

(b) whether there is any scheme for the setting up of an Indo-Polish Economic Commission if so, its proposed structure and functions and

(c) by what time the Commission is likely to be set up and the benefits India is likely to derive therefrom ?

THE DEPUTY MINISTER IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI SURENDRA PAI SINGH) (a) A "Trade Protocol" for the year 1972 was signed in New Delhi on the 16th December 1971. The Protocol envisages a trade turnover of Rs 92 crores for 1972 between the two countries. Major items of import are urea, sulphur, ships equipment, rolled steel products, dye intermediates, pharmaceuticals, chemicals, refractories, tractors and spares and capital goods and equipment. Main export items are iron ore, de-oiled cakes, processed mica, jute manufactures, cotton textiles and yarn, black pepper, tea, hides and skins, animal feed compounds, consumer durables and railway wagons.

(b) During the visit to Delhi last January of the Polish Deputy Premier Jan Mitrega letters were exchanged between him and the leader of the Indian delegation establishing an Indo-Polish Commission for Economic, Trade, Scientific and Technical Cooperation.

The Commission will consist of ministerial level representative of the two Governments. It may set up such committees at the official level as may be considered appropriate for a detailed discussion of items under consideration.

The main functions of the Commission will be to enlarge areas of co-operation in the fields of its competence. This will be done through joint studies of development programmes and elaboration of measures for collaboration in trade, industry, science and technology as well as through periodical reviews of on-going programmes of co-operation.

(c) The first meeting of the Commission is likely to be held early in 1973.

It is expected that through the functioning of this Commission the bilateral relations between India and Poland will be further strengthened, thus promoting our trade with Poland and benefiting our industries and scientific institutions in the sectors where Poland has achieved considerable competence.

12 Noon

### MESSAGE FROM THE PRESIDENT

MR CHAIRMAN I have to inform Members that the following message dated March 21, 1972, has been received from the President —

"I have received with great satisfaction the expression of thanks by the Members of the Rajya Sabha for the Address which I delivered to both Houses of Parliament assembled together on the 13th March, 1972."

SHRI BHUPESH GUPTA (West Bengal) Sir, there is no reference to my amendments. I am sure, if you had sent my amendments, he would have thanked me also—I am absolutely certain. This is very unfair. My amendments could have been sent and Mr Giri would have thanked me undoubtedly.

MR CHAIRMAN It is very unfair that you should be talking now.

### CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE

CRASH IN COTTON PRICES IN VARIOUS MARKETS IN THE COUNTRY

SHRI BABUBHAI M CHINAI (Maharashtra) Sir, I call the attention of the Minister of Foreign Trade to the steep crash in cotton prices in various markets in the country due to lack of credit, and the steps taken by the Government and the Cotton Corporation of India to remedy the situation.

THE DEPUTY MINISTER IN THE MINISTRY OF FOREIGN TRADE (SHRI A C GEORGE) Mr Chairman, Sir, Cotton production during the current year has been very encouraging. Due to the favourable weather conditions that obtained this year, the country has moved from the situation of shortage towards a very good crop. Against the estimated production of only 53 lakh bales of the last year, the present estimates of the current year are around 60 lakh bales.

Last year i.e. 1970-71 was an abnormal year for cotton, both in respect of production as well as price behaviour. The acute shortage of domestic cotton led to rise in prices

unprecedented levels. This affected the production in the textile industry, both for exports as well as internal purposes. Annual production of cloth and yarn was the lowest in 20 years.

Since the current year's crop is higher than last year's production by about 7 lakh bales, the prices have been moving downwards from October, 1971 except for a short period in December. There has been a sharp decline during the last one month. This is mainly due to increased arrivals of cotton from Gujarat, Mysore and Punjab. However, the present prices compare well with prices ruling in 1969-70 which was a normal year.

Some adjustments in the credit curbs were made before the bulk arrival of the new crop. However, these adjustments have proved to be inadequate in the face of heavy arrivals in the market. Consequently, the volume of purchases could not be increased to levels which can produce stabilizing effect.

The Government is watching the situation closely. Some steps calculated to stabilize level of prices of cotton have already been taken. These include :

(i) The programme for import of foreign cotton has been reviewed and the quantum of targetted imports has been curtailed by about 2.5 lakh bales.

(ii) The stock limits earlier imposed on mills have been uniformly increased by 1 month in respect of all the mills in the country. This facility will afford additional purchase possibility of nearly 5 lakh bales. I am sure, the House will agree that this measure will go a long way in stabilizing the prices.

(iii) The Cotton Corporation of India has moved in the market in various States, opened a large number of purchase centres. The Corporation has purchased till to date more than 46,000 bales and is continuing its purchases in large volume. Necessary administrative arrangements for organising larger purchase operations in an expeditious manner are being made by the Corporation.

In order that the cotton grower is assured of remunerative prices to act as an incentive to grow more cotton next year, the Government has further under consideration several measures, some of which are :

(a) Securing suitable relaxations in credit restrictions ; and

(b) Extending period of delivery in respect on non-transferable specific delivery contracts.

I assure the House that it would be our endeavour to safeguard the interest of growers.

SHRI BABUBHAI M. CHINAI I am sorry indeed that the hon. Minister has not been able to satisfy us on the points which I have been raising and in any case from the farmer's point of view. Let me first point out to the House through you that the crash in price is to the tune of about Rs. 1200 to Rs. 1300 compared to last year. I do not want to take into consideration last year because as he very rightly said the crop last year was less and, therefore, the price had gone up. Even taking the normal year, namely, year before last, I want to point out four or five varieties from which you will be convinced that there is a crash in prices. The price of Digvijay-A was Rs. 2,320 per candy in March, 1970 and in March this year it is Rs. 2,250. The price of L-147 was 1,990 in March 1970 and today it is more or less the same price. The price of 197/3 Khandesh was Rs. 1,990 in March 1970 and today its price is Rs. 1,550. The price of Kalyan was Rs. 1,840 in March 1970 and today its price is Rs. 1,500. The price of Punjab American 320 F in March 1970 was Rs. 1,940 and today its price is Rs. 1,570. The price of Waged variety in March 1970 was Rs. 1,675, whereas its price today is Rs. 1,200. I am not talking about the abnormal year of last year, but I am talking about the year before last. Compared to 1970 prices there is a crash in respect of four or five varieties of nearly Rs. 300 or Rs. 400. The same position obtains in respect of all varieties. In respect of Punjab cotton which comes to the market first in the season there is a crash of thirty per cent. It is laying idle without anyone lifting it. That is why the prices have crashed. In Gujarat, which is the last to come into the market, the production this year is estimated at 22 to 23 lakh bales. Out of it only 6 lakh bales have come into the market. The crash is about Rs. 300 compared to the price prevailing in the year before last and Rs. 1200 if we compare it with last year. If the balance 16 lakh bales are going to come into the market, you can imagine what is the fate of the farmer and what a crash there will be in cotton prices. Therefore, my humble submission is that there should be stabilisation of prices and in stabilising the prices the interests of the economy, the grower,

[Shri Babubhai M. Chinai]

the trader and the industrialist should be taken care of. Otherwise, what will happen is that next year the farmer will not grow any cotton and there will be again shortage of cotton in the country. It would mean that you may have to import cotton and again you spend foreign exchange and wastage of foreign exchange will be there. In order to achieve our Plan target, which is to achieve self-sufficiency, the Government must come to the rescue of the farmer and stabilise prices by certain measures which I am going to suggest just now. First is the liberalisation of credit restrictions. The hon. Minister has said that he is using his good offices with the Government to liberalise credit restrictions. My information is that till today, even though the hon. Minister has replied in the Lok Sabha that he is trying, nothing has been done so far as credit liberalisation is concerned. The industry gets credit ranging from 25 to 65 per cent and the traders get credit ranging from 35 to 75 per cent. For a hundred rupees you get only Rs. 25 from the bank. The rest Rs. 75 you have to find from your own sources. Thus credit facility is linked to the stabilisation of prices. Then, the second point is about the interest rate. The industry gets it at 13 per cent and the trade has to pay 18 per cent interest. Something must be done about this. Perhaps it may be argued why I am saying that it is 18 per cent. (*Time bell rings*). Along with me, Mr. Kulkarni has also tabled the Calling Attention and he has briefed me. This is a subject on which his time may also be given to me and if you will permit me I shall put the whole question in the correct perspective. It is a serious matter. Please do not rush me through. The interest rate is 18 per cent, though it is officially 15 per cent. Traders have to pay 3 per cent more from their own pocket, which may seem unusual, but it is the usual practice. Then, I come to the role of the Cotton Corporation. I must say that the Cotton Corporation has miserably failed. From 7th December they started purchasing cotton. And you will be surprised to know that even though it is four months now, they have purchased only 44,000 to 45,000 bales. You can just imagine—when they should have purchased four or five lakhs of bales, they have purchased only 44,000 or 45,000 bales. If they have not got the knowledge—and expert knowledge is required in buying—they should take help as in the case of jute where the SFC took the help of the local trade channel and purchased it and stored it; they must take the help of the trading houses, ask

them to buy at reasonable prices and store for them.

Another point is in connection with the proper forecast system. What we find here in this House is, the Agriculture Minister gives one forecast and the Foreign Trade Minister gives another forecast. And the trade gives some other forecast. And I must say in this respect that the trade and the Foreign Ministry are more or less correct and the Agriculture Ministry is always wrong. Sir, last year also the Agriculture Ministry said, 46 lakh bales, and we got something like 54 lakh bales. This year, the trade says that it will be only 60 lakhs to 64 lakhs of bales. The Foreign Trade Minister just now said "around 60 lakhs" and these two are nearer than the Agriculture Ministry's forecast. My appeal to you is that the Agriculture Ministry should assess the production correctly.

The third point is about the Report of the Agricultural Prices Commission. This Report is in the hands of the Government for a long time, and even today, we do not know what it contains. But it is not a secret document. Even if the Government has not taken a decision on it, it must lay it on the Table of the House for the benefit of the Members so that they can also suggest how the recommendations should be implemented, what should be implemented in the interests of the farmer.

Another point is about the fixation of the floor prices. Last year there was no question of any fixation of prices because the prices were abnormal. The year before last they had fixed the floor prices. Till today, even though it is 2½ years, Government has not announced any floor prices, with the result that the farmers are suffering. While the floor prices are being fixed, the Government must take into account the price increase in the pesticides, fertilisers, tax, etc. so that the farmers do not suffer.

Then, the hon. Minister has stated that import has been cut down by 2½ lakh bales. I would request him to have a look into it and import only those varieties which are not manufactured here and which are used in the mills so that the crop does not suffer.

Sir, he said that the stock limit of one month has been increased. Normally it was 1½ months, now it is an increase of one month with the mills, that is 2½ months. Those mills which can have more cotton and store it, please allow them to store more so that the farmers will be saved. Not only that. Even if the mills cannot

do it, credit must be available to the traders, and they must be allowed to store also.

Sir, about the buffer-stock about which we have been saying so much, I must also point out to the Government that buffer-stocks should be there to implement our plan to see that the farmers get a better price every year. We also have seasons where there is no good crop. At that time, both the farmer and the industry must not suffer and ultimately, the consumer also must not suffer. We represent the consumer also and we must look to his interest also. Under these circumstances, I would appeal to the Minister to look into all these and take an immediate decision so that the industry, the trader and the consumer do not suffer. The situation is very serious. Let me warn the hon. Minister through you, Sir, that the situation will lead to a very grave crisis in the cotton market.

SHRI A. C. GEORGE : Sir, at the very outset, I would like to thank the hon. Member for bringing in very good suggestions. He is a Member who is most knowledgeable in this field. I really thank him for his wisdom. I would like to make a point on which I agree with him cent per cent. That is, if the farmers are not given a remunerative price, the present self-sufficiency, which was attained by the efforts of the farmers alone, may not be sustained during the years to come. So, it is our earnest desire to see that the farmers are given the maximum incentive and impetus to continue with their growing of cotton in the most up-to-date and scientific manner. I would like to take this opportunity to thank the farmers who have helped us to tide over the difficult situation and enabled us to reach the stage of self-sufficiency. But there are certain points which the hon. Member has made with which I may not be in a position to agree. He said that in Punjab and Gujarat, a lot of stock has accumulated. There is a certain amount of stock accumulation but not to the extent he has made out. The figures are that in Punjab, we have an estimated production of 14.9 lakh bales and till date, slightly above 12 lakh bales have arrived in the market. In Gujarat—where his figure is absolutely, I may say, at divergence—we were expecting a production of 22.75 lakh bales and the arrival till date is 15 lakh bales. The hon. Member was saying that it is only 6 lakh bales. I do not know how he got it.

SHRI BABUBHAI M. CHINAI : What I said was, 7 lakh bales had already arrived and

the rest are on their way. I said, 16 lakh bales would come in a few days, for the production is 22 to 23 lakh bales.

[MR. DEPUTY CHAIRMAN in the Chair]

SHRI A. C. GEORGE : Then, Sir, he was suggesting that there is a terrible crash in the prices. As I said in the very beginning, the present figure is much lower than what was prevailing last year, but last year was a deficit year when we had a crop of only 53 lakh bales. This year, even according to the hon. Member, it should be very easy for us to cross the mark of 60 lakh bales.

SHRI BABUBHAI M. CHINAI : Mr. Deputy Chairman, the hon. Minister is misleading. I myself said that we must not take into consideration last year's figures but that we must take the figures of the year before last.

SHRI A. C. GEORGE : That is exactly the point I was coming to. The hon. Member will agree that the year which is worth comparable is 1969-70. In 1969-70, the Digvijay price was Rs. 2.065. On March 20, 1972, it is Rs. 2.075, i. e. Rs. 10 higher than the price of 1969-70. L-147 in 1969-70 was Rs. 1,900 Now it is Rs. 1,850, slightly lower by Rs. 50. Then, Kalyan was Rs. 1,890 in 1969-70. That is also still comparable. Khandesh was Rs. 1,734 in 1969-70. Now on March 15 it was Rs. 1,750, i. e. higher by Rs. 16. Bengal Deshi in 1969-70 was Rs. 1,221. Now it is Rs. 1, 43. I am not trying to suggest that everything is all right in the cotton market. I am only trying to point out that the prices now compare well with those of 1969-1970. All the same we will be only too glad to come to the rescue of the farmers so that they are encouraged to continue with their higher target of production.

Then, he was making a few points which I would like to answer by taking a few minutes. One was that the Agricultural Prices Commission had suggested certain floor prices. I will limit myself to saying that the minimum support prices recommended by the Agricultural Prices Commission are much lower than the present market prices. Beyond that point I do not think it is advisable in public interest to go into details.

SHRI BABUBHAI M. CHINAI : When are you going to place their report on the Table of the House for our information ?

The honourable Minister has quoted from the report and we are entitled to have a copy

[Shri Babubhai M. Chinai]

of this report be laid on the Table of the House. He said that the Commission has suggested a ceiling lower than what is being proposed.

MR. DEPUTY CHAIRMAN: He might have only referred to it. He has not actually quoted from the report.

SHRI A. C. GEORGE: It is still under the consideration of the Government and at the appropriate time it will be laid on the Table of the House. Now I may like to point out that two days back a decision was made and announced that the present stock limit is being relaxed uniformly by one month, that is, every textile mill in different area is allowed a relaxation to the tune of one month. For mills in Bombay and Ahmedabad formerly it was one month; now it is two months. For mills in Orissa, West Bengal and Bihar previously it was  $3\frac{1}{2}$  months; now it is 5 months. For mills outside the area referred to above it is 3 months. For six mills controlled by NTC it is 3 months. For cooperative spinning mills it is  $3\frac{1}{2}$  months. Over and above this in the case of exporting mills, for mills exporting 10 per cent or more of their total production it is  $2\frac{1}{2}$  months; for mills exporting 20 per cent or more of their total production it is  $4\frac{1}{2}$  months; for mills exporting 25 per cent or more of their total production it is  $5\frac{1}{2}$  months. This relaxation of stock limit to the tune of one lakh will work out to nearly 5 lakh bales. Naturally, after this announcement, as is very well evidenced by today's reports, there is a definite sign of improvement and a buoyance in the market. May I quote from today's Times of India? "There is an increase in prices to the tune of 40 to 50 points after this announcement of one month relaxation." I do agree with the honourable Member that this relaxation alone is not enough. But we are in touch with the Reserve Bank to synchronise this relaxation with necessary credit facilities. The Ministry of Agriculture has already taken up this matter and this evening the Textile Commissioner will be having a discussion with the Reserve Bank authorities. I hope the stock relaxation will be followed up with credit relaxation also. And then the honourable Member was suggesting about the role of the CCI. The Cotton Corporation of India is not the monopoly purchasing agent. There is a fallacy here in the suggestion, I am afraid, that the Cotton Corporation has purchased only 46,000 bales. It is true that the Cotton Corporation has purchased only 46,000 bales. The

Cotton Corporation entered the market only on December 6, 1971. Till then the indigenous purchase mechanism was there. We entered the market not to monopolise the indigenous market, but only to boost up and stabilise the market. Within three days in Gujarat alone we will be purchasing an additional 20,000 bales of cotton. These are steps not to completely take over all the cotton available, but only to act as an incentive, as a stabiliser, as a boosting mechanism, and in this itself we have invested more than Rs. 5 crores. I think with all these steps taken within a few days the cotton price will pick up and the farmers will be benefited.

SHRI BABUBHAI M. CHINAI: Sir, on a point of clarification...

MR. DEPUTY CHAIRMAN: No, we have taken 25 minutes for one question and answer.

SHRI BABUBHAI M. CHINAI: All right then.

DR. K. MATHEW KURIAN (Kerala): I would like to know from the honourable Minister whether the Government has evolved any adequate policy for understanding the future crisis in prices and also to take appropriate action in time. What we are witnessing today is the curious phenomenon that after all the agony has already happened, the Government comes with palliatives. The people have already suffered, cotton cultivators have undergone untold sufferings. A lot of suffering has already taken place. And the Government now comes with palliatives. What has the Cotton Corporation done? It has purchased 46,000 bales. I could have understood Government's intention of supporting prices if the Cotton Corporation had gone in to purchase 5 to 10 lakh bales. The Cotton Corporation should get into the market as a sizeable purchaser. It is very obvious that they are only trying to fool the people by marginal purchases. The Minister in his statement said today that according to 'The Times of India' or 'Indian Express' the prices have gone down by a certain marginal amount. That I think does not convince anyone. If the Government wants to keep quiet, prices would have come down, after all, by natural methods. I would like to know from the honourable Minister whether the Government is at least now thinking of bringing a machinery which can enter the market and make sizeable purchases to act

as what he calls a stabilizer and a boosting mechanism. So far the Cotton Corporation has not done that, on the contrary I would make an allegation that the officials of the Cotton Corporation have entered into a conspiracy with the Cotton textile magnates and speculators in the trade to completely sabotage whatever useful schemes have been brought up. The Cotton Corporation has nothing to do with objectives professed by the government. Will the Minister kindly look into this? Lastly I would like to know from the hon. Minister whether in this connection, the government will bring about a comprehensive scheme. For stabilising not only the prices of cotton, but the entire cash crops such as rubber, coconut, etc.? In Kerala rubber and coconut prices have crashed though the government have the so-called machinery for purchase of rubber...

MR. DEPUTY CHAIRMAN: This is only cotton here.

DR. K. MATHEW KURIAN: This is just an example. This is very relevant, Sir. Since the machinery, which the government has already set up, is unsuccessful in its operations and has failed to implement the purchase policy, will they now come forward with a mechanism which can foresee the future development and make effective purchases rather than tinkering with the problem?

SHRI A. C. GEORGE: I am extremely unhappy that the hon. Member has made such an allegation. I take this opportunity to refute that allegation with all the force at my command. There is absolutely no point in the allegation that the Cotton Corporation of India which is a public sector undertaking is entering into collusion with private traders. Within a minute I think I may be able to remove all such fears of the hon. Member. After 31st of May 1971 we have cut down imports by 2.5 lakh bales. The American cotton is not at all being imported and after 31st May we have not entered into any contract with them. This was as early as say, so many months ago, in order to see that the farmers are benefited to the maximum. The hon. Member may kindly think over the matter. Last year we had deficit. This year we have a bumper crop. Last year we had 53 lakhs of bales of indigenous production. This year it is 60 lakhs. Within a period of one year deficit has been changed into surplus. The hon.

Member who is a learned economist will understand that it is not easy for the government to switch over to the other gear. It may take some time. Our estimate earlier was 55 lakhs of bales. As the House is aware production is largely dependent on weather and climatic conditions. This year we had a very good climatic condition. In the beginning, as I have already said, our estimate was 55 lakh bales. Subsequently, due to very favourable condition, we revised it to 60 lakh bales. As early as November—December, when there was sign of cotton falling, the Cotton Corporation entered the market. The hon. Member was saying that the Cotton Corporation must buy up everything. I was explaining to the House that for purchasing 46,000 bales, we had to invest more than Rs. 5 crores. If they were to buy 5 lakh bales, the House can calculate what will be the financial commitment. We can certainly think about the financial commitment. But that needs an important policy decision. We are examining this question in all its aspects and I can assure the House that we will not be found wanting in the matter of encouraging farmers.

SHRI S. G. SARDESAI (Maharashtra): In the last session, I had occasion to give a Call Attention Notice on this very question. Despite the explanations that have been offered and what is being done and despite the claims or professions of good intentions, the fact remains that the woes of the cotton farmer continue as before. That is why Dr. Kurian made an allegation. But, I would put it the other way round that even if the intentions of the Cotton Corporation are not bad, even if the intentions are good, it could not have done worse. So, your intentions do not help anybody. So, Sir, I do not want to go into the question of intentions. The fundamental fact which was brought to your notice last year was the need to protect the actual grower. Now, the experience has been that whenever prices fall, the grower loses and whenever the prices rise, it is not he who gains, but it is the cotton speculators, the cotton traders and, later on, the mill owners who, in the meanwhile, get possession of the stocks and it is they who profiteer by the rise in prices. This is the crux of the question. Now, with all these, the Minister tells us that more credit is going to be offered to the traders, that there is a time-limit for which the stocks can be kept by the mill-owners and the time has been extended now. How does that help the grower?

[Shri S. G. Sardesai]

Sir, so far as the growers are concerned, once again the cotton will be sold at lower prices and within two, three or four months, we will be confronted with the problem of high prices. I predict it today. Prices have fallen today and they are going to rise when the stocks pass on into the hands of the traders and the mill owners. This is the problem and that is why some of us in the Opposition are insisting that the Cotton Corporation must go in for monopoly purchase. You say, it is a policy decision. Then, take that policy decision that it must go in for monopoly purchase of cotton at prices which are remunerative to the peasants. Short of that there is going to be no solution. Having taken that policy decision, if you take six months or a year for its implementation we can understand that, you just do not want to take a decision. What is your policy? Your policy is to declare the floor prices which are even below the cost of production and then say that the Cotton Corporation will come into the picture if the prices fall below the floor prices. That is your official position. That is wrong. It is that which is wrong. What you have got to do is to fix the prices, remunerative prices, on the basis of cost of production and then go in for monopoly purchases. I do not accuse you. But, I do want to say that last year or the year before, the Government came forward with a proposal that the Cotton Corporation was going in for monopoly purchase of cotton and the traders approached the Government and I think they organised a conference also in Delhi and they threatened 'satyagraha' or some such thing. It is only after that, I think, that the Government came down under the pressure of the traders. What I want the Government to state is that on the basis of cost of production of the grower the prices will be fixed—this is number one—and that it is the policy of the Government of India to go in, step by step, for monopoly purchase of cotton through the Cotton Corporation. Short of that there is no solution and that has to be made perfectly clear. Otherwise, you will go on giving out your intentions every year and we will go on raising this question again and again every year, but the farmer will suffer and the traders will profiteer every year and the consumer also will suffer. So, this is what you should do. But, you go on giving some explanation. I would request you to take this decision, this policy, that remunerative prices have to be fixed and the Government, through its mecha-

nism, has to purchase cotton right from the grower himself. Otherwise, all the rest is 'maya'.

SHRI A. C. GEORGE : Sir, the hon. Member has come to the very basic question and many of the explanations given by him are, by and large, correct. But, I may like to point out in this context, Sir, that the Cotton Corporation, which started its operations in September, 1970, had an order of priorities. There are two kinds of operations in the cotton trade : One is import and the other is the indigenous purchase.

We thought, and I hope the House will agree, that the first target is naturally the import. It is with that feeling that we thought that the public sector had to play an immediate and vital role. In the first year of its operation we thought it fit to retain the expertise to some extent for some time to come so that we may also learn. In the first year of operation the import of cotton by the Cotton Corporation was only 30 per cent and 70 per cent by the private traders. But this year, I am glad to inform the House and I think the hon. Members will also be happy to know, the tables have reversed. The Cotton Corporation is importing 70 per cent and the private traders are allowed to import 30 per cent only. And progressively, I want to inform the House, we want to eliminate the private traders from the import field. That was the first year of priority. Then, when this process was going on, the House is aware that we had a scarcity condition. The crop was only 53 lakh bales. At that time there was no immediate need of the Cotton Corporation in the indigenous market because the farmers were assured of a fair price even without that . . .

SHRI S. G. SARDESAI : No. That is the point . . .

SHRI A. C. GEORGE : Let me finish my reply . . .

SHRI S. G. SARDESAI : Shrimati Vimal Deshmukh also raised this point. She comes from Vidarbha.

SHRI A. C. GEORGE : The Cotton Corporation has come into existence only in the last one and a half year, and our first order of priority was to mop up profits in imports and distribute them to different sectors . . .

(Interruptions)

MR DEPUTY CHAIRMAN : Have some patience . . .

DR. K. MATHEW KURIAN : This is a wrong assumption, Why does he argue . . .

(Interruption)

SHRI A. C. GEORGE : I seek your protection. I may be allowed to proceed . . .

SHRI BHUPESH GUPTA : It was not import. Here is the question of protecting Indian farmers. Now he said that the hon. Members will agree that imports should be given priority. Well, import should be given priority. So the other should also be given priority. You cannot give protection to your farmers. Large sections of our toiling peasantry is affected by it very seriously. Yet, as a result of your internal policy of procurement, they are not protected. That is the question.

MR. DEPUTY CHAIRMAN : What about the protection to cotton growers ?

SHRI A. C. GEORGE : I may be allowed to finish my answer this time . . .

SHRI S. G. SARDESAI : Do. But answer to the point.

SHRI A. C. GEORGE : I have to explain the background. Naturally, at the time when the C. C. I. started function, import was the first priority. We are moving on to that. Here again, it is our intention to allow a fair purchase price and here we take the advice of an expert body which is the Agricultural Prices Commission. Their report is being finalised. As soon as their report is in our hands, we will be glad to announce the fair purchase price.

MR. DEPUTY CHAIRMAN : Mr. Mohita.

SHRI M. K. MOHTA (Rajasthan) : How much the Government is out of touch with the realities of the situation is seen from the fact that the ruling price of Bengal Deshi was stated by the Minister as Rs. 1243/- per candy, whereas the actual price was between Rs. 700/- and Rs. 900/-. If this is the kind of information that the Government has in its possession, no wonder that the decisions of the Government would also have no relationship with the realities.

Sir, my point is that the hon. Minister said that the stock limits have been increased

by one month, which would mean that 5 lakh bales of cotton would be purchased by the industry. It appears that the Government thinks that as soon as stock limits are raised everyone will rush in and purchase. But the maximum that the industry can purchase is 5 lakh bales. What is the reason for not doing away with controls altogether so that at least the average purchase could be finalised? Or is the Government wedded to controls for the sake of controls so that even in a situation of glut they continue control of the stocking of cotton by the industry?

On the question again of the Cotton Corporation of India, the hon. Minister has said that they have instructions to stabilise the Market, and in order to achieve this it seems they have purchased 46,000 bales of cotton. Is this the way to stabilise when a very large quantity of cotton is lying with the farmers and there is absolutely no buyer in the market? I would like to ask specifically whether the Government will give directions to the Cotton Corporation of India that whatever may be the quantity that is offered to them it will be purchased and lifted by them immediately so that this glut will be completely wiped out and the cotton will go into the hands of the Cotton Corporation of India. If that is not done, what assurance is there that sowings next year would not be less and the cotton crop next year would not be affected to such an extent that once again we will not go into the vicious circle of more imports and more expenditure of foreign exchange?

SHRI A. C. GEORGE : Sir, the hon. Member is suggesting that the Government is completely out of touch with the market situation. With your permission, Sir, here is the latest Telex message from Bombay. I think Bombay normally is the centre from which prices of every commodity are quoted properly. "Bengal Desi : 1,243. . . 1,243. . . 1,243."—for three days. I think the hon. Member himself is not exactly in touch with the prevailing situation. On behalf of the Government I can only give the latest messages.

SHRI M. K. MOHTA : May I submit Sir . . .

MR. DEPUTY CHAIRMAN : He is quoting the latest prices.

SHRI M. K. MOHTA : But may I submit, Mr. Deputy Chairman, that Bengal Desi is not grown in Bombay? It is grown somewhere in Punjab from where I come.

MR. DEPUTY CHAIRMAN : He is quoting the market prices.

SHRI M. K. MOHTA : But the market prices must have some relationship with the prices prevailing in the *mandis*. I come from Punjab where in the *mandi* the price for no variety is more than Rs. 900, and for the lowest variety it is Rs. 700. Let the Government go to the *mandis* where the stocks are lying.

SHRI S. G. SARDESAI : It is not for the farmer in Punjab.

SHRI A. C. GEORGE : I may humbly submit that the Bombay cotton markets do not quote the prices of cotton grown in Bombay city alone. It is from different places. I was only quoting the market prices.

SHRI S. G. SARDESAI : Bombay market price is not what the farmer gets.

MR. DEPUTY CHAIRMAN : They want to know whether...

SHRI A. C. GEORGE : There are certain market points according to which the figures are quoted, and they differ. It is a difficult situation. I am only suggesting that the Cotton Corporation of India being a commercial corporation has to go by its commercial judgment. There is a limit beyond which it cannot go at this point of time, and I will be only too glad to examine the suggestions made by the hon. Member that the Cotton Corporation of India must almost have the monopoly of cotton purchase.

SHRI M. K. MOHTA . Point of order. Sir, we have always been given to understand that the operations of the Cotton Corporation of India are not in the nature of a speculative transaction. What is the meaning of saying that it is a commercial corporation ?

MR. DEPUTY CHAIRMAN . They want to have stabilising effect on the market and prices.

SHRI M. K. MOHTA : There is no stabilising effect if you buy only a few grains here and a few grains there.

SHRI KRISHAN KANT (Haryana) Sir, may I know whether the attention of the hon. Minister has been drawn to the report today in the Press that the price of cotton seed is much

higher than that cotton and it is now profitable to get cotton seed out and sell it and keep the cotton stock and turn it ? If that is the position and that is the tendency, may I know what concrete steps they are going to take so that cotton which is lying in the *mandis* is taken over by them and the price which has fallen down will rise again and the grower will get some marginal profit so that he can sow it next season ? Also may I know what was the total amount of credit given by the Government to the Cotton Corporation of India this year ? What are the proposals ? He told that they bought cotton worth Rs. 5 crores. What is the plan and how much more money is the Government going to spend on the Cotton Corporation of India so that its purchases will increase ? He referred to something that they would be considering. What are the concrete amounts which they are considering to give to the Cotton Corporation ? Lastly, when is the report of the Agricultural Prices Commission going to come and has any target date been set for that so that the floor prices are fixed for the next season ? Then there is at present duality of control of the Foreign Trade Ministry and the Agriculture Ministry because of which there is difficulty in getting the production figures. Are they considering having one authority in this respect ?

SHRI A. C. GEORGE : I am not aware of the Press report to which the Member was referring but the spirit of the report to which he referred is quite obvious. I agree that the prices have fallen but is well comparable with the normal year of 1969-70 but even then, we are not going to be complacent. We want to stabilise the prices so that next year, especially during the present time when sowing is to be started, the crop may not suffer. We are targetting for higher and higher production. So it is in the nation's interest that the farmer is given maximum encouragement but in this context, I may point out that it was only two days back that we announced that the stock limit is being relaxed to the tune of one month. This will account for 5 lakh bales. Naturally there will be buoyancy in the market which is evident by to-day's report. Now it is to be followed up with credit facilities. I was explaining right from the beginning that this matter is being seriously taken up and this afternoon the Textile Commissioner and the concerned officers are having discussions with the Reserve Bank of India. Few steps are being taken. It was only the day before yesterday that we issued the administrative orders and yesterday

was a holiday and we are going to discuss today and we are hopeful that the steps already taken will be synchronised and will be further followed up with credit facilities. This is the point which I was explaining.

Regarding the Cotton Corporation of India, it is our intention to further increase its capacity so that it may enter the indigenous market in a massive way. The question is being considered seriously and I hope that before long, we may be able to take some positive steps on those lines.

Regarding the Agricultural Prices Commission it is obvious that it is basically in the administrative control of the Agriculture Ministry. As soon as the report is finalised, it is our intention to announce the reasonable prices.

**SHRI K. SUNDARAM** (Tamil Nadu) I agree with the Minister that the price of Bengal Deshi may be the spot price at Bombay at which the Cotton Corporation is buying. It is quite possible that to boost up the prices the Corporation is paying a much higher price than the spot price in Punjab. Whatever it may be but that is not the real price that the farmer should get today. Even compared to prices of 1969-70 which was a normal year, all other agricultural commodities have increased by at least 5% every year. So it must have been 10% more than the 1969-70 prices if it is a fair price to the farmer. Even then they are not getting this year. Then the Minister said that 2½ lakh bales were not being imported from America. That may be because of the strained relationship that we are having with America and America is not prepared to supply us the cotton.

**SHRI A. C. GEORGE** We are not prepared to buy it.

**SHRI K. SUNDARAM** They are not prepared to sell it and that is why we are not buying it. We are already far behind the schedule of the Third Plan. According to the Third Plan we should have reached a target of 70 lakh bales. Now we have already passed two years in the Fourth Plan and for this Five Year Plan our target is 80 lakh bales whereas by this reaching the 60 lakh bales limit in the current year we are nowhere nearer the target of either the Third Plan or the Fourth Plan. The other day they said that they are going to spend Rs. 14 crores in the next 3 years only

to increase the production. I wonder how they are going to achieve this target of reaching 20 lakh bales more. The Minister himself said just now that it is on account of natural conditions and all conditions being normal and in favour of a good crop, they can increase the production. So it is not within the scope and powers of the Government, nor by spending money for increasing production can you get increased production. I would like to know exactly what are the measures. It is the Central Government which is spending the money and agriculture being a States' subject how are they going to achieve this target?

There is one more point. There has never been a machinery to assess the cotton crop. That is the fundamental drawback. It is absolutely necessary, it has got to be assessed from time to time, from the time of sowing to the time of harvesting. It will enable the Government to have a strict control and take appropriate measures from time to time. There has never been a machinery and I would like to know from the Minister whether they are going to set up such a machinery at least now.

**SHRI A. C. GEORGE** Sir, the hon. Member was suggesting that the Cotton Corporation is purchasing cotton at Bombay alone and I would like him to correct his impression. In Punjab we have got 13 purchasing points, in Haryana 5, in Rajasthan 1, in Madhya Pradesh 2, in Maharashtra 5, in Andhra Pradesh 1, in Gujarat 9 and in Mysore 9. We are still going on increasing the purchasing points and I would humbly suggest to the hon. Member that this impression that we are purchasing in Bombay alone may kindly be corrected.

Then he was pointing out that our estimates are not extremely scientific. In this context I would like to say that for any agricultural crop estimate all over the world this is the situation. We can give only to the nearest correct point. In the beginning we thought it was 55 to 56 lakhs but now we have a figure of 59.5 lakhs. Obviously we cannot forecast the weather. In this case the weather and climatic conditions improved and naturally from 55 to 56 lakhs we had to upgrade to 59.5 lakhs. So this cannot be called a big lacuna in estimate. Even then since the hon. Member has made this point, it will be worthwhile having it. We are prepared to have the most modern methods for estimating the crop within human limits beyond which you cannot go. It is not like

[Shri A. C. George]

industrial production where we can give a precise estimate. In agriculture there are so many variables and within those variables we are trying to market the estimates as correct as possible. Regarding the higher crop we are constantly in touch with the Agriculture Ministry regarding the producing aspect of it and it is our intention to see that the production comes, up every year to the planned target so that at no point we may have a difficult situation necessitating imports. Even regarding importing, at present we are importing only cotton of that variety which is not available in country.

**SHRI BHUPESH GUPTA:** Sir, we have been told so many things and I must say that my friend had almost got by heart the entire brief and he has stated everything. The simple issue was cotton prices have fallen to a level which is hitting the farmer hard. What is the protection against such fall in prices and what are you going to do immediately to see that the farmers do not suffer? This was the question. He is quoting the prices in Bombay but then it is easier nearer home. You can go to Punjab and find what stocks are piling up and what the ruling prices are. You need not go to Bombay and get a report from there. Surely you can get it from here. Many of us had been there. We came to know that the prices had fallen very much below the reasonable level with the result that large sections of the farmers are very severely affected. I should like to know therefore, pending the recommendations that may be made, or may not be made by the Agricultural Commissioner, why there should be any difficulty for Government in consulting the farmers and fixing a price—an interim arrangement should be made—and why Government should not buy at that price or a higher price—a floor price should be fixed. It should not be in the way they are going to do it. It must take into account the interests of the grower. But that is not being done. We in this House wanted the Corporation to enter the market in Punjab. When the Corporation entered, the price fell still lower, whereas the task of the Corporation was to raise the price higher and to buy in order that the farmers, do not suffer. The result was jeopardy in the Corporation's operations. Now, Sir, I should like to know why it should not be possible for the Government, at least on an *ad hoc* basis to fix a minimum reasonable remunerative price and then buy everything. It is no use

trying to bring in the question of import and other things. In fact, there should be a 100 per cent import by the Government, by the Corporation. I support it. And in fact, why it should be 70%? Why not 100%? Similarly, there should be wholesale procurement by the Government at a reasonable price so that monopolies do not operate. They should be absolutely put outside the pale of that market. Otherwise you cannot just deal with the situation. Now therefore it requires a simple formulation of a policy. It must be bold and concrete and must be effective from the moment it is decided upon. And now is the time to do so. I do not ask anything more because I have to ask questions on the Hooghly Bridge which is more important.

**SHRI A. C. GEORGE:** Towards the end of the discussion the hon. Member has come to the precise point, and in that precise point I hundred percent agree with him. It is the intention of all of us that the farmers, who have helped us out of the situation of deficit, have to be encouraged further and must be allowed to sustain their boosted production. For this, when this year we have a bumper crop and a near self-sufficiency, we are taking all measures to see that the entire machinery of the Government is moving in the field of cotton production. We are trying to attack this problem from various points. We are almost coming to some definite conclusions, and this discussion has given us a lot of light, and I thank the hon. Members for pointing out certain very concrete suggestions about the Corporation relaxing the stock limit by extending adequate credit facilities to all these market operations. That way we hope we will be able to help the farmers.

**SHRI T. K. PATEL (Gujarat):** The Agriculture Minister said some two days back in this House about the long staple (Shanker 4) cotton development programme and he also said that he would attain self-sufficiency in that cotton in the near future. In this connection I like to say that the price of this hybrid cotton in Gujarat this year, compared to the price prevailing last year, has come down by Rs. 800 to Rs. 1 000 per candy. Now, if this goes on like this, then the agriculturists won't be coming forward to grow more and more of this cotton and the deficiency will continue. Now, looking at the price of this cotton comparing it to the price last year, I am afraid the agriculturists will get out of this production. So, I request the Government

that more drastic and immediate steps should be taken to advance more credit facilities to the agriculturists by the cooperative banks and to the industrialists also by the commercial banks so that the industrialists can purchase more and more and the position can be smoothened.

SHRI A. C. GJORGE. Sir, the hon. Member has come to a very correct point regarding the cooperative sector. It is a most welcome idea that in this particular field which deals between the farmers and the industrialists, cooperatives will be the best *via media* and will be the best agent for the operations. This particular point 1 P.M. will be definitely borne in mind when we formulate our policy. Before I conclude I would like to add that it is our intention to fix the fair procurement price as recommended by the Agricultural Prices Commission as the minimum statutory price. This, I hope, will go a long way in helping the farmer.

#### PAPERS LAID ON THE TABLE

- I. ANNUAL REPORT AND ACCOUNTS (1970-71) OF THE BHARAT HEAVY PLATE AND VESSELS, LIMITED AND RELATED PAPERS.
- II. ANNUAL REPORT AND ACCOUNTS (1970-71) OF THE TUNGABHADRA STEEL PRODUCTS, LIMITED AND RELATED PAPERS

THE MINISTER OF STATE IN THE MINISTRY OF STEEL AND MINES (SHRI SHAH NAWAZ KHAN) : Sir, I beg to lay on the Table, under sub-section (1) of section 619A of the Companies Act, 1956, a copy (in English and Hindi) each of the following papers :

(a) (i) Fifth Annual Report and Accounts of the Bharat Heavy Plate and Vessels Limited, for the year 1970-71, together with the Auditors' Report on the Accounts and the comments of the Comptroller and Auditor General of India thereon.

(a) (ii) Review by Government on the working of the Company.

[Placed in Library. See. No. LT—1568/72 for (i) and (ii)].

(b) (i) Eleventh Annual Report and Accounts of the Tungabhadra Steel Products Limited, for the year 1970-71, together with the Auditors Report on the Accounts and the comments of the Comptroller and Auditor General of India thereon.

(ii) Review by Government on the working of Company.

[Placed in Library. See. No. LT—1569/72 for (i) and (ii)].

#### ANNUAL REPORT AND ACCOUNTS (1970-71) OF THE DELHI FINANCIAL CORPORATION AND RELATED PAPERS

THE DEPUTY MINISTER IN THE MINISTRY OF FINANCE (SHRIMATI SUSHILA ROHATGI) : Sir, with your permission, I beg to lay on the Table, under sub-section (3) of section 38 of the State Financial Corporations Act 1951, a copy (in English and Hindi) of the Fourth Annual Report and Accounts of the Delhi Financial Corporation for the year ended the 31st March, 1971, together with the Auditor's Report on the Accounts.

[Placed in Library. See No. LT—1534/72].

#### ANNOUNCEMENT RE GOVERNMENT BUSINESS

THE MINISTER OF STATE IN THE DEPARTMENT OF PARLIAMENTARY AFFAIRS AND IN THE MINISTRY OF SHIPPING AND TRANSPORT (SHRI OM MEHTA) : With your permission, Sir, I rise to announce that Government business in this House during the week commencing Tuesday, the 28th March, 1972 will consist of :

1 Further general discussion on the General Budget for 1972-73.

2. Consideration and return of the Appropriation (Vote on Account) Bill 1972 as passed by Lok Sabha.

3. Consideration and passing of :

(a) The Administrators-General (Amendment) Bill, 1972.

(b) The Public Works (Extension of Limitation) (Delhi Amendment) Bill, 1972.

SHRI BHUPESH GUPTA (West Bengal) : There is no indication of the ICS abolition Bill.

MR CHAIRMAN: You have raised this question many times.

SHRI BHUPESH GUPTA : The Wanchoo Committee Report that we have got should be discussed at an early date. The Banking Enquiry Commission Report should also be