

Hindi) of the Annual Report on the working of the Cardamom Board, for the year 1971-72. [Placed in Library. See No. LT-4243/73].

MINISTRY OF FINANCE NOTIFICATIONS

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE SHRIMATI SUSHILA ROHATGI : Sir, I beg to lay on the Table :—

I. A copy each (in English and Hindi) of the following Notifications of the Ministry of Finance (Department of Revenue and Insurance), under subsection (3) of section 114 of the Gold (Control) Act, 1968.

(i) Notification S.O. No. 764(E), dated the 27th December, 1972, publishing the Gold Control (Licensing of Dealers) Amendment Rules, 1972.

(ii) Notification S.O. No. 765 (E), dated the 27th December, 1972, publishing the Gold Control (Forms Fees, and Miscellaneous Matters) Amendment Rules, 1972. [Placed in library. See No. LT-4233/73 for (i) and (ii)].

II. A copy (in English and Hindi) of the Ministry of Finance (Department of Revenue and Insurance) Notification G.S.R. No. 23 (E), dated the 19th January, 1973, Publishing the Central Exise (Amendment) Rules, 1973, under section 38 of the Central Excises and Salt Act, 1944. [Placed in library. See No. LT-4337/73].

III. A copy each (in English and Hindi) of the following Notifications of the Ministry of Finance (Department of Revenue and Insurance) Under section 159 of the Customs Act, 1962] :—

(i) Notification G.S.R. No. 28, dated the 13th January, 1973, together with an Explanatory Note thereon. [Placed in library. See No. LT-4338/73].

(ii) Notification G.S.R. Nos. 92 and 93, dated the 3rd February, 1973 together with an Explanatory Memorandum thereon. [Placed in library. See No. LT-4337/73].

IV. A copy each (in English and Hindi) of the following Notifications of the

Ministry of Finance (Department of Revenue and Insurance):—

(i) Notification G.S.R. No. 1631, dated the 30th December, 1972, together with an Explanatory Memorandum thereon.

(ii) Notification G.S.R. No. 11(E), dated the 12th January, 1973, together with an Explanatory Memorandum thereon.

(iii) Notification G.S.R. Nos. 15(E) to 22(E) and 24(E), dated the 19th January, 1973, together with an Explanatory Memorandum thereon. [Placed in library. See No. LT-4339/73 for (i) to (iii).]

(iv) Notifications G.S.R. Nos. 46(E), 47(E) and 48(E), dated the 1st February, 1973, together with an Explanatory Memorandum thereon. [Placed in library. See No. LT-4239/73].

(v) Notification S.O. No. 75(E), dated the 5th February, 1973, publishing a corrigendum to Government Notification S.O. No. 764(E), dated the 27th December, 1972. [Placed in library. See No. LT-4233/73].

(vi) Notification G.S.R. No. 60(E), dated the 12th February, 1973, together with an Explanatory Memorandum thereon. [Placed in library. See No. LT-4340/73].

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

ACUTE SHORTAGE OF COTTON YARN AND CONSEQUENT STEEP RISE IN THE PRICES THEREOF

SHRI A. G. KULKARNI (Maharashtra): Sir, I call the attention of the Minister of Commerce to the acute shortage and consequent steep rise in prices of cotton yarn of various counts, threatening closure of handloom and powerloom industries on large scale and throwing lakhs of workers out of their jobs.

[MR. DEPUTY CHAIRMAN in the chair]

THE MINISTER OF COMMERCE (PROF. DEBIPRASAD CHATTOPADHYAYA) : Sir, I have a rather longish statement to make. Now I solicit your

suggestion whether I should read it out or lay it on the Table.

MR. DEPUTY CHAIRMAN: I think you have to read it out because Members will be asking for clarifications.

PROF. DEBIPRASAD CHATTO-PADHYAYA: Mr. Deputy Chairman Sir.... to consider these very matters I held a broad-based meeting yesterday. Chief Ministers of West Bengal, Bihar, Uttar Pradesh, Punjab, Rajasthan, Gujarat, Maharashtra, Tamil Nadu, Mysore and Kerala were invited. None of the Chief Ministers could attend, except the Chief Minister of Kerala. The concerned Ministers from the States of West Bengal, Mysore, Maharashtra, Gujarat and U. P. attended. Adviser to the Governor of Andhra Pradesh was also present. Official representatives from the States of Tamil Nadu, U. P., Maharashtra, Punjab, Mysore and Andhra Pradesh, President and Vice President of the All India Powerlooms Federation, Chairman of the All India Handloom Fabrics Marketing Cooperative Society, Chairman of the Indian Cotton Mills Federation, South Indian Millowners Association, Cotton Textiles Export Promotion Council, President of the Hosiery Federation of India also attended. Member, Planning Commission also joined the discussions.

The parameters of discussions were outlined in my opening remarks (copy placed on the Table of the House). Broadly, I made the following suggestions for further discussions in depth:

(a) Deliveries of yarns in hank should improve.

(b) Requirements of hosiery sector should be met.

(c) The recent escalation in prices was unjustified and they should revert to normal levels.

(d) The responsibility for distribution should be squarely assumed by the concerned State Governments. Due to shorter availability, cotton yarn would need to be rationed amongst the consuming States.

(e) The yarn exports should continue.

(f) The handloom sector, especially the exporters in this area, should be specially fed with the requisite raw materials.

I further urged that yarns of inferior quality should not be supplied and, if any erring mills continue to do so, stern measures would need to be taken.

It has been stated that there has been an acute shortage of cotton yarn leading to steep rise in prices. The position of free yarn availability during the last four years is given below:—

| | (Figures in million kgs.) |
|------|------------------------------|
| 1969 | 390 |
| 1970 | 406 |
| 1971 | 369 |
| 1972 | 468 |

The above figures will go to show that during the calendar year 1972, the availability of free yarn reached an unprecedented peak. Quantitatively, it would, therefore, be difficult to assert that an acute shortage suddenly developed. It would appear that invisible exports to some country were to a large extent responsible for bullish trends in prices. It is also possible that mills or the trade, conforming to the market sentiments, cornered stocks which led to a precipitate rise in prices. I may in this connection mention a peculiar feature of the price rise. A steep escalation took place only in February, 1973. This seems to be directly attributable to severe power-cuts which have come into operation in different States. In this connection it may be mentioned that 33% of the total production of yarn is clustered in Tamilnadu, which is under 75% power-cut. During the current month there is bound to be a severe dip in production which cannot be exactly estimated or projected. Sensing the fall in production, the prices have shot up. The reduced availability of yarn arising out of power-cuts leads upto an irremedial situation. Miraculous solutions cannot be found and we have to devise ways and means to ensure that the reduced availability of yarns of different counts is evenly and fairly distributed amongst the consuming States, and that adequate safeguards are taken to prevent hoarding and black-marketing. Simultaneously, we have

[Prof. Debiprasad Chattopadhyaya] to take firm measures to push the prices back from the present fevered heights to normal levels.

In the meeting held yesterday the mill industry extended full cooperation in any measures that the Government may like to adopt. They even came forward with the proposition that they are prepared to place 100% of their production at the disposal of Government for proper distribution. Some of the State Governments expressed dissatisfaction with the Voluntary Schemes for distribution of yarn in operation. They stated that some of the units did not deliver the yarns of a specific count on one plea or the other. On the other hand, we are aware of instances where yarns allotted to the State Governments were not lifted. There were complaints from the Hosiery Federation that a large portion of their capacity had been lying idle for some months because of non-availability of yarn. There were fervent pleas that export of yarn must be banned forthwith. There was a suggestion that credit squeeze should be applied on the trade to prevent hoarding. There were various suggestions that about the levels at which prices of cotton yarns of different counts should be fixed. It was proposed that voluntary schemes had failed in the past and will not succeed in the future. A representative of a State Government asserted that the handloom sector was a dying sector.

The situation that has developed, largely due to severe power-cuts operating in different States, which can become severer in the next few months, cannot be comprehensively dealt with in the twinkling of an eye. I have some broad solutions in view, which would be given shape in consultation with the Planning Commission. I am conscious that the industry will have to carry a large measure of responsibility on their shoulders in making the maximum quantities of yarn available in the prevailing circumstances and in exercising and implementing the disciplines that we prescribe. I have the following proposals before me:—

(a) 100% yarn production should come under voluntary distribution control. This means that each unit producing free yarn shall voluntarily deliver it to a State Government nominated by the Textile Commissioner.

(b) The prices of each count of yarn shall be pushed back from the present levels to reasonable levels to be determined very shortly.

(c) The yarn producing mills shall be directed that they shall preserve their production pattern as may be specified by the Textile Commissioner. This means that even when mills are working below their full capacity due to power-cuts, they shall produce yarn in hanks and cones, beams and pirns, etc., in a proportion to be specified by Textile Commissioner. It may, perhaps, be decided that the production of hank yarn should be upgraded inasmuch as, due to power-cuts, the powerlooms will also not be functioning to their full capacity and their genuine requirements should fall. The handloom sector not being affected by power shortages must be fed to the maximum extent possible, so that employment levels in this sector are not disturbed.

(d) The Textile Commissioner will direct specific mills producing hosiery yarn to continue to do so upto the levels to be specified by him. My intention is that this sector, according to the Hosiery Federation, employs 46,000 workers and needs only 33 million kgs. of hosiery yarn. This is not a large quantity and my effort would be that full employment in this sector is revived.

(e) I am seriously considering whether a credit squeeze should not be imposed on the trade so that hoarding and black-marketing of yarn is ruled out.

(f) Each mill will be directed to deliver specific quantities to the consuming states. The state Governments would be called upon to lift the quantities within a fortnight of the receipt of the allotment order. If they fail to do so, the Cotton Corporation of India will retire the documents and hold the yarn for distribution in that state. The middlemen between producing units and the consuming states would, thus, disappear. The state Governments have already been alerted to gear up their infra-structure. They can utilize their cooperative structure, or the trade to ensure that the yarns that they receive reach the weavers in minimum time. I will also be addressing the Chief Ministers in this behalf, further urging that as

the yarn travels from one point to another, the overheads are not unduly loaded.

(g) In the powerloom sector I am confronted with about 1,85,000 authorised powerlooms and reportedly a large number of unauthorised powerlooms. In the allotment of yarn it would be difficult to accommodate the ghost powerlooms.

(h) The mill sector has been specially alerted to maintain quality of yarn. The responsibility for maintaining quality standards has been cast on the Indian Cotton Mills Federation. They have been frankly told that any defaults in this behalf would be severely dealt with.

(i) Allocations to different states would be based upon the number of handlooms and powerlooms and hosiery units existing there and on record with Textile Commissioner.

(j) I propose to allow export of yarn. These exports have been revived with great difficulty. The quantity involved is very small. In any case, the additional availability of 20 million kgs. or so of yarn is a drop in the ocean of the total requirements of the decentralised sector.

(k) I would be taking special steps to prevent invisible exports.

I may frankly admit that—

(a) There was no fall in production of yarn in 1972. On the other hand, a record or production was achieved; and

(b) A sudden fall in production in the ensuing few months cannot be prevented.

There was a near unanimous request that generating sets should be imported on a most urgent basis. This proposal is under examination. There was a further suggestion that in the main manufacturing states extra power may be made available to the spinning sector, so that a steep fall in production is somehow prevented. I shall be addressing the Chief Ministers of the concerned State Governments in this behalf. My reaction is that this exercise is feasible and the State Governments should give me cooperation to preserve maximum possible employment in the decentralised sector during the crucial months to come.

Hon. Ministers and Gentlemen,

I am very happy to welcome you to this meeting which has been summoned at somewhat short notice. The price hike in cotton yarns, especially in counts above 60s, during the current month has been alarming. I have been reviewing the situation during the last few days and have come across inexplicable developments. As you all know, the bulk of yarn production is in the coarser counts. Significantly the prices of hank yarn in 30s and 40s have escalated between December 1972 and February 1973 substantially. In cone yarn of 30s the price rise has been abnormally high. It cannot also be said that the production of yarn during these months has shrunk abnormally. It is unfortunate that 33% of the production in Tamil Nadu is undergoing a power-cut of 75% and this will doubtless have its own repercussion in the total availability. Calculations, however, show that in the ensuing 5 months, before the rains come, and I hope that they come, the availability on all India basis will come down by about 20%. The figures of free yarn availability during the last four years has been as follows:-

| | <i>Exports</i> (In million kgs.) | |
|------|-------------------------------------|----|
| 1969 | *390 | 29 |
| 1970 | 406 | 26 |
| 1971 | 369 | 12 |
| 1972 | 468 | 22 |

*These figures are after deducting exports.

We touched the rock bottom in 1971 due to difficult cotton conditions and reached on all-time high in 1972. I am told that even in 1971, even though the prices jumped, complaints of non-availability were few. After achieving a growth of nearly 100 million kgs. over 1971 yarn availability in 1972, the question of yarn not becoming available to different sectors should not normally arise. It has unfortunately arisen and I can only surmise that stocks have been cornered either by the mills or the trade, perhaps by the latter in greater measure. This is a situation which cannot be permitted to continue,

[Prof. Debiprasad Chattopadhyaya]

There are 75 lakh weavers in the handloom sector and nearly 4 lakh weavers in the powerloom sector. These sectors thus provide employment to a very large number of people and their interests have to be safeguarded even if we have to resort to drastic measures.

I should like to listen to your views. I hope you will be able to give us constructive suggestions. I also hope that we will reach firm conclusions in the light of the deliberations of this meeting. I have a few suggestions to throw:

Firstly the sectorwise production of yarn, as obtaining in previous months, has to be preserved. This percentage is as follows:-

| | | | | | |
|---------|---|---|---|---|------|
| Hanks | . | . | . | . | 54% |
| Hosiery | . | . | . | . | 10% |
| Cones | . | . | . | . | 28% |
| Beams | . | . | . | . | 5-6% |
| Pirns | . | . | . | . | 2-3% |

I find that during the last few months production and deliveries of yarns in hanks have gone down in certain important counts. This imbalance would need to be rectified. I have also received a large number of representations from the hosiery sector that their requirements are not being met. This also appears to be a man made situation and I would insist that the hosiery manufacturers must be fed to the extent they were being fed before the present situation developed.

Secondly, I would like the prices to revert to normal levels. In determining the prices, which would prevail, we must take into account the increase in costs since the Regulated Scheme was announced as well as the impact of power-cuts on the producing mills. We have also to take care that the ex-mill prices are properly determined and that there is no unfair loading at the intermediate stages before the yarn reaches the weaver.

Thirdly, the responsibility for distribution would have to be taken squarely by the concerned State Governments. In view of the shorter availability, there has to be rationing amongst the consuming States. Textile Commissioner will determine the quantities needed by the consum-

ing States and quantities that can be spared for them. There may be a gap between the two but it has to be contended with. I would like to emphasise upon the State the State Governments that they have to gear up their infra-structure immediately. They will have to arrange finances, they will have to lift the yarn within a reasonable period of the receipt of the allotment and they will have to make proper arrangements for the distribution of the quantities received by them within the State on an urgent basis. In the past the quantities allotted to the States were, in many instances, not lifted. If this happens again, the weaver would indeed be in dire distress. I am, however, thinking of making alternative arrangements also in this behalf, so that the yarn allotted does not remain unlifted.

In making our calculations about the requirements of yarn, we would have to accord priority to authorised power-looms while keeping in view the need to sustain current levels of employment. In view of inadequate information and uncertain veracity of statistics the calculations of yarn requirements for different sectors would have to be very carefully undertaken so that a rational and equitable system of distribution can be evolved.

Fourthly, the exports of yarn should continue. In 1972 we exported 21.9 million kgs. of yarn out of the total production of 975 million kgs. This shows an appreciable rise over the previous year's performance of 12 million kgs. I am told that we have gained some valuable markets very recently and I would not like the export effort to slacken in any way. In any case the quantities exported are not very large. Due precautions in this behalf, however, would be taken. Textile Commissioner will exercise proper surveillance over the exports and the unit realisation as well as the directions in which these exports move.

Fifthly, another sector which needs special attention is the export of handloom. Special allocations would need to be made to exporters against firm contracts registered with the Export Promotion Councils. These allocations will also be made by the Textile Commissioner.

I would underline that there have been complaints about the quality of yarns supplied by the mills. Large scale adulteration has become the order of the day. I hope industry will take effective voluntary steps to redress the situation. Where it is proved that yarn of a sub-standard quality has been supplied, stern measures would be taken.

We can now discuss these issues.

Thank you.

SHRI A. G. KULKARNI : At the outset, I am happy that the Minister has given due importance to the situation and has suggested measures which, by and large, appeal to me. It is such a tremendous problem that 8 million people are threatened with unemployment. In his reply the Minister has mentioned the steps that he proposes to take. The steps are pragmatic and I think that a practical solution can be found. I only want to get clarification from him on three of four points. There are some loopholes which may perhaps be introduced into its working. When Mr. L. N. Mishra replied to a similar problem on the 4th August, 1972, I brought before him the difficulty about the working of the voluntary scheme. Now, the Minister has also come to the conclusion that the voluntary scheme has not worked. At that time, Mr. Mishra had said in his statement at page 2 that a watch-dog committee had been appointed. The entire scheme must be so foolproof that loopholes must not be kept which will allow the millowners and what you call their mouthpiece, the Indian Cotton Mills Federation, to run away with profits and put the misery on the doors of handlooms and powerlooms. In this connection I want to know from him—as he has very mildly suggested—whether there are some diversions from the 100 million kg extra production. I know what he means. Perhaps the production has gone to our neighbouring State where the rates are ranging very high. Immediate attention has to be given to it. Apart from it, he has not assured the handloom and powerloom industry how the scheme was working from August up till now whereby fifty per cent of the production was going to be allocated. I have got the figures which I collected from the

Textile Commissioner's Office which show that barely ten to twenty-five per cent of the yarn has been actually delivered to the various States. Particularly I think the State of Maharashtra got about 30 to 40 per cent. West Bengal, UP and Bihar barely got 5 to 7 per cent and thereby virtually a famine has been created. I want a categorical assurance from him that the millowners who had defaulted the Scheme under the watchdog committee scheme would be penalised heavily and the money has to come to the central pool of the Government. Otherwise, such type of permissive goading of the mill industry will not do. I want a categorical assurance. This is the first point. Secondly...

MR. DEPUTY CHAIRMAN : The Minister has taken fifteen minutes and he has given a very exhaustive reply. Now you want to take more time.

SHRI A. G. KULKARNI : It would be an injustice to me...

DR. BHAI MAHAVIR (Delhi) : That is hardly a reason why Members should not be allowed time. That only shows that the matter is quite important.

MR. DEPUTY CHAIRMAN : There must be some limit to time and you should also co-operate.

SHRI B.V. ABDULLA KOYA (Kerala) : People are so much distressed. Is it an acute problem.

MR. DEPUTY CHAIRMAN : You can give notice of a motion for discussion, but where it is a Calling Attention you must be conscious of the time. We cannot sit on a Calling Attention for the whole day. I am very sorry I cannot allow so much time. Otherwise, I will have to cut out a number of names. That is the only way I can do it.

SHRI A. G. KULKARNI : I most humbly say.....

MR. DEPUTY CHAIRMAN : You must also be brief. You must realise the time factor. You cannot have it both ways. I cannot give all the Members a chance and at the same time allow each Member to take as much time as he wants.

DR. BHAI MAHAVIR : Mr. Kulkarni has not by any standard taken too much of a time yet and if the Minister has taken too long a time, perhaps it is because the matter is important.

MR. DEPUTY CHAIRMAN : I am conscious of the fact that there are so many names and so I have to regulate the time according to which Members could speak.

DR. BHAI MAHAVIR : That is true.

MR. DEPUTY CHAIRMAN : There are occasions when I have given even fifteen minutes each.

SHRI A. G. KULKARNI : I submit that I will take as little time as possible and I will be brief. I come to the point.

In this connection, I want an assurance that the mill-owners will be penalised for non-delivery of the yarn under the old Voluntary Control Scheme.

Secondly, I want to suggest this. You have mentioned that the production of yarn has to be controlled. But total control has to be applied, whether voluntary, or statutory, for taking away the entire production for being distributed to the handloom and powerloom weavers. Very good. In this connection, the point will come in of prices. The price-rise between June and December, as I have already mentioned, was 10 to 20 per cent. From January/February, it was fantastic, sometimes 50 per cent or 75 per cent or even 100 per cent. The entire scheme should not be on a cost plus basis. The Commerce Ministry has got a standard system based on Commission formula of tariff cost plus basis, which creates inefficiency; you have to have standard norms of production, and you cannot be soft towards the mill-owners for getting whatever price they demand. There should not be a notional reduction in price. The prices can be as were reigning in October/November period and those only can be reasonable prices.

Then, you said about bank advances to traders. I am in entire agreement. But this must be done tomorrow morning. This cannot go on waiting. Mr. Chattopadhyaya, I plead with you—on the first of March you must start with a scheme, even if it is a skeleton, freeze the production which

goes into the market. There is now a class about whom I have already written to your predecessor and also to the Finance Minister—that is the transport companies which are now holding all the stocks on behalf of the mill-owners who have also become shrewd to arrange credit without attracting R. B. I. vigilance. They are not delivering them to the traders but to the transport companies. Right from Coimbatore or from Bombay or from Jaipur and from anywhere they might come, they are holding the *benami* stocks in the name of the mills because they get accommodation of long duration from the Banks. There is what is called a 'transport slip'. So, the action has to be firm and it has to be taken immediately. You have to write to the Chief Ministers that unless these transport contractors and the traders and the mill-owners are immediately apprehended, it is no use, because one hundred million kilograms were produced over and alone in 1971? Even they smuggled yarn which has gone to Bangla Desh, it may be three or four of five million kilograms. The balance quantity is being concealed somewhere by somebody either by the transport contractors or the traders or the mill-owners. You should be very careful. The larger sector of the weavers in Tamil Nadu, UP, Bihar, Kerala, Mysore, everywhere, are the victims of dubious hardship. Your immediate assurance to the House is needed that action will be taken promptly. Otherwise, this problem will not be solved.

You called a meeting yesterday to discuss these problems. I only request you—no State will be allowed not to fulfil its responsibility. Several States, at least some States—I do not want to name them—have mentioned that they want to have all the yarn produced in their States for their handloom and powerloom industries. This country cannot run on such principles and such premises. Everybody has to share the adversity either in cotton yield or in food. So, Mr. Chattopadhyaya, these are very serious matters, you have to take action from 1st March and not linger about your decision, whatever it is.

PROF. DEBIPRASAD CHATTOPADHYAYA: Sir, I am thankful to the hon'ble Member, a very knowledgeable

Member in the matter, for his projections which I find very useful. He has referred to my predecessor who, as we all know, he has shaped the Ministry very well. The voluntary scheme which he was referring to has not worked to the extent it was expected to. But we have to learn. . .

SHRI KRISHAN KANT (Haryana) : That is how he shaped the Ministry.

PROF. DEBIPRASAD CHATTO-PADHYAYA : It does not depend upon the Minister. It depends upon the industry, the traders. The question is we are learning from the mistakes and in the light of that we are framing our policy. The specific questions raised by the hon'ble Members are : (1) whether the defaulting mills will be brought to book. Yes. My answer is very categorical. But the question is the quantity and the quality and the offence has to be established. The second question is about the price structure. As you might be aware, it is a complicated matter, and having the complications in view, I have already stated yesterday in my speech, now laid down on the Table, that I would like the prices to revert to normal levels. I know that there was an exorbitant rise in the yarn price between December and February. But the rise was not that alarming before that. So I submitted that in determining the prices which would prevail, we must take into account the increase in cost since the regulated scheme was announced as well as the impact of power cuts on the producing mills. We have also to take care that the ex-mill prices are fair and that there is no unfair loading at the intermediate stages before the yarn reaches the weaver.

The third question was about the credit squeeze. As I said, it has very much related issues to other financial disciplines and regulations. But we are applying our mind and decisions will be taken in the very near future.

Sir, about the role of transport Companies, I am very thankful to the hon'ble Member. As I said, he is a very knowledgeable person. If he lends us that knowledge in a friendly way, I suppose it will help us in moulding and shaping our policy. I am indeed very thankful to him. I will look into the matter in depth about the States' role. Unless the difficulties and adversities

in the matter of this yarn scarcity are more or less equally shared by the States we cannot tide over the problem. I share the sentiment of the hon'ble Members. I will appeal through you, Sir, to the Members from the different States to see and to urge upon their respective Governments to help the Centre to evolve a policy where both the fortunes and the difficulties in sorting out the problem are equally shared.

SHRI BABUBHAI M. CHINAI (Maharashtra) : Mr. Deputy Chairman, Sir, the hon'ble Minister has himself conceded that there has been acute shortage of power in almost all the States which have been manufacturing cotton yarn; it varies from 25 per cent. to 75 per cent. in Tamil Nadu. In view of all this, naturally, production has gone down specially in superfine yarn. In view of this we will have to take care of the cost structure also. There must also be elements which must be taking undue advantage of this situation for which the Government will have to take necessary steps. Also at the same time we must not forget that we have to export our yarn to Bangla Desh which gives us foreign exchange in hard currency. But that is not much. It is only 10 per cent. But the main thing is that due to smuggling from the Calcutta border yarn has been going out in large numbers without earning any foreign exchange. This is all very well known. The question facing the House is to see as to to what extent the suffering of the handloom weavers and the consumers can be eliminated. Sir, I wanted to bring to your kind notice the rise in the prices of yarn in June and July 1972 by 20 per cent. In December, 1972 it went up by 12 per cent. But the price of power loom cloth has gone up by 20 to 30 per cent. I hope the hon'ble Minister knows that compared to yarn the price of the power loom cloth has gone up by more than 10 per cent.

The Government is facing a challenging situation. According to me, it failed to anticipate the problem in all its magnitude. It has now evolved a system by which the interests of the handloom weavers are safeguarded. One question uppermost in my mind is that if prices of yarn are fixed at an unrealistic level by not allowing due weightage to loss of production,

[Shri Babubhai M. Chinai]

increase in cost, compensation for lay-off, etc., the evils of blackmarket and under-hand dealing would continue. Temporarily we must also think of putting restrictions on exports, except in registered contracts which have already been done. One point which I want to bring to your kind notice is the role of the All India Cotton Powerlooms Association in this. I have got information that there are four persons who have become the 'dadas' of this Association. There is one Mr. Kamle, one Mr. Bhide and one Mr. Thapuria, and also there is one Member of Parliament involved along with them.

SHRI KRISHAN KANT : Who is he?

SHRI BABUBHAI M. CHINAI : I am not going to name him.

SHRI KRISHAN KANT: Sir, either he should not have mentioned him, or he should name him.

SHRI BABUBHAI M. CHINAI : I am not bound to name him. I may tell you that these four people have cornered the quota which has been given to the powerloom and handloom weavers and are creating an unrealistic scarcity in the yarn market. Therefore, I would like the hon. Minister to give us an assurance that this type of distribution will be taken away from these four people and a direct agency through the Textile Commissioner would be brought into force so that this vested interest of these four people is no longer there.

Finally, I want to mention about the import of diesel engines. The request came from the industry eight months back. It was shuttling between the Foreign Trade Ministry, the Finance Ministry and the Industry Ministry. Luckily the Finance Ministry agreed, but unfortunately the Industry Ministry has not co-operated till to-day. The idea was to have it from Czechoslovakia in rupee payment; no foreign exchange was necessary. If we had spent that Rs. 10 crores on diesel engines, this scarcity which we see to-day would not have come at all. Therefore, I would plead with the hon. Minister that even now it is not late. This power cut is going to continue for a few months more, and one cannot say if the weather will be more favourable next

year. Therefore, kindly order the diesel engine sets for those people who want them in rupee payment so that production does not suffer, employment does not suffer, the prices are also reasonable and the handloom and powerloom weavers are all benefited. I hope the hon. Minister would enlighten us and give us an assurance that he will take the necessary steps on the suggestions I have made.

PROF. DEBIPRASAD CHATTO-PADHYAYA : Mr. Deputy Chairman, Sir, Mr. Babubhai Chinai has sought enlightenment from me, but I find that what he has said has enlightened me considerably. While we fix our prices, the element of power cut will be taken into consideration. But I find that in some quarters the importance and weightage attached to the power cut is being exaggerated and over-emphasised. When the power cut was not that much in 1972, even then the rise was there. So due weightage will be given to the power cut but not undue weightage.

SHRI BABUBHAI M. CHINAI : I never asked for it.

PROF. DEBIPRASAD CHATTO-PADHYAYA : I know you will not, but as you have said yourself, there are many vested interests. (*Interruptions*) Now, power famine is a national problem. It is being looked into at the highest level and I am sure the suggestion of Mr. Babubhai Chinai will be taken into consideration. In fact, it is being considered.

Secondly, the malaise and the malady of the invisible export is there. Now every attempt is being made to successfully plug the loopholes along the borders referred to by Mr. Chinai. About export obligations I entirely share his views. After a lot of effort we have got a foothold in foreign markets in textile and compared to our internal requirement the quantum we are exporting is very little. And I believe we should make everything possible to see that the foothold that we have gained is preserved and, if possible, expanded. It is in our own national commercial interests. Some persons have been referred to who attended the meeting. I would like to submit to you that those who were invited were invited as representatives...

SHRI BABUBHAI M. CHINAI : I did not mention them. In fact, till now I did not know whether they attended the meeting or not. I am glad you have enlightened me now.

PROF. DEBIPRASAD CHATTO-PADHYAYA : You have put it in a very nice way. I am not criticising you. Since you raised it, I thought I should say something on that. Those gentlemen were invited in their own representative capacity representing different sectors of the industry. If someone of them happens to be a Member of Parliament, I cannot do anything about it, because to be a Member of Parliament and to be a representative of a sector of a business or an industry, I think, are not incompatible nor even undesirable. So about vested interests I very much share the fear expressed by Babubhaiji. At the same time I would like to add that merely because of some blacksheep we must not designate or characterise the industry as a whole. There are so many good people like Babubhai Chinaiji, for example.

DR. K. MATHEW KURIAN (Kerala): Sir, the honourable Minister has referred to the situation as more or less an irremediable situation for which he considers that there is no miraculous solution. Going through the statement of the Minister, particularly, his proposals, I got the feeling that, except what the Textile Commissioner has to implement, most of the proposals are for somebody else to implement. Therefore, it is possible to take a very brave attitude to the situation and say and it is for the State Governments to do this, that prices have to be controlled or at least brought back to their reasonable level—which he has yet to decide. With reference to credit squeeze the Minister also said they are seriously considering whether credit squeeze should not be imposed to restrain hoarding and blackmarketing. In this connection, despite the fact that prices of yarn have been increasing continuously over years of course, power-cut has aggravated the situation as the Minister himself very rightly pointed out—consequent with the general level of prices, I would like to know why there is hesitation on the part of the Ministry to immediately request the Finance Ministry, the Reserve Bank, and so on, and clamp down credit

squeeze to ensure that blackmarketeers and hoarders do not get a breathing time by the time the Minister—his Ministry—considers, seriously considers, whether credit squeeze should not be imposed. There is a kind of slight tinge of callousness, if, Mr. Deputy Chairman, you permit me to say so, a kind of slowness in meeting the current situation, which is a grave situation. Not only that. In Tamil Nadu where 33 per cent of the yarn is produced, in Kerala, in the whole of Malabar, Particularly in one district, lakhs of people are made to live entirely on the pittance of money they get from the handlooms. Something must be done urgently. The Government of India, not only the Ministry of Foreign Trade, but also other concerned Ministries particularly the Finance Ministry, the Reserve Bank, etc. should come into the picture quickly to see that hoarding and blackmarketing is immediately stopped and credit squeeze imposed quickly. Though the Minister may not fully agree with it, at least he has implicitly accepted that there has been a total failure of the voluntary scheme. In any case, the experience of the voluntary scheme so far very clearly shows that it has been a failure. What is the solution of the Minister even now?

Even in this grave situation, the Minister says that 100 per cent production should come under voluntary distribution scheme. Instead of retracing their steps which they have found from experience to be wrong, they want to tread on the same path continuously and raise it to 100 per cent. The Minister thinks that by putting some burden on industry, they will share it, as if the industry has national interests at heart. Their interest is only to make maximum profit. If the Minister thinks that the cotton magnates will take over the burden, then I am afraid the problem will never be solved.

Lastly I would like to know whether it is not a fact that unauthorised power-looms and so-called ghost power-looms have been in existence for the last several years. The whole scheme of power-loom came in order to support the small man. But today it is controlled by big men. Not only that, unauthorised looms have been in existence, for a number of years. What concrete steps Government have taken so far to solve this problem?

PROF. DEBIPRASAD CHATTO-PADHYAYA : Dr. Kurian, a distinguished theoretician, has put across the question in his characteristic, theoretical fashion and I appreciate many of the points made by him. He said something about the Ministry that we are slow in our response to the problem posed by the steep rise in yarn prices. I would humbly submit that even before our attention was invited to this by the hon. Members who are very vigilant and alert in the House, we on our own called a meeting of the concerned interests to thrash out the problem...

DR. K. MATHEW KURIAN : How many Chief Ministers attended? Only one.

PROF. DEBIPRASAD CHATTO-PADHYAYA : Many of the Assemblies are in session and in many States budgets are being presented. Some of the Chief Ministers talked over. I won't blame them. They have taken interest. They are very senior Ministers. But we are not slow in our response to the problem.

About credit squeeze I have already, on my own, made a suggestion. But as my friend Dr. Kurian has pointed out instead of rushing with a wrong solution, it is better that we work or go ahead with the right solution. I have already said that the decision that we are going to take will be taken in the very near future.

The other aspects should be looked into before we could take a decision because we cannot afford to learn many times from committing mistakes.

Now the question of black-marketeers and hoarders. This is precisely the menace we are fighting. All the steps we are going to take are addressed to tackle this problem. The honourable Member has said perhaps mistakenly—I did not except that mistake from Dr. Kurian, a great theoretician—that we are still resorting to the voluntary scheme. I would request him to look at page 5, suggestion (c) where we have made absolutely clear that it is not going to be a voluntary scheme

DR. K. MATHEW KURIAN : What about ghost power-looms?

SHRI M. K. MOHTA (Rajasthan): The hon. Minister voiced his concern about unemployment among handloom and power-loom weavers. But at the same time he said that the production of yarn in the country has gone up. And not only that, the stock of yarn with the mills has gone down from 1,29,000 bales to 79,000 bales according to the latest available figures. It means that the stock in the mills has depleted by 50,000 bales which goes to show that the availability of yarn to weaver—whether handloom or power-loom—has increased. It only says that more cloth has been consumed by the public. Apart from whatever little yarn is smuggled out of the country, more cloth has been produced and consumed. That is the reason why there is more demand from powerloom and handloom sectors for yarn. Yarn mills are not able to meet this demand and therefore they have increased the price. If the hon. Minister is really anxious to solve unemployment, the only answer is production of more yarn so that more yarn is made available to the weaving sector.

Sir, it can only be done, firstly, by making available generators to which fact Shri Chinai very rightly drew the attention of the Government. But the Government has been dragging its feet for months and months now. Then, Sir, for the last ten years or so, there has been a virtual embargo on the installation of more spindles in the industry. If you do not produce more, how will you have more yarn for handlooms and powerlooms? Even if you control the whole thing, availability is not going to increase. Therefore, Sir, my question to the honourable Minister is this: Will immediate steps be taken for the import of generators on a war-footing? will immediate steps be also taken for allowing the industry to put up more spindles, not on a restricted basis as has been allowed by the Government, but on the basis of a general relaxation of licensing for putting up more spindles? This is my first question.

Then, Sir, along with the price of yarn, the price of handloom and powerloom cloth has gone up, as was pointed out by Mr. Babubhai Chinai. If the consumer is to get any relief at all, what is required to

be done by the Government is that the powerloom cloth should also be controlled instead of price. Unless that is done, whatever voluntary or compulsory control on distribution or price of yarn is brought about, the consumer is not going to get any relief. So, Sir, what is he going to do regarding the control on price or distribution of powerloom cloth the price of which has increased by about 30% to 32% during the last two or three months?

PROF. DEBIPRASAD CHATTO-PADHYAYA : Sir, about Mr. Mohta's suggestion that the main reason for the steep rise in the price of yarn is more consumption, I am sorry, I cannot agree entirely with him on this. If it is consumption, it is sometimes extra-territorial consumption and sometimes it is illegitimate consumption by some unauthorised powerloom people.

SHRI M. K. MOHTA: However, it is consumption all the same. If the cloth is produced and goes to the consumer, it is consumption. It is consumption of cloth by the public.

SHRI KRISHAN KANT: It is Mr. Mohtas' Philosophy.

PROF. DEBIPRASAD CHATTO-PADHYAYA : But the public have to be identified.

Then, Sir, about the question of unemployment, we are very much aware of this problem and it is precisely because of the weaker sections of the industry, that is, handlooms, that we are looking into the matter and certainly that aspect of the matter will be looked into.

About the third point, Sir, it is a very constructive suggestion that we need more spindles. I can submit that there is an active proposal, which we are considering now, of having more spindles in the backward areas particularly, to the tune of 25,000 spindles.

SHRI SANAT KUMAR RAHA: Sir, while appreciating the sentiments of the Minister, I would like to know from the honourable Minister whether he is aware of what is happening in a mill in West Bengal called the Kalyani Mill which is a government-sponsored one? What is happening there? They are not getting the yarn at

controlled rates and in sufficient quantity. I would like to know from the Minister whether the Government is aware that the weavers in West Bengal want to see the Minister to have their demands met, that is, to get yarn from the Kalyani Spinning Mill at controlled rates. What has the Minister done to those West Bengal weavers who are suffering without any job, without any function in their mills? What is the quota of the West Bengal weavers from the Centre and what was disbursed to them last year? These things should be cleared first. I come from West Bengal and I have received a letter from them. So, I want the Minister to clarify all these things about the conditions of the West Bengal weavers.

PROF. DEBIPRASAD CHATTO-PADHYAYA: Sir, I appreciate Shri Raha's anxiety and concern for the weaver of West Bengal and I am myself particularly aware of the problem of the Kalyani Spinning Mill in West Bengal.

But, Sir, responsibility of supplying the yarn to these mills is primarily of the State Governments. If they lift the allotment in time then the problem can be solved. This problem, Sir, as I have said before, is not peculiar to West Bengal. It is common among other States. I think the State Government have a very significant role to play in alleviating the problem of these mills.

SHRI SITARAM JAIPURIA (Uttar Pradesh): Sir, I would put a few questions for clarification. My first question is: Does the hon. Minister feel that there will be any improvement in the power position in the near future, and whether the Chief Ministers are in a position to deliver the goods and get more power for the textile industry especially those who are spinning yarn? If his reply is in the affirmative, I shall be very happy. But our experience has shown beyond doubt that it is not possible. In such a case, I would like to know from the hon. Minister that on the fair assumption that the total power cut in the spinning industry is in the neighbourhood of 60% what will be the total yarn produced in the spinning mills? I would also like to know from him as to what is the consumption minimum consumption, required by the handloom and powerloom, and whether

[Shri Sita Ram Jaipuria]

it is possible to distribute it properly to all the powerlooms and handlooms which are authorised? for any case, I would like to know from the hon. Minister if this quantity is sufficient if not, then how he feels that a corporation like the State Cotton Corporation can deliver the goods, as the prices which have increased either for want of power shortage or because of increased cost of production which is being loaded in one form or another on the industry, has been responsible for it? Finally I would like to know from the hon. Minister that when there are no goods to deliver, then are the prices not bound to rise? The price of handloom and powerloom cloth has also increased. I would like to know from the hon. Minister whether, in the larger interests of the consumer as a whole, which are comprised of the mass citizens of India, is he considering that there should be a voluntary control or distribution control on the cloth produced through these powerlooms and handlooms, thereby seeing that the consumers are benefited? Has he consulted the State Government in this respect? Or is the Central Government or his Ministry in a position to have this effectively controlled.

PROF. DEBIPRASAD CHATTOPADHYAYA: The hon. Member has raised several questions about the prospect and the problems of power cut and so on. Sir, it is too early for me to say very categorically anything in terms of statistics as to what will be the prospect of power cut. As I have told, Sir, problem is being looked into at this highest level and every effort will be made, and is being made, to see that the power position improves in the near future.

Sir, about the power of the Textile Commissioner, I would like to say that as he is being vested with more responsibility he must be vested with more power so that he discharges his responsibilities efficiently and effectively.

The problem of distribution, as rightly pointed out by the hon. Member is there. We are looking into as to how best to sort it out. In this respect, the State Governments and cooperative sectors and also the Cotton Corporation will be called in at some stage, and they will be allowed and asked to play their significant role.

SHRI SITARAM JAIPURIA: The only conclusion that one can draw is that the profits of the working of one sector are being transferred to another sector without any benefit to the consumers. That is what it comes to.

PROF. DEBIPRASAD CHATTOPADHYAYA: Everybody is free to draw his own conclusion but the premises are same.

SHRI B.V. ABDULLA KOYA: Sir, it is very surprising that the prices of cotton yarn have been distressingly going up in spite of the fact that the price of cotton itself has gone down. As has already been mentioned the present price of yarn according to the voluntary scheme for example for 20 counts is nearly Rs. 39.63 but the price in the market is Rs. 52/-. It has gone up from Rs. 28/- in 1972 to Rs. 52/-. Within the last three or four months the prices have been going up very very high. It is said that that is mainly because of the power cut. I would like to inform the Minister that the power cut has come into being only from December onwards and the position has become acute only from January onwards but I do not understand why the prices have gone up before that. Many of the mills have been writing to the consumers, organised consumers as well as to other consumers also, that they cannot meet their requirements because of heavy export commitments. When there is shortage the consumers should not be allowed to suffer on that account. Even exports should be curtailed accordingly. We know that export commitments are not made without some stipulations. Generally there would be stipulations like 'as and when conditions permit' and so on. Instead of starving the indigenous industries and the poor people who are dependant upon the handloom industry it is better to curtail exports of yarn.

Then I feel that cotton should be supplied to the mills, the spinners, earmarked for the handloom industry. Say, 50 per cent or 60 per cent or 70 per cent of the cotton supplied should be earmarked for supply of yarn in return to the handloom industry.

Some people have suggested that the production of a particular State should be

confined to that State alone. I would rather like to differ from this point of view because many of the consumers somehow require yarn not of their own production but from other States. For example, the Kerala people, the organised sector in the handloom industry, have been using yarn from Harvey Mills of Madurai and also from mills in Coimbatore. If these people are deprived of supplies that means this sector which has got 75 to 80 per cent of the whole of the handloom industry in Kerala will have to be closed down. Therefore, I would like the hon. Minister to keep this aspect in view.

SHRI BALACHANDRA MENON (Kerala) : In that case, why cannot all the Birla's yarn be given to us? That will be much better.

PROF. DEBIPRASAD CHATTOPADHYAYA : I find Mr. Koya has made three points. Of these three points I am glad to say that I am entirely in agreement with him in respect of two. I am very glad that he has critically referred to the undue weightage that is being given to power cut element in the price rise phenomenon. I am very glad that he has rightly pointed it out. The importance of power cut to the steep rise in the price structure, as I said, has been unduly exaggerated.

I entirely agree with him on the other important point also that unless the different States producing yarn and using yarn take a co-operative and fraternal approach the problem will not be solved; rather it will be aggravated and that aspect should be looked into by State Governments.

1 P.M.

About the last point which he has made out, I am sorry that I am not in agreement with him on that, that is, about the stoppage of export.

SHRI B.V. ABDULLA KOYA : It is not stoppage actually but curtailment.

PROF. DEBIPRASAD CHATTOPADHYAYA : I think if we can rationalise the system of control and distribution of the total production inside the country, the problem of export does not come into the picture at all, because it is a drop in the ocean in terms of quantity. I wish we better had not touched that aspect.

DR. BHAI MAHAVIR : Sir, the hon. Minister mentioned in reply to an earlier supplementary that his scheme did not visualise voluntary contribution. I tried to follow the outlines of what he proposes to do rather carefully, and if I recall correctly he had used the whole "one hundred per cent voluntary contribution of yarn" which, I presume, means that, by and large, the contribution will be offered by the spinners and then distribution of that will be made according to some set priorities. So, I would like to know what exactly is the nature of this contribution, if it is not voluntary, as he later on explained. Why I ask this is because we have, for some time now, been told that rayon yarn also was left for some voluntary agreement being made between the spinners, which are big mills, and the weavers, who are scattered all over the country doing their work in small units. And that means, leaving the wolf and the sheep to come to a voluntary agreement and it has resulted in a lot of exploitation a lot of profiteering on the part of the spinners, for which the weavers have had to pay through their nose and have suffered a great deal. The Tariff Commission's recommendations about the price of rayon yarn also have not been published despite repeated pressures, despite repeated pleadings in this House and the other. So, I would like to know the nature of this scheme which you have in view.

Secondly, broadly the scheme seems to be all right on paper, but does the hon. Minister agree or not that the snag has most often been in the implementation of a scheme and in the implementation usually the stocks travel into wrong channels? I think that is the answer to the differences that arose, because Mr. Mohta was saying that it has gone into consumption and Dr. Chattopadhyaya was insisting that it had not gone into consumption. I think the yarn must have gone into some channels but those channels must have exploited the supply of that yarn for charging exorbitant prices.

PROF. DEBIPRASAD CHATTOPADHYAYA : That is precisely what I said.

DR. BHAI MAHAVIR : And that has resulted in high prices of cloth also. So, I would like to know how you are going to assure that this is not going to happen.

[Dr. Bhai Mahavir]

No. 2: I would like to know if you agree or not that the basic thing of our handloom and powerloom industry is that it is one of the biggest employment-givers of the country and shortage of yarn has been a chronic problem and if we have not been able to solve this problem over the last 25 years despite all the emphasis on khadi and the special rebates which the Government sanctions for the Khadi Board, that becomes more ornamental whereas the real problem remains where it was. So, would you agree to consider this suggestion, that production of certain items of consumer goods should be reserved for the handlooms and powerlooms only and large-scale mills should be debarred from producing those consumer items like for example, sarees.?

Lastly, the hon. Minister has been referring to "invisible exports". He is a very learned gentleman, and when he was decrying that saying that it has to be stopped, probably he meant smuggling of yarn to other countries. But, what students of economics know by "invisible exports" is something else. So, I would like to know whether "invisible export" is not an undesirable thing, that it only means the earnings we have through insurance, shipping and other things. I would like to know from him that what he meant by "invisible exports" is smuggling and not what it usually means.

PROF. DEBIPRASAD CHATTOPADHYAYA : I thank you Dr. Bhai Mahavir. The term "invisible exports" that I used was used by some hon. Member and in that context I took it over from him. (*Interruptions.*) Let us come from semantic to substantive issues.

He wonders whether it is a voluntary or compulsory scheme. It is voluntary in form and compulsory in content, if I may say so, because it is just not a repetition of what has happened before and that is why I said that we are going to learn from the pitfalls and short falls of the previous experiments. Dr. Bhai Mahavir is attaching too much importance to the point (a) in page 4, to the neglect of the point (c), page 5, in which I have stated that the Textile Commissioner will be vested with effective powers to compel the yarn producing mills and the composite mills to preserve

quality, handover specific quantities to the State Governments or their agencies within a very short stipulated period. So, I think if Dr. Bhai Mahavir goes into the different parameters and not the one he has referred to or has in view, he will find what I have said. that it is voluntary in form and compulsory in content.

DR. BHAI MAHAVIR : My charge is that the Textile Commissioner's office is a den of corruption and I do not know how you put so much faith in its efficiency and honest working.

PROF. DEBIPRASAD CHATTOPADHYAYA : I repudiate the suggestion that it is a den of corruption.

DR. BHAI MAHAVIR : I asked one pointed question and that was whether he would consider the reservation of some consumer items for the handloom and powerloom industries.

PROF. DEBIPRASAD CHATTOPADHYAYA : Sir, it is already specified and reserved.

SHRI KRISHAN KANT : I just want to make 4 points. Firstly, about voluntary distribution he has said that some compulsion is also there. It would like to know if 100 per cent production of the mills will be taken over or not. If they do not hand-over, can they be penalised under the voluntary scheme? Does the law provide for that? Secondly, from whatever Mr. Jaipuria and Mr. Babubhai Chinai have said, I would like to know as to how the price of yarn had gone down last year while the price of yarn had increased. Will the Government take some steps to see that they are not able to higgles with the Statutory Price Control and the price fixed by the Government? Thirdly, I want to know how long this power-cut would continue? If the power shortage remains there, will the Government consider the question of importing yarn so that the production in the handloom and powerloom sector could continue and unemployment does not take place? Lastly, Sir the hon. Minister has really covered the gamut of the whole issue. May I know by what time he will be able to come to a firm decision because what I can understand is that it is a tentative thinking and not a firm decision? By what time will he be

able to announce the final decisions about the various points he has made in his statement and by what time will the real take-over of the cotton yarn being produced take place?

PROF. DEBIPRASAD CHATTOPADHYAYA: Sir, I think I had covered either patently or by implications most of the points raised rather belatedly by my friend, Shri Krishan Kant, when I said that it was voluntary in form but compulsory in content. Certainly I had something in mind about the possible defaulters and how to deal with them.

SHRI KRISHAN KANT: Legally will you be able to prosecute them? You tell that.

PROF. DEBIPRASAD CHATTOPADHYAYA: If I can tell that then I could announce a firm decision right on the floor of the House today but I can say very categorically that if some mills are found to default....

DR. K. MATHEW KURIAN : When can we expect that?

PROF. DEBIPRASAD CHATTOPADHYAYA: That is the fourth point of Mr. Krishan Kant. I am coming to that.

When we find that something wrong is being done, the party will be brought to book. And bringing to book certainly has legal implications. So we are not oblivious of that.

Thirdly about price we will certainly see to it that the price is regulated and stabilised but as you know in the context of the overall functioning of our economy price regulation and stabilisation of a particular commodity is not that easy as it is envisaged or desired. Even within that constraint we shall take, as I have already said, every possible measure to regulate the price and bring it to a rational level and to control it.

The next point is about import of yarn. That has not arisen as yet and we are not thinking in those terms.

Lastly, I have already said I and repeat that a firm decision on the matter will be taken in the very near future and I emphasise the word 'very'.

SHRI SANDA NARAYANAPPA: The hon. Minister who is young and dynamic has convened a meeting of the Chief Ministers of the States and others to acquaint himself and understand the problems of scarcity of yarn and the price rise in the yarn market. I would say that normally the Government is under the conception that handlooms, powerlooms and the mills are all one and they mix them up together when they deal with such problems. May I therefore request the Government to make a distinction definitely between these three things? The handloom is the poor man's sector; the powerlooms are owned by big rich men and industrialists while the textile industry is with the big magnates. I am now pleading on behalf of the poor handloom weavers of the south. There are about 25 lakhs of handlooms and nearly 2½ crores of people are dependant on that. On account of the steep rise in the price of yarn right from the lower counts up to 120s the weavers have been thrown out of employment. The poor weavers could not get sufficient finance from banks and whatever goods they produce they are not saleable in the market. So what is the protection the Government is going to give to this handloom sector?

Another thing I may point out. Recently the Government of India has appointed a committee called the Task Force. The Govt. has appointed definitely one Committee for handlooms and separately another Committee for power looms. They are mixing up the two the poor man and the rich man. I am very sorry to point this out. Government should bestow separate attention to the handloom weavers who are suffering in the country.

Now they import cotton from outside. We are importing one lakhs bales of cotton from abroad and collecting Rs. 400/- to Rs. 500/- premium on each bale. From that amount the yarn that is consumed by the handlooms can be subsidised and we can see that the price of yarn is reduced down to the level of 1972 so that the weavers can carry on their profession in more prosperous conditions.

PROF. DEBIPRASAD CHATTOPADHYAYA: Sir, I can assure the hon. member Shri Narayanappa that we have not mixed up the sectors, the handloom

[Prof. Debi prasad Chattopadhyaya]
sector and the power loom sector. We are aware that the power loom sector is powerful enough to look after its own interests. We are mainly concerned with the plight of the poor handloom weavers.

It would not be correct to suggest that we are oblivious of their interests. It is primarily with their interests in view that we are proposing this measure.

SHRI B.V. RAJU: I am afraid that the impact of the power-cut has not been felt and it has yet to come. The power-cut is not really the cause of the price rise. I would say that the trade and industry have successfully misled the Government and also informed public opinion to find a scapegoat in the power-cut. In the Minister's statement it has been said that 100 million kgs. are the extra production in 1972. Export also is less. It is only 22 million kgs. compared to 29 million kgs. in 1969. There was less export and the impact of the power-cut is not yet felt. It is yet to come, but prices have shot up. Therefore, will the minister be pleased to take a long-range view of the whole thing and not proceed on an *ad hoc* basis? Anticipating difficult times in future, will he consider the following measure? He has agreed that the voluntary schemes have failed. The cotton yarn pool scheme and the voluntary yarn distribution scheme have failed. Will he be prepared to bring in statutory control? There is no escape from it. It is easy to implement it because it is the organised industry which is producing the yarn. It will not be as difficult as in the case of food-grains. The second point is whether he will go in for asking an immediate declaration of stocks, whoever holds them. Then, introduce price control. As hon. Members have already said it is a question of 30 lakh handlooms versus 3 lakhs powerlooms. The powerlooms are not held by the handlooms weavers. These are held by financiers and they are evading excise duty also. Two lakhs powerlooms in the organised industry are paying Rs. 75 crores of excise duty, but here the powerlooms are escaping paying duty. My last suggestion. Will the hon. Minister think in terms of rationing the yarns? Difficult times are yet to come. It should be rationing of yarn based on the principle of handlooms and not powerlooms. Handlooms should get the major share

because our immediate problem is arresting unemployment and containing the price rise. Since the handlooms have got the major employment potential, will he take only handloom as the basis for the distribution of yarn? One small point. Since there is drought in many States, where there are handloom weavers there is no purchasing power. Any increase in the price of yarn is going to affect actually even the consumption by the handloom people. Mr. Mohta said that there would be an increase in consumption, but, in fact, the consumption is going to fall because of lack of purchasing power with the poor people. Therefore, price control is essential

PROF. DEBIPRASAD CHATTOPADHYAYA: I am under the impression that I have answered most of these questions before. Again, I would submit that the power-cut is a national problem and it is being dealt with at the highest level. On behalf of this particular Ministry I cannot make any policy decision, more than what I have said already. Secondly, about the statutory control that we are going to impose, it is going to be very effective. In what form, in what modalities and in what mechanism it will be done, we cannot say just at the moment, but it will be effective. incidentally, it may be mentioned that it within the purview of the Essential Commodities Act and it would help us in regulating it more effectively. The only point which, to my mind, has been out by the hon. Member and which is new is the desirability of imposing excise duty on powerlooms. It is a very important suggestion and we will certainly take it into consideration.

श्री यशपाल कपूर (उत्तर प्रदेश) :
उपाध्यक्ष महोदय, धागे की कीमत की बारे में बहुत कुछ कहा गया लेकिन, जैसा कि सदन को मालूम है, पिछले दो वर्षों से ये गरीब जुलाहे तड़प रहे हैं, रो रहे हैं, उनकी क्या हालत हो गई है। आपको याद होगा पिछले वर्ष हजारों ये लोग दिल्ली आए थे और यहां आकर उन्होंने अपना रोना रोया था। उस वक्त कुछ फैसले हुए थे लेकिन उन फैसलों का

क्या नतीजा निकला? खास तौर पर उत्तर प्रदेश में और उसमें भी उसके पूर्वी क्षेत्र में जो बहुत पिछड़ा हुआ है आज बुनकरों की हालत यह है कि उनको ऐसे शिकंजे से कसा जा रहा है कि अब उनकी हड्डियां टूटने वाली हैं। एक तरफ तो जो सूत बनाते हैं—आज सूत बनाने वालों की ओर से ज्यादा लोग बोले—वे खून चूसने में लगे हैं, दूसरी तरफ जब ये सारे दिन काम करके अपना बनाया हुआ कपड़ा बेचने जाते हैं तो सारे दिन की मजदूरी उसको 12 आने में बेचनी पड़ती है, उसके लिए कोई खरीदने वाला नहीं है।

डा० भाई महावीर : गरीबी हट रही है।

श्री यशपाल कपूर : हमें ज्यादा फिक्र है आपसे। तीसरी तरफ बैंकों के राष्ट्रीयकरण के बावजूद आज इस गरीब बुनकर को अपना सूत खरीदने के लिए, जो माल वह बनाए उसे अपने पास रखने के लिए किसी किस्म की क्रेडिट फेसिलिटी बैंकों से नहीं मिलती। जो बातें अभी कही गई हैं उनको दोहराऊंगा नहीं, लेकिन पुराने अनुभव से यह साफ जाहिर है कि आज जो सूत बनाने वालों ने अपने मन का परिवर्तन प्रदर्शित किया है क्या हम उसको मान कर आगे चल सकते हैं, यह मंत्री महोदय बताएं, यह सोचने की बात है। कई वादे हुए, पूल बनाया गया, पूल प्राइस, फ्री प्राइस की बातें हुई, कई बार मीटिंगें हुई जिनमें सूत बनाने वाली इंडस्ट्री के लोग भी थे। जो सूचना दी जाती है और जो कोयम्बतूर वाले रेट बताए जाते हैं वह 10 पौंड के हिसाब से रहते हैं और बम्बई मार्केट के जो रेट बताए जाते हैं वे 5 किलोग्राम के रेट रहते हैं। इस प्रकार किस तरह आप पता लगा सकते हैं कि बम्बई और कोयम्बतूर के धागों में कितना अन्तर है और इसलिए मैं मंत्री महोदय से आपके द्वारा यह प्रार्थना करना चाहता हूं कि आज उत्तर प्रदेश में, जहां देश के सबसे ज्यादा बुनकर बसते हैं, बुनकरों की जो

दयनीय हालत है उसकी ओर ध्यान दें। पहले जो मंत्री महोदय थे उन्होंने भी कुछ कदम उठाए, मुख्य मंत्री जी को यहां बुलाया, कुछ निर्णय हुए, लेकिन वह निर्णय होने के बाद, टेक्सटाइल कमिशनर को हिदायतें देने के बाद, जो भी पावर आप कहते हैं वह देने के बाद और मिलमिलाकों से समझौता होने के बाद बुनकरों का क्या हथ है। ऐसी हालत में वे लोग पहुंच गए हैं कि मालूम नहीं वे क्या कर बैठेंगे।

DR. K. MATHEW KURIAN : What happend to Your 'Garibi Hatao' Programme ?

डा० भाई महावीर : हट गई, हट गई।

PROF. DEBIPRASAD CHATTOPADHYAYA : I am aware that the problem of the handloom weavers in UP did not dissimilar to that of their brethren in other States but in terms of magnitude the problem is most serious in UP because the large number of handloom weavers are there, and so, we will do whatever we can and this whole scheme that we are processing is, having in view the plight and suffering of these people.

Sir, in this context I might like to submit that the State Government has an important role to play as I pointed out before so that they lift the allotted quota in time and see that this reaches the weavers in time. In this respect the hon'able Members from U.P. may do something by taking up the matter with their Government. They have to become more effective and alert in the matter.

The third point is a very good point, namely, the credit facility to be extended to the handloom weavers. If they are in an organised and co-operative sector is easy. But since they are not organised there is some difficulty. So it should be our endeavour and effort to see that more and more of them are brought in the Co-operative sector so that they become eligible for credit facilities from the nationalised banks.

MESSAGE FROM THE LOK SABHA

THE MINES (AMENDMENT) BILL) 1972

SECRETARY : Sir, I have to report to the House the following message received from