

THE
PARLIAMENTARY DEBATES

Dated..... 20.11.201

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

849

850

HOUSE OF THE PEOPLE

Wednesday, 19th November, 1952

The House met at a Quarter to Eleven
of the Clock.

[MR. SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

11-45 A.M.

COMMONWEALTH ECONOMIC CON-
FERENCE

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): Some months ago the Prime Minister of the United Kingdom informed me that it was proposed to hold a Conference of Prime Ministers of Commonwealth countries to discuss economic matters of common concern. It was proposed to hold this Conference some time in November of this year and the Prime Minister of the U.K. pointed out the importance of the subjects to be discussed and was anxious that India should be represented at this Conference by her Prime Minister. I recognised the importance of this Conference, but it was very difficult for me to leave India at a time when Parliament was meeting and there were other important matters which required my presence here. In the course of my reply, therefore, I expressed my inability to attend the Conference in London. I added however, that I hoped that India would be represented at this Conference. It has now been decided that our Minister of Finance, Shri Chintaman Deshmukh should represent us at the Conference together with our High Commissioner in London, Shri B. G. Kher. They will be assisted by the Governor of the Reserve Bank and senior officials.

307 PSD

The House will recall that the Finance Ministers of the Commonwealth countries met in a Conference early this year to discuss emergent measures that were necessary to avoid a serious threat to the trade and payments of the Sterling Area caused by a rapid decline in its central gold and dollar reserves since July, 1951. As a result of the measures taken by the Governments of the Sterling Area countries, on the recommendation of this Conference, the drain on the central gold and dollar reserves of the sterling area has been halted since March, 1952.

Apart from recommending short-term and emergent action to overcome this threat, the Finance Ministers' Conference had also given consideration to the long-term policies which the Sterling Area countries could adopt in order to avoid a recurrence of a similar crisis. It was considered that the productive power of the Sterling Area countries should be rapidly developed and that measures should be devised to avoid violent fluctuations in commodity prices. Further, it had come to the conclusion that the objectives of the economic policies of the Sterling Area countries should be to achieve convertibility of sterling and to work towards that goal by progressive steps for creating conditions in which sterling could be made convertible and its convertibility could be maintained. Sterling being an international medium of payments for a substantial part of the world trade, its convertibility was an essential step towards achieving a high level of international trade on the basis of multi-lateral payments.

The purpose of the Commonwealth Economic Conference now to be held is to have further consultations on these long-term problems and to examine whether it is possible for the Sterling Area countries to take any steps in these directions.

[Shri Jawaharlal Nehru]

The agenda of this Conference, which will open in London on the 27th November, is as follows:

- (1) Review of economic development in recent years and future prospects.
- (2) Objectives in external economic policy.
- (3) Aspects of these objectives and of the means for achieving them:
 - (a) Financial policy;
 - (b) Economic development;
 - (c) Trade Policy.
 - (d) Commodity Policy;
 - (e) International Institutions.
- (4) Cooperation with other countries.
- (5) Short-term balance of payments prospects of the Sterling Area and policy for 1953.

The Finance Minister proposes to leave for the United Kingdom on the 23rd November, 1952.

Shri B. Das (Jajpur-Keonjhar): I suggest the House may be allowed to discuss whether India should at all participate in the Commonwealth Conference.

Mr. Speaker: He wants a discussion as to whether India should at all participate in the Conference.

Shri Jawaharlal Nehru: I submit, Sir, it is rather an extraordinary suggestion to make. So long as we are dealing with sterling we are intimately connected with the developments there and it would be unwise not to attend these conferences and for things to happen which might affect us. It is a different matter if basically and fundamentally we became dissociated with it or associated with something else. But so long as that does not happen I do submit, Sir, the question does not arise.

Some Hon. Members rose—

Mr. Speaker: Now nothing is open for discussion.

Shri H. N. Mukerjee (Calcutta North-East): May I make a submission?

Mr. Speaker: No questions are put on a statement made by a Minister. The hon. Member wanted to make an enquiry and that is why I allowed him to do so. But if we are going to make suggestions I think we shall have a debate on that point. That is not

really permissible. He may make his suggestion to the Prime Minister.

Shri H. N. Mukerjee: Sir, may I submit that in view of the very serious misgivings that have already been expressed in the House and the country regarding the results of our present economic association with the Commonwealth, we should set apart at least a day for examining the credentials with which the Finance Minister should go.

Mr. Speaker: It is the same thing.

The Minister of Revenue and Expenditure (Shri Tyagi): No serious views have been expressed in the country or in the House.

Mr. Speaker: We will go to the Legislative Business.

SUGAR (TEMPORARY ADDITIONAL EXCISE DUTY) BILL

The Minister of Revenue and Expenditure (Shri Tyagi): I beg to move:

"That the Bill to provide for the levy and collection for a temporary period of an additional duty of excise on sugar, be taken into consideration."

As the House will realize, this Bill is short and sweet. It is as innocent as sugar. I hope the House will appreciate that it is not really a taxation measure. The object of levying the proposed additional excise duty is simply to recover the loss which will be incurred due to the reduction in the *ex-factory* price of the controlled stocks of 1951-52. As hon. Members are aware, Government had guaranteed controlled prices to factories for these stocks. Truly speaking, this levy is not a tax but a re-arrangement or a fresh averaging of prices of old and current stocks of sugar.

The circumstances which led to the proposed reduction in sugar prices are, firstly, that we had a bumper cane crop in 1951-52. Consequently there was a considerable increase in *gur* production. The price of *gur* which rose from Rs. 15 to Rs. 20 per maund in 1950-51 and averaged at about Rs. 14 per maund in January 1952, suffered a steep fall in February and it came down to about Rs. seven per maund in March 1952. The result was a considerable diversion of *gur* manufacture to sugar factories. A large number of factories which generally close about the middle of April had to work in June and part of July and we