

THE COTTON FABRICS (ADDITIONAL EXCISE DUTY) BILL, 1957.

THE MINISTER OF COMMERCE
(SHRI N. KANUNGO): Sir, I beg to move:

"That the Bill to provide for the levy and collection in certain circumstances of an additional duty of excise on cotton fabrics issued out of mills, as passed by the Lok Sabha, be taken into consideration."

I would like hon. Members of the House to recall the discussion in September, 1956 in Parliament where the measures of taxation and increase for export purposes were discussed. This Bill provides the legal sanction for collecting additional or rather penal duty which is to be levied upon the additional capacity for weaving, which has been proposed to be allotted to the textile industry. The reason for it was and still continues to be that we have anticipated that we will be able to export a thousand million yards into the international market. In conditions existing roundabout 1954 and 1955, our hopes were buoyant; but conditions have materially changed. Competition from other sources, other countries has been very acute and we will be lucky if we are able to hold on to our exports at one thousand million yards. One of the reasons for the disincentive for exports has been the higher prices in the internal market and the lowering of prices in the export market. Having taken the decision that the capacity of the textile industry, as far as the internal consumption is concerned should be frozen at 5,000 million yards, the only way of checking the incentive for unloading it in the internal market is to provide such fiscal measures as will inhibit that tendency. Under the policy which was decided in 1956 we are trying to introduce about 18,000 automatic looms into the textile industry, so that the products can compete in quality in export markets. We must remember that our main competitor—and for the matter of that the chief competitor in the international market

against all textile producing countries—has been Japan. And Japan has made tremendous progress in technological development in the industry and unless we are able to produce goods reasonably comparable to the qualities of Japan—apart from prices—we have no place. This Parliament has got the sovereign right to control the demand or desire or price of the citizens of this country; but we have no power, and we cannot expect to have any power, to compel anybody else outside our borders to follow our dictates. Therefore, we have to stand up in the international market, export market, on merits of competitive quality. Therefore, this Bill is designed to prevent an off-chance of unloading of the production of the additional capacity, which is being increased in the textile industry, into the internal market. And the conditions are onerous indeed. The enhanced duties which were decided upon by the House in September, 1956 plus the penal duties submitted in this particular Bill will work out to almost 6 annas or even 7 annas in certain circumstances per yard of cloth. And we expect that this will be sufficient inhibition for any tendency to unload it in the internal market, even when the price will not be lowered here. The obvious answer to such a situation would have been to increase the capacity of the textile industry in the country, but for reasons which we need not go into particularly for safeguarding the interests of the handloom weavers we have to go in for these restrictive policies, and between these rather contradictory lines we are taking, we may hope to hold the market to some extent.

Sir, I commend the Bill to the House.

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill to provide for the levy and collection in certain circumstances of an additional duty of excise on cotton fabrics issued out of mills, as passed by the Lok Sabha, be taken into consideration."

DR. R. B. GOUR (Andhra Pradesh): I think we are dispersing at one o'clock.

MR. DEPUTY CHAIRMAN: Just begin, two minutes.

DR. R. B. GOUR: Here again, the hon. Minister in the Ministry of Commerce and Industry, who is fortunately for us piloting this Bill, is also the author of a bulky report on the textile industry and the textile problems. Here again, the Minister himself was very sceptic about the results that this measure may produce; and the objects and reasons for which he is piloting this measure, he is very, very doubtful whether they would be really successful. The question that is raised is, how to prevent the textile industry from avoiding exports and flooding the internal market, when the internal market is fetching them a very decent price. Now, in the earlier Bill also I said that they are doing it even in cases where they are not allowed to do. Even where the quotas have been allotted for the handlooms and where restriction has been imposed, they are trying to circumvent that restriction. Here also they are doing it. Now, my only fear is whether this additional excise duty will prevent these gentlemen of the textile industry from avoiding the foreign market and pushing through their products into the internal market; or this measure would be an additional measure for increasing the price itself of the cloth in the internal market. Because I think my hon. friend, Mr. Parikh, has very frankly and very correctly revealed to us—what is of course, known to us—that any duty that we levy on them is quietly, calmly, unceremoniously passed on to the consumer and this additional excise duty also . . .

SHRI C. P. PARIKH (Bombay): He must understand that there are duties and duties.

DR. R. B. GOUR: But his duty is to pass on this duty to us.

MR. DEPUTY CHAIRMAN: You can continue after lunch. The House stands adjourned till 2 o'clock.

The House then adjourned for lunch at one of the clock till two of the clock.

The House reassembled after lunch at two of the clock, MR. DEPUTY CHAIRMAN in the Chair.

DR. R. B. GOUR: Mr. Deputy Chairman, before we adjourned for lunch, I was telling you that the purpose of this Bill might not be served by this measure. The purpose is to check the mill-owners from avoiding export of cloth and diverting their production and flooding the internal market with their entire production. The hon. Minister himself has told us that the foreign market is not really a very inviting market from the point of view of prices. And the textile industry also is not a very delicate or a complicated industry from the point of view of know-how. The countries that are rising as free countries would be able to set up their own factories and produce their own cloth. Nevertheless, here again is a very serious point and I would like to touch here another aspect which, I hope, my friend, Mr. Parikh, will tell us. Of course, I anticipate that he is going to dwell on that point.

The question is not merely of falling exports. It is also a fact that exports are falling because the industrialists want certain more profits which they are not going to get in the external market; they are going to get it in the internal market. Therefore, the point that they are raising is that they want easy profits. For example, if you look into the various reports of the mill-owners' association, you will find them saying, "We are running into a loss; we are not getting easy profits", and all those things. Again, this morning it was revealed to us that many factories need a lot of renovation of capital goods because the machinery that they are employing is very old, worn-out and dilapidated in many cases. We have also

to see that the industry within our country is faced with very serious internal competition. On the one side, we have a highly mechanised textile industry; we have a textile industry which has got not only much of the capital which is employed or deployed, but which is also better off. But also on the other side, we have a dilapidated industry which needs much help even to survive not only against any foreign competitor whether real or illusory, but a very real Frankenstein of the Indian monopoly. This is a very important factor. I would like to say that it is these top bosses who are a menace for these very lesser fry; it is they who are the main culprits who are trying to flood the internal market and who are not going in for the export trade and it is they who control groups of mills again. Therefore, I want to ask the hon. Minister: how this excise duty is going to persuade them to send their cloth into the export market. In fact, they are old Johnnys at the game and they will pass on this to the internal market even at a higher price. They want high prices; they want profits. They are not worried whether we get foreign exchange or not. No. That is not their worry at all. The practice shows it. The very reason that you have come in for this Bill shows that these top bosses of textile industry in our country are not worried whether we are getting foreign exchange or not. What they are worried about is that their coffers must swell. Therefore, will the measure that you are suggesting meet the requirements for which you are bringing this?

Sir, this morning when we adjourned, I told the hon. Minister, "Please do not equate democracy with free enterprise". They need your laws. You have got your law. The law, of course, has a coercive wing. You cannot just tell the people, "Let there be no theft" and there will be no theft. Unless theft will be accompanied by prosecution, trial and conviction, that is not going to be stopped. I want to ask the hon. Minister: "Are you going to have only such fiscal measures or are you going to have a coercive wing

of these laws also, a wing that will compel them to do certain things"? They know how to pay; they know how not to pay; they know how to avoid and how to evade.

Therefore, I would like to say that the matter needs a further detailed examination as to how the textile industry, particularly those which have a lesser margin of activity, is to be upheld. This morning, my friend, Mr. Rajabhoj, was also very seriously perturbed with this and when the short-notice question was discussed, he raised some points. I am sure my friend, Mr. Parikh, himself on the earlier Bill raised this question, and he is bound to raise this again. Therefore, I would say that the hon. Minister should take us into a little confidence. It is no use saying that we discussed certain details about the Excise Duty Bill when it was under discussion.

The whole question of the textile industry—in relation to the handloom industry, the khadi industry and all that—has to be very seriously gone into. We have to integrate the various wings of our textile production. But we have to see that within the textile industry itself, internal competition is ruining the industry; we have to see how we can handle it and suggest remedies for it. We can see that the top bosses do not dominate it to such an extent that the lesser enterprises face extinction. We have to envisage some law if they are not doing as suggested, if the suggestions are not going to meet the requirements of the situation.

(Time bell rings).

Sir, I feel that the aim is very good. We have to encourage exports. There is no doubt about it. And I am not sorry that we cannot dictate to other countries because we are not used to dictation. I am only afraid that other countries dictate to us, at what price we have to purchase their goods. We are not for dictation. We only want co-operation in the trade, in foreign trade. We want co-existence in the

[Dr. R. B. Gour.]

foreign trade, peaceful competition in trade and business.

Sir, I do suggest that this measure will be a very poor measure if it fails to get the job done and I think the hon. Minister will be advised in due course that stronger measures are necessary to meet this aim.

SHRI KISHEN CHAND (Andhra Pradesh): Mr. Deputy Chairman, some time back this question of export trade came in when we were discussing the question of permitting automatic looms. And I submit, Sir, that the mill industry and the hon. Minister have been giving us different information off and on both in regard to the automatic looms and in regard to the type of cloth that is demanded by the export market. Sometimes, it is said that they require coarse cloth and medium cloth, and sometimes it is said that they are keen on fine cloth. Whenever there is a desire to import the Egyptian cotton or foreign cotton, it is always said "We want to build up a foreign market". I cannot produce exactly the speech of the hon. Minister, but I am definite that at one time the hon. Minister stated that for fine cloth we require the import of Egyptian cotton, when we were importing them at Rs. 3,000 a bale some four years back. At that time it was said that we had exported in the previous year about 1,000 million yards of cloth. It was stated then that it was on account of the fine quality which was dependent upon imported cotton. Anyhow, Sir, I want a categorical statement from the hon. Minister which type of cloth is exported. We produce cotton which is cheaper in price than the cotton that is available to the Japanese mills. The hon. Minister while introducing the Bill said that Japan is almost driving us out from the export market. As regards the East Africa and the Middle East market we are nearer than Japan. That means the transport cost, the ocean freight is much less. I cannot understand how is it that Japanese cloth will be cheaper

with dearer cotton than that of ours. When it is a longer route, it means paying greater ocean freight. How is it that it is able to undersell us? The hon. Member who preceded me pointed out that there is no secret in this industry. We possess the full know-how. Everybody knows that this industry has been in existence in our country for the last 70 years or even more, and the full know-how is learnt by us. We have got plants and machinery. And now we have also permitted the automatic looms; of course, there was some excuse when we had not permitted the automatic looms. There is no reason why we should not be able to build up our export market, when all the facilities are available to us. I do not mind even this Bill, because if the more efficient and better-situated mills produce cloth for the export market, and if they are able to export, our object would have been achieved.

The only objection that I have against this Bill is that the penalty rates that have been fixed are too low. I want to build up an export market. The hon. Minister wants to build up an export market. It is possible that the prices that are obtaining in the export market are low. Now if you keep a big penalty, what will happen?

The penalty now is that if you are exporting 5 per cent. less than the quota fixed and diverting it to home consumption, the penalty is only 6 nP per square yard. In the case of medium cloth, 6 nP which is roundabout one anna per square yard is almost a nominal price. Our medium cloth and our fine cloth is selling at about Rs. 1/4/0 or Rs. 1/8/0 per square yard, and if you increase it by one anna, the penalty is not enough. The danger is that if the difference is not enough, the tendency will be that in spite of paying that one anna, if he gets a better price in the home market, he will certainly divert the stock to the home market. Then if diversion to the home market is 10 per cent., the penalty on the first 5 per cent. is

6 nP and on the remaining 5 per cent. will be 9 nP. Here also there is a temptation. The penalty being small, the tendency will be to divert it to the home market. I would request the hon. Minister to fix it not only on a six-monthly basis or on the basis of one year or two years, but also the mills should be forced that if they have extra stuff which they should have exported and they are not able to export, they should carry it over, but not sell it in the home market. I would far prefer that the home market should not take away the quota which is fixed for export. Our export trade is very essential. If this Bill helps in grouping the mills, the grouping of mills should be done in such a way that the better-situated and better-organised mills will be able to produce cloth for export and the less organised ones will be able to produce cloth for the home market. If there are some mills in Ahmedabad and some in Bombay, the Bombay mills may specialise themselves for the export market and the Ahmedabad mills for the home market. What now happens is that if the Ahmedabad mills have to send their stuff to Bombay, they have to pay more for transport charges. Similarly the mills in Calcutta, Madras and other port towns may specialise themselves for the export market. Then only our purpose would be served. I would therefore suggest to the hon. Minister to increase the penalty rates.

SHRI C. P. PARIKH: Sir, this Bill is very important and therefore we should not take this Bill in a light-hearted manner. I may say here that our textile industry is the second largest industry in the world, and it is the main domestic industry. As regards exports, we are next to Japan. So these two positions have to be realised very well. If we treat this industry in any manner which is detrimental to the country's interests, then I think we shall have to suffer a lot, and it is no use making light-hearted remarks in a matter like this that the textile industry is making undue profits.

Now, Sir, the main purpose of this Bill is to sustain exports to the maximum possible level, and Sir, the Minister has very well devised this Bill in order to rope in all the exporting mills under this Bill. Sir, I feel that this Bill should have been brought a little earlier because it earns our foreign exchange.

The second thing is that international competition is growing from year to year. Other countries are also starting their own textile mills in their own countries. The world export trade in textiles is getting a little less in volume. (*Interruption.*) My hon. friend must realise that the production in backward countries is being undertaken, and the export trade of textile is diminishing year by year. You must not forget that, and in this diminishing trade we must realise that we should not lose the trade position that we have got, and I would say, Sir, that we should try to rank ourselves first, if possible, in the matter of exports.

SHRI N. R. MALKANI (Nominated): How? That is my question.

SHRI C. P. PARIKH: Now, Sir, the position is that in the international market we have to compete and we can do that if we produce quality goods. We must have quality goods. We must also have goods produced at the cheapest possible rates. And let us see, who are our competing countries in the matter of exports. Our competing countries are U.K., U.S.A., Japan, Germany and Italy. Now, Sir, except Japan their exports are much less than ours because of our cheap cotton and cheap labour. We are able to stand their competition. Why are we able to stand in competition with these countries? Not because our machinery is modern—their machinery is far superior to ours—and they are employing one-tenth of the number of workers that we are employing at present in India. Our wages are, however, correspondingly low. But the main advantage that we have is that our cotton is cheap. And Sir, 90 per cent. of our exports constitute the

[Shri C. P. Parikh.]

coarse and medium cloth, and we are able to export it on account of lower prices of Indian cotton. I say that it is the agriculturist who has helped our exports of textiles rather than the mill-owners. I admit that. We want to sustain our exports as well as to stand first among the various countries of the world. The two aims are there. Therefore the Minister of Commerce has very well thought of giving permits for the installation of automatic looms, so that we can compete in foreign markets. Let us compare the figures for automatic looms:

United Kingdom—40,000 automatic looms.

U.S.A.—3,60,000 automatic looms

Japan—63,000 automatic looms.

India—14,000 automatic looms.

When the automatic looms were first to be installed in this country, I was the man to oppose it and say that automatic looms should not be allowed to be installed in the country unless there is a penal clause that, if the production of these automatic looms is diverted to the domestic market, then it should bear a penal duty corresponding to the difference in cost. And what is the difference in cost? The difference in cost is two annas per sq. yard. Because of this penal clause, mill-owners do not, however, instal automatic looms, although they have been granted permits to instal them.

SHRI GOPIKRISHNA VIJAIVAR-GIYA (Madhya Pradesh): How many workers work on an automatic loom?

SHRI C. P. PARIKH: One worker can man 32 to 64 automatic looms against two looms which are worked at present.

SHRI GOPIKRISHNA VIJAIVAR-GIYA: Sometimes four.

SHRI C. P. PARIKH: The cost is lower by two annas per sq. yard. In order to see that the production from

the automatic looms is not diverted to the domestic market, the Minister is levying a penal excise duty of one anna per yard up to five per cent., $1\frac{1}{2}$ annas per yard for 5 to 10 per cent. and two annas for over 10 per cent. The penalty is fairly heavy, and with this duty, many mill-owners will think twice before installing any automatic looms. Their cost is heavy and the remuneration is not large. I congratulate the hon. Minister for bringing in this measure, in spite of what many people have said. He has allowed a latitude of only ten per cent. There will be 13,000 automatic looms and their production will be about 350 million yards. We are going to have 18,000 automatic looms in the future, and then the production will be about 500 million yards. The latitude of 10 per cent. on 350 million yards, will be 35 million yards. The penalty duty will then be equal to the lower cost of production. Therefore, there is no danger of the production of automatic looms being diverted to the domestic market. I am certain about it. People do not know these facts and therefore they are bringing in all these arguments.

As regards the point regarding profits which Dr. Gour raised, in the textile industry in India the profit is on the average only one anna per yard. If you take the figures for the last five years, you will find that it is only one anna per yard.

DR. R. B. GOUR: Do you mean to say that there is no difference within the industry itself?

SHRI C. P. PARIKH: Between an efficient unit and an inefficient unit there will be some difference. I am talking of the average.

DR. R. B. GOUR: Don't say between the efficient and the inefficient. Say between the rich and the poor.

SHRI C. P. PARIKH: Our object is to make our exports go up to about 1,000 million yards. The argument may be raised that the manufacturer

has in respect of his quota of exports the right to take any of the three previous years. I will give you the figures of exports for the last three years. In 1954 we exported 956 million yards; in 1955, 873 million yards; in 1956, 804 million yards. We are also contemplating to increase the export of handloom cloth, but it will be insignificant; even if we double their exports, it will not be more than 100 million yards, it cannot stand competition, unless it be for some artistic patterns or designs and various other things, for which the demand will be limited. When the manufacturer is entitled to take any of the three years, naturally he will select the year in which we exported the minimum quantity. If that is taken, the average of all mills will be 650 million yards which will be guaranteed to us for export. If one does not export, he incurs the penalty, and the penalty is more than adequate. If you refer to the C.B.R. statistics, you will find the margin of profit is one anna per yard. It is good that for the export of 650 million yards the Minister has roped in all the concerns which are not installing automatic looms. All the concerns who are not installing automatic looms are roped in in order to maintain our exports at 650 million yards. The additional production of 350 million yards by the automatic looms will also be available for exports, and then we can well stand any competition, and our target of 1,000 million yards for export will be achieved, in my opinion, to a large extent.

Then, I come to the next point that the hon. Minister should consider. This proposal of setting up automatic looms for the export trade should not be delayed, and therefore he should grant facilities to those persons who are able to export a little less in one year to adjust their deficit in the next year. The carry-over system must be there, if we want to get the maximum amount for exports.

As regards ownership, I understand from the definition of owner here that

it will mean the Managing Agent or the Managing Director of a concern or a group of concerns, and no person can be the Managing Director of more than two concerns under the Companies Act.

The other point is that—it is not realised by Members—under sub-clause (4) of clause 3, Government will have the right to increase the quota for export if the production increases due to more shifts working, and the quota can also be reduced if the production decreases on account of unforeseen circumstances. But production is not going to decrease because the lay-off and retrenchment compensation is there. (*Time bell rings*) I will finish in a minute. Production will not decrease because of this reason. Government has got a right to increase the quota, and the quotas should be increased for the mills that may in future work third shift. There is no likelihood at all of the production from the automatic looms being diverted to the domestic market.

श्री देवकीनन्दन नारायण (मुम्बई) :

उपसभापति जी, इस विधेयक को देख कर गवर्नमेंट की टेक्सटाइल पालिसी के सम्बन्ध में मेरे दिल में कुछ शक व शकवाह पैदा हो गया है। इस विधेयक के स्टेटमेंट आफ ग्रॉज-जेक्ट्स एंड रीज़ंस को आप देखिये और फिर जो कुछ हमारे मंत्री महोदय ने कहा और उसके बाद अभी पारिख साहब ने कहा उससे उसको मिलाइये। इस स्टेटमेंट में पहले यह कहा गया है :

“There has been a decline in the export of cloth from India over the last two years due largely to the increase in the internal demand.”

आज सुबह आपने देखा होगा कि एक सवाल पूछा गया था और मंत्री महोदय ने यह कहा था कि करोड़ों रुपये का कपड़ा पड़ा हुआ है और बाहर जाना भी कुछ कम हो गया है। फिर जब बाहर कपड़ा जा नहीं रहा है

[श्री देवकीनन्दन नारायण]

तो बाहर कपड़ा भेजने के लिए आप यह तरकीब क्यों सोच रहे हैं, यह मेरी समझ में नहीं आता। दूसरी बात यहाँ यह कही गई है :

"Increase in the internal demand...."

यदि इन्कीज है तो इतना माल पड़ा क्यों है। और मान भी लिया जाय कि इन्कीज है, तो जब डिमांड में इन्कीज है तो उस इन्कीज को जो देश को चाहिये पैदा करने के लिए आपने क्या तजवीज की है।

तीसरी बात यह है जो आप देखिये कि कितनी इल्लैगिकल है :

"It has been decided, therefore, to allow the mill sector to increase their production by another 350 million yards. ..."

मैं पूछना चाहता हूँ कि बाहर माल जाता नहीं है, बाहर माल भेजने के लिये आप इस विधेयक को पास करवा रहे हैं, घर में कपड़े की मांग अधिक है और करोड़ों रुपये का माल पड़ा हुआ है और उस पर आप ३५० मिलियन गज कपड़ा, जो कि आपका पहला टारगेट था उससे अधिक मिल इंडस्ट्री को पैदा करने के लिए देना चाहते हैं, तो ये तीनों चारों बातें एक जगह मेल कैसे खा सकती हैं। इसके बाद आप कहते हैं :

"It is necessary to ensure that the maximum possible quantity of this increased production would go out for export"

not for the increase in the internal demand.

और एक्सपोर्ट जो पहले से कम है उसको बढ़ाने के लिए :

"Production would go out for export."

आगे यह है :

"It is proposed, therefore, to fix export quotas in respect of those

mills which would be permitted to install additional looms,"

What sort of looms, यह भी नहीं है, और यह है

"...and to levy an extra excise duty and so on."

यह मान लिया जाय कि आप आटोमैटिक लूम्स की इजाजत देने वाले हैं लेकिन मेरे ख्याल में दो वर्ष हो गये जब आटोमैटिक लूम्स की बात कही गई थी और अभी कुछ दिन पहले मैंने थह सवाल पूछा था कि आज तक कितने आटोमैटिक लूम्स स्थापित हुये और काम कर रहे हैं, तो यह जवाब मिला था कि अभी तक एक भी आटोमैटिक लूम काम नहीं कर रहा है और अभी एक साहब ने कहा कि मिल वाले आटोमैटिक लूम्स लगाना नहीं चाहते हैं। तो जब मिल वाले आटोमैटिक लूम्स स्थापित करना नहीं चाहते हैं और आप दूसरे लूम्स लगाना नहीं चाहते हैं, बाहर एक्सपोर्ट कम होता जा रहा है और इंटर्नल डिमांड इन्कीज होती जा रही है, इन तमाम परस्पर विरोधी बातों का मेल आप किस तरह से करते हैं, यह मेरी समझ में नहीं आता। इसके बाद मैं आपसे पूछना चाहूँगा कि मंत्री जी, आप जिस कमेटी के चेयरमैन थे उस कमेटी ने यह सिफारिश की थी कि :

"No extension in weaving sector at least for 10 years."

यानी यह आपकी सिफारिश थी कि दस वर्ष तक वीविंग सेक्टर में कोई बढ़ाव नहीं होगा, फिर क्या बात है कि आप यह लूम्स भी बढ़ाना चाहते हैं और उसके बाव मिल्स का प्रोडक्शन, ३५० मिलियन यार्ड्स और बढ़ा देना चाहते हैं जब कि मिल वाले न देश के बाहर कपड़ा भेजते हैं और न देश के अन्दर खपत करने की काशिश करते हैं। इसका मतलब यही है कि आप उनको हर तरह की चालाकी करने का मौका दे रहे हैं। अब क्या होगा ? आप ३५० मिलियन यार्ड्स समिल

प्रोडक्शन बढ़ा देंगे और साथ साथ हैंडलूम प्रोडक्शन नहीं बढ़ा रहे हैं। आप कहते हैं कि वह आज ११ मिलियन यार्ड से १५ मिलियन यार्ड तक पहुंच गया है। तो वह १५ मिलियन से १७ मिलियन और २० मिलियन यार्ड तक पहुंच सकता है, लेकिन उस तरफ ध्यान न देते हुये आप मिल का प्रोडक्शन ३५० मिलियन यार्ड और बढ़ाना चाहते हैं। इस तरह की पार्श्यालिटी मिल प्रोडक्शन के लिए और हैंडलूम प्रोडक्शन में क्यों की जा रही है। आप कहेंगे कि हम एक्सपोर्ट के लिए मिल प्रोडक्शन बढ़ा रहे हैं। परन्तु आपका पहला ही एक्सपोर्ट टार्गेट पूरा नहीं हो रहा है। जब आटोमैटिक लूम का प्रोडक्शन आपने दो वर्ष पहले बाहर भेजने के लिये तय किया था, उसी वक्त आपने कह दिया था कि आटोमैटिक लूम का प्रोडक्शन जो बाहर नहीं जायगा और जो यहाँ देश में रोका जायगा उसके ऊपर एक्साइज ड्यूटी अधिक लगाई जायगी। लेकिन दो वर्ष में वह बात हुई नहीं और अब फिर आप कहते हैं कि जो प्रोडक्शन होगा, वह हम बाहर भेजेंगे और बाहर नहीं गया तो हम उसके ऊपर यहाँ एक्साइज ड्यूटी लगायेंगे। एक्साइज ड्यूटी के बावजूद जब इंटरनल मार्केट में डिमांड है तो वे यही सोचेंगे और कहेंगे कि हम यहाँ ही उस माल को बेचें। तो मेरी समझ में नहीं आता है कि यह क्या आप करने जा रहे हैं जिससे कि तमाम ये बातें पैदा होती हैं। (समय की घंटी) सबसे बड़ी बात यह है कि हमें इन तमाम सवाल को सिर्फ एक्सपोर्ट की निगाह से ही नहीं देखना चाहिये साथ साथ हमें लेबर की निगाह से भी देखना चाहिये कि हम कितने आदमियों को काम दे सकते हैं और कितने आदमियों को ज्यादा काम देने की हमारी ज़िम्मेदारी है। अभी हमारे भाई पारिख जी ने कहा कि एक आदमी ३२ से ४० आटोमैटिक लूम चला सकता है। ऐसी हालत में यदि आप आटोमैटिक लूम से ३५० मिलियन यार्ड कपड़ा पैदा करने को इजाजत देंगे, तो यह मेरी निगाह से ठीक नहीं होगा। इसमें जो

आपकी टैक्सटाइल पालिसी है कि एक कामन प्रोडक्शन प्रोग्राम हो उसमें अन्तर पड़ जाता है। जब आप प्रोडक्शन का एक कामन प्रोग्राम बनाते हैं तब तो प्रोडक्शन जो हैंडलूम वाले व मिल वाले हिस्सेदार हैं, उन दोनों की तरफ आप एक निगाह से देखिये। एक के साथ पक्षपात हो और दूसरे की तरफ कम नज़र हो, यह नहीं होना चाहिये।

DR. NALINAKSHA DUTT (West Bengal): Sir, I want to make a few observations on this Bill. The object of this Bill is to export 350 million yards by sanctioning 18,000 automatic looms. My impression is that the Government has made an assumption that if we increase our duty, it will reduce internal consumption and mill realisation and then the mills will be bound to export cloth produced by them but actually on facts and figures it appears to be otherwise. The increase of excise duty really reduces internal consumption, there is no doubt and it also cuts down the realisation of mills but if we observe the facts and figures for the last 3 or 4 years, we will find that in 1954 there was an export of 921 million yards of the value of Rs. 72 crores whereas the monthly average stock was about 2.17 lakh bales and the rate of excise duty was the lowest. In 1955 the exports went down to 836 million yards worth about Rs. 63 crores and the average monthly stock remained the same but rate of duty was a little bit higher. In 1956 the export went down to 747 million yards worth Rs. 62 crores and the average monthly stock dwindled to 1.50 lakhs of bales and the excise duty was doubled and re-doubled. In 1957, the export figure is not very promising in spite of internal heavy stock and high excise duty. Hence the assumption of the Government that more excise duty or less internal consumption will increase exports is not based on facts and figures.

Another assumption of the Government is that automatic looms are all

[Dr. Nalinaksha Dutt.]

that is necessary for export. In fact, automatic looms was a labour saving device adopted primarily by America and then by Japan and to a certain extent by Italy. Now it is being taken up by England but when they run these automatic looms, they don't think of exporting the products. They think of just producing some good quality cloth. I admit that automatic looms produce less flaws and also that the production cost is slightly cheaper. It may be so. There are also other factors which are important for maintaining this automatic loom production. We want uniformity in yarn, less thin and thick places, lessening of the spinning processes, large packages, good air-conditioning, and above all, cheap and efficient and willing labour. All these factors are Japan's trump card for export. Hence we cannot hope that just the erection or installation of some automatic looms will ensure greater export. So I consider the assumption of the Government that just by sanctioning 18,000 automatic looms they will be able to reach the target figure of extra 350 million yards to be without sufficient basis.

The third assumption of the Government is as if the export market is under the control of India. As the hon. Minister has already pointed out, the foreign market is not under our control. There are several factors to be considered. Who will buy all this 1000 or 1100 million yards that we shall be exporting? There is, first of all the price-factor. Our export went down when in the export market in December, 1950 the price for grey shirting came down from 13 as. to 10 as. There is also keen competition, particularly from Japan, China and also Pakistan. Therefore, it is very important that we have got to cut down our production cost.

Apart from these, there are also some diplomatic and trade relations which affect our exports. Take the case of Iran. In the report in the Supplement to the Journal of Commerce

and Industry, it is said: "India's export to Iran of cotton textiles has to face many difficulties, the most important of which is competition from the U.S.S.R., Japan, Hungary and Poland. All these countries have barter arrangements with Iran or other payment arrangements. Textiles from the Soviet Union, mainly medium and coarse varieties are infinitely cheaper than those of comparative qualities from India." Now, we have to find out what are those special arrangements that one country makes with other countries in order to help its export trade and also in order to create an export market for its products.

(Time Bell rings.)

Sir, I need not dilate further on these points. The only other point I shall touch is this. Unless Government gives incentives to the textile mills for export and unless it allows some internal profit, there is very little chance of increasing our exports. Government should also enter into barter arrangements with more countries. Lastly, the Government should also see that cotton prices and labour wages do not go up further. I shall conclude by saying that in the present Bill, Government has not made any distinction between the qualities of the fabrics or fixed any differential duties. The rates in the Bill will be very heavy on coarse and medium and not so on fine and superfine. I hope the hon. Minister will take the rates into consideration at the next opportunity and change them and make them more reasonable and equitable.

I would also like to know how long this penal duty is to remain. Is it for one year or for five years? I would also like to know whether in the levy of this penal duty some time lag will be given to the new units which are going to establish export business relations. In the export market, we want business relations also. Some of the mills may have these business relations, but there are new mills which

have to establish such business relations. For them, I want to know whether the hon. Minister would give some time lag so that they may create and develop their export markets for their goods?

Sir, these are the points to which I wanted to draw the attention of the hon. Minister.

SHRI N. R. MALKANI: Mr. Deputy Chairman, we are all eager that exports should be encouraged and increased largely. But as a matter of fact, what do we find? We find that the exports have fallen. How to encourage export, that is the only problem before us in the House, more or less. We have now put in what is called the additional excise duty in order to encourage exports. Is that the best way? I believe not. What is the condition now? We find that we are producing mill cloth at a very rapid rate, much more rapidly than we expected, and there is almost a glut of cloth. You cannot sell it; you cannot export it. It is too dear. It is too dear to be exported. The mills are making them dear. The mills do not work as they ought, as mills in Japan work. On the other hand their costs are very low. Price of cotton is very low and their other miscellaneous expenses are also very low. And yet they are not able to sell them here or outside, because they are used to large profits, large rates of profits. If conditions go on as they are, there never will be an increase in our exports, until we compel them to instal what they call automatic looms and compel them to export all the production of cloth produced in that manner. Tell them that this cannot be sold here at all. If you do not say so, we shall be the victims of price policy. Prices may rise and prices may fall. My apprehension is that prices will not fall in India. They will slightly rise, they may even rise fast, and if that be so, there will be no increased export at all. The only way is to earmark for export all the cloth made by automatic looms. It must not be sold here. Then inevitably they will

put their house in order. At present there are the same old mills with the same old equipment. The only thing is that from one shift they go to two shifts and from two shifts to three, thus multiplying production and trying to sell the cloth here as dear as possible. The only way is to compel them to sell it all outside and not here. There are countries which have two sets of prices, one for the export market which is a low price and another for the home market which is a high price. We are prepared to pay the higher price.

SHRI C. P. PARIKH: How do you compel them if they do not instal these looms?

SHRI N. R. MALKANI: Then they should produce only what they can export, not this 350 million yards. They are given every facility by the Government to export it. That is my view, at any rate.

SHRI C. P. PARIKH: If they do not instal these looms how will they be able to export? That is what I want to know.

SHRI N. R. MALKANI: At any rate they are given facilities to instal these automatic looms and every other facility. They get cheap cotton and we should see that the new production is earmarked for export. Japan does the same thing. They give every facility for export. Their cost is very low and their efficiency is very high. It may be they are prepared to pay higher prices at home. I am prepared to pay a higher price. All our life we have been paying high prices through our noses. But you should have the cleverness which the Japanese have. They buy cotton from abroad and sell the cloth cheap in foreign markets. So, to my mind we have been the victims of prices going up and down. Prices in India are likely to rise. With 200 crores and 300 crores of deficit financing probably agricultural prices may be rising. Grain prices are likely to rise. If you can keep them in hand, it will be our

[Shri N. R. Malkani.]
good fortune. They are not going to fall. They may rise and the cotton price may rise and cloth price will also rise. And then it will be found that 2 annas or 12 naye paise are not adequate and you raise it again. Then you go on shuffling the excise duties. You go to 14 naye paise and then to 16 naye paise.

They are far too clever for us. The millowners are far too clever for anybody in India. They will manipulate the prices in such a way that they will ultimately dump their cloth upon us. I would rather say that if we want to encourage exports, they must put their houses in order. They will never do so so long as they are able to shuffle the prices. We should not have this shuffling of prices. There should be clear indication, a directive, that what mills produce in this particular manner is meant for export and not for home consumption.

SHRI H. P. SAKSENA: (Uttar Pradesh): Mr. Deputy Chairman, I support this measure wholeheartedly. I do not suspect the *bona fides* of the Government as my hon. friend, Shri D. Narayan, does. He has become a new suspect. There were others on the Opposition side like Mr. Jaswant Singh.

SHRI DEOKINANDAN NARAYAN: It is not a question of suspecting the *bona fide* of Government. It is a question of textile policy.

SHRI H. P. SAKSENA: Now, Sir, Shri Deokinandan Narayan thinks that there has been carried out a secret deal between the textile mill-owners and the Government and that it is on that ground that this quota for the mills has been increased. I do not see any sinister move in this measure whatsoever. What this Bill is intended to do is this. Our export market which has been dwindling should be stirred up. It is for this reason that I do not suspect any step that is taken towards the enhancement of our textiles. I want to con-

vince my hon. friends, Shri Narayan and Shri Malkani, that the looms, handlooms, the Ambar Charkha—for that matter any charkha—will never be able to compete with the textile mills and we should disabuse our mind for ever and ever that India stands in need of both textile mills as well as handlooms, the Ambar Charkha and all that. There should be no difference of opinion on that score. After all, we should continue to increase the products of handlooms and Ambar Charkha.

SHRI N. R. MALKANI: The issue here is different. The issue is how to encourage exports of mill cloth. We are not talking of handlooms now.

SHRI H. P. SAKSENA: I am all in all for the production in our country whether it be textile mills or handlooms or Ambar Charkha but if anything goes against our declared policy of increasing production, raising production, I shall oppose it. At any rate, I shall not support it because the country today stands in need of more and more production, whether it be textiles or whether it be food or whether that be even what you call Daida. I do not use it and I do not want any of my countrymen to use it but yet I need it because it brings in a lot of money by way of export. These industries have been established at the cost of thousands and thousands of crores of rupees. We are not going to dismantle them because India stands in need of all these things. Therefore, sticking, as we must, to our principles and our objectives, we should also allow these textile mills and other industries to live. We should act on the policy of 'Live and let live'. There is ample scope for expansion and growth of these industries and, therefore, I give my wholehearted support to it.

SHRI N. KANUNGO: Sir, as Professor Malkani rightly pointed out, this particular measure is designed to stimulate exports. Obviously, the simplest method would have been to increase the capacity of production in

our country so that by means of competition *inter se* prices would come down, cost of production would come down and, necessarily, quantities would be released for exports and incentive would have been there to compete with other countries in the export market. Unfortunately, Sir, our economic condition is in transitional stages and we cannot take these rather straight geometrical measures as they occur to us because the demands of large sections of people for employment, for living and for other various things have to be considered. We have to adopt measures which will satisfy conflicting demands. I would like the House to remember that the effective production capacity of the textile mills has been frozen from 1953, with the result that there has been an increase in demand, an increase in prices and, therefore, measures have been taken to inhibit the rise in prices. Shri Deokinandan pointed out certain contradictions in the situation as it is today; they are there and there will be many more but we have got to steer clear of these difficulties. We have deliberately frozen the production capacity. We have tried to inhibit rise in prices. We have deliberately prevented development of higher technology. There are very good reasons for that. Therefore, we find our selves in this position because, in the export market, we have to face conditions over which we have no control. The basic factor is, as it has come out in the debate, that it can be done only by giving attractive prices which is only possible by reducing the cost of production and competing in quality. It was argued by one of the speakers that we had higher exports even when we did not have automatic looms. The very fact that exports have dropped down may be attributed to one or two causes, namely, the non-availability of better type of tools. It is a well-known fact, as Dr. Dutt, has made it clear . . .

SHRI N. R. MALKANI: How did Japan manage it? How did Germany manage it?

SHRI N. KANUNGO: Because they never inhibited the use of higher techniques. We cannot follow the practice of Japan or any other country because our conditions are different and, as I said, the demands of large sections of the population are there which are legitimate and they have got to be satisfied.

Sir, as far as this particular Bill is concerned, we have got to consider whether it will serve the purpose or not, that is, whether it will inhibit the tendency of diverting to the internal market and stimulating the exploration of outside markets. The outside export markets are shrinking and one of the facts, as Dr. Dutt has made out, is foreign countries, due to various factors and conditions, imposing definite prohibitions, quota restrictions etc. We have done it also because of bilateral agreements and so forth.

3 P.M.

These are facts which cannot be got over. We are trying to find out other means; that is to say, such countries which have got quota and all that and we are trying to have bilateral agreements. We are trying to have other means than straight trade, bilateral agreements, contracts and all that, but that has not succeeded so far to any great extent. Therefore it is proposed in the limited provisions of this Bill that there will be a penal duty on the quantity of cloth which is produced in the extra producing capacity plus the amount of exports which the particular establishments have been discontinuing. I confess that the limitations which have been put on the industry are rather onerous. For example, if an establishment 'X' has been exporting 100 million yards and by installing additional capacity it may be calculated to produce 80 million yards more, we insist that that concern should export 180 million yards. It is pretty difficult because they have already reached saturation point to a certain extent but all the same taking all the factors into consideration for the safety of the other means of production for

[Shri N. Kanungo]
which definite quantities have been fixed, this measure has been brought forward. Now, the point is, as has been made out by Shri Kishen Chand and in a different way by Dr. Gour, whether the penal fiscal provisions are enough or other provisions are necessary. We believe that the fiscal provisions which we have provided for are enough. For punitive action we have got powers under other legislation but I believe it is always best—and it has worked out well in the past—that well-regulated and well-thought out fiscal provisions do give results. But I will suggest that we have to watch for a couple of years and see whether the penal fiscal provisions produce results or not, and the results will prove whether my contention is right or wrong. Sir, I commend the Bill.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill to provide for the levy and collection in certain circumstances of an additional duty of excise on cotton fabrics issued out of mills, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

MR. DEPUTY CHAIRMAN: We now take up clause by clause consideration of the Bill.

Clauses 2 to 6 were added to the Bill.

The Schedule was added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

SHRI N. KANUNGO: Sir, I move.

"That the Bill be returned."

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be returned."

The motion was adopted.

THE DELHI MUNICIPAL CORPORATION BILL, 1957

THE MINISTER OF HOME AFFAIRS
(SHRI GOVIND BALLABH PANT): Sir, I move.

"That this House concurs in the recommendation of the Lok Sabha that the Rajya Sabha do join in the Joint Committee of the Houses on the Bill to consolidate and amend the law relating to the municipal government of Delhi, and resolves that the following members of the Rajya Sabha be nominated to serve on the said Joint Committee:—

1. Shri M. C. Shah
2. Shri Deokinandan Narayan
3. Shri Santosh Kumar Basu
4. Shri Awadheshwar Prasad Sinha
5. Shri Algu Rai Shastri
6. Shri Hira Vallabha Tripathi
7. Shri Onkar Nath
8. Shrimati Saddiqua Kidwai
9. Shri V. M. Surendra Ram
10. Shri Mohamed Valiulla
11. Dr. Raj Bahadur Gour
12. Shri N. B. Deshmukh
13. Shri Kishen Chand
14. Prof. A. R. Wadia, and
15. Shri Govind Ballabh Pant—the mover"

Sir, I am glad to move this motion and still more so because the prospect of having the assistance of members of both Houses while dealing with this Bill in the Select Committee is quite satisfying and promising. Under the normal rules it is not usual to have such a Joint Select Committee but the Lok Sabha, on my request, agreed to have a Joint Select Committee to deal with this and an allied Bill which I hope I shall have the opportunity of moving for consideration soon in this House. The Bill, as it is, is sufficiently voluminous but its volume does not in any way indicate anything controversial about it. It is a straightforward Bill; it goes into details and