

17 hrs.

RESOLUTION RE: CEILING ON INCOME

Shri Ram Krishan Gupta (Mahendragarh): Sir, I beg to move:

"This House is of opinion that in order to remove the existing disparity in income and wealth in the country, steps be taken to fix ceiling on the income of an individual."

जहां तक इस रेजोलूशन का तात्त्विक है इस बात को आप महसूस करेंगे कि यह बहुत अहम है क्योंकि मैं समझता हूँ कि ऐसा करने से कई पहलुओं से देश को फायदा पहुंचेगा। सबसे पहले सवाल यह है कि जहां तक आमदनी का सवाल है इस के मुताबिक मैं यह भी कहना चाहता हूँ कि यह रेजोलूशन हमारी जो मौजूदा पालिसी है उसके अनुरूप है और उसी डाइरेक्शन में है। सिंडिकेटेड इयर प्लान के जो चार सब से अहम ऑब्जेक्टिव्स हैं उन में से एक मकसद यह भी है।

"One of the four principal objectives of the Second Five Year Plan is..."

Mr. Speaker: The hon. Member may continue on the next day. We shall now go to the next business.

17-01 hrs.

*DISCUSSION RE: RISE IN PRICE OF CLOTH

Mr. Speaker: We shall now take up the Half-an-hour Discussion. Hon. Members are aware that the hon. Minister will have 10 to 15 minutes, the mover will have ten minutes and other hon. Members who have given notice will each be allowed to put a question.

Shri Rameshwar Tantia (Sikar):
Mr. Speaker, Sir, we are all concerned about the rise in the price of cloth, especially the mill-made cloth which is used by 90 per cent of our people. Yesterday, the hon. Minister for Commerce gave the various reasons for this rise. He said that one of the main reasons for this rise is the policy followed by our Finance Minister. In 1956 when he imposed a heavy excise duty on the mill-made cloth it caused many mills to close their shifts. As many as 35 mills closed totally. What happened that our production of cloth went down. The stock which stood at about six lakh bales went down to three lakh bales. The second reason which the hon. Minister gave was the low crop of cotton. We had a crop of 37 lakh bales this year as against 48 lakh bales in the preceding year—a drop of 25 per cent. We were expecting a crop of 55 to 56 lakh bales according to our calculations in the Second Five Year Plan. But, as you know, it depends on nature. The crop went down to 37 lakh bales. The result is, our stocks which were about 20 lakh bales on 1st September 1959 will come to about 12 lakh bales on 1st September 1960. That is to say, there will be a drop of 40 per cent in our raw cotton stock also.

About two or three days ago the Commerce and Industry Ministry announced import of about six lakh bales of cotton. That will help to bring down the prices to a certain extent. It would have been better, I think, if they had announced this earlier when they thought that the crop would be as low as 37 or 40 lakh bales. That would have given more confidence to the mills and the traders and the price of cotton which is now Rs. 820 per candy would not have been so high. Anyhow, they have made the announcement now and this will definitely bring down the price of cloth. It appears the mills also have said that they are thinking of reducing the prices by 5 per cent or so.

*Half-an-Hour Discussion originally allowed was converted by the Speaker into a Discussion on Matter of Urgent Public Importance'. See Col. 1257.

The third reason is the Wage Board. It is said that the Wage Board has caused the mills to pay Rs. 14 crores more per year and that has also resulted in the rise in the price of cloth. I am told that in Bombay and Ahmedabad they pay as much as Rs. 150, including incentives, to a labourer, which I think even an I.A. or B.A. do not get these days. I do not grudge that amount being paid, but the point that I want to stress is that there is no co-operation on the part of the workers in respect of more work. They adopt strikes, go-slow policy and so on.

Shrimati Parvathi Krishnan (Coimbatore): In Ahmedabad?

Shri T. B. Vittal Rao (Khammam): Closures are also there.

Shri Rameshwar Tantia: We have seen what happens when there is a strike. It results in a big loss to the country as well as to the industry. Something should be done to ban these strikes. That will give us more incentive to produce and our production will increase. The workers should not be allowed to go on strike or go-slow. Something should be done by which for the wages they take the workers will give honest work.

Shrimati Parvathi Krishnan: If the managements close down?

Mr. Speaker: Order, order. We represent one interest, other hon. Members represent other interests.

Shri T. B. Vittal Rao: He represents all interests.

Shri Rameshwar Tantia: If we have a break-up of the rise in cost we find that 50 per cent of the total rise goes to raw cotton and 25 to 30 per cent to wages. The two main reasons for the rise in price are: less stock of cloth because the mills closed their third shifts and rise in wages. Of course, I admit that in the case of some mills there is the question of profits also. If the Government tries to bring in a check on those mills, the result is that

the marginal mills are affected and they are forced to close down. That again will result in less production and rise in the price of cloth.

Out of the 35 mills which were closed, I think 25 are still closed. Most of the mills which have closed their third shifts have not yet started them. I would like to suggest some ways how we can make the cloth prices normal. Firstly, cotton imports should be on a safe scale so that there will be confidence on the part of the mills as well as traders. Another thing is rationalisation of labour. That should be allowed liberally in respect of those mills which have put in new machinery. The third thing is, those mills which have been closed down on account of uneconomic machinery or lack of funds should be given notice that they should start within two to three months failing which the State Government concerned should take them over and run them. If they are so bad that they could not be taken over and run economically, they should be declared as scrap as has been done in the case of two mills. New licences should be issued in place of such mills so that new mills can come into being.

The conditions were not so bad three or four months back. Even at that time State Government had to run three mills, two in Rajasthan and one in Bombay. Even now some of the mills have got a big debit balance, and it will take them probably years to recover that debit balance. So, I would request the hon. Minister to take such steps to see that these 30 or 35 mills—I do not remember the exact number—which remain closed are given notice to the effect that they should start within three months. If they cannot be started, the Government should see whether they can work these mills or they should issue new licences to new mills in the place of these old mills.

My last suggestion is that these mills which have closed their third shift should be asked to run their

[Shri Rameshwar Tantia]

third shift in a reasonable time. A reasonable time should be given to them to enable them to re-start their extra shift. Once the confidence is built and restored, I do not think there is any reason why cloth prices will go high. We want more cloth and we can produce it as soon as we get ample cotton. Our mills have the capacity to produce more cloth and we must have more cloth, and when we have more cloth I think cloth prices can become normal.

Mr. Speaker: How many hon. Members want to speak, or put questions?

Several Hon. Members rose—

Mr. Speaker: There are as many as nine or ten Members standing.

Shrimati Parvathi Krishnan (Coimbatore): I have also given my name in the notice for raising this discussion. So, I should also get an opportunity to speak. At least five minutes may be given for each hon. Member. This is a half-an-hour discussion on three questions together.

Shri Nagi Reddy (Anantapur): Representation should be given to all groups.

Mr. Speaker: Then we will have to exceed half an hour. Inasmuch as this is an important subject, I shall convert this discussion for half-an-hour into a discussion for two hours. Today we will have a full hour, till 6 O'clock, and the discussion will be continued on Monday if necessary. We will have one more hour for this discussion on Monday. Everything that has to be said should be said—availability of cotton, cloth, prices, closure and non-closure, strikes and lock-out and every other thing. Hon. Members will have ample opportunity for material to oppose also!

Shri Somani (Dausa): **Mr. Speaker,** Sir, I am glad that you have extended the time for this discussion

to two hours which will enable the Members to put forward their views and suggestions with regard to the problem of cloth prices which is exercising the minds of so many hon. Members inside this House and also of the public in the country. So far as the problems of the textile industry are concerned, it is a very long story, and even in the extended period it will not be possible to do full justice to the various problems which the textile industry has faced especially during the post-Independence period. I would, therefore, like to confine myself to the immediate issue of cloth prices in both its aspects—the short-term as well as the long term aspect—so that a similar problem may not arise in future.

My first submission is that the rise in cloth prices is neither general nor uniform in character. Hon. Members should know that so far as cloth prices in respect of fine and superfine varieties are concerned there has been no rise whatsoever, and indeed, the prices of certain superfine varieties have declined recently. Therefore, when we are discussing the question of rise in cloth prices, let us be clear in our minds that the rise is restricted to certain varieties of coarse and lower medium counts due to reasons over which the industry has had no control.

If I may recall, the representatives of the industry had an opportunity to discuss this question as early as January this year with the then Textile Commissioner, and the industry had definitely indicated their apprehensions that in case adequate supplies of suitable cotton could not be made available there was the possibility of shortage of certain varieties of cloth, and then certain measures were discussed. While I realise that adequate imports of cotton have been made, the fact remains that adequate quantity of cotton of suitable varieties for the manufacture of coarse and lower medium counts has not been forthcoming. Even regarding the latest

announcement of the import of six lakh bales under PL 480 and under other import schemes, which the Government have made, the question which is really very relevant and important is that the Government have still not decided about the manner of allotment which will be followed in the import of this cotton. The mere announcement of the import policy is not adequate. What is required is the imports should start. Government should allow the trade to have these imports. Whether the allotments are to be linked with the export incentive scheme or to be adjusted in any other manner has to be decided in due course. Even from the point of view of meeting this difficult situation of shortage, this import of cotton should be arranged as promptly as possible. Whatever the formalities of allotment according to certain formulae, that may not come in the way of the availability of this cotton to the industry as soon as possible.

So far as the present issue of cloth prices in the immediate future is concerned, as I said, this has been absolutely due to factors over which the industry had no control. If there would have been adequate supply of that kind of cotton, the situation would not have arisen. There would have been no such situation which we are discussing today.

The question, however, remains about the long-term policy of the Government. I would not like to go into details. A working group had gone into the various problems of the textile industry. I hope the Ministry must have already got the report of that working group. It would be desirable for the Ministry to take immediate action if certain additional spindles are to be licensed or additional looms, either automatic or otherwise have to be allowed to the industry. Quick action has to be taken to ensure that we are not faced with a similar situation in future.

I may draw the attention of hon. Members to the fact that the repre-

sentatives of the industry have assured the Minister at the last meeting of the Consultative Board about their utmost co-operation in taking all possible steps to ensure that cloth is available to the consumers at reasonable prices. The committee of the Cotton Mills Federation is meeting in Bombay on the 11th and I have no doubt that the representatives of the industry will further discuss and see how far they can take effective measures in consultation with the Government to meet the needs of the immediate situation. To the extent that the industry can do anything to make available those varieties which are in short supply, I would like to take this opportunity to assure hon. Members that the industry will not be lacking in taking such steps which Government think are necessary to be taken on the part of the industry, to make cloth supplies available.

The main question remains about the problem of the industry. As Shri Tantia has pointed out, the industry has suffered a lot during the last 2½ years. That is a history which is well-known. A number of units closed; the prices touched the most uneconomic level and nobody at that stage bothered about the way in which the industry's economic working was adversely affected due to various reasons. In the background of that critical period through which the industry has passed, it will be realistic to assess the prospects of the industry in this background of the immediate problems with which we are faced and it is necessary that the Government should take certain measures for the modernisation of a number of units which are suffering due to old plant and machinery and at the same time, consider the availability of automatic looms to reduce the cost of manufacture and various other suggestions which have been made in the report of the working group.

Shri Harish Chandra Mathur (Pali):
Are we not side-tracking the issue?
Are we discussing the textile industry

[Shri Harish Chandra Mathur]

as a whole or are we confined to the recent rise in cloth prices?

Shri Somani: The whole thing is interlinked.

Shri Harish Chandra Mathur: Have prices risen all on a sudden because of the circumstances my hon. friend is narrating?

Mr. Speaker: All relevant factors may be brought in here. I have extended a half-hour discussion into a two-hour discussion.

Shri Harish Chandra Mathur: Even if it is two hours, the question should be why prices have shot up now at the present moment.

Shri Somani: The reason is quite simple and obvious, viz., supply of adequate quantity of cotton of a suitable nature has not been forthcoming. Therefore, the production of those varieties has suffered and to the extent the supply has been shorter to the demand during this period there has been a rise in prices. Then, this is the marketing season for certain varieties. Unfortunately, the varieties which are manufactured out of that cotton, that is, coarse and medium varieties, are at present in seasonal demand. On the one side, the production has declined of these varieties due to non-availability of sufficient quantity of cotton; on the other hand, there is a great demand for cloth made out of those varieties.

17.21 hrs.

[SHRIMATI RENU CHAKRAVARTY in the Chair]

The rise in the price of cotton during the last few months is of the order of Rs. 200 to Rs. 250 per candy. Although the ceilings are there everybody knows that the industry has to pay higher price than the ceiling price for their requirement of cotton. Thus, it is very difficult to assess in terms

of money, because the mills had to pay much more than the ceiling price. So, on the one hand there is an increase in price of cotton. On the other hand, the Wage Board has increased their burden further. If you allow for these two factors then you can find out what has been the further percentage of rise. I do admit that even after we allow for this increased cotton price and the burden of the increased wage bill, there is slightly additional increase in the price of these varieties—it may be 5 to 10 per cent—but nothing more of a very serious nature. Some increase was inevitable if the mills had to work economically because they had to pay such higher prices for their requirements of cotton and because of the award of the Wage Board. They have placed such a heavy burden on the textile industry. To that extent there was no escape from the increase in prices. Over and above that, the rise in price was due to the seasonal demand and due to the fact that the production of these varieties was less than the demand. Naturally, this resulted in certain diversion of production and the price went up. What I am submitting is that the rise is neither general nor uniform to all varieties.

I would not like to go into the longer aspect of the problem at great length. I would submit that it is very essential if the price-line of cloth is to be held during the Third Plan then certain decisions have to be taken by the Government both in regard to the size of the cloth production and in regard to the necessary licences for the installation of additional plant and machinery. The other important matter is about the modernisation of the old units which alone will enable them to keep running at economic prices. So, I do hope that the Government at the time they are seriously seized of this immediate problem of holding the prices of certain varieties, will also go into the problem from its long-term point of view so that we may

not have to face such a difficult situation again.

So far as cotton is concerned, I am glad that Government have arranged adequate quantity of imports. But it is very necessary that this import should be allowed to take place immediately and it should not be allowed to be held over for certain formalities in which case we may not get the cotton in proper time.

Shri Harish Chandra Mathur: How long are we going to sit?

Mr. Chairman: Till 6 O'Clock.

Shri Nagi Reddy: We are discussing a very important matter of very great consequence to the common man in the country, and from the two speeches that I have heard just now from the representatives of India's manufacturers and financiers I am afraid this problem will have to receive much more immediate attention of the Government than what I thought it should before I heard them, since I am sure they are not in a mood to co-operate with the Government in the name of patriotism or otherwise which they are flourishing at us so easily and so openly quite a number of times, to reduce the prices in the name of the existing industrial conditions, reduction in cotton production and so on. Naturally; therefore, they say, the price of cloth has increased and they are helpless. Now, what exactly is the situation? Is it in the manner in which they have placed their case before this House? Let me give one factor first, namely, the question of the rise in wages due to the recommendations of the Wage Board. So, may I ask the textile magnates whether this is the reason why the index for mill-made cloth rose from 113.8 in May, 1959 to 123.2 in December, 1959? This is a rise of something like 10 per cent. Where was the Wage Board then? Therefore to talk of the Wage Board which has come now and of the rise in wages which has come much later, after the

Wage Board's recommendations, when we are talking of the rise in prices of cloth which is so phenomenal, unpatriotic and damaging to the country's economy is to divert the attention of the people who, they think, are not in the know of facts.

There has again been a rise in 1960. By the end of May it has further risen from 123 to almost 129. Therefore this phenomenon of a continuous rise in the price of cotton cloth produced by the mills is not something which has sprung up on the nation as a surprise. It is a calculated move of the financiers of the country probably to mop up the excess money that has got into the hands and pockets of the people for greater investment tomorrow in productive units so as to increase the production of the country as a whole. It looks to me as a great patriotic move! Then, why should we oppose such a great patriotic gesture from the financiers who are doing nothing at all except mopping up certain extra money which has got into the hands of the people and which will be spent? It is only that which is being mopped up for greater production by accumulation of capital to be put to industrial use! It is something surprising. Then they say that there has not been enough cotton and therefore the prices have risen, that there has not been enough cotton and therefore the production has gone down. I would like to know if this also is a fact. We are told that the mill consumption of Indian cotton during January—April, 1960 was 14,73,000 bales which was less by only 79,000 bales. That means there was a decline of only 5 per cent. as against a fall of 31 per cent. in the output of coarse cloth at that time. That is the fact. Therefore there must be some other reason behind the reduction in the production of cloth. The reduction in the production of cloth has not been to the same extent as has been the reduction in the production of cotton or in the way in which the mills have received cotton.

[Shri Nagi Reddy]

Therefore I would request the Government to go into this matter a little more seriously than they have done in giving us this answer which is something fantastic and which I did not expect from a Government. From what they say it looks as though the Government is speaking in the terms of the mill magnates. It says:

“Various factors have contributed to the rise in prices—increase in prices of cotton and wages for textile workers....”

and, of course, one truth has been put in the end—

“.....and speculative activity.....”.

That is the only truth. That is the only reason for the rise in price.

The Minister of Commerce and Industry (Shri Lal Bahadur Shastri): The whole truth has been stated.

Shri Nagi Reddy: The whole truth has been put in such a way that it has been put in the midst of untruth.

During the nine months from September, 1959 to May, 1960 the consumption of domestic cotton has been 3.39 million bales. That means that it has been less by one lakh bales. We must know whether actually this sector which is called the national sector of Indian industry is capable of behaving in a nationalist way at all. Government has given them innumerable number of concessions. We are hearing the talk of excise duty which was put on them some three or four years back. They have probably forgotten that it has been removed under their pressure—even though the common man has not got any benefit thereby, because no price reduction has taken place even though Government has given them reduction in the excise duty. These are the facts.

Then, it is the price of medium and coarse cloth that has naturally gone up by about fifty per cent. If the price of cotton has increased, if the production of cotton has not been such as it should be, I would ask how and why has the price of handloom cloth not risen to the extent that the price of the mill-made cloth has. The price of handloom cloth has increased only by one per cent.

Shri Palaniandy (Perambalur): Even though the price of yarn has gone up.

Shrimati Parvathi Krishnan: Thank you.

Shri Nagi Reddy: Yes, even though the price of yarn has gone up. But the price of mill-made cloth has gone up by fifty per cent. What for?

Of course, there was a reason which was given in the course of the questions and answers. For the simple reason that the poor handloom worker is incapable of withholding from selling. He cannot wait for six months before he gets his cloth sold and collect the money. Within those six months he will die. But here is an industry which is capable of waiting for its return and, with a capacity which no other has, it can loot the country. These people have begun to do it, because they have the capacity to make people purchase at the rates at which they are purchasing.

I would like to know as to what exactly the Government wants to do in this very dangerous situation. (*An Hon. Member: Keep quiet!*) Of course, the import proposal is there, and the mill magnates have won the battle to see that the imports are increased, even when the foreign exchange situation is very dangerous. They are not very particular that, during a very difficult situation in the country when cotton production has unfortunately not been up to the mark, they should help the country's development by giving the people, at proper rates, the cloth that is avail-

able, so that for one year we can somehow or other fill up the gap and then, God helping and our progress in the Plans also taking their due course, we might have a better production in cotton the next year. That should have been the attitude of any patriotic mill-owner, namely to see that somehow or other the country passes over this critical period and to come forward to help it. Instead, there has been a hue and cry for the import of cotton, and naturally the Government has immediately come forward to say that this demand is accepted. And because this demand has been accepted now, we will have to wait till the cotton comes for them to produce it into cloth and then put it in the market for the prices to come down. That naturally is the argument. This is a very dangerous situation.

I would appeal to the Government to take strong measures so far as these prices are concerned. Government, which is capable of coming forward with an Ordinance at a time when the workers wanted a little more wages because the prices have gone up, should also come forward, probably with greater vigour and capacity, to sit tight on the heads of these financial sharks of the nation and to see that these people do not play with the lives of the nation and the common man.

Mr. Chairman: Shri Khimji. I find the hon. Member is not in the House. Shri Harish Chandra Mathur.

Shri Harish Chandra Mathur: Madam Chairman, I was a little amazed at the trend of the discussion by the first two hon. Members who as a matter of fact wanted completely to sidetrack the issue and place before the House only the difficulties of the textile industry. But actually the present question, as I wanted to interrupt and say at that time is: what are the reasons which are responsible for this abnormal rise in the prices of textiles. We must, even during this two-hour discussion, pin-point our attention on this particular issue.

In the present context of our economy in this country I think there is nothing more important than holding the price-line of food and cloth, cloth particularly of the medium and coarse types. Here is before us this question about the price-line of medium and coarse cloth. This has gone up abnormally at the present juncture. Is it justified? Who is responsible for it? We have condemned the recent strike as anti-social. But, I would condemn this rise in the price of these essential articles of consumption as far more anti-social, because it is such an action which gives rise to all sorts of trouble. I think we must attach the proper importance to this important question, to this basic question: whether this rise in the price of medium and coarse cloth is justified and whether proper steps have been taken or are being taken to punish those people who are responsible for such anti-social activities and whether adequate and proper steps have been taken to see that the price-line is held back. Not only held back. I do not wish them to be taken off their guard by certain promises that prices are going to be reduced by the manufacturers by 5 per cent or 10 per cent. We must bring down the prices to their proper level if we are not to have more fresh trouble in this country.

As a matter of fact, I was very anxious and keen to ask a few questions. I had written out three or four questions. I would just read out some of these questions and would most earnestly request the hon. Minister to give a clear and pointed answer to these questions. I was taking into full account the shortage of cotton as well as the rise in the wages. Is it not a fact that even the textile trade itself has accused the manufacturers of a disproportionate and undue rise in the prices? I ask a pointed question. It is not only I or the consumer who is condemning this rise in price. It is my contention that even the trade itself has said that we take into full consideration the short-fall in the supply of cotton, we take into full consideration

[Shri Harish Chandra Mathur]

the rise in the wage which has not come into effect, and not gone into the cost of production so far, but still the rise in the prices has been absolutely abnormal. Who is responsible for this rise?

May I know if the Government has investigated what is the quantum of profits which whether the big manufacturer or the big trader has made out of this rise in prices during these few months, and whether any special efforts are going to be made to mop up these ill-gotten money by these big business people? I would also like to know from the hon. Minister whether the short-supply in cotton could not have been foreseen and whether he could not have taken steps earlier to see that this sort of thing is not exploited by the manufacturers. I further want to know from the hon. Minister whether it has not been a fact that at all stages when the Government has intervened to assist the industry, that assistance has been turned into an advantage for the manufacturer and he has got a definite advantage out of it at the cost of the consumer.

May I know whether the Government has learnt any lessons from it? It is my feeling that the Government has not been vigilant as it should be. May be it was put off the guard when in the month of June this House discussed this question. We were given an assurance on the floor of the House in February by the hon. Minister that prices of textiles will go down. It does not happen. It appears to me that all these factors were before the Minister and before the industry. The industry put the Minister off his guard at that time and we see the result of it before us in the abnormal rise in prices which is condemned in all quarters and by consumers. I wish that private industry takes full note of the situation. Only a few minutes earlier I fully supported the existence of private industry. I realise that the development of this country calls

for encouragement and even stimulus to private industry, but I also stated that they have got to behave. I hope the Minister, in co-operation with the people responsible for the manufacturing and sales side in the industry, will evolve a code of conduct for them to see that nothing unsocial happens. Otherwise they themselves would be responsible for the criticism against them.

I have the least doubt that these high prices which have been ruling in the country for all these months are not at all warranted. If the industry wants to fit in with the economy of the country and its future development, it should take full note of the feelings of the people and evolve a code of conduct for itself. In the very nature of things, every one in private industry is after money and more money, and nobody wants to spare any opportunity of making more money at any cost. But if there is going to be co-existence, then private business will have to evolve a certain code of conduct for itself and by its behaviour assure the country that it can be trusted. Otherwise, I am sure the climate will go against it, and Government's hands would be forced to take certain strong, regulatory, coercive measures which would not be palatable to the industry and trade. If they want to avoid such a situation, they should themselves assure not only the Minister but the country by their conduct, by bringing down the prices to a proper level, of their *bona fides*, so that our future progress and development may not be in any way jeopardised, so that there is no discontent in the country, so that private industry is properly understood and respected, and further support and stimulus to it supported and encouraged.

Shri Nath Pai (Rajapur): I am afraid neither Shri Tantia nor Shri Somani has convinced the House by what they had to say that there is any kind of justification for the upward trend which textiles have been seeing beginning with January.

There is a very important question involved when we consider the matter of the present increase in the prices of cotton textiles. All our aspirations and hopes of fulfilling the Third Plan depend upon our ability to hold the price line, and any upsetting of prices in cotton textiles is likely to upset the whole apperance of our projects and development.

As you are aware, textiles play a very important part in the budget of the majority of Indians, and what they use is not, of course fine and superfine variety of cloth, but medium and coarse. The country has been debating what makes up the budget of the low-income groups in the country and it is well known that there is hardly any margin or cushion which protects such groups, and any such rise as registered in cotton textiles, as much as 40 in this case, imposes a real hardship for the majority of our country. And the hardship is felt most by that sector which is the least equipped to bear it. That is the one automatic result of this increase.

No case has been made out for the increase except, of course, to point out the simple fact that there has been a decline in the production of cotton. I would like to refer to one factor which is very significant according to the *Capital*. We are not very convinced that it is as simple as that, that simply because there is shortage of cotton of the right variety, there is a shortage in the production of the medium and coarse variety of textiles. During the period January—April, 1959, the country produced 293.4 million yards of the coarse variety, and during the same period in 1960, we produced 201.5 million yards. But we must remember that during the same period, the total production, all told, of cotton textiles, went up by 5 million yards. How do we explain this disparity? There is a scheme behind this. Our cotton textile industry magnates are too ingenious for our Ministers and for our civil servants.

Shri Khandubhai Desai who wrote a brilliant pamphlet when Mahatma Gandhi was alive had made a case why this industry should be nationalised. Having seen what has happened to nationalised industries in this country, I am a bit cautious about recommending nationalisation in other industries. What we want is public ownership and not that kind of bureaucratic nationalisation. So, I do not take that line very suddenly or rashly, but I would be very cautious.

Shri Somani was so much pleading for mercy and consideration for the difficulties of his industry, and saying that the industry had not been given a fair deal by the country. If I remember the figures aright—I do not pretend that I have them at my fingers' ends—Shri Khandubhai Desai (he is not a leftist by any stretch of imagination) made it out that industry had taken out Rs. 40 for every rupee invested over a period of a hundred years. This was written in *The Harijan* when Gandhiji was still alive. I was a university student then, but it made an impact on my mind, because it was written by a man who was supposed to be an exponent of the concept of trusteeship in industry.

Now, this dismisses the plea that the industry is in difficulties. What the industry is doing is this very simply; I do not like to use very harsh words; it is trying to make an unconscionable gain at the cost of the society. If it is true that there is a shortage in cotton production, and, therefore, there is a consequent rise in the prices of cotton, are you going to prove, or is the Ministry or somebody else on behalf of the industry going to prove—for, I do not want to suggest that the Ministry speaks on behalf of the industry; it came in that sequence, I am sorry for it; I do not want to insinuate that of the three hon. Ministers sitting opposite—that the increase recorded by cotton prices is reflected rationally and reasonably in the increase of cotton

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textile prices? In no manner whatsoever; they have no connection whatsoever.

There has been some degree of increase in the prices of cotton. That is true, but the increase in the prices of cotton textiles has no relation whatsoever. The tendency is, there is a shortage, and, therefore, why not we make the best of the time that we have got. This is a very dangerous tendency, not only because of the hardships, but because you are allowing those who are in a position to hold a whole society at ransom—to extort what they can get out of society. It sounds a very harsh thing, but recently we had seen much brave talk about one section of the nation being allowed to benefit at the cost of another. Now, here is section which does not need any protection, but which is exploiting the rest of the country by exploiting a particular situation that has developed. And what is this bravery now doing? Where is all this firmness going? We want the price-line here to be firmly held, because its repercussions on other sectors of the economy of the country are bound to be very grave. If cotton prices are allowed to go on spiralling like this, invariably there will be a steep rise in the prices of foodgrains, and if foodgrains prices go up, everything begins to collapse, and just as there has been a 25 per cent built-up deficiency in the fulfilment of the Second Five Year Plan, the country is being already prepared by these kinds of tendencies for a further deficiency. So, let us not encourage it by molycoddling these gentlemen. They have said why some mills are being closed, and they have pleaded that it is because of the economic difficulties. How did the economic difficulties come? They are mostly of their own making. We have established that these gentlemen, after exploiting those mills for hundreds of years, are now throwing them to the winds saying that they cannot run them because profits do not come. In Bombay, the Govern-

ment took them over by looking at the question from two aspects. The country needs textiles, and, therefore, every mill must be kept running; and secondly, we need more jobs; that is the whole essence of our planning. Therefore, nobody must be thrown out of employment. And these mills are today running in Sholapur and in Bombay. These were the mills which their owners had thrown away as unproductive units. What has happened? Once again, I feel great restraint in accusing anybody; but it was a record of dishonesty how the funds of the mills were allowed to be depleted and the machinery was allowed to go rot over a period of time. It is no concern of mine. But this was the statement that came. Therefore, the mills had to close down with the consequent results for the employees and for the society as a whole.

There is another aspect. Shri Somani—and who can be a better, more able and more intelligent representative of that industry?—asked, what about the Textile Wage Board? Certainly he is a brilliant person—we can dispute many aspects of his scholarship—when it comes to the intricate working of finance of the bigger type; he asks: what about the Wage Board burden? The Wage Board has made it abundantly clear that such increases as are to be granted to the employees are not to be passed on to the consumer by increasing the profit margin, that there was a profit from which this could be given. I would like one single line to be cited where it has been indicated by the Wage Board that this burden could be safely passed on to the consumer in India. No, that was not the idea. There can be a slight margin—that is true—but today the increase is of this order.

I want to say one or two things more. I do not want to use this discussion for settling old scores with somebody else in the House. But I think one feels very agitated when

one watches this gradually spiralling price index of cotton textiles, because it is the anger point. Immediately hardship is caused to the consumer class in the country with its consequent, resultant effects on the whole economy, thereby bringing into jeopardy all our expectations of a better life at the end of the five year period. The Government must show that they are capable of taking stern action, effective action. Help with regard to the imports of cotton—yes. But I have proved two factors and I think my hon. friend, Shri Nagi Reddy, who spoke before, had pointed out a pertinent finger towards those who said that the shortage of cotton had resulted in the rise in prices, by saying that the rise has not been reflected in proportion in the case of the handloom industry as it has in the case of cotton textiles of the medium and coarse varieties.

Somebody from the Congress Benches said that the rise has been of the order of 7 per cent. How do we explain this factor? There was shortage of material before. They were faced with the same shortage, but they did not register an increase. Here is an old established industry which has got such a margin of profit, so much cushioning and padding and still passes on the burden to the consumer. There is this more conscionable handloom industry faced with the same difficulty; it does not try to pass the burden on to the consumer, but tries to face it in a different way.

I would, therefore, in conclusion, plead with the Government that they will have to come out with something more than saying 'We are looking into the matter'. It is not enough to go on telling the country, 'We are looking into the matter'. When the time comes, you can deal with a thing; you know you can get all the powers. There are enough powers to deal with it. I do not want to use words that we shall be using in a different debate that we shall have

on the Ordinance. But the Government must show that they have the determination to deal with this situation. There is a transfer of power!

17.54 hrs.

[MR. SPEAKER in the Chair]

Shri Harish Chandra Mathur: He also wants to exploit the situation!

Shri Nath Pai: Mr. Speaker, may I conclude my plea with the Government? Let the Government take a realistic attitude towards this. The matter is too serious to be allowed to be drifting or to be left completely to the sweet will, and the possibility of good behaviour, on the part of the industry. That chance has been given to it all these years and it has not played its hand properly. Therefore, the Government must come firmly with determination and see that it is not allowed to make this unconscionable gain at the cost of the society.

Shri S. M. Banerjee (Kanpur): Mr. Speaker, Sir, I am extremely happy that you were kind enough to give us more time to debate this most important matter. Many points have been touched by my friends Shri Somani and Shri Tantia. When my hon. friend Shri Tantia started I thought that this was only meant to prove to the country that all this rise in the textile prices is due to the fact that unfortunately or fortunately the Wage Board has given some relief to the workers.

I was reading with great interest a publication brought out by the Indian Cotton Mills' Federation, 'An Analysis of the Report of the Central Wage Board for the Cotton Textile Industry'. This was published in Bombay in March 1960. The Foreword says:

"No progressive employer would cavil at giving higher wages to his workers but in the wider interest of the country a wage increase should be in consonance with the well es-

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established principles of wages being related to productivity on the one hand and the industry's capacity to pay on the other."

Then, they further say:

"This publication is intended to show how the proposed increase in textile wages has countrywide implications requiring serious consideration by all those who are concerned with an orderly development of the country's economy."

I would like to remind this House that this Wage Board had representatives of the employers and the report of the Board was unanimous in nature and Government also accepted all the recommendations, without hesitation, and it did not meet the fate of the report of the Pay Commission. I would like to read a few more lines.

"The recent crisis in the industry has amply demonstrated its vulnerability."

"The crisis, it will be recalled, was precipitated by the sharp increase in the excise duty on mill cloth from September, 1956."

You remember, Sir, in this House the representatives of the employers were saying that the main reason for this price increase is the excise duty and the raising of the various taxes. Government, I do not say went out of their way, but surely went beyond its capacity and went on reducing the taxes and the burden on the employer thinking that they would also realise the national sentiment and would definitely do something to save the industry and also reduce the prices of cloth, medium or coarse, fine or superfine. The publication further says:

"We apprehend that many more will follow suit with the heavier mill-stone now tied round their necks in the shape of an enlarged wage bill."

It is a threat just like the threat notice given by the Central Government Employees for the strike. They say:

"We apprehend that many more will follow suit with the heavier mill-stone now tied round their necks in the shape of an enlarged wage bill."

The representatives of the employers were there in the Wage Board. All aspects of the case, the capacity to pay, the productivity point and all others were considered. It was the unanimous recommendation of the Board. I do not see how the Indian Cotton Mills' Federation can bring out such a leaflet at this hour when we definitely feel that productivity can be increased only with a rise in the wages. You cannot demand an increase in productivity, an increase in national income without giving a due share to those who produce.

So, about this particular matter of increase or sharp rise or constant fluctuation in prices of cloth, I suggest this. A question was put in the House during the last session that when there is such constant rise in the prices of cloth, why should Government hesitate to put a stamp on every piece of cloth. If there is proper stamping of price, then, whether it is the shopkeeper or the mill-owner, he will not be able to sell it at a higher price. I do not know what specific objection is there to this. When the Government machinery has failed to hold the price line whether in the matter of foodgrains or in textile cloth or in any other field, why should they fight shy of stamping at least the cloth for the benefit of the consumer?

18 hrs.

My other point is that this particular rise is artificial. It is not due to the cotton price as stated by my hon. friend, Shri Somani. The moment Government realised that cotton was required for medium and coarse mills, they took steps. I have also seen Kanpur Mills. Most of them are producing medium and coarse cloth. They immediately arranged import. It matters little whether actually cotton has reached the mills or not. They did it to help the industries. I feel that if this is artificial, what is there to check it.

My hon. friend, Shri Harish Chandra Mathur spoke and used a very strong expression about the anti-social elements. They may not be anti-social elements basically but unfortunately they indulge in anti-social acts which is not necessary or desirable in this country.

A mill-owner in Kanpur issued a statement during the strike that in case the Central Government employees resorted to strike they will go down in the history of the country as traitors. But look at these mill-owners who have increased the price of cloth and do not pay some crores as income-tax, wealth tax, expenditure tax and sales-tax to the Government* * * *

My submission is that the entire situation may have to be controlled. Government must come forward to hold the price line on cloth. My information is that when our hon. President, Rashtrapathi, left this country, our Vice-President was armed with an Ordinance for the textile mill magnates. Unfortunately, that misfired and it applied to us. It came out in the papers that the Ordinance would be issued to see that the textile wage board report was properly implemented.

So, Sir, the rise in price of cloth is not only due to the report of the

Wage Board, but it is the mill-owners who are creating an artificial condition, a scarcity in the country resulting in more prices. They want to threaten the Government. They are threatening the Government with a double-barrelled gun. They place one on their chest and say: unless you give more concessions we will raise the prices. The other one they place on the employees and say: we shall not give you anything unless you increase productivity.

Sir, the conclusion is very clear. They say, we would like our employees to get the same wages as in England and U.S.A. but let them work in the same condition, accept modernisation and rationalisation. We have never opposed modernisation or rationalisation, but we want that the modernisation should be done without tears, rationalisation should be done without retrenchment or reversion. We are all for modernisation, but in a country where there is an army of unemployed people how can we have modernisation and throw people out on the streets. It will take some time. It will have to be done by a gradual process.

Two mills were closed in Kanpur. Thanks to the Commerce Minister and the Labour Minister and also the State Government, those mills are working and it has now been proved that Messrs. Atherton West and Co., and the Kanpur Cotton Mills now known as Elgin No. 2, are working and are working with profit. It was all imaginary, artificial, man-made scarcity in Kanpur. They said that the machineries are not good and so on. They wanted a huge amount. They are getting money from the Government in the name of rehabilitation and they are opening new factories and new mills. I am extremely glad that the Commerce Ministry is not now giving cash money, they are giving aid in the form of machinery. That is very good. I say that the entire situation should be tackled with a heavy fist. Let there be no

*Expunged as ordered by the Chair.

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more concessions to the mill-owners. Let it be told to them: "If we can pass ordinances on our own employees we shall pass them on you too". This should be made clear.

Mr. Speaker: How long will the hon. Minister take?

The Minister of Commerce (Shri Kanungo): You suggested, Sir, that I can reply on Monday.

Mr. Speaker: All right. This will stand over till five o'clock on Monday. After the normal work is over this will be taken up and concluded that day.

An Hon. Member: There is one hour more for this.

Mr. Speaker: If there are speakers
18.08 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, the 8th August, 1960/Sravana 17, 1882 (Saka).
