

PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

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HOUSE OF THE PEOPLE

Saturday, 4th April, 1953

The House met at Two of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

2-44 P.M.

LEAVE OF ABSENCE

Mr. Deputy-Speaker: I have to inform the hon. Members that I have received the following letter from Shri Kamakhya Prasad Tripathi:

"I left India for Havana (Cuba) as workers' delegate on 12th March, 1953, to attend the Second Session of the Plantation Committee of the International Labour Organisation. The Committee will conclude on 28th March, 1953. Thereafter, I intend to tour the United States of America for two months studying labour problems. I pray that leave be granted for the period of absence from the Parliament."

Is it the pleasure of the House that permission be granted to Shri Kamakhya Prasad Tripathi for remaining absent from all the meetings of the House with effect from the 12th March, 1953, till the end of the current session?

Leave was granted.

DEMANDS FOR GRANTS

Mr. Deputy-Speaker: The House will now proceed with further discussion of the Demands for Grants relating to the Ministry of Commerce and Industry.

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When does the hon. Minister desire me to call him today?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I am entirely in your hands.

Mr. Deputy-Speaker: It largely depends on what the hon. Minister wants to say and how long he will take.

Shri T. T. Krishnamachari: Anything between 30 to 45 minutes, that the Chair fixes.

Mr. Deputy-Speaker: Then at 4-15 P.M. I shall call upon the hon. Minister. I will have to apply the guillotine at 5 P.M. so that we may proceed to transact some other business.

Shri A. M. Thomas (Ernakulam): It is not to accord with any conventional form that I wish to congratulate the Ministry of Commerce and Industry on the excellent work that it has done during the year 1952. It goes without saying that having regard to the present world conditions, the commercial as well as the industrial policy of the Government will leave its impact on its prosperity. Our commercial and industrial policy has necessarily to be modelled on the Plan which we are working. Policies, have, however, to be adapted to the changing conditions that occur now and then.

A review of the developments in all the spheres of working of the Commerce and Industry Ministry discloses a masterly grasp of the situation, and the Ministry deserves our tribute for the vigour it has displayed. The administrative control that the Ministry has exercised is really commendable. Speaking from experience, we have devoted a substantial part of our Parliamentary time and our energy in the disposal of work placed before us by the Commerce and Industry Ministry, ever since the new House has come into existence after the elections. The Ministry was, as it should be—if I

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may use a colloquial expression—humming with activity. It has to its credit during the last year several enabling enactments, and several others are in store for consideration and passing. The year 1952 has been characterised in the report itself, that has been supplied to us by the Ministry, as a particularly difficult year. It is gratifying to note that there has been record production in several spheres, although my hon. friend Shri V. P. Nayar from the very same figures supplied to us, may argue otherwise. I am not surprised at his approach. That is only a sort of voluntary blindness on his part, and his policy is only to carry on a tirade against the Commerce and Industry Ministry, and he will not allow himself to be influenced by the real figures that have been supplied by the Commerce and Industry Ministry.

Shri V. P. Nayar (Chirayinkil): It is your enforced blindness.

Shri A. M. Thomas: From the figures it has been found that there is a per capita production of about 14 yards of cloth, but he argues that it will be only about nine yards or so. We have only to ignore such criticism coming from such corners. Side by side with the increase in production, several industries were having particularly difficult times. The handloom industry and some other cottage industries had to face the worst conditions. The various influences which affected the fortunes of both the mill and the handloom industry do not reflect much credit on the part of the Government, as far as the latter is concerned. I am not unaware of the notable steps taken by the Government, but the chief difficulty has been that the Government was very slow to act in this regard. The miseries of the vast number of people engaged in the handloom trade were brought to the notice of the Government in the early stage itself. But the Government waited till the affairs got out of control. I do not minimise the pros and cons of the particular problems the Government have to consider. For example, the 60 per cent. limit in the case of the mills in the manufacture of *dhoties* has been favourably received as well as adversely commented upon. I understand that the very same Governments which were urging protection to handloom had applied for exemption from this limit that has been prescribed. Hon. Members of the Opposition were never tired of pleading the cause of saving the handloom industry from the competition of the

mill industry, but curiously enough the other day, the Communist Member, Shri Raghavaiah asked a supplementary question to the Minister of Commerce and Industry to the effect whether having regard to the restrictions imposed, the production of the mills would not suffer and thereby several people thrown out of employment. We are in a way travelling in a vicious circle and the Commerce Ministry finds itself on the horns of a dilemma. That has to be admitted. It is alright inquiring into the inter-relation and appropriate place of Khadi and the handloom in the national economy. It has a definite place and it must be also encouraged to survive. The estimated figure of handlooms in 1951 is 28 lakhs of looms, the largest being in Madras—the figure of 8.4 lakhs—and in my own State it is next in importance only to the coir industry. In Travancore-Cochin there are about 84,000 handlooms and it is estimated that when there was a limited supply of yarn, the outturn was about 40 lakhs yards of all varieties worth about 50 lakhs of rupees. There are expert weavers in the southern part of our State.

Producers were nervous about the decline in prices in the tea industry and made representations even as early as April, 1952. By the time the Government moved in the matter and the official team submitted its report, many gardens closed down. Being an organised industry, the Government could have obtained facts and figures and helped the industry when help could have been of immense use. Till January this year nothing was done. The official team finally toured and submitted its report, and now the appointment of another expert team is being contemplated. When help was rendered in the shape of exemption of duties, it was for a product which was practically useless. The results we all know and the Government had to withdraw the step that was taken.

The Commerce Ministry deserves to be congratulated for the growing consumption of tea in the internal market. We find that it has increased within the last six years from 120 million pounds to over 180 million pounds. That will be about cent per cent increase over the 1939 figure.

The difficulties that the rubber industry experiences have already been brought to the notice of the Ministry before and it is gratifying to note that the Ministry is taking some steps.

An Hon. Member: What steps?

Shri A. M. Thomas: Before referring to some other points, I wish to refer to coffee prices also. The Ministry was expressing discontent on the rise in prices, but the Chairman of the Coffee Board accuses the Ministry for allowing exports of coffee when the prices were increasing. The Commerce Ministry has to explain its attitude with regard to this matter.

Before closing I wish to refer to an important fact which influences and affects the lives of the people in the West coast, and that has not been considered or discussed in the report of the Ministry of Commerce and Industry. I would like to refer to the cash crops of that area viz., pepper, cardamom, cashew-nuts, ginger, turmeric and lemon grass. They are the chief sources of livelihood as far as my State and Malabar are concerned. Pepper has emerged as an important dollar earner. Cashew-nuts also have figured prominently. More than two-thirds of the total demand for these two products are met by India. Indian exports of pepper reached the peak of over 320,000 cwts. valued at Rs. 24 crores in 1950-51 and in the following season, 1951-52, they have dwindled to 270,000 cwts. valued at 19 crores. So far as cashew-nut exports are concerned, in 1950-51 they rose to 24,000 tons valued at 9.54 crores. In 1951-52, it was 25,000 tons valued at 11.45 crores. However, there have been in the past frequent booms and depressions and they have been the characteristics of the cash crops trade of Kerala. Lemon grass, a valuable raw material for perfumery and the aromatic industry, is grown widely in Malabar, Travancore-Cochin and South Kanara. The prices now prevailing are so low that they are below the cost of production. It is curious that India with its supply of ginger is importing ginger oil and oleo resin.

I would again invite the attention of hon. Members to some figures with regard to pepper. The production varies from 18 to 23 thousand tons and we are exporting about 13 to 18 thousand tons and earning exchange of about 18 to 25 crores. Last year it was only 18 crores. We got an export duty of five crores on pepper itself in a particular year. So, it is the duty of the Government to see that this industry flourishes and devote its attention both to the agriculture side and the merchandising side of this industry. About 20 per cent. of our total export to America was held up last year due to insect infestation. If the Government had instituted a system of quality inspection of consignments, this fate

would not have befallen the 20 per cent. of the exports that we made.

The main causes of this infection are premature picking and adulteration. The hon. the Commerce Minister once stated that he was proposing to set up a fumigating plant at Cochin. I do not know how far the proposal has progressed and whether anything has been done in this matter. I may also suggest that we should have consultations with established organisations and Chambers of Commerce to institute some research test so that the quality may be assured. The important country with which we have to compete in the matter of pepper is Indonesia. On the lines of agreements we have entered into with regard to tea, is it not also possible to enter into agreements with regard to products such as pepper and lemon grass oil for which the competing countries are only few? With regard to lemon grass, we are exporting about 400 to 600 tons of oil. The product of India has the highest citral content and solubility. The production varies from 1½ to 8 lbs. per 1000 lbs. of grass. This industry is capable of great improvement.

We used to supply 90 per cent. of the United States' needs. Now only about 28 to 30 per cent. of this are met by our exports. Other producer States have taken measures in the direction of stabilisation of prices and guarantee of quality of the lemon grass oil and in the package and handling of the same. The Government, it appears, does not even know of the existence of this product, although the value realised from this oil is many times the exchange realised from the entire total of the other oils that have been made mention of in the report of the Commerce and Industry Ministry under the heading "Essential Oils." In 1946 this oil per twelve bottles fetched about Rs. 55. It went over Rs. 400 since then. Afterwards it has fallen to Rs. 65 and now the price is somewhere about Rs. 90. I have stated already, the prices now being fetched will not even cover the cost of production.

I wish to refer to another cash crop, namely, cashew-nuts. In 1952 we exported about 26,000 tons and we got twelve crores. In 1951 we exported about 23,500 tons and got nine crores and seventy-six lakhs of rupees. There are marked fluctuations with regard to the price of cashew-nuts. By the encouragement of cultivation of this cash crop, it will also be an anti-erosion step. While I visited the Damodar Valley region where anti-erosion research works were being carried on, it was found that experiments with the

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cashew trees proved successful and showed possibilities of developing this plantation as a great anti-erosion measure. Those trees find congenial soil in hilly regions and they are immune from the affects of hot climate. They can be grown in abundance where our river valley projects have been taken up. The products can be specified and standardised. The Government has to organise research for production as well as handling.

The establishment of a Spices Board is an immediate necessity. The hon. the Commerce Minister may say that the agricultural aspect of it is a matter for the Food and Agriculture Ministry to handle. I would say that there must be greater coordination between the two Ministries so that the quality may be assured and as much quantity as possible of these products are exported to the foreign markets. A Marketing Committee can also be set up under this Board to improve the marketing facilities and eliminate undesirable practices such as adulteration. Sir, my time is up and I place these proposals for the consideration of Government.

3 P.M.

Shri V. P. Nayar: On a point of personal explanation, Sir. The hon. Member, Mr. A. M. Thomas said that I was indulging in a sort of personal tirade against the hon. Commerce Minister.

Shri A. M. Thomas: I never said, 'personal'.

Shri V. P. Nayar: I would only submit, Sir, that it is just like saying that he was indulging in unrestrained personal flattery of the hon. Minister.

Mr. Deputy-Speaker: No crossing swords here, please. It is not a personal explanation. He says that he did not say, 'personal tirade'. It is open to an hon. Member to say that another hon. Member started a personal tirade and all that.

Now, this must close at five o'clock and the hon. Minister wants about 45 minutes. Therefore, if hon. Members are prepared to confine their speeches to ten minutes, I will distribute the time. Otherwise, I will call only one or two Members.

Shri Velayudhan (Quilon *cum* Mavelikkara—Reserved—Sch. Castes): I need not emphasise here the responsibility of the Commerce and Industry Ministry over the financial situation in the

country. Having heard many speeches that were made the other day, I wanted to speak on only a few points which are now directly related to the financial aspect of the General Budget that was introduced in the House.

When we got independence, we had a kind of starved economy, especially due to the war as well as Partition. I think that the policy followed by us for the last four years, our financial policy with regard to our foreign trade as well as our internal trade and also inter-State trade, is not a sound policy at all. If you take the history of the import and export policy that the Government was following for the last four years, I must say that on each and every item the country had lost a lot and heavily. The other day, when the Minister replied to the debate regarding the criticisms from this House, he said that we are following the old policy, I mean the old import and export policy. The import and export policy is being changed yearly or half-yearly. It used to be changed according to the views and fancies of the Secretariat in the previous regime. Throughout the war this was the practice. The hon. Minister in charge of Commerce and Industry might have understood that these frequent changes in the import and export policy have resulted in heavy loss to the Government.

Let me now come to our trade, especially with the U.S.A. and the U.K. Of course, we have inherited our trade relationship between these two countries. When other countries like Pakistan have already got rid of the imperial preferences, I do not see any reason why India is still continuing those imperial preferences. The hon. Commerce Minister, when he was not Minister but only a Member of this House, was vehement against imperial preferences. I remember, not once but many times, he spoke in this very House against imperial preferences. Now, an opportunity has come for him to see that these preferences are stopped. Need I tell you, Sir, that last year Pakistan diminished a good deal of these imperial preferences and this has now immensely benefited the Pakistan Government. When we see the Budget of the Pakistan Government now, we can find that there is a surplus there instead of a deficit as we are having here in India. This is a great lesson for us. Now, when the Budget of Pakistan was introduced, the Pakistan Minister of Finance also referred to the Indian financial situation.

[MR. SPEAKER in the Chair]

Sir, let me now tell you that our great difficulty is in trading with the countries not only of the West but also in the East. This is not a time of isolation. This is a time when we have to expand our trade and commerce not only in the western countries but in other Eastern European countries as well as the Asian continent. Sir, you might remember the other day the Commerce Minister of the United Kingdom said in Parliament that there was difficulty in Western Europe as well as Great Britain because of the closure of the trade between Eastern and Western Europe. In the same way we also have our difficulties. We have to expand our trade with other countries, and, unless and until we expand our trade with the Western as well as Eastern European countries. I do not think we will be able to thrive and get out of our troubles.

Now, coming to the policy of industrial development in the country, let me tell you, Sir, that even though there is the policy statement of April, 1948 and the Industrial Regulation Act of 1951, it is my complaint and it was my complaint even before that private enterprise was not given in this country its due share regarding industrial development. Take for example, the countries that have got their own Governments: China. Even though they say that there is a Communist Government there, private enterprise was given all kinds of encouragement to develop their industries. In the same way, I think, we also have to develop our industries by giving encouragement to private enterprise.

I have read the speech of the Prime Minister the other day, in the Federation of Chambers of Commerce as well as the speech of the Finance Minister in this House. I think they have not realised the necessity of encouraging private enterprise and there is a feeling of fear complex or a kind of un-touchability regarding private enterprise. This has resulted in great loss and lethargy as well as fear among the investing sector in the country. That is why there is not much private finance forthcoming and we are forced to get help from other countries. When I speak about this private enterprise, I must say that a large section of the middle class people in India have come forward for trade and for investing in new industries, and I think the policy of the Government now is merely handicapping the development of these industries.

I have to speak a word about the industrial development of my own State. Regarding the Coir industry, a Coir Board is being established and a Bill is being brought before this House but there is great unemployment in that industry in that part of the country. Not only in that part of the State, but all over, there is great unemployment, famine and starvation. This cannot be got rid of by simply seeing the Five Year Plan. We have to industrialise the country and that too rapidly. Unless and until we take energetic steps I do not think that the present famine and starvation in the country, especially in the southern region of India, can be got over.

Shri T. K. Chaudhuri (Berhampore):
I tried to follow the speeches that were made in this House the other day and I must confess that none surprised me more than the one made by my hon. friend Mr. G. L. Bansal. While throwing rather unusually large and flashy bouquets to the hon. Minister of Commerce and Industry for the feeling of responsiveness that was brought about between big business and the Government during his tenure of office, he referred to a feeling of 'hesitation' that still persists between the industry—meaning big business thereby—and the Government, and hoped that some day both would emerge hand in hand united happily for ever. We were, however, under the impression that there was no longer any feeling of hesitation and the union was complete as early as 1948 when this Government announced its industrial policy. We were under the impression that the union was solemnised when the Five Year Plan and the role attributed in the Plan to the private sector were formulated. We were under the impression that last month when that august body, of which Mr. Bansal is the Secretary, held its anniversary in New Delhi, we were having some sort of an anniversary of the union. Anyway, let me come to facts as they are today and meet the eulogies that were heaped on the Commerce and Industry Ministry by referring to the last topic about which Mr. Bansal seemed to express some concern towards the close of his speech; namely, the precarious balance of trade position of the country and the deterioration in our terms of trade.

The report that has been handed to us by the Commerce and Industry Ministry this year correctly refers to 1952 as a year of transition marking the change from a seller's market to

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a buyer's market and from conditions of scarcity and high prices to conditions of sagging demand and low prices. That is a correct statement, but we cannot agree with the views expressed in the Report when it goes on to attribute credit to the Ministry for having achieved a satisfactory balance of trade at the end of the year.

If we take the ten months ending December, 1952, we find that but for the months of October and December, we never had a favourable balance of trade, and for the year taken as a whole we had a trade deficit to the order of Rs. 170 crores and 39 lakhs as compared to Rs. 104 crores and 73 lakhs in 1951. Even if we take the last six months of 1952, the adverse balance was hardly wiped out and there was still an adverse balance of Rs. four crores, imports and exports were both languishing round about Rs. 45 crores—the lowest figure reached so far.

Thus, although the report seeks to take credit for achieving a seeming favourable balance at the end of the year at this low level of imports and exports due to the new policies initiated by the Ministry, it needs to be pointed out that the steady decline in imports from Rs. 93 crores and 14 lakhs in January, 1952 to Rs. 44 crores in December was brought about less by any measure of import restriction deliberately adopted by Government and more by the decline of the total amount of our exports both in regard to value and quantity.

We are told that the import control policy has since been reorientated and we have embarked on a new policy, but we find from the *Journal of Industry and Trade*, February, 1953, (it is a journal published by the Department of the hon. Shri Krishnamachari), a statement made to this effect:

“The import policy for January—June, 1953 broadly follows the pattern for the corresponding period in 1952”, which means that same policy as in 1952 is being followed without any change.

Here I may refer to some of the things which have been permitted to be imported. Spices, liquors, clocks, watches, motor cycles are some. Import cuts have been restored in some cases like blankets, rugs, infant foods etc. In order to improve quality, some other commodities have been permitted to be imported like: biscuits, confectionery, perfumed spirits and so on. This conclusively proves what policy the Ministry is following. There has

been no import control, so far at least, whether in 1952 or in 1953.

As far as export promotion is concerned, it seems the Ministry is of the view that if the export quotas are liberalised and certain export duties are reduced, then our export trade and export markets will improve. But for the reduction of export duties in some cases, particularly in respect of industries which may be called big business and are dominated by European capital, and the liberalisation of export quotas, no measures have been practically taken for organised or planned export promotion. I hold no brief for the views that were expressed by our hon. friend Mr. Tulsidas Kilachand on this side of the House, but he suggested certain measures which the Ministry would do well to look into more closely.

Before I close, I cannot help referring to the raw deal that the Ministry has meted out to labour in tea plantations. Solemn assurances were given both by the hon. Minister for Commerce and Industry on the floor of this House and by the Finance Minister in another place that the minimum wages of labour would not be touched with. The artificially created crisis and the so-called depression in tea came and went away, but the minimum wages of labour have been brought down, though not by this Government but by the State Governments, to such a level, that it is impossible to resist the conclusion that the clamour raised about the so-called 'crisis', the appointment of the official team on tea industry and the holding of the several Tri-partite Conferences, have been parts of a planned conspiracy to slash the wages of labour. Tea, by the way, happens to be the industry where 75 per cent. of the capital is British.

It may be too late in the day for the hon. Minister to change his lights for the lights that are mine, but from the little contact that I have had with him I am prepared to believe that he is ready to do justice to labour within the framework of Government policy. Let it not, however, be said, that the first Commerce Minister of the first elected House under the new Constitution trembled in his shoes in dealing with the British capital, at least so far as the tea industry is concerned.

Shri L. N. Mishra (Darbhanga cum Bhagalpur): I rise to support the Demands for Commerce and Industry. I would like to congratulate the Commerce Minister for the distinct im-

provement made in the industrial production of the country. Production in the basic as well as consumer goods industries continues to make an upward trend. Besides, pig iron, jute and textiles also have made a remarkable progress in production. The chronic cloth shortage has been solved for good. I also feel that coal, paper and cement have also set up a new record of production. In short, the industrial production of this country has continued to climb up to a higher level.

Next, I would like to say a word about our foreign trade also. As the House is aware, prior to 1947 the foreign trade of our country was not very much to the interest of the common people. But the political developments of the year 1947 brought a complete metamorphosis in the pattern of our foreign trade and from a raw material exporting country we turned into a raw material importing country. Therefore, it need not be a matter of surprise if our balance of payment has not been favourable on some occasions in the past. But thanks to the rational policy followed by our Government, our balance of payment position has improved well. But I would like to say that in the matter of imports and exports, we should follow that line which might be helpful in reconstructing the country's economy and providing means of purchasing power to the people. The policy of import and export need not be guided merely by the idea of adjusting the temporary disequilibrium in the balance of payment, but it should follow a well considered policy that might be helpful towards the programme of national development of our country.

Now, I would like to say a word about an industry which has been of some interest to me—I mean the jute industry. You know, Sir, jute is one of the best organised industries of our country. It has fixed and working capital taken together about Rs. 65.85 crores invested in itself. So far as labour is concerned, I think about 3,06,000 labourers are employed every day in this industry. But this industry is facing a crisis today, because, I think, of the complacent attitude of our Government.

Jute has a romance of its own. It has weathered many a storm in the past and has moved from crisis to crisis, but today I feel it is faced with an unprecedented crisis, and if the State does not come forward and intervene actively, it may not be able to survive. Jute like cotton has two aspects: manufacturing and agricultural.

If we ignore the agricultural side of it, the manufacturing side is bound to suffer. What is the condition of the agricultural side today? Today the prices of raw jute are hardly sufficient to meet even 50 per cent. of the cost of production. I think the prices of raw jute are patently uneconomic and unremunerative for the growers. The result is that there is a huge glut in the jute markets of the country, especially in my part of the country—Bihar. Therefore, I feel that something has got to be done to improve the situation. Jute has been brought to this position, not only because of international forces, but also because of some part played by the industrialists of this country. I think the industrialists in pursuit of earning inflated profits have ruined our foreign market. It is because of the high prices of our gunnies and other jute goods that we have lost markets like U.S.A., Argentina and even Australia which has turned to bulk handling, since the packing materials proved to be too costly to them.

These industrialists preferred to make purchases of Pakistan jute at comparatively higher cost and not the indigenous produce. The result of it has been that the growers are suffering greatly. I would also like to say that Government also has not been fair to the case of the growers. A suspicion has arisen in the minds of the growers that Government care more for the cause of the industrialists than for the growers. That suspicion has been deepened by the fact that Government have made repeated attempts to import more and more of jute from Pakistan. I think the coming year for jute is not very good. Government need not depend upon the agreements that they have made with Pakistan. You know, Sir, for Pakistan it is more a political commodity than anything else. Besides this there have been some mills going into operation in some foreign countries. You know, Sir, in Pakistan, Philippines, South Africa and Brazil, some jute mills have already gone into operation and one or two mills are going to be set up in Egypt under advice of the Jute Board of Pakistan. Besides this all the continental mills have been modernised and expanded to lower the cost of production. Now, you can well imagine the struggle that we have in store. Therefore, it is necessary that the cost of production of jute should be brought down. How can you bring it down? I think modernisation is the only way to bring down the cost of production. I know modernisation will mean some additional investment. But the efficiency achieved by moderni-

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sation will balance the cost. Therefore I would appeal to the Government to request the industrialists to come forward and invest about Rs. 40 crores or Rs. 45 crores to save this industry. In an industry in which about Rs. 68 crores are already invested, the industrialists should be able to come forward and save it from total ruin.

I would request Government to do something to improve the situation. I know in an industry like jute nothing can be done in the interest of the narrow consideration of only growers or traders. A commercial crop like jute has to sink and swim with the forces of international trade. But something can be done to improve the present situation. Therefore, I would like to suggest two or three measures. Firstly, I would suggest that it is high time that the Government should adopt the policy of State-trading in jute—at both internal, as well as external levels. State trading in jute will not only intercept the excessive high profits earned by the exporters, but will also eliminate the huge profits earned by a long chain of middlemen, the balers, stockists, dealers, shippers, etc. State-trading in jute will guarantee due share to the legitimate claims of the growers. I am convinced of the fact that State trading during the last five years, would have not only saved the jute industry from meeting the present catastrophe, but would also have earned a lot for our State exchequer.

Secondly, I would suggest that minimum prices for jute should be fixed. I will say minimum prices for commercial products like jute is not a new phenomenon in the industrial or commercial policy of modern Governments. The United Kingdom had to do it in the case of iron and coal. I would, therefore, like that a minimum price of jute should be fixed and if necessary prices of jute should be subsidised by the Government. Without going far off in India itself in August, 1939 and May, 1940, minimum price for jute was fixed: the Bengal Government on its own account had made purchase of large quantities of jute in an endeavour to support a falling market. I suggest that this should be done.

The third step I would suggest is that adequate market for jute must be found out. This new agreement with Pakistan is going to hit hard the indigenous growers. I fail to understand what has made this Government to accept this proposal. I understand that at the present rate of working our mills can consume about 57 lakhs

bales of jute. And the indigenous production is estimated to be about 48 lakh bales. Therefore, we stand in need of nine to ten lakh bales. But why have Government decided to import as much as 18 to 25 lakh bales from Pakistan? The effect of it will be only that indigenous production will suffer. If the indigenous production suffers, all calculations made by the Planning Commission to have 55.1 lakh bales of jute from indigenous production by 1955-56 must fail. You know, Sir, in agricultural planning price policy is a dominating factor. And a commercial produce like jute is highly sensitive to changes in demand curves. Therefore, if the Government are at all serious to implement the plan in this sphere they should do something to guarantee remunerative prices to the jute grower.

Lastly, jute growers are today entertaining an idea that the Government cater more for the cause of the industrialists than for that of the growers. I think that is indeed a very sad commentary on the policy of a popular Government. I, therefore, suggest that something should be done to improve the lot of the jute growers.

Finally, I would like to say that in respect of an industry like jute if we want to achieve appreciable results, some long-term planning is necessary and not mere palliatives. The coming decade in respect of the jute industry is going to be much more eventful than of any years after 1855. I would, therefore, suggest to the Government that minimum prices for jute should be fixed, State-trading should be adopted, and adequate demand for indigenous jute must be found out.

Shri Raghavachari (Penukonda): I rise to participate in this debate not with much of enthusiasm; for I find that while I had occasion to observe last year exactly on the working of this Ministry, particularly with regard to small-scale and village industries, I did elicit by way of reply from the hon. Minister that it was the policy of the Government to give priority and encourage the very things, and I was happy to have that assurance then; many months have passed and another year's budget has come and what we find between that day and today is only that the old Boards have been mutilated or converted into some other Boards. That is one thing. One has come into existence in November, 1952 and another in February, 1953. Beyond that it does not appear really to have turned out much. What really damps

one's enthusiasm is the fact that Government spokesmen—and I am referring to some observations made by the Prime Minister himself in opening that new Board that was constituted—themselves do not appear to be perfectly convinced that these small-scale industries have really a future economically. Their argument is: it has no inherent strength (which means in other words that the people will not purchase); it is inferior in quality; there are so many difficulties in the way, therefore what is the use of you, people blaming the Government? They even feel irritated when a criticism is made that much activity is not seen in this respect. But it is described by them as the "righteous indignation" of the people, or something like that. Those who are interested in the country's welfare or, we might even put it, in the wealth of the nation, should certainly be interested in the place that small-scale industries have really received in the economy of this country. No doubt there is this lip sympathy. And the policy also is to be saying "we are going to encourage them". But what is the shape that this encouragement has taken? It does not appear to me to be born out of the conviction or a feeling of urgency that the Government must pursue this thing with vigour. It is being done, there is a show of its being done; I see that a Bill is being introduced and all that. I do not say that there is absolutely no activity seen; but the problem is, it is not showing itself in action. I would confine myself only to this aspect of it.

There has been a fairly big claim made that production has increased in many branches of the industry. I am not disputing the fact that there has been increase in production. But the question which concerns the ordinary's representative of the rural population is: to what extent has this increased production really benefited the average man in the village? Let us take the increased production in textiles itself. Has it really made the ordinary ryot or the villager purchase one more spare set of clothing? Has he really been found to be using more of these things? No doubt it has produced this result—and I congratulate the hon. Minister—that in the urban areas and the towns it has avoided the people standing in queues, the scramble for some little cloth, corruption, control etc. It has of course resulted in that. But it has not really added to the poor man's benefit. I understand—I am not quite sure—and my own impression is that after this increased production, a yard of cloth is not less costly than what

it was before. In fact it has gone up in price. Therefore there is not much happiness or satisfaction for those who represent the people, by this increased production.

Therefore my earnest appeal to the hon. Minister and the Department is: kindly give a little more serious attention to this matter, an attention that is born out of some conviction that something must really be done for this rather than satisfy yourself "I have done something, I expect to do something" and so on. I would only add that when one sees it is the Congress that is in power, not in one State but in almost every State and at the Centre, this is a matter of disappointment. Of course I realise that it is the responsibility of the States and the hon. Minister might say "The responsibility entirely is not mine". But he can certainly control and direct the whole functioning of it. When we find that the Congress which is wedded to this policy of encouragement of village industries, has not actively or vigorously applied itself to this matter, it is disappointing.

When a few years ago, this Government came into power and Mr. Rajagopalachari happened to be the Industries Minister here, there was a big agitation about importing and increasing the number of spindles in the textile industry. The Madras Government headed by Mr. Prakasam wanted to prevent this multiplication of capitalist-concentrated production of textiles and wanted self-sufficiency in Khaddar and handloom production. In fact there was a great agitation in the Press. Naturally the capitalists were interested in the thing. The result was the spindles were imported, and Sri Prakasam's intentions were set at nought even by such a revered Congressman as Mr. Rajagopalachari. And now Mr. Rajagopalachari is in charge of the Madras Government. He now finds that all the claim about this increased production of textiles has really brought ruin to thousands and thousands of families of handloom weavers. And now the same gentleman says: we will examine the question of reservation of some portions of cloth production to the handloom weavers. I am glad that ultimately the present Minister for Commerce and Industry has agreed to that in principle. But before his consent and his action came, there was such a lot of criticism about it, and about its being "an ill-conceived remedy". Of course that gentleman, namely Mr. Rajagopalachari, when he was the Industries Minister here "well conceived" that spindles must be imported

[Shri Raghavachari]

and forced it on the country. But now when the same gentleman says that the handloom industry must get reservation, this gentleman here, i.e. Shri T. T. Krishnamachari says "no". It simply resolves into this. It is not the fundamental principles on which the Government and the political party and the interest of the country is really based but some other extraneous considerations. Therefore, my only request to the Minister is "You please examine". I have not hesitated to mention this again and again. Please examine how the country similarly situated like ours, Japan, has tackled this problem. It has decentralised all industries. I read in the Industries Journal of this March that a delegation went to Japan. They saw a firm with small spinning mills of ten spindles costing Rs. 1500 which can produce two pounds of yarn upto 20 counts with eight hours of labour. We have plenty of electricity and such machines can be imported. Why not we manufacture them on a large scale and ask every village to work on it? We have plenty of electricity. Still, why this concentration? Why this capitalism and this kind of fight between large scale production of textiles and handloom industry? Why should we kill the small scale industries? That is one thing. There are certain other machines with 120 spindles costing Rs. 25,000. These machines can be spread over the country and all this misery can be avoided. Not only that. Recently I had read some report which a delegation from the Bombay Government had submitted in four volumes in 1952. There, they have detailed their experiences and what they found in Japan; and finally they have made a number of suggestions. I am referring to them so that the hon. Minister may kindly draw the attention of the Board. Here I wish to read one sentence—

"Japan has planned and acted in a way which approximates to the teachings of Gandhiji more than in the way in which India has planned and acted."

My earnest appeal to the Minister is this. Examine the position of preserving all kinds of industries, particularly in the village parts, connected with processing of food, production by this kind of small scale industries and save the country from the great trouble of unemployment and also increase its purchasing power.

Shri Heda (Nizamabad): The activities of this Department, namely Commerce and Industry are so wide that I think the success or otherwise of the

Five Year Plan will largely depend upon the activities of this Department. There is a welcome change now from what they have done in the last year. That change, as the previous speaker just now referred, may be due to the after-effects of the elections. In elections we, the Congressmen fought on certain principles and those principles were embodied in our manifesto and one of the principles was that unemployment, particularly in the small-scale industries should be avoided. I think Government has taken very strong though apparently small steps. The other day, a prominent Member of this House, Shri S. N. Agarwal, stressed upon the aspects of unemployment and I think the most pertinent aspect of this unemployment is that unemployment in India, like its population, is scattered all over the country. Therefore, if we want to find a remedy, we cannot, as they have done in the West, collect the population in one place where some big machines and factories are built and give them employment. We will have to devise some ways and means by which we can take the employment to the huts and cottages in the five lakhs of villages of India and with that view Gandhiji had rightly stressed upon spinning. Hand spinning is the only industry—if it is not the only industry, at least I think everybody will agree that it is the most important industry—that can reach every village, every hut and every unemployed. Even a somewhat sickly person can earn something through it. There is the protection and encouragement given to Khadi and handloom goods by the levy of cess of three pies. Of course, Mr. Tulsidas complained that the cess was levied even before the Act was passed. I think it was done quite correctly because the results of the elections were clearly in this direction and they show that the people support the Congress view that Khadi and other cottage industries should be given full protection and encouragement. It was a necessity and the Government have taken the right step.

Apart from this, we also see a welcome change in the budget grants that this Ministry have asked for. In 1949-50, Rs. six lakhs was the budget grant; in 1950-51, it was Rs. 14.6 lakhs; in 1951-52, it was Rs. 17 lakhs; in 1952-53, it was Rs. 18 lakhs and in this year it is Rs. 100 lakhs. This is extra to the amount that we are to collect through the cess and my own calculation is that through the cess we will collect about Rs. eight crores. It may be even Rs.

ten crores if the production is as good or greater than last year. About Rs. eleven crores are thus being set apart for the encouragement of small scale industries. In this regard, I have a few suggestions to offer to the Ministry. Firstly, we hear criticism from those who speak in the name of the people but they are after industrialisation and mechanisation and therefore they will not favour the idea of encouraging Khadi. The other is the mill-owners. In their own interests they will raise a hue and cry that their interests will be jeopardised. Without being influenced by such criticism, I wish Government goes ahead and solves the problem of unemployment.

The next thing to do is to encourage small machines which could be used by one labourer and through them he can earn his own livelihood. The machines may employ two or three persons so that a family unit can work with these machines. Such machines can be found out and if we feel that large scale industries, particularly big factories come in the way to compete adversely with such small machines, I think protection to these small machines should be given. After gaining some experience and improvement in these small machines, I am quite sure that, as is happening in Japan, they will compete quite favourably with the big machines and then protection can be taken away. Take for example the manufacture of small nails, screws, nuts and bolts. All these things need not be manufactured by the big machines. Even the big factories that manufacture automobiles, cycles, etc. should also purchase these small items from these small machine holders.

Now, I come to one problem that had been uppermost in my mind: that is about the fluctuation of the prices that takes place in the course of the year. What happens is this. We say that ours is an agricultural economy and rightly the Five Year Plan has stressed upon agricultural production and all the stress it has laid is on the agricultural production. In spite of all this, we have not controlled the factor of price fluctuation of agricultural produce, particularly of the cash crops. About jute, so many hon. Members here have raised their voice and I join with them. I think, not only in regard to jute, but in regard to all cash crops, we should adopt a policy similar to the one adopted or proposed so far as cotton is concerned. In the case of cotton we have fixed a floor as well as a ceiling price. Some such thing should be done so far as all

cash crops are concerned. Let the agriculturist know what price he is going to get. When he calculates the price, he will include the cost of production and only if it is profitable he will produce; otherwise not. It is not good that the poor agriculturist on whose work the entire economy of the nation so much depends, should be allowed to look at his fate after he has put in his money, labour and produced something. The cases of jute at the moment and the case of cotton a few months before, are pointers in this direction. What we have done in the case of coffee, or something similar, we should do in the case of all cash crops. One day or the other, I hope the Government will have to undertake State-trading. Even now, I think it would be much better to adopt this policy. Let them think over and prepare a scheme that all the cash crops that are produced by the agriculturists will be purchased by none but the Government alone, and that the Government will either supply, after the processing is done, to the manufacturers or give it to the factories where the processing is done, and after that, they will give it to the manufacturers. The result will be that half a dozen intermediaries will be shut out and the profits that would go into their pockets will be saved for the producers as well as the consumers. Therefore, in the interests of the consumers and producers, I wish that the Government does something on these lines.

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

I quite agree with my hon. friend who has just raised the point that so far as our export market is concerned, we were not able to make a steady development. It could have been developed. The last few years were so favourable to us. But, unfortunately, the capitalist class did not look to the national interest. Each of them, not as a class, but every individual, looked to his own interest and the result was they spoiled or rather killed the export market. Therefore, it is high time that the Government takes a decision that in regard to some important items of export and import in which there is a great margin of profit there will be State-trading. Thereby, Government will not only save some money but also stabilise the price factor.

Lastly, I would like to refer to one point. Though it does not directly concern the affairs of this Ministry, as,

[Shri Heda]

all along. I had taken an interest in it, I would like to refer to that. I congratulate the Government, and particularly the Finance Minister for accepting the recommendation of the Income-tax Investigation Commission, namely, that the losses on speculation will not be off-set against genuine or ordinary profits. I think this is a step in the right direction. Though there is some agitation against it, if we have to curb and suppress speculation without touching the genuine forward market, I think this is a step in the right direction. Not only that. The Government may go ahead and deal with this matter in the same way as it has dealt with the speculative losses and profits in the cross-words and square words. That means, the losses will not be adjusted against profits, and all profits will be taxed. I think, if some such policy is adopted, speculation will be curbed. In the free economy that we have chosen for ourselves, only if it is rid of speculation, then and then alone will the vigour of private enterprise grow to the right height and thereby the nation will benefit.

Shri G. D. Somani (Nagaur-Pali):
At the outset, I would like to congratulate and compliment the hon. Minister for the very realistic way in which he has handled the affairs of his Ministry, although I know that any compliment from me is going to be embarrassing to him, especially when I see my friends to my right.

When the hon. Minister took charge last year, the various industries were suffering from the after-effects of a serious slump that had set in in February, March, last year and there was a genuine apprehension that there would be a serious set-back in industrial production all round. It is therefore a matter of gratification that due to the various measures which his Ministry took, and also due to certain other favourable factors, not only has there been no set-back, but the industrial production of the country has shown a remarkable rise. The index of industrial production is shown as 127.8, which is perhaps the highest ever recorded after the war. I would only like to draw the attention of the hon. Minister that this remarkable rise in production should not make his Ministry in any way complacent, because, there are various factors which, if not properly handled would result in our not only not being able to expand or maintain the production that we reach-

ed in the last year, but easily losing the ground that we have gained.

I have a long list of grievances, and genuine difficulties of the various industries; but during the short time at my disposal, I will confine myself to a few important aspects of these problems. I would first start with the textile industry. The production in the textile industry, of course, has been a record one, having been 4600 million yards in the last year. With the rise in production and the emergence of a buyers' market, the various relaxations that this Ministry announced in the last year have also helped the proper distribution as well as the proper functioning of this industry. But, still, there are certain matters which require immediate attention. I would specially refer to the control on production which is not absolutely justified in the light of the present situation. When the Government have no responsibility for distribution, it is only fair and equitable that the industry should be at liberty to manufacture the goods that they by their own experience think will be to the taste of the consumer. There is absolutely no justification for continuing the controls of various kinds on production.

I would briefly refer to the excise duties. The Bill about Khadi cess, of course, may be coming today and I may have something to say on that also. Firstly, I would like to draw the attention of the hon. Minister to the tremendous increase in the excise duties that has been brought about in the fine qualities by the Finance Minister at the time of the last Budget. I know this matter concerns the Ministry of Finance. But, as the custodian of the interests of industry, I think it is his moral responsibility to draw the attention of the Finance Minister to the 100 per cent. increase which has been brought about in the excise duties. It has really acted as a great set-back in the distribution of fine goods. I am really afraid, if there is no revision of this heavy excise duty, the Fine trade is likely to suffer heavily. At a time when there is still acute shortage of Indian cotton, it is going to have adverse repercussions on production as also from the consumers point of view, several sorts which are meant for the poor and middle sections of the community are also going to be hit very hard if this duty is not revised.

4 P.M.

Coming to the question of exports, I would like to draw the attention of

the hon. Minister to what had happened at the Buxton Conference where all the aspects of the international textile trade were reviewed some time last year. He is, of course, aware of the situation as it prevails in the international textile market. The international textile trade is sinking, and foreign countries are competing more and more heavily for the small market that exists for the textile trade. At this stage, I very much appreciate the action taken by the Government in readjusting the export duties on coarse and medium varieties early this year. That alone will not solve the problem. There are also a few other points which, somehow or other, have not yet been solved, and in this connection, I would specially like to refer to the rebates on export of fine and superfine varieties which, on principle, has been accepted by the Ministry, but about which we are told there is some sort of legal or technical hitch. At a time when the internal market must be catered for first in respect of both coarse and medium varieties. Government should do everything possible to encourage the export of fine and superfine varieties, and there is no reason why this rebate on import of foreign cotton should not be given to encourage export of fine and superfine varieties instead of coarse and medium varieties which are being exported in large quantities now.

Then, there are one or two other minor points about which representations have been made from time to time, but what I am anxious is this, that the export trade is becoming more and more difficult, and unless the Ministry is ever vigilant and takes prompt measures to solve the various problems with which the industry is faced in catering to the export market, we shall not be able to hold our position which has been built at such a heavy cost during the last few years.

Coming to the rehabilitation problems of the industry, I am rather surprised that the only casual reference in the booklet that has been circulated is that this matter is before the Central Advisory Council on Industries. This is really a very vital matter, and it should not be tackled in such a leisurely way. Everybody realizes the importance of renovating the plant and machinery of the industry, and unless something is done at an early date, our whole economy might suffer. The textile industry is made to contribute so much for the rehabilitation of the handloom industry. It is also made to contribute so much for meeting the

requirements of the general revenues of the country, but I do not understand why this Ministry should not be able to persuade the Ministry of Finance to allow the industry to retain a small portion of these heavy excise duties for its own rehabilitation which does not in any way mean paying more dividends to share-holders or to the Managing Agents, but the amount will be exclusively used for renovating the plant and machinery and will add so much to the productive capacity of the industry.

Coming now to the question of another important industry, i.e., cement, I do not understand how the cement industry has suddenly fallen from the grace of the hon. Minister. Certain price reduction have been announced in December and also recently, whereby this Ministry has reduced the price of cement in view of the fall in the price of packing goods. I quite agree there is justification for this downward revision, but I do not understand why this Ministry should ignore the equally strong justification of the industry for getting increase in prices for the items which the Government of India have themselves imposed upon the industry. In this connection, I refer to the drastic increase in coal freight brought about by the Railway Ministry, and to the various labour legislations brought about by the Ministry of Labour. Here, it does not require any sort of enquiry. The facts are quite clear, and if the Government have reduced the price of cement in view of the fall in the price of packing goods, certainly they have got a clear case to raise the price in view of the additional burdens that have been imposed by the Government Departments themselves. This policy of forcing a reduction on a certain count, and not calculating the increase to which the industry is entitled, certainly places the industry in a very awkward position.

I need not draw the attention of the hon. Minister to the remarkable achievement of the cement industry. Production of cement was only 1.5 million tons in 1948. We had 3.5 million tons last year, and we might have even four million tons this year or next year. The increase in the price of cement has also been very small compared to various other commodities, and therefore, I do not see the slightest justification for ignoring this claim of the cement industry. Although the matter has been referred to the Tariff Commission, an obvious item of increase brought about by Government action itself should have either been

[Shri G. D. Somani]

decided by the Ministry, or at least, the Tariff Commission should have been asked by the Government to give some interim recommendations to the Ministry.

Only one point more, and that is about State-trading about which we have heard a lot, and some Committee is also sitting I may, in this connection, refer to the report of the Public Accounts Committee about the Japanese cloth deal which makes it clear that even if some ordinary care had been taken by the officials concerned in that deal, the valueable amount of Rs. 55 lakhs could have been saved. I would only draw the attention of the hon. Minister to the fact that while extending the scope of State-trading or while extending the scope of taking industrial units into control, he should learn a lesson. When the Ministry's hands are too full, and when even ordinary care is not exercised in certain vital matters, will it not be taking too much of risk to go on extending the scope of State-trading?

Shri Jayaraman (Tindivanam-Reserved—Sch. Castes): I have to point out to the Minister for Commerce and Industry the difficulties we are experiencing in the commercial and industrial world during the last four or five years.

Firstly, it is essential that our export trade should be increased. By increasing more, we can obtain foreign exchange. Moreover, many of the commercial crops are now experiencing a bad time. Today, the prices of many of our export goods have fallen down considerably. Some of them have fallen down by 30 per cent. as in the case of hides and skins trade which is the largest trade in Asia. In the international export trade, India's share in tanned hides and skins, known as East India Kips, is larger than any other country in the world. Large number of tanneries are concentrated in South India, and about 50,000 Scheduled Castes workers are employed in this industry in Madras State alone. It is well known that in Madras there has been a great depression in the hides and skins trade. Due to past neglect, we have not been able to strengthen the position of these traders. Even today, the trade takes place in these commodities under a mango tree in Madras. This tanning industry is being carried on in our country from Rig Vedic times more or less in the same method and unorganised. In times of brisk trade, a number of small tanneries spring into life, and cease to exist during the slumps. This kind of irregu-

larity places the labourers in a precarious position. They are forced to be idle for a number of days every year. These workers are a special class of workers who do not and cannot find alternative employment. At present, they are in the lowest rung of society as well as employment. The persistence of acute competition prevents the tanners from studying the problems of this industry in a liberal spirit and from devising measures for stabilisation of the working conditions and promotion of the interests of this industry.

There is no big exchange in which the hides and skins might be stored and trade can be developed by reliable intermedia. The standardisation of hides and skins is important, but more important than standardisation is their need to develop and exchange market as in Bombay where cotton is exchanged and the small producer also benefits. During the last war, a great boom in this trade took place and a good proportion of the accumulated sterling balance was due to the prosperity of this trade. But, after the war, certain States took it into their heads to kill this trade by banning slaughter of cattle. Now, I am all in favour of preservation of cattle, but the legislation that has been passed, apart from flattering the religious sentiments of a group, has actually not promoted anything like an increase in the quality of the cattle. It is well known that trade of slaughtered cattle skins is about 15 times more in value than dead cattle skins.

The traders are today suffering not only from general fall in price, but also shortage of raw material. We have to import raw material from Pakistan to ensure an adequate supply. Transport facilities that is wagons with wooden floorings should be provided without delay, since the hides and skins in the raw stage are easily perishable, and transport by ships causes considerable delay. Steps should be taken to have large-scale plantations of wattle plants, in our country to make us self-sufficient, and also to reduce imports from East Africa which is costly. To expand the market for our country, special officers may be appointed in our embassies, one in the continent, and one in the U.S.A. As these skins are sold in auction-selling in the U.K., and the prices are not steady and the fluctuations in the rates are abnormal. If the auctions are held in India, the buyers and sellers can meet directly and fix their deals, and

there will be no speculation, and the tanners need not have to gamble and try their luck. Government should make finance available to these tanners, through some financial corporations on security basis or stock-in-trade, for the development of this industry. More co-operative tanning should be encouraged.

I would like to say a few words about the cottage-scale manufacturers of matches. Sattur, Sivakasi and Ramnad in Tamilnad are the main centres of these industries. They produce about 40 per cent. of our needs, and they provide work to a large number of workers, and contribute about Rs. two crores to the Central excise, and thus play an important part in our national economy. Out of 126 factories in Tamilnad, 31 factories have been closed, and the remaining 95 are struggling hard for their existence, competing with big firms. The many restrictions imposed by the British Government to safeguard the interests of their own big firms in this country still continue. There are too many licences to be obtained,—to buy, to keep and to transport and use Potassium chlorate and sulphur. I hope the Government will reconsider the position and revise the regulations which are quite unnecessary during peace time. A factory may be opened for the manufacture of Potassium chlorate so as to make us self-sufficient. A large quantity of matchwood may be imported from the Andamans, so as to meet our demands. The excise duty may be reduced on the exported goods, in order to encourage more exports and to enable the industry to compete in foreign markets. The present system of rebate of annas two in the case of small factories producing not more than 100 gross on daily basis may be revised as 30000 gross per year on annual basis. Transport facilities should be provided to them so as to make them easily roll the business without much financial difficulties. Placing this item in the VIII class instead of in the XIV class in charging railway freight may be more advantageous for the development of this industry.

As regards the handloom industry, it is in a bad way. Up to the present, no clear indication has been given as to the manner in which we are going to give them a stable market. Many of the old handloom weavers who exported goods to Burma, East Africa and Pakistan have lost their markets, and it is difficult for them to take to new trades. There are about 25 lakhs of handloom weavers in our country, out of whom at least about six lakhs are

specialists in export articles. They are starving, and some of them are migrating from place to place with their families, actually begging. Until now, nothing has been done tangibly by the Centre to improve their lot. The Madras handkerchief has fallen considerably in value and quantity. Of course, the Government may say that each country desires to become self-sufficient, and therefore we have lost a good portion of our market. But that is only a poor consolation to the poor handloom weavers. Either we must develop a taste in India for these goods, or we must have a new export promotion drive, for the purpose of making these goods saleable.

In India, if the market is to be developed, it is not enough to advertise on a large scale the value of the goods, to the consumer. It is essential that we should have reservation for certain types of handloom products on certain well-defined principles. There is no use of giving them reservation on a temporary basis, as the Government have done, which is liable to be renewed after a limited period. The principles can be worked out quickly, and should be worked out quickly by the Development Wing of the Ministry of Commerce and Industry.

There is one matter to which I should like to make a special reference. We cannot afford to be absolutely self-sufficient in all commodities. The goal for self-sufficiency has led our Government to sacrifice quality for quantity. That is the grave problem in the case of tea. While the quantity of tea grown has increased phenomenally, the quality exported has diminished appreciably. It was only last year that the Minister of Commerce and Industry decided to constitute a committee for the purpose of examining the problems of the tea industry. If we do not examine the quality of tea exported, then the prices fetched by our tea will also still further, and we may also lose the market for tea, and our competitors like Indonesia and Ceylon would take away a good portion of our foreign markets.

Mr. Deputy-Speaker: I am afraid the hon. Member has to conclude his speech now.

Shri Jayaraman: One minute more, Sir.

The same is the case with raw jute, where quality has been sacrificed to subserve quantity. We have obtained breathing space for another three or four years, during which we can by rationalisation of the raw jute growing

[Shri Jayaraman]

industry improve the quality. I appeal to the hon. Minister not to assume that the jute problem is a simple one. I would request the hon. Minister to appoint a technical committee consisting of experts in the jute trade, to suggest ways and means to improve the quality of jute. If that is not done, we will lose our jute markets even within India.

Shri T. T. Krishnamachari: We have had 23 speakers speaking on these demands with the exception of my hon. colleague, and I must admit that the House has been extraordinarily fair and generous to my Ministry. I accept the words that fell out of the mouths of the hon. Members of appreciation of the difficulties that the Ministry had to face, and also the words of commendation that they were pleased to bestow on the Ministry. I do not feel that it is in any sense due either to the diligence of my colleague and myself, or to any extraordinary abilities that we possess. To a very large extent, it has been due to the very hard work put in by the officers and men belonging to the Ministry, who, I am proud to say, have responded to the changed circumstances in a manner which is heartening.

I have been an old figure in this House, as it is more than a decade since I came here. I knew all the time, that when the debate for Commerce and Industry Ministry—separate as it was in those days, or at any rate, for a time—came before the House, the Ministers concerned had a very hard time. I am aware that out of the very many predecessors that I have had in this office, two people who have been good friends of mine, better men than myself in every respect, have had really very difficult times. I refer to my hon. friends Mr. K. C. Neogy and Mr. Shri Prakasa. As men, they are far superior either to me or to my colleague. But the difficulties they had to face were such that the Ministry was always exposed to a lot of criticism, ridicule and even contempt, so much so that the Ministry of Commerce has been a Waterloo of reputations. Perhaps my colleague and myself are very lucky, perhaps we have been born under better stars than my illustrious predecessors. And we have been treated rather gently; even where criticism was due, the criticism was made, and with rare exceptions, with some consideration and with a touch of gentleness.

I must admit that I was rather touched by the words of my hon.

friend opposite, Shri Tridib Kumar Chaudhuri, who did not approve of what we did but nevertheless imported a personal touch into his remarks which takes away the edge of all criticism. I think this time both the opposition and this side of the House have treated the Government and my Ministry in particular with a generosity for which I cannot but be grateful.

To go to the details of these discussions, I shall first take the speech of my hon. friend, who is not here, Shri Tulsidas Kilachand. He made certain valuable suggestions and I recognise in the criticism that he administered to us, I value particularly what he said in regard to the Tariff Commission. I also understand that he based his criticism on the recommendations of the Fiscal Commission. But in adjudging the work of the Tariff Commission, hon. Members in this House have to take into account two considerations. One is: what will be the cost to Government if each branch of Government or a Board attached to Government is to have its own technical organisation? That is desirable and it is as it should be, but the cost factor is very important. Another factor, I think, which he ignored for the time being was that the Tariff Commission came into being in 1952 with additional powers and responsibilities than were enjoyed by the Tariff Board and it will take time for it to develop into an organisation that is necessary for its work. So if we urge on the Tariff Commission to expand all of a sudden without any appreciation of its work, well, I am afraid we will be wasting money. It is true that even though now the Tariff Commission has a lot of work to do, this work will grow as our industrialisation grows. I have no doubt that the time will come when all the recommendations made by the Fiscal Commission, to which he has drawn the attention of Government, will have to be implemented as they relate to the Tariff Commission. On one point I will agree with him immediately—that on the side of the administration and also on the costing side, the Tariff Commission has to be strengthened. I know at the present moment two members of the costing section have left the Tariff Board when they need more hands. It is rather difficult for us with our graded salaries to retain good people that we get. They leave because commercial service offers them better opportunities and better salaries. But on the question of advisory staff, I am afraid these bodies attached to Government will

have to depend very largely on such assistance as we can give them as Government organisations can give them—supported now and again by *ad hoc* advisers like the one that we appointed for inquiring into the automobile industry.

In this connection I am heartened by the criticism levelled against the work of the Ministry by my hon. friend, Mr. Bansal, in respect of the Development wing. He very rightly suggested that while Government has in the Development wing a band of enthusiastic and technically competent young men, the senior staff has got to be strengthened. Here again this is a difficulty that I am faced with every day, namely, with the quotation of salaries that we are able to offer I am not able to attract good men, Commercial service is certainly far more attractive. On 1600 to 1800 rupees I cannot get a very competent engineer, nor a competent chemist. Well, this is a matter which we are thinking of and I do think that we will be able to strengthen the Development wing before long and if we develop this wing, its services will be available not merely to Government but to any other body which the Government sets up which needs technical advice.

Mr. Tulsidas Kilachand made various suggestions and also drew our attention to the reports of the Import Control Investigation Committee. He also made suggestions in regard to export promotion, to the need for sending delegations abroad sponsored by Government and, above all, to the necessity to obtain reciprocal treatment in foreign countries—a point which indirectly was touched upon by my hon. friend, Dr. Ram Subhag Singh as well. I can promise him that there is a great deal of agreement between him and myself and the Government on these matters. The Government will certainly explore possibilities of improving the administration in these directions.

Incidentally I would like to refer to the remarks—very pertinent remarks—made by my hon. friend from Cranganur, Mr. Achuthan, about the need for publicity in foreign countries for our goods. I recognise that in this matter we are sadly lagging behind. We want to do something in this direction but it takes time to build up an organisation. At the present moment I am concerned to see that we place our tea propaganda on a firm footing and in so doing, it is the intention of Government to associate a number of young Indians who would be useful for other purposes as well or on whom we can

draw for other purposes later on. But it is always difficult to make a beginning in these matters.

My thanks particularly are due to my hon. friend, Shri Kanungo, from Orissa who, I think, more or less anticipated many of the criticisms put forward by hon. Members in this House. I would like to heavily underline three points that he made; that is, that Government must have an integrated plan of production in all spheres, that Government's duty to consumers is paramount and, thirdly, that international trade is a two-way traffic and we cannot ignore the points of view of our neighbour countries who would not all the time import our goods without our taking some goods from them. I think, as I said before, these points have answered many of the criticisms, or rather taken away the edge of much of the criticism levelled by hon. Members on this side as well as those on the other side.

I would also like to draw the attention of the House once again to the remarks that fell from my hon. friend from Cranganur, Mr. Achuthan. He rightly pointed out the conflict between consumers and producers. In fact this conflict extends over a much bigger area than what he indicated: for instance, amongst various types of producers—amongst themselves—and amongst such producers and the trade, between the industrialists and importers, between exporters and industrialists, and so on. These are practically day to day occurrences in my Ministry. I could mention an instance. Take the wool trade. We produce about 60 million lbs. of wool every year. And we have also got a local industry, mainly a carpet industry—apart from a 'Kumbli' industry—absorbing this wool. I have recently seen Press reports—long ones too—of speeches made by President of Exporting associations pointing out that after all the local need is only five million lbs. and why should not 55 million lbs. be freely exported? On the other hand, I have heard from equally important associations from Mirzapur and Banaras—the carpet manufacturers have said, 'we consume practically all the wool that is produced in this country; why allow any exports at all?' It is the duty of Government to assess the local needs, the needs of the indigenous industry, its surplus and arrive at their export policy. And, if the views of one sector only are voiced in this House, as is often the case, it can be demonstrated very successfully by the person who voices those views that Government are in a way acting against the vital interests of this country. But,

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if as my hon. friend, Shri Achuthan puts it, the Government should attempt to synthesise the claims of the various sectors and adjudicate amongst them, then Government will not be popular with any section. If, as he very rightly said, the Government are getting unpopular with all sections, then they are doing something right. I do hope in all earnestness, that the public outside will accept the test that Shri Achuthan has prescribed, to find out whether the Government are doing the right thing or not.

To come back again to the points made by my hon. friend, Shri Kanungo, an integrated policy of production in all spheres this is what we are trying to pursue. In fact I recognise and I think my colleagues in the Cabinet also recognise, that within a measurable distance of time, industrialisation will not solve all problems of unemployment. We have to look to other avenues. There is no point in looking at the whole problem from a defeatist angle and say, 'whatever you do, you cannot provide employment for all, you can provide employment only for 50 lakhs of people then do not do it and do something else'. And that gives rise to the plea of village self-sufficiency as being the main goal to be aimed at. My hon. friend from Anantapur, expressed surprise that the Prime Minister should say publicly at the inauguration of the All India Khadi and Village Industries Board that while he recognised the validity of the claim for support to be given to cottage and village industries, he cannot at the same time, neglect the problem of industrialisation. Well, that is an angle that persists. One factor here is the self-righteous angle in most cases I have no doubt that hon. Members and those outside who voice these views do it in all earnestness; their *bona fides* are above question; their sincerity cannot be questioned; they are veteran workers in this field and they come to a particular point of view by a process of thought over a period of years. But they should recognise and we have to recognise along with them a fact that which does not exist. They think that the villager is not susceptible to any change that is taking place all over the world. On the other hand, it is not so. It is wrong for us to think of the villager as an entity somewhat completely cut away from the rest of the world. The villager is as modern in many cases as most of us are. I have also gone to the villages; I have seen in the villages, the latest types of blouses, face-powder and even

colouring of the nails—if not by imported stuff, at least by our local products. (*Interruption.*) There is no use saying that the villager's ideas of priorities do not change. He has sound ideas on the question of priorities. In fact, the very basis of our Community Project Schemes will fall to the ground if we want the villages to remain what they are, without the improvement that we want to effect in them. After all, if we say, 'go back to the village', we have to provide in the village the urban amenities that everybody now needs. Anybody who goes to a village at about seven or eight o'clock in the night, will see the villagers trek to the nearest cinema, walking three or four miles, then walking back later on in the night; and he will realise that the cinema to the villager has become as much a necessity as it is to the urban dweller. If we contemplate, as some of us seem to do, that a villager is a person who is perfectly contented to be told that he should do this and that, that he should lead the life of an animal, be fed and clothed and made to work, I am afraid, that some of us law-makers outside, are making a very serious mistake. The element of individual choice, which in the language of economics, is called, consumer's choice, cannot be completely ignored, as it has come to stay and has effected a revolution in our economic life. I concede willingly the *bona fides* of the people, as I said before, who urge this approach primarily as being above reproach. I would like to give an instance, how the idea would work. If you give a child—rather, if I give my grand-child a lollypop, out of affection for his grandfather the child thinks that his grandfather should also taste something of it, and tries to put it in my mouth. I only resist it with a certain amount of difficulty. At the same time I am both tolerant and amused by what he does. I think the villager will look upon our attempts to force primeval practices on him without that tolerance or amusement that the grandfather has towards the child. In fact, our attitude towards the villager is not very more developed than the child's sudden burst of affection for his grandfather.

I think, as my hon. friend, Mr. Kanungo said, we have to integrate production in all spheres and we are attempting, to the best of our ability, to see that some of these village industries, in so far as they are an insurance against unemployment, are kept alive. My hon. friend, Mr. Neda very rightly drew attention of the

House—and I am very grateful to him—to the phenomenal increase in the budget allocation made by the Government of India for handicrafts cottage industries, handloom and khadi. He has given some figures which will show that against the allotment made up to last year, the allotment of seven crores, that is six crores for khadi and handloom and one crore for cottage industries which my hon. friend the Finance Minister has been good enough to make today is a complete answer to people who tell us that the Government has neglected the village industries, that they do not take into account the value of village industries as a means of solving unemployment problems. I have no doubt that when the proper time comes, the Finance Minister will show that in so far as our attempts to solve unemployment in the rural areas are successful to that extent money will not be a limiting factor for our proceeding further in this direction. It is a scheme of social insurance. I think Government is quite prepared to spend all the money that is necessary if these attempts are successful; if not, we have to vary our methods.

Some of my hon. friends said—very rightly from their own point of view I think—let us be austere. It is the fashion of the day. I do not mind repeating what I heard in another place. An hon. Member congratulated the Government for having raised the import duties. That person said, 'It is very good that the import duties have been raised; but you should not import anything'. I do not know why the Finance Minister should have gone to the extent of devising import duties which he has obviously done for the purposes of obtaining revenue; and at the same time say that we will not import these articles, so that the new import duties are a mere dead letter. We have certain pre-conceived notions of austerity. Supposing it is necessary for us for balance of payment considerations or because we have got a scheme of priorities to import only certain necessities, and we ban these things which are not so necessary? In fact, the point of strength in our economic health is that this is a country which has got a notoriously high marginal rate of consumption propensity; that it can be operated upon whichever way we like. We can act without serious repercussion arising during any short period time as we had about our imports of certain types of goods. But it cannot be done for all time. It may be good in certain directions but it will not be good in all directions. I am afraid that those politicians and others

who approach this idea of austerity for all time, irrespective of what is called consumer choice, are suffering from a malady which in psychology is called schizophrenia. Mr. Bansal who is a very competent critic notwithstanding the fact that he might raise a certain amusement in some quarters did unfortunately emphasize one or two points trifle needlessly. I shall deal with this question of foreign element in industries on which he has dwelt and also the future of industrialisation before I resume my seat.

I think the allowing of a well-known foreign firm of woodscrew manufacturers to establish themselves in this country was a correct decision. Though there is collective responsibility of Government as a whole and my responsibility for what the Government had done in the past is there and I have to share it, I may say it was not done by me. Yet, that decision was a correct one because the fact is that the firms started in India for the production of woodscrews did not produce quality goods and the users of woodscrews still insisted on preferring the imported article. Nor do I think that by the addition of a new manufacturer there is going to be a glut in the market. These are matters, may I mention to my hon. friend Mr. Bansal, that cannot be judged from an *a priori* point of view. He should not allow the atmosphere in which he works to cloud his vision and his usual clarity, and I would suggest that he should judge each case on its merits.

I think I had better deal with one other problem mentioned by hon. Member before I go on to deal with industrialisation. It is what I consider to be my major headache at the moment namely, the question of jute. The matter was raised by three hon. Members: Shri Jhunjhunwala, Dr. Das and Shri Mishra. I must admit in all fairness to Mr. Mishra that though he is a person who knows more about it than anybody else he was extraordinarily generous to us in his criticism. But I cannot agree that his criticism is either well-directed or even that the criticism of the Government is deserved. Nevertheless, I must appreciate the spirit in which he offered it. In regard to Mr. Jhunjhunwala and Dr. Das, I am afraid that whatever I said here because of your indulgence in giving me some more time on Wednesday has completely gone over their heads. Mr. Jhunjhunwala told us that some friend of his, perhaps a jute merchant or perhaps a jute baler, told him that if we export jute, things will be all

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right. I would suggest to him that advice from such quarters has to be taken with a very large grain of salt. I found, on the other hand, that Dr. Das was angry, and he has a right to be angry, because he probably sees that some people are suffering in his own particular locality due to the low prices of raw jute. There is nothing wrong in it.

There is one point in this connection which my hon. friend Mr. Mishra made. He said that a solution lay, among others, in the modernisation of the jute plants. I agree,—I cannot but agree with him 100 per cent. But then what does it mean? I can even support his point by saying that in a jute mill with old plants which is reasonably well managed, you require something like 4.3 to 4.4 persons per loom. Of course, there are mills which need about six persons also, but you need 4.3 to 4.4 persons per loom in the type of mill I have described. If it is a mill using not a completely modern machinery, not one of those circular looms, but relatively modern machinery, you want about 2.7 persons per loom. That means that we can reduce the cost of manufacture by 15 per cent. if we modernise the plant, and that will mean that we will be putting into the hands of the jute grower another Rs. three at least per maund of jute he produces. But the cost is Rs. 60 to 70 crores for modernising them, not to speak of the fact that unless we also increase the number of looms and our export trade also increase, the possibility of having to sacrifice 80,000 people from the work which they are now doing will face us. I agree with Mr. Mishra that the matter has got to be looked into. The question of modernisation of jute mill machinery cannot be postponed for long.

He has also mentioned about State-trading, just as other hon. Members have also mentioned this subject. I have no allergy to State-trading as such. I have no ideological disagreement with their idea of State-trading, but the fact is that State-trading means large amount of organisation, a large amount of money, for investment and also a recognition by hon. Members of Parliament and the Members of the Committee, attached to Parliament and to public that State-trading will involve a loss as well as a profit. If you are going to trade, then you must be prepared for loss as well as profit. Whenever there is a loss, I am expected to find a witch so that I may burn the witch on the stakes. If I am to go on with this process of witch-hunting, then State-trad-

ing is not even a near possibility. Today I can say that in Government an officer will not pass a bill for a lakh of rupees unless it goes higher up and he gets the signature of the Minister, because he is afraid that somebody will say that something wrong has been done. There should be the appropriate atmosphere for State-trading and there should be the personnel for State-trading before we can even think of it.

There are one or two other matters which compel attention. Mr. Thomas had mentioned about the west coast products and Mr. Achuthan also pointed out the necessity of greater attention being paid to the west coast. I am one of those who do concede that Travancore-Cochin and Malabar have got to be given a great deal of attention, if it is not possible by the State Governments, then at least by the Centre, and the Prime Minister is very keen on this. I did undertake a trip some time back to this area and on my return I reported to the Prime Minister about it, and we have gone out of the way to undertake certain measures to relieve distress in that area. I recognise the validity of the claim of hon. Members coming from this area, because as the Finance Commission has supported it the school-going population in that area is 98.8 per cent. which is higher than anything in any civilised country in the world. Therefore, the problem of unemployment is a very serious thing in this area and to the extent that my colleagues and myself can do anything to help this area, hon. Members can depend upon our doing our very best.

In regard to pepper, I can only tell my hon. friend that the matter is engaging the attention of the Food and Agriculture Ministry and I do hope that before long we should be able, in collaboration with the interests concerned, to have fumigation plants in some west coast ports.

One point which Mr. Basu made, my colleague failed to reply to when he was speaking the other day. My hon. friend's complaint was in regard to the imports and percentages of capital goods and he has promised to ask for a note in that regard. My hon. friend Mr. Basu just takes one particular thing—percentages—because it suits him and says that capital imports on the percentage basis have dropped. But then what are the other factors that go to make up the percentages? In 1949-50, our total imports were in the region of Rs. 643 crores, out of which capital goods were Rs. 106

crores; raw materials for industry Rs. 291 crores and food articles Rs. 152 crores. When food articles were Rs. 152 crores and raw materials for industry Rs. 291 crores, naturally the percentage of capital goods must go down. Similarly, next year capital goods have been Rs. 80 crores; raw materials for industry Rs. 345 crores and food articles Rs. 102 crores. In 1951-52, capital goods were Rs. 100 crores; raw materials Rs. 453 crores (we had to import a lot of cotton); and food articles Rs. 258 crores, making up a total of Rs. 940 crores. Naturally, capital goods were only one-ninth of the total. This year also, for nine months, raw materials for industry have been Rs. 209 crores; capital goods Rs. 65 crores; and food articles Rs. 145 crores. So, if you are only relying on percentages you will find that capital goods have come down. Another factor which my hon. friend has ignored altogether is that we are manufacturing certain capital goods in this country. Textile machinery is being manufactured in this country. Diesel engines are being manufactured in this country. Parts for several machines are being manufactured in this country. If his intention is that notwithstanding all that we manufacture we must only import capital goods. I am afraid he has to go back to school and study economics.

Shri K. K. Basu (Diamond Harbour): Is it your contention that there is no further necessity for bringing capital goods from outside?

Shri T. T. Krishnamachari: There is every necessity, but the necessity has to be proved, and the necessity must arise before the goods can be brought in.

In regard to the point made by Mr. Muniswamy regarding the tanning industry, I may tell him that we are doing all that is possible to help the wattle bark industry. So far as hides and skins are concerned, we are studying the needs of the industry. I have not got the cooperation I want from the trade and industry yet. But should I get it I can assure him that we will do our very best.

Finally, I would like to say a few words with regard to foreign capital and industrial development, before I close. As I have said before, the major task has been for us to stimulate industrial development. The progress of various projects in what might be called the 'public' sector will itself, by increasing incomes, create demand for more goods. There would thus be greater opportunities to the private

sector for increasing production. But opportunities by themselves are not enough. What we need most is resources. The chief among them happens to be capital. It is this shortage of capital which is a major problem before us to tackle during the coming year. Basically, there are only three ways in which the existing capital shortage can be relieved: by stimulating Indian investment, by using foreign capital and by a fuller utilization of the plant and machinery in which capital has already been invested.

Government propose this year to try to explore possibilities of making investment in approved fields more attractive. The House will not expect me to go into details at this stage. We do hope that Indian capital will be seeking investment next year in desirable fields of production in a much greater measure than in the recent past, and I hope my hon. friend Mr. Bansal will note it.

Even so, it seems to me clear that Indian capital will have to be supplemented by foreign capital, provided we want rapid progress. There is a considerable amount of misunderstanding in some sections of this House and also outside regarding the role and status of foreign capital in this country. When an industrial undertaking is set up in the country the major benefits to the economy of the country arise on account of the employment it provides and the production which it makes possible. The nature and ownership of the capital going into the venture is, relatively speaking, a less important aspect. By this I do not mean that it is immaterial whether the capital employed is indigenous or foreign. If we have any preference at all, we naturally prefer Indian capital. But the wheels of industry have to be kept moving, no matter who owns it. Our own capital resources today are extremely limited. As I said we have under consideration steps to stimulate investment, but if we want progress we must be prepared to use foreign capital in developing our industrial production.

Some of the remarks made in the course of the debate seemed to suggest that some hon. Members feel that foreign capital is pouring into the country at an undesirable, if not an alarming rate. Nothing could be farther from the truth than this. With the exception of the oil refineries, the investment of foreign capital in Indian industry has been small. If we take disinvestment into account the figure would probably be a negative one. The point which I would like hon. Mem-

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bers to appreciate is that there is a great shortage of capital in the country and even if we recognise that foreign capital has a role to play, we will give Indian capital preference, if it is available. On the other hand if there is to be a choice to be made between industrialisation with foreign capital and no industrialisation at all I must say that I would personally choose the former—industrialisation at all costs.

I would here add that when we talk of industrialisation, we should not merely think in terms of heavy and basic industries. The producer goods industries do not, themselves, raise our standard of living. They provide the basic implements for the development of other industries which produce goods which go into consumption. If economic progress and the raising of the standard of living of the people to which we attach such importance has any meaning in real terms, it is only to be found in an increase in the consumption of goods, particularly, as I said, in a country with a notoriously high margin rate of consumption propensity. Therefore, while we are talking of our plans for the major industries, let no one underrate the importance of the smaller industries. On the contrary, the expansion of major industries must be complemented by a parallel development of smaller industrial units all over the country. Even in this field, I for one would not shut out foreign capital if Indian capital is not forthcoming. There is a point of view amongst some economists that national capital must be primarily used in the key industries and there is no harm in allowing foreign capital in the consumption industries. But I look at the whole problem from a practical rather than a theoretical point of view.

That does not mean that we want foreign capital at any price. We want it on terms which we consider reasonable. Equally to the foreign investor, we are prepared to give the assurance of fair and reasonable treatment. This includes not merely facilities for remitting dividends and even for the repatriation of capital which has been announced by Government, on more than one occasion, but also reasonable opportunities to develop and expand. Even here I have been insisting that in the expansion of any such concern owned by foreigners, attempts should be made at every stage to associate Indian capital. We have, as the House knows, a fairly close system of control over industry. We do propose to make that control complete. Government

have ample powers, and I hope will have more powers if necessary, to ensure that private industry does not act in any manner inimical to national interests and also plays a fair game towards the consumer. Those powers apply to foreign-owned firms no less than to Indian-owned firms. Neither the one nor the other can be allowed to pursue antisocial policies or exploit the Indian consumer. Subject to these safeguards, which I repeat are non-discriminatory, and any specific conditions imposed at the time of entry, we give to foreign firms fair and equal treatment and I am quite satisfied that it is in the interests of the country and the millions of people who inhabit it. While I am anxious to help and encourage Indian capital in every way, it must be remembered that ultimately what we seek to serve is not Indian capital, but the man who pays the price of all that is produced in the country, namely, the consumer.

Apart from promoting fresh investment both of Indian and foreign capital, we can achieve greater production by ensuring the maximum utilisation of the plant and machinery in which we have already invested some money. Most of our industrial units have been planned on the assumption that each one of them would manufacture a particular article or articles in its entirety. There has been no attempt as a rule for the development of subsidiary industries manufacturing components on a large-scale to be used in assembly by one or more units producing the main article. This tendency still persists. In our industrial scheme, if a particular manufacturer is dependent on imports for a particular component, he rarely tries to explore and see whether that component could not be supplied by any other factory in the country. Instead, he goes on importing until he can get, if he at all does it, the necessary plant and machinery for manufacturing the component himself. We have, therefore, the paradox of a considerable fabricating capacity lying idle in the country while we are still importing goods which could be produced by them as well as extra plant and machinery for the making of such goods. If this form of national waste is to be avoided, we must, as a first step, make a survey of the existing capacity to discover what possible uses it could be put to. I propose for this purpose to get together a high-level body of experts to make a detailed survey of the available capacity and to indicate the uses to which it could be economically put.

We expect that, as a result of this survey, we should be able to produce in the country a considerable quantity of machinery for the manufacture of cement, paper, jute goods, textile, sugar, etc., which we are at present importing.

Finally, may I once again express my gratitude to the House for the very favourable reception they have given to these Demands.

Shri K. K. Basu: May I ask one question?

Mr. Deputy-Speaker: It is now five o'clock and I have to put the cut motions and Demands to the vote of the House. I shall now put the cut motions to the vote of the House.

The cut motions were negated.

Mr. Deputy-Speaker: The question is:

"That the respective sums not exceeding the amounts shown in the third column of the Order Paper in respect of Demands Nos. 1, 2, 3, 4 and 110 be granted to the President to complete the sums 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 the corresponding heads of Demands entered in the second column thereof."

The motion was adopted.

[The motions for Demands for Grants which were adopted by the House are reproduced below.—Ed. of P. P.]

DEMAND NO. 1—MINISTRY OF COMMERCE AND INDUSTRY

"That a sum not exceeding Rs. 66,24,000 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 'Ministry of Commerce and Industry'."

DEMAND NO. 2—INDUSTRIES

"That a sum not exceeding Rs. 10,90,93,000 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 'Industries'."

DEMAND NO. 3—COMMERCIAL INTELLIGENCE AND STATISTICS

"That a sum not exceeding Rs. 47,90,000 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 'Commercial Intelligence and Statistics'."

DEMAND NO. 4—MISCELLANEOUS DEPARTMENTS AND EXPENDITURE UNDER THE MINISTRY OF COMMERCE AND INDUSTRY

"That a sum not exceeding Rs. 36,90,000 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 'Miscellaneous Departments and Expenditure under the Ministry of Commerce and Industry'."

DEMAND NO. 110—CAPITAL OUTLAY OF THE MINISTRY OF COMMERCE AND INDUSTRY

"That a sum not exceeding Rs. 5,70,99,000 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 of the Ministry of Commerce and Industry'."

5 P.M.

KHADI AND OTHER HANDLOOM INDUSTRIES DEVELOPMENT (ADDITIONAL EXCISE DUTY ON CLOTH) BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to *move:

"That the Bill to provide for the levy and collection of an additional duty of excise on cloth for raising funds for the purpose of developing Khadi and other handloom industries and for promoting the sale of Khadi and other handloom cloth, be taken into consideration."

This Bill has been before the House for quite some time and hon. Members of this House know that from the day on which it was introduced, namely the 15th February, Government have been collecting a cess of three pies per yard of cloth produced, under the Provisional Collection of Taxes Act, 1931. The operative portion of this Bill is clause

*Moved with the recommendation of the President