arrangement, got an assurance from the I.J.M.A. that all the Indian jute available will be purchased by them, and for the estimated deficit of ten lakhs—perhaps, the estimate might be more—they are bound to buy from outside, and so far as the present is concerned, I do not think this arrangement is going to unduly depress the market further.

The other question asked was about Bihar Jute. That is really a matter of transit. In fact, when I was in Patna a couple of months back, I did have a talk with the officials there, and we represented to the Railways for better facilities for Bihar jute. It is really a problem of transport. It may be that in the remote corners of Bihar where jute is grown where the cost of transport would undoubtedly be phenomenal, as the price would undoubtedly be dictated by the market price, it might not be worth while to encourage jute growing in these areas until better transport facilities are provided.

My hon. friend Mr. Tridip Kumar Chaudhuri raised a point about the possibilities of jute growers suffering, if we fixed a price. It is absolutely premature even to anticipate it in view of the fears that I have indicated here.

To my knowledge, the point raised by Dr. M. M. Das is not correct. There is no officially recorded evidence of any advance by any Indian jute mill to any Pakistani grower. That would invoke the provisions of the Foreign Exchange Regulations Act, as any official advance has to go through the banking medium used for that purpose, and we would know about it. If anything is done in an underhand way, Government will have no knowledge of it.

Mr. Samanta raised the question of Pakistan's supplies not being regular and consistent. We live on hopes. We always hope when we make an agreement with people, that they will honour it, and I do hope that we will have no reason to complain.

As for the last point which Mr. Jhunjhunwala raised, I do not know if I have not already covered it.

Shri Jhunjhunwala: My point is that if we had exported raw jute, the jute growers would have got more price, and even now they can get better prices.

Shri T. T. Krishnamachari: The question of export of jute is a matter which is being constantly urged. Maybe, because our jute is cheap quality jute, and the prices are low—and I do not think they are lower than the Pakistani jute prices in the open market—we might find an export market for the time being. But to the extent of the price advantage that we give to a foreign importer, we are reducing the possibility of our finished goods selling in the world market, because we will put in his hands jute of cheap quality which can be adulterated with better quality jute which he imports from Pakistan and he can sell his sacking for a lower price, so

that our sacking trade will be killed. It is a very short-sighted policy indeed. I understand that the exigencies of the present may warrant our exporting raw jute, whether we have a demand or not, and so let us export, but if we do export, we are cutting the trunk of this tree, standing on its top. If it is the intention of the hon. Member that we should become a pure raw jute exporting country and the jute mills should be closed, it is a different matter. But so long as the jute mill industry is there, I am afraid, India can never afford to be a raw jute exporter.

Dr. M. M. Das: May I request the hon. Minister to make a detailed inquiry about this advancement of money to Pakistani jute mills by Indian mills, and then answer?

Shri T. T. Krishnamachari: If we find any evidence of it, we can prosecute the person under the Foreign Exchange Regulations Act.

The House then adjourned till Two of the Clock on Thursday the 2nd April 1953.