

[Shri Jawaharlal Nehru]

stitution sufficient for the purpose or is an amendment of the Constitution in accordance with article 368 of the Constitution necessary in addition or in the alternative?

3 Is a law of Parliament relating to article 3 of the Constitution sufficient for the implementation of the agreement relating to exchange of enclaves or is an amendment of the Constitution in accordance with article 368 of the Constitution necessary for the purpose in addition or in the alternative?"

The actual reference has not been sent to the Supreme Court because of some maps *et cetera*, but I thought I would take the earliest opportunity to inform the House I shall, of course, place a copy of that before the House as soon as it is possible

13.08 hrs.

PAPERS LAID ON THE TABLE

AMENDMENTS TO MEDICINAL AND TOILET PREPARATIONS (EXCISE DUTIES) RULES

The Deputy Minister of Finance (Shrimati Tarkeshwari Sinha): Sir, on behalf of Shri B R Bhagat, I beg to lay on the Table, under sub-section (4) of Section 19 of the Medicinal and Toilet Preparations (Excise Duties) Act, 1955, a copy of Notification No GSR 340 dated the 21st March, 1959, making certain further amendments to the Medicinal and Toilet Preparations (Excise Duties) Rules, 1956 [*Placed in Library, See No LT-1331/59*]

NOTIFICATIONS UNDER CENTRAL EXCISES AND SALT ACT

Shrimati Tarkeshwari Sinha: Sir, on behalf of Shri B R Bhagat, I beg to lay on the Table, under Section 38 of the Central Excises and Salt Act, 1944, a copy of each of the following Notifications —

- (1) GSR No 339 dated the 21st March, 1959, making certain further amendments to the North Eastern India Salt Rules, 1939

- (ii) GSR No 350 dated the 28th March, 1959, making certain further amendment to the Central Excise Rules, 1944. [*Placed in Library, See No. LT-1332/59*]

13.09 hrs

STATEMENT RE THE SCHEME OF STATE TRADING IN FOODGRAINS

The Minister of Food and Agriculture (Shri A. P. Jain). At the last meeting of the National Development Council held on November 8 and 9, 1958, it was decided that the State should take over the wholesale trade in foodgrains

An Hon. Member. It may be laid on the Table

Shri Braj Raj Singh (Ferozabad) I had given notice of a half-an-hour discussion and you were pleased to allow the discussion but in order to bye-pass that the hon Minister is making a statement.

Mr. Speaker. Very well I have got a copy of the statement. It runs into five pages, closely typed. The copies of the statement will be circulated to hon Members. If there is still much to discuss in the half-an-hour discussion, I will consider it. The hon Minister need not read the statement

Shri A. P. Jain. I lay it on the Table of the House

STATEMENT

It was also decided that an adequate number of primary marketing societies should be set up and linked with village co-operatives which should serve as agencies for collection and sale at assured prices at the village level. In pursuance of the suggestion of the National Development Council that the Ministry of Food and Agriculture and the Planning Commission should work out a scheme for state trading in foodgrains, a Working Group was constituted under the chairmanship of the Food Secretary

and with representatives of the Ministry of Finance, the Ministry of Food and Agriculture, the Planning Commission, and the Reserve Bank and the State Bank of India, to consider the implications of the National Development Council's decision to socialize the wholesale trade in foodgrains and to work out the details of a scheme for the implementation of that decision.

The report of the Working Group was submitted to the Government early in January 1959 and, in accordance with the Government's decision, copies of the Report were sent to the Chief Ministers of the States for the comments of the State Governments. The comments of the State Governments except the Governments of Kerala and Andhra were received by the end of February. The report of the Working Group was also considered by the Planning Commission. The Government have recently given detailed consideration to the scheme for state trading prepared by the Working Group in the light of the comments received from the various State Governments and the views expressed by the Planning Commission.

The Working Group has recommended that the primary objective of state trading in foodgrains is to maintain price levels which are fair to the producer and to the consumer and to reduce to the minimum the spread between the prices received by the farmer and the prices paid by the consumer throughout the season and over an agricultural cycle. The Government have broadly accepted this objective.

The other proposals of the Working Group were intended to provide for an orderly transition toward the assumption by the State of wholesale trade in foodgrains without suddenly dislocating the existing channels of distribution or throwing excessive burden on the administrative machinery of the Central and State Governments. The proposals made by the Working Group involve the steady expansion of purchases by the Government with a view to establishing

for the Government a position of strategic control over the market and the intensification of existing measures, such as the licensing of wholesale traders and imposing certain obligations on them, the system of distribution at the retail stage through fair price shops and statutory price control at the wholesale stage. The scheme prepared by the Working Group also provides for the progressive development of co-operatives so that a comprehensive network of marketing co-operatives, capable of taking over the entire marketable surplus, may be built up.

The Government are aware of the difficulties in the way of undertaking full-scale state trading immediately, in particular of the absence of an adequate administrative organisation, the lack of sufficient storage accommodation and the want of adequate buffer stocks; The scheme, therefore, falls into two parts: (i) the ultimate pattern and (ii) the interim scheme to be worked till the establishment of full-scale state trading.

The ultimate pattern of state trading in foodgrains will consist of a system which provides for the collection of the farm surpluses through the service co-operatives at the village level and the channelling of the surpluses through the marketing co-operatives and the apex marketing co-operatives for distribution through retailers and through consumers' co-operatives. Effective steps will have to be taken for the development of consumers' co-operatives. The Government have decided that efforts should be directed toward the speedy realization of the ultimate objective and that, during the interim period, more and more of the wholesale trade in foodgrains be taken over by the co-operatives as they are progressively organized and developed.

The Government will not immediately undertake the purchase of the entire marketed surplus, as that would at once cast on the Government the responsibility for feeding the consumers in the urban and semi-urban areas. They will, therefore, progressively

[Shri A. P. Jain]

acquire larger proportions of such surplus with a view to controlling the market more and more effectively until full-fledged state trading is established. In the interim period, the wholesale traders will be permitted to function as licensed traders who will make purchases on their own behalf but shall pay specified minimum prices to the farmer. While the Government will have the right to acquire the whole or a portion of the stocks from the licensed traders at controlled prices, the traders will be at liberty to sell the remaining stocks to the retailers at prices not exceeding the controlled prices. They will be required to maintain proper accounts of their purchase and sale transactions and of their stocks and submit periodical returns to the State Governments.

The Government have considered certain other matters in relation to state trading in foodgrains and have taken the following decisions:—

- (i) In the initial stages, state trading will be confined only to the two major cereals viz—rice and wheat. In order to ensure that the producers get the minimum prices, the Government will set up an agency for making direct purchase of foodgrains from the producers who are desirous of selling their surplus produce to the Government.
- (ii) The purchase and sale operations as a whole would be conducted on a no-profit-no-loss basis.
- (iii) Uniform purchase prices will generally be fixed for a whole State or region. In certain States, however, there are some under-developed areas which are not well served by railway. The assembling markets and the mill industry being concentrated at rail-heads, the prices in the interior are generally determined by the prices prevailing at the assembling and milling centres

at the railheads. It may become necessary to fix different prices in the case of such under-developed areas. Then again, there are certain highly deficit areas where the prices are always higher than in the surplus areas. In view of this, it may also be necessary to fix different purchase prices in the case of such highly deficit areas. Similarly, controlled prices for wholesalers may vary from region to region within a State.

- (iv) While the fixation of controlled prices for retail transactions does not appear to be a practicable proposition in the present circumstances, attempt will be made to influence retail prices by continuing and, where necessary, enlarging the operation of fair price shops and by the speedy formation of consumers' co-operatives. If, however, a particular State Government consider it desirable to control the retail prices in an area of the State, they may do so provided they are certain that it would be possible for them to enforce such prices without causing any dislocation of, or interruption in, supplies.
- (v) The question whether the Government should undertake as an experimental measure, the purchase of the entire marketed surplus of a particular foodgrain in certain selected areas will be examined in consultation with the State Governments concerned. The acquisition of the entire marketed surplus of such an area will immediately cast on the Government the responsibility for feeding the entire urban population of that area and, possibly, also of feeding the population of other areas which receive their supplies from such an area. As a result of such experimentation the

**The Scheme of State
Trading in
Foodgrains**

Government will have an idea of the difficulties that may arise in undertaking full-scale state trading and the steps which may have to be taken to meet such difficulties.

- (vi) In regard to the establishment of Corporations in the States to deal with state trading, there are two aspects which require consideration. The first is whether there would be need or place for such a Corporation in the ultimate pattern of state trading. The basic policy is that village level co-operatives and co-operative marketing societies should be developed fast, and there may eventually be an apex marketing society in each State. In this ultimate pattern there seems to be no place for a Corporation. It is not worth while to create such corporations even as an interim measure, for if a corporation is created and its functionaries and agents spread out, this may well create vested interests and cause delay in the development of co-operatives. The second aspect is that there may be quite serious practical difficulties in the functioning of a Corporation, for a Corporation would be outside the Government and it will not have any legal competence to enforce any control nor will its employees enjoy the status of public servants. For these reasons a decision on the question of establishing Corporations in the States has been deferred until greater experience of state trading has been gained.

This scheme will be placed before the National Development Council at its next meeting to be held on April 3 and 4, 1959.

13.10 hrs.

DEMANDS* FOR GRANTS—contd.

**MINISTRY OF SCIENTIFIC RESEARCH AND
CULTURAL AFFAIRS—contd.**

Mr. Speaker: The House will now resume discussion of the Demands for Grants in respect of the Ministry of Scientific Research and Cultural Affairs. Out of three hours allotted for these Demands, two hours and eighteen minutes now remain.

A list of selected cut motions relating to these Demands has already been circulated to hon. Members on the 1st April, 1959. The following cut motions may be moved subject to their being otherwise admissible,—

Demand No.	No. of Cut Motion
74	1065, 1066, 1067, 1218, 1219, 1220.
75	208, 209, 501, 1068, 1069, 1070, 1221, 1222, 1223, 1224, 1225.
76	1226.
78	1227.
79	210, 211, 1071, 1072, 1073.
80	1228, 1229, 1230.

Need to develop promote and protect the cultural life of the Bengali speaking population of the border areas of Bihar contiguous to Bengal.

Shri B. Das Gupta: I beg to move:

"That the demand under the head Ministry of Scientific Research and Cultural Affairs be reduced by Rs. 100."

Need to investigate into the cultural and educational handicaps of the non-Hindi speaking population in Bihar.

*Moved with the recommendation of the President.