

with effect from the date of the said notification."

The motion was adopted.

RESOLUTION RE EXPORT DUTY ON GROUNDNUT OIL

THE MINISTER FOR COMMERCE
(SHRI D. P. KARMARKAR): Sir, I move:

"That in pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Rajya Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry S.R.O. No. 2520, dated the 29th July 1954, by which an export duty of Rs. 350 per ton of 2,240 lbs. was levied on ground-nut oil with effect from the date of the said notification."

Sir, I should like to preface my formal motion with a few observations, because this matter has naturally attracted comment, and therefore I should like to invite the attention of the House, by way of preliminary observations, to the background of the decision that we took. As the House is aware, as a result of the Korean War boom, there was an unprecedented demand for oils and oilseeds for stock-piling and the prices of Indian oilseeds and oils also shot up considerably and added to the inflationary pressure and with a view to mop up a part of the excess profits earned by the exporters, an export duty of Rs. 300 per ton was imposed on all vegetable oils including ground-nut oil, with effect from the 30th June 1951. Thereafter, when the stock-piling ceased and conditions returned to normal, it was found that the export duty on ground-nut oil could not be sustained in view of the re-emergence of a buyers' market from a sellers' market. With a view, therefore to facilitate exports and retain our traditional markets for this major item of our export trade, it was decided to remove the export duty on this oil with effect from the 16th March 1952.

Exports of ground-nut oil have been permitted within an overall annual quota fixed for each exchange year (July to June) after taking into consideration the crop prospects, the probable internal requirements and the price trends. For the exchange year 1952-53 a quantity of 60,000 tons in terms of oil was released for export. Out of this, 20,000 tons were released during the period July to December 1952. A further quantity of 36,000 tons was released for the next half-year, January-June, 1953, keeping in reserve 4,000 tons for newcomers; but due to an unexpectedly poor crop of ground-nut, coupled with a general rise in the consumption of edible oils in the country, the prices of oils and oilseeds, especially ground-nut oil, began to shoot up. By the middle of 1953, the prices of ground-nut oil reached the highest level attained in recent times. In order to help the consumer and with a view to curtailing speculative activity, exports were suspended after August 1953. Thus, nearly half of the export quotas released remained unexported. In addition, imports of palm oil and cotton-seed oil were permitted to relieve the pressure on ground-nut oil at least from industrial users.

This policy had the intended effect on the market and the price level moved downwards and was held in check, although repeated rumours, regarding export releases, continued to revive speculative activity from time to time. By the beginning of June, the trade was convinced that Government was in no mood to permit unbridled price rises to the disadvantage of the consumer. The traders, therefore, were reconciled to a low level of prices. Then as the season advanced and crop conditions appeared to be favourable, stockists began to worry about the stocks on hand, with the result that prices tended to fall sharply in the month of July, touching the low figure of Rs. 1,118 on 24th July 1954—that is the latest figure we have. Just as previously, a ban on the export of ground-nut had been imposed in the interests of consumers, it was thought

[Shri D P Karmarkar]

that it would be desirable to permit a small quantity to be allowed to go forward in the interests of the producers. At the same time, it was feared that permission to export, at a time when the gap between external and internal prices was wide, might again set in train an inflationary movement in prices. It was therefore decided to take double action—firstly, to permit the export of 15 000 tons of ground-nut oil and secondly to mop up the difference between internal and external prices so that the internal price level neither falls below a reasonable figure nor rises unduly. In order to determine the quantum of duty on varying prices, both abroad and in the country the price conditions were studied in some detail. The prices in London market on or about the 29th July were about £137 or in round numbers Rs 1,840 per ton whereas the internal price was ruling round about Rs 1,140 per ton in Madras and Rs 1,170 per ton in Bombay. Then we made an allowance for an incidental charge of Rs 250 per ton and then we calculated the gap as between the internal and external price to be about Rs 450 and then again we had to make a little allowance to the trade and we thought that a duty of Rs 300 provided in the Second Schedule to the Indian Tariff Act would not be adequate and that unless this duty was stepped up to Rs 350 per ton, the margin left would be sufficiently wide to allow for undue price rises. Though we meant well, unfortunately these expectations were not realized. The demand in the United Kingdom slumped for various reasons and U K prices declined steadily from £137 as mentioned here to about £121 or £122 on the 21st August 1954. So we had to take action accordingly in view of the lowering of external prices. So the gap between the internal and external prices was narrowed and it did not come up to our expectations and therefore we had to revise the duty downwards. Accordingly on the 2nd September 1954 the duty was scaled down to Rs 225 per ton.

Regarding the stocks precise information is not available. Now to the best of our information production would be estimated at about 37,72 000 tons of nuts in shell and the estimated surplus on the basis of past consumption we have calculated.

So coming back to the point of duty, the whole thing comes to this that we in fact seek sanction of this House not for the reduction in duty because we need not do so but for the enhanced duty during the period when such an enhanced duty was imposed and that is precisely why we have come to this House to seek the approval of this House for the original enhancement of the duty and I hope there will not be much of controversy on this point. There will be one question which always arises especially in respect of commodities like ground-nut oil and that question veers round the conflicting interests of the consumer and the grower. Sometimes we find opinions voiced on behalf of the consumers and sometimes on behalf of the growers not only in this sector but in many other sectors also and we as a Government have to balance the interests of all. There is the interest of the consumer, there is the interest of the grower and there is also the national interest as a whole and Government have to balance all these considerations. The grower will find it very welcome to be able to sell his oil at Rs 2,000 per ton. If that is the price the grower will largely benefit—no doubt about that. If I remember aright the pre-war prices were round about Rs 250 per ton. Taking on a parity the general rise in the price level and making it 4 or 5 times even the reasonable price should be considered round about Rs 1,000 per ton. But we have allowed for a little more and on the basis of that we have calculated the incidence of this export duty. Now there will always be a cry whenever the price goes down from 12 Noon the growers that the price has gone down. It has not only happened in respect of this. It has happened in respect of many other

commodities as well. We know that during the last year when prices soared up, unconscionably high, we received vigorous protests from the consumers to the effect that oil is a daily necessity like other articles of food and therefore the price should be limited in the interest of the consumers. Nor could we look upon with equanimity if the prices go below than what the grower's interests really required. So we have taken action to stop the exports during last year in so far as the consumer's interest required and we opened out the oil for export in so far as the grower's interest required. The present simple motion is that this House do approve of the action taken by the Government in regard to the export duty. Sir, I move.

[MR. DEPUTY CHAIRMAN in the Chair.]

MR. DEPUTY CHAIRMAN: Resolution moved:

"That in pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Rajya Sabha hereby approves of the notification of the Government of India in the Ministry of Commerce and Industry S.R.O. No. 2520 dated the 29th July 1954, by which an export duty of Rs. 350 per ton of 2,240 lbs. was levied on ground-nut oil with effect from the date of the said notification."

SHRI KISHEN CHAND (Hyderabad): Mr. Deputy Chairman, today we have just now disposed of a Resolution permitting the export of rice and now we are considering the question of reduction in export duty on ground-nut oil. The hon. Minister in his closing remarks on the previous Resolution said, that

PANDIT S. S. N. TANKHA (Uttar Pradesh): May I point out that the Resolution now before the House is not for the reduction of the duty but for its enhancement.

SHRI KISHEN CHAND: Ground-nut duty is being reduced from Rs. 350 to Rs. 225.

SHRI D. P. KARMARKAR: We don't want approval for that.

SHRI KISHEN CHAND: You want approval for the reduction to Rs. 225. The first act was that the duty on ground-nut oil was increased from Rs. 300 to Rs. 350 per ton. Now it is being reduced from Rs. 350 per ton to Rs. 225 per ton.

MR. DEPUTY CHAIRMAN: That is not before the House now. What is before the House is the levy of Rs. 350 per ton.

SHRI D. P. KARMARKAR: May I clarify it a little further? It only affects the enhanced duty on 997 tons which are being really affected by this duty. That is the only limited question. We increased the duty to Rs. 350. We want the approval of the House to the enhancement so far as it worked and that has worked only in the case of 997 tons of oil.

SHRI KISHEN CHAND: Mr. Deputy Chairman, I think the hon. Minister for this clarification but I take this opportunity for really discussing this whole question of levying of export duty on the export of raw materials. It is a fundamental question of economics. The hon. Minister in his closing remarks on the previous Resolution said that the Opposition are opposing the Resolution on very flimsy grounds just for the sake of opposition.

SHRI D. P. KARMARKAR: I did not say that.

SHRI KISHEN CHAND: I submit that the experience during the last year and a half has been that the Ministry of Commerce and Industry have off and on imposed export duties whenever they have found that there is a difference between the internal price and the external world price. Then suddenly they reduce the duty whenever there is a variation in it. I beg to submit that this type of interference in the raising and lowering of export duty is very detrimental to the whole fate of the country, that during the last 150 years the world economists have considered this question of levy-

[Shri Kishen Chand.]

ing of export and import duty and they have found that certain variations in this type of transactions are detrimental to the interests of the country. I know that the total amount involved is very insignificant. In the case of the previous Resolution, the hon. Minister pointed out that whereas our production of rice is about 270 lakh tons, we are thinking of exporting only about 2 lakh tons. I do submit, this was an insignificant quantity of rice that we propose to export. Similarly, the total export of ground-nut oil from our country is very insignificant. But when we are considering the question of levying an export duty, we have got to consider the whole export policy of the country and the economic trends that it will lead to. And when we are considering the economic trends, we must note that in the last fifty years, the Congress Party has been proclaiming that our country should not export raw materials, that we do not want to be always exporters of raw materials and importers of finished goods, that we must finish our raw materials in our own country and send out our raw materials in a finished state. If we want greater employment, if we want the country to be industrialised, if we want to start new industries in our country, it will be only possible if we are consistent and keep to the policy that we proclaimed as Congressmen during the last fifty years. That is to say, we should not allow our raw materials to be exported; but we should export them as finished goods. But what are we doing now? Slowly and gradually as temporary measures, the hon. Minister is coming to this House and asking for permission to export this and that article out of our raw materials, to levy an export duty here and there. I submit that this is a shortsighted policy. I also submit that we should not consider this question as an isolated question.

There are three interests involved in this question. There is the grower or the producer of the raw material, there is the local consumer of that raw

material and there is the exporter. Sir, ground-nut oil is a very essential article of consumption. I feel that the vitality of our nation is going down, because the consumption of oils during the last four or five years has been low. You may know, Sir, that the price of oil was nearly Rs. 3 per seer only a few years back and the net result of it was that the poor consumer in this country was forced to eat only food grains, cereals, and he was entirely deprived of oil in his food, oil which is so essential for healthy growth. I submit that even the present price of oil which is about Rs. 1/8 per seer is too high and the result is that the poor consumer with his limited means is forced to go in only for carbohydrates, that is to say, cereals like rice millets, barley etc. Therefore his diet is not a balanced one and he does not get enough of the fat content in his diet. The hon. Minister for Commerce and Industry should be very careful when he permits any export of oil from our country. I admit the oil mills have asked the Government to permit more export of oil from our country. Sir, a small section of the oil mill owners may demand that from the Government. But Government should not accede to their request. Government should ban the export of oil as long as the price of oil has not come down to about a rupee per seer. It is only at that price that greater consumption of oil will start in our country. Here I may point out that in the production of oil, there is the primary producer of the oilseed; then there is the mill owner who converts the oilseeds into oil, or rather who extracts the oil from the oilseed. I think the benefit of an increase in price does not go to the oilseed producer, I mean the primary producer. It is only the oil-mill man, the oil crusher who gets the benefit. Therefore, even when you ban the export of ground-nut oil and the price of the oil goes down to Re. 1 per seer, you have to see that the actual price which the producer of the oilseed gets does not come down proportionately, and that his suffering is not made greater by the banning of the export of

ground-nut oil. Therefore I submit that we should look after the interests of the oilseed producer. Between the producer and the consumer there is the intermediary, the man who is the oil extractor but as long as we find that the interests of the oilseeds producer are not adversely affected, we should restrict the export of ground-nut oil.

Now, what is the total number of oilseeds producers as compared with the total population? It is not like the position in the case of rice. After all nearly 7 crore acres of land are under rice cultivation and possibly about a crore of agriculturists are engaged in it. But when you come to oilseed producers, the position is quite different. Only a very small number of people are producers of oilseeds and the number of consumers is much larger. In the case of oilseeds the proportion will be about one producer to ninety nine consumers. If Prof. Ranga wants more details I will give them to him. I can give the exact number of agriculturists engaged in the production of ground-nuts. The agriculturists interested in the production of oilseeds are not more than about 36 lakhs. And our population is about 36 crores. Does he think that more than 36 lakh people are engaged in the production of oil?

SHRI RAJAGOPAL NAIDU: (Madras): Every agriculturist raises ground-nut.

PROF. G. RANGA (Andhra): Yes, he raises that also.

SHRI RAJAGOPAL NAIDU: Invariably.

SHRI KISHEN CHAND: I would request my hon. friends to let me know what is the total area under ground-nut.

PROF. G. RANGA: Ten million acres.

SHRI KISHEN CHAND: And under rice?

PROF. G. RANGA: Under rice, of course, plenty.

SHRI KISHEN CHAND: It is 70 million acres.

PROF. G. RANGA: Yes, 76 million acres.

SHRI KISHEN CHAND: So not more than 10 million acres are under ground-nut, and 76 million acres under rice. Then there is the area under wheat and then the area under other crops. What is the total area under cultivation in the country? You know the total area under cultivation in our country, both under food and commercial crops, is about 280 million acres. So out of this 280 million acres only 10 million acres are under ground-nut oil.

SHRI RAJAGOPAL NAIDU: Not under ground-nut oil, but under ground-nut.

SHRI KISHEN CHAND: Yes, I mean under ground-nut. That means that my contention has been automatically proved by the figures quoted by the hon. Member.

PROF. G. RANGA: Very well. What then?

SHRI KISHEN CHAND: So the population engaged in the production of ground-nut is only 1/28th of the total population engaged in all agricultural operations.

SHRI RAJAGOPAL NAIDU: May I point out that every agriculturist raises ground-nut too? Suppose he raises 9 acres of rice he raises at least one acre of ground-nut. That is why there is that much of difference.

SHRI D. P. KARMARKAR: Take fractions together and make them one.

PROF. G. RANGA: Cutting up a man into fractions and joining them together is your principle.

SHRI KISHEN CHAND: Even if you take it that out of ten acres cultivated, nine acres are for rice and one acre is for ground-nut, then the imposition of export duty on ground-nut

[Shri Kishen Chand] will affect him only to the extent of that one acre, that means, to the extent of 10 per cent of his production. If you cannot get round the figures by some sort of argument, I cannot help it. The facts and figures are there: there are only 10 million acres of land under ground-nut.

PROF G RANGA: We do not question your mathematics because you are one of the professors.

SHRI KISHEN CHAND: The net result is that if we ban the export of ground-nut oil, the population that may be affected by it will be much smaller than that which will be affected by the export of cereals etc. When we find that fat is such an important element of human diet and that our population is being denied that, I think it is a great mistake to allow the export of ground-nut oil.

I have already stated that it is a question of long-term policy and we should not use the machinery of export and import duties from a short-term point of view. We should see what our aim and object is in this country. In another debate I pointed out that we should try to develop the hydrogenation industry, that we should try to convert all this oil into hydrogenated oil and then export that oil. That way, we would have built up an industry, we would have found more employment and we would earn more money. I have said, Sir, that our policy should be never to export the raw materials in their primary condition. We are exporting hides and skins and the hon. Minister does not think of levying an export duty on hides and skins. We do not want to export hides and skins; we would much rather tan them, convert the hides and skins into shoes or into high quality leather and then export finished leather. Our policy should be to find greater employment in finishing our raw materials in our own country and then exporting them in the finished state.

With these general remarks on our policy in regard to the export trade, I submit to the hon. Minister that he

should not permit export of ground nut oil until its price comes down to a reasonable limit for the consumer in this country.

SHRI V VENKATARAMANA (Andhra): Mr. Deputy Chairman, while introducing this Resolution the hon. Minister said that the Government is considering the country's whole economy and has also at heart the interests of the consumers and the producers. From the after effects of the policy—as has been stated by him—and from the fact that they had to modify their policy to some extent shows that this policy is to help only some vested interests, that is those of the manufacturers of vanaspati and soap. This policy is of no use to the grower because by this levy of a heavy export duty the prices of ground-nut oil will come down and only the exporter will benefit as has been shown by the Economic and Statistical Officer's Report on the agricultural situation in India. In that it is stated that in April the price was Rs. 1,000 per ton but that it has come down to Rs. 900 per ton. This clearly shows that the price of ground-nut has gone down by 10 per cent. By the levy of this duty the consumer does not benefit and the only party which benefits is the middlemen who may be benefited to some extent. The Indian Central Oilseeds Committee, in its various reports, has suggested to the Government the reduction, if not the entire abolition, of the export duty in order to increase the production of oilseeds as well as their export. In the report dated March 1952, it is clearly stated, "The Committee has been reviewing the position regarding the levy of export duty on oilseeds at almost every meeting. As a result of the position existing in 1951-52 the Committee had recommended the total abolition of these duties. If however, that was not considered possible for any reason, it was recommended that the duties on edible oils should be reduced considerably and those on non-edible oils removed or at least fixed separately for different oils taking into account the oil content of the respective seeds." It is further reported, "if at all an ex-

port duty should be imposed, it should be announced long before the sowing season". The Government did not give any consideration to the recommendation of the Indian Central Oilseeds Committee; it has completely ignored those recommendations. In the next year also, the Committee reported, "These duties depressed prices and removed the initiative for greater production". One of the objects of levying these duties is to reduce the purchasing power in the hands of the people in general but the producers in the villages where the purchasing power is already comparatively low are adversely affected and the country also loses valuable foreign markets and foreign exchange. This shows that both the producer and the country's foreign exchange earnings are affected by this wrong policy of Government by way of export of oilseeds and imposition of heavy export duties completely ignoring the suggestions of the Indian Central Oilseeds Committee made on various occasions.

The Andhra Government has repeatedly requested the Central Government to take into consideration the huge stocks lying in that State and allow exports. I do not know what made the Government of India allot such a low quota and also levy this heavy export duty. The Andhra and the Madras Governments objected to the policy of the Government in regard to the levy of high export duties. Besides that, some of the people from the Andhra Government as well as representatives of growers will be coming shortly to represent their case and to show how both the growers and the merchants are affected by this wrong policy of the Government. Taking all factors into consideration, it would seem that neither the general economy of the country, nor the producers, nor even the merchants will benefit by this policy of the Government.

SHRI J. V. K. VALLABHARAO (Andhra): Mr. Deputy Chairman, I am not surprised at this notification of the Government especially as the Commerce and Industry Ministry has a record for bungling in the matter of

the imposition of export and import duties. This latest order imposing an export duty of Rs. 350 per ton has not at all surprised those who are conversant with that policy. While replying to the debate on the previous Resolution, the hon. Minister stated that he has at heart the interests of the producers as well as of the consumers and that he merely wants to balance their interests in the matter of imposition of import and export duties. Now, in this case, I think he is looking more to the interests of a certain type of consumers, that type which is represented by a certain group, that is, a certain group of vested interests, who are very anxious to get the raw products at a much cheaper price than the peasant can afford to sell, and that small vested group is the group that now has the *vanaspati* industry in its grip and by carefully following the Government's policy towards these people we come to that conclusion. The hon. Minister has given us an account about the past history, as to how the exports and imports were regulated and how the prices went up and went down. Now I just like to remind the hon. Minister and tell him that during the past 15 years, during the war period and in the post-war period, there was never a time when the production of ground-nut fell; it was always on the increase and this year also, if you see the figures that have been supplied by the Government itself, the production is 25 per cent. more than what it was last year. I am speaking not only for the producers of oil but also for the poor peasant, the peasant who owns three acres of land. It is dry land. There he puts this ground-nut. Now it is from those areas, from the famine-stricken areas of Rayalseema like Cuddappa or of Vizag, the peasants are sending telegram after telegram just because the price for their ground-nut is falling since you have banned the free export of the commodity by putting a heavy duty, and their stocks are mounting. Even the Ministers of the local Government who come from those areas have sent frantic telegrams to this Government and I learn that a delegation is meet-

[Shri J. V. K. Vallabharao.]

ing the hon. Minister also tomorrow just to impress upon him the need to help not the industry alone but the poor peasant also who owns three acres of land and whose all the three acres are put for ground-nut because he cannot put any other crop on it. And see the argument that the price for the consumer will shoot up. Well, I would like to ask: Who is the consumer that he is looking after? The biggest buyer of this ground-nut is the local agencies of certain well-known firms with which, I think, some of the hon. Ministers are also connected. Help the poor peasants to get a fair price for their ground-nut, give them the freedom to export without the imposition of this high export duty. Some other firms, some other local agencies will try to get these things, will buy the ground-nut from them and shall sell it, export it. Now by imposition of this heavy duty only a few firms have got the capacity to export and they don't export. They want to bar the exports. The Government said that they had enough of ground-nut here and "we have removed the order on exports." Now they have again put a ban on exports but it comes in another way, the way of export duty of Rs. 350 per ton, which the small trader is not able to pay and the result is what is happening before our eyes in the shape of a fall in prices and accumulation of stocks. My friend just now said that it was in the interests of the industry that export restriction is needed. I can tell him that at least 100 oil expellers in Andhra have closed down because there is no price. From the area from which I come, there I can tell him that the oil-expellers have closed down and at least 10,000 workers are unemployed because the poor oil-expeller cannot sell his oil at an economic price and a particular firm only has got that advantage. That particular firm also wants this oil or wants this ground-nut for a double purpose, firstly, for its *vanaspati* factory and secondly, to again sell the oil-cake to these peasants at exorbitant rates. Well, I would like to ask the Minister: Whom is he going to help, the poor

trader, the small peasant or the big people who talk high about the industry and about the consumers?

I humbly appeal to the hon. Minister to get the opinions of those Governments, of those States, where ground-nut is grown most and I am sure that his own colleagues who come from those parts will impress upon him the need to remove this heavy export duty. I am sure it is not a question of this side or that side. Not that I am only telling him, the Ministers of those States themselves are speaking at public rallies that this duty imposition is to the detriment of the producers. Two days back the Minister for Agriculture in Andhra State, the hon. Mr. Thimma Reddy, was vehemently complaining against the policy of the Central Government with regard to this heavy export duty and I understand that he has written many letters to this Government for the total removal of this duty or at least for the reduction of this duty. Also from the side of the peasants big rallies were held in Cuddappa district of Rayalaseema—I am not speaking of the rallies that are held under our banner which you will say is the banner of the Communists—rallies held under the Congress banner, under the P.S.P. banner, under the K.L.P. banner, under all banners of the poor peasants for the removal of this export duty. May I now just appeal to the Minister to just go through all those appeals of the common man, of the poor peasants, and in their interest drastically reduce the export duty. If you are talking so much of the consumers' interest, I would suggest a solution: Fix a floor price for the ground-nut so far as the peasant is concerned. Say this much shall be paid to the peasant and fix a ceiling price for the ground-nut oil for internal consumption and allow exports. You can fix up: This is the ceiling price for the ground-nut oil; over and above this price you cannot sell. Have a ceiling price for internal consumption and a floor price for the peasant and allow exports. If you don't do this and you simply say, "We have allowed exports and we have fixed up

a particular rate", I know who can pay that rate. I know who will be benefited by that, and many Members of the Ministerial party also know who will be benefited by it. So I humbly request the hon. Minister, since he is reconsidering this matter, to reduce it much below Rs. 225 say Rs. 150 just looking at the price level and looking at the stocks that are there now in our country. He says, "Just because we have got surplus stocks now we have allowed them to export." Let me say at least so far as Andhra is concerned, the surplus there is not in one year, not in two years but it is the case in the last 15 years. It is only today that I learn here that the stocks at present have reached 25 per cent. more than that of the last year just in the course of eight months. The production this year, so far, is 37 lakh tons compared to the production of 1952-53 which is only 28 lakh tons. And is it not a good case for the Minister to just allow them to export? I think the Minister will do well in the interest of the poor peasants—I am not saying in the interest of the poor peasants only—in the interest of the poor peasants and in the interest of the small trader also, just to permit free exports and only as an alternative to reduce drastically the export duty and thus help the grower.

PROF. G. RANGA: Mr. Deputy Chairman, on the face of it this Resolution appears to be very reasonable for the simple reason that the Government wants to do some justice, if not full justice, to our farmers and to this ground-nut oil industry as a whole including all those interested in it. But at the same time it is necessary for us to keep in mind the general policy of the Government in regard to our commercial crops and the exports thereof. My hon. friend said a little earlier that it would be best to be progressive in the movement of things. He said so in the case of rice but unfortunately for him he has inherited a policy which is in contradiction to his own present statement or his present enlightenment in regard to the advisability of encourag-

ing exports. Sir, there is quite a lot to be said for encouraging the utilisation of our raw produce especially of agricultural produce in our own country through the development of a number of industries, subsidiary, ancillary and so on. But unfortunately what has happened is that a few people, as has been put by my hon. friend Mr. Vallabharao, have been able to gain a stranglehold over that very important over-developed capitalistic industry known as *vanaspati* with the result that they have been able to make out a case before the Government, convince them and then get their own way with the Government in the matter, with the result that the Government of India has not been very clear in their own mind as to the policy to be pursued in regard to this matter but, on the other hand, has been obliged to allow their policy to be shaped in accordance with the wishes or the reactions of this more powerful industry and the industrial group. I do not mean to say that every time this industrial group approached the Government, the Government had yielded to them so completely as to jeopardise national interests or that their influence upon the Government has been so great and so insistent and so repeated that the Government has come under. Legitimately on very many occasions there is room for a great deal of suspicion and I would ask the Government to guard itself against this. Similarly, I do not want the Government to allow other industries similarly situated and similarly controlled to be developed in the same manner and come to grief in the same fashion.

Then I come to the next point. My hon. friend who is a Cambridge Tripos and a distinguished educationist goes into economics also and unfortunately sometimes he leads us into some kind of a confusion. He seems to have ignored one fact that most of our peasants are not single-crop producers. On the other hand, they depend upon the production of a number of crops—one main crop and several subsidiary or ancillary crops, and they try to eke out their living as best as they pos-

[Prof. G. Ranga.]

sibly can by attuning to the demands of the weather, to the fertility of their own soil and to the geographical situation in which they find themselves in this country. It is a well-known fact that these crops are known as cash crops. Commercial crops are known as cash crops and for very good reasons food production is being carried on in this country to the greatest possible extent—as compared to other countries—as subsistence production. That is in view of the fact that a very large number of our growers are less than self-sufficient producers and are obliged to produce foodgrains for their own family consumption and very many of them are not able to produce as much as they want but at the same time they have got to pay land revenue. Whether agriculture pays or not, whether crops are really good enough or not, the land revenue demand has got to be met by our peasants.

Secondly, a big enough demand—nearly as big a demand and as large a nuisance as that—is the demand by our capitalists or moneylenders and now-a-days by the co-operatives also for the payment of their interest and a portion of the capital advanced to them, because most of our peasants are obliged to be in debt and to carry on their agriculture on borrowed capital. These two are the fixed charges—whether the peasant has got enough to live upon or earn by his crops or not—he is obliged to meet these two fixed charges and he thinks it best to meet these charges by the production of commercial crops

SHRI KISHEN CHAND: May I know from the hon. Member what land revenue he pays on dry land per acre and what relation it bears to the crop?

PROF. G. RANGA: I think my hon. friend will do well to discuss these things with me in the lobby. If he can speak with authority on economic matters I can speak on agricultural matters which concern the agriculturists and peasants. I am speaking

with my book and I cannot surely take the time of the House here to enter into a long argument with my hon. friend over these matters.

But one thing is clear. The role which these commercial crops or cash crops play in the peasant economy of our country is a very important and a very significant one. No one specialises in one crop alone, either in ground-nut or sesamum or any commercial crops of that kind. They produce to a large extent food crops and in addition to that they grow these either as second crop or as first crop itself on a portion of their land. All that depends upon the local weather conditions and climatic conditions as to which particular cash crop they produce. Therefore it is most essential that the Government of India should take an early opportunity, if they have not already done so, to study this particular problem in the light of their own export policy, to study this problem of export duties on commercial crops in the light of this particular anxiety of our own farmers to find a higher and higher or a more and more economic and remunerative price for their cash crops.

Having said that, at what price would we like the Government to stabilise the price of ground-nut? My hon. friend, Mr. Krishnamachari, the Minister for Commerce and Industry stated in the other House that he would like it to be fixed at Rs. 1,000 per ton. I do not wish to quarrel with him over that. Let it be Rs. 1,000 or Rs. 1,200 or whatever it is, but let there be some fixity in regard to this matter so that the agriculturists themselves would know what they can possibly look forward to gaining by placing their land under this ground-nut or comparably useful commercial crops. Once they know it, it is easy for them to go ahead with production. We want more and more production of commercial crops, not necessarily by placing more and more land under them although actually the land placed under ground-nut has been growing from 9,174,000 acres in

1943-44 to 10,880,000 acres in 1950-51 and it is much higher I think at present

SHRI RAJAGOPAL NAIDU: It is 11,000,000 acres.

PROF G RANGA: It is now 11 million. I would not like this tendency to go on. Two million more acres have been placed under ground-nut alone. I cannot say that we can congratulate ourselves on this for the simple reason that I would rather have far less area under ground-nut and produce more by introducing improved methods of cultivation, by irrigation and by making it possible for our peasants to apply more and better manure and more suitable manure than place more and more land under oil seeds. Now, if they produce more and more upon the same extent of land then naturally it becomes easier for our farmer to maintain himself and also it becomes easier for him to sell his oil seeds at comparatively lower prices so that the consumers will also come to be benefited. It is in that direction that the Indian Central Oilseeds Committee has been working but unfortunately the Government of India does not seem to attach as much importance to its recommendations as it ought to and I would ask my hon. friend who is as good a reader as he is a speaker here and also the exponent of Government policies—whether they are good or bad—to make a good study of the recommendations of the Indian Central Oilseeds Committee and also think of the possibility of placing at their disposal larger funds than have been made available to them through the cess and in that way develop agricultural research in oilseeds.

Thirdly, another way by which he can possibly help the consumers while not affecting the interests of the growers is by developing the marketing facilities. In this sphere of marketing facilities it is most necessary to organise better warehouses on a larger scale than what has been possible for the Committee itself to develop in this country. At this stage I would like

to make one point. I want to know first of all what the Government of India wishes to do with the proceeds of the export duty. Immediately they want to utilise it for their general revenues. I have been maintaining the demand on the part of the growers in this country not only in regard to this crop but also other crops, that such revenues ought not to be merged in general revenues, but on the other hand they should be funded into a separate fund from out of which it would be possible for the Government to develop marketing facilities for our agricultural crops. The greatest need of the agriculturists in this country is one of warehousing facilities. It is true that in recent years the Government of India on their own have built a number of warehouses for storing their own foodgrains, but that is not enough. It is most essential that at every railway terminus and also at all the ports, not to speak of local markets also, the Government of India should go out of their way to encourage the State Governments to build on a large scale big enough storehouses—storehouses not only for the ground-nut kernel but also for other oilseeds. They have made a beginning, I think, from the State end. From the Government of India's end no beginning has been made so far at all and I would like the Government of India to study this aspect of the problem as otherwise it would be really going against the interests of the oil industry by raising this export duty and then utilising the proceeds for general revenues.

Sir I am very glad that at least on this occasion the Government of India have done one very good thing and that is to settle their export policy in time, at the right time, just when the crop is coming into the market, so that the farmers will be able to take the fullest possible advantage of this. Hitherto it has not been the case and you know, Sir, on many occasions in this House, repeated criticisms had been made that the Government of India would only announce their policy when the crop has generally passed

[Prof. G. Ranga.]
into the hands of the middlemen and they alone could take the benefit from it.

Sir, we want to produce more oil-seeds; we need more and more of them; different types also. But we have to take steps to see that there is no adulteration. There is a piece of legislation, I think, before the House, which is being discussed and I am glad some move is being made in that direction. But it needs money and money can come only from this end, from the Commerce and Industry Ministry and from the Finance Ministry. Otherwise, it is useless for this House and the other House to pass the legislation and afterwards have the satisfaction that it is on the Statute Book. That is why I wish to lay special stress on the Government of India coming to an early decision in regard to how they are going to utilise the proceeds of these funds.

Then, Sir, there is the question of fluctuation in the prices of oilseeds. Only in recent times it has happened in this way—sudden, sweeping swings in prices. They do immense harm to our peasants. Nobody wants it; I am sure the Government also do not want it; but their policy tends to encourage this tendency. And what has happened, Sir? The price of ground-nut oil has gone down from Rs. 50/14 per maund in April this year and Rs. 51 on 1st May to Rs. 45/4 by 27th May. What would be the fate of our agriculturist? Let the House think about it. Are our agriculturists so rich, so well provided with credit, with funds, with their own accumulated funds, that they can stand this kind of a shock of a fall in price within a period of only six weeks, from Rs. 50 to Rs. 45 per maund? That is a most important thing for us to consider. Now, what does the Government of India propose to do in order to prevent these sudden swings in the prices of our oilseeds? They say that they are taking some steps in order to prevent speculation. The best methods they can adopt are: better ways of financing these agriculturists; of stor-

ing the produce of these agriculturists; and of helping this produce also to move more easily and more evenly from the producers, through the oil producers, into the markets—domestic as well as foreign. Till now, Government has not taken any steps. It certainly falls within the province of my hon. friend. Therefore, I would like him to pay special attention to this.

Sir, lastly I would like to make one exhortation, if I may, and that is that it would be helpful to this House, as well as to the Members on the Opposition Benches and on the Congress Benches, when they make suggestions, if the hon. Ministers concerned give their consideration to these points for whatever they are worth instead of simply trying to give breezy answers and say this is irrelevant, this is not the time, and all the rest of it. It is not for that purpose that we are raising these points here. Any hon. Member, however angry he may be with the Government, with any particular Minister, makes these points in the hope that every one of those points will be studied, looked into, by the Ministry as well as the Ministers concerned. And I hope my hon. friend the Minister in charge of it now will adopt the same policy that he has promised to adopt in regard to our suggestion that Madras also should be included as one of the ports for the export of rice.

MR. DEPUTY CHAIRMAN: We have to close the debate today. So please be very brief.

SHRI RAJENDRA PRATAP SINHA (Bihar): Mr. Deputy Chairman, I would like to press only one point in connection with this Resolution. We have to take into consideration the quantity of fats produced in this country and the quantity that should be consumed by this country, I mean to say, fats. The Coonoor Nutrition Laboratory has studied this problem and their recommendation is that in India we need about one ounce per head, per day, of fat consumption. Now, basing our calculations on this, we require about 36 lakh tons of fats, of

different varieties, of course. India is a poor country, we all know that, and the bulk of our fat supplies comes from edible oils. I find, Sir, that the production of edible oils in this country is only about eighteen lakh tons, which means that we are producing practically only half of our requirements. Of course, the hon. Minister may say that we should take into account other varieties of fat like ghee and butter and other animal fats: but their production, we all know, Sir, is very, very limited in this country and the poor people cannot afford. Therefore, it is very important that we should increase the production of oilseeds in this country.

Now, I would like to pay my tribute to the hon. Minister for the very efficient working of the export regulations machinery and they have no doubt taken timely action with regard to the lowering or increasing of the export duty to meet the situation. I concede that. But one fact which I would like to emphasise and which I want Government to take into consideration is the price that is made available to the agriculturists for their products. There are two aspects of the question, as the hon. Minister has said very correctly: the interests of the consumers and the interests of the producers. Now, it is in the interests of the consumer that we should produce more fats. We can only produce more fats if we give greater incentives to the agriculturists to produce more oilseeds.

Now, we all know, Sir, that oilseeds are produced in non-irrigated areas. And any increase in the production of oilseeds will not very much affect the production of food in this country. I, therefore, submit, Sir, that while revising the export duty we must bear in mind that we give adequate return to the agriculturists so that they may also consider the question of expanding the production of oilseeds in this country. And unless this view is taken, I do not think we can cope with the requirements of the country. Thank you very much.

DR. SHRIMATI SEETA PARMANAND: Mr. Deputy Chairman, may I make one or two observations? Prof. Ranga just now asked of the hon. Minister as to what use he was going to make of the export duty proceeds. I also would like to ask one question, whether in view of the fact that much concern has been shown in this House about the fate of the *ghani*, i.e., hand-oil-press, he would, as in the case of khadi cess, divert this for subsidising the hand oil-press. Number two, the hon. Minister must be aware that so much of this ground-nut oil is sent abroad and brought back to this country under the name of olive oil or salad oil as refined oil. It usually came from Italy. Then, Sir, so many factories in Holland, before the war at least, used to import pure refined ground-nut cakes for mixing them with biscuits. And ground-nut, as he knows, is a very valuable product from the point of view of nutrition. Scientists have proved that. So may I make a suggestion here that in order to encourage cottage industries, particularly those sponsored by Government, he should make use of refined ground-nut cakes for making some sort of eatables for children's mid-day meals specially for the schools in the interior where there is usually a great difficulty in getting anything which can be within their means? So, with a view to encouraging cottage industries, I would like the hon. Minister to pass on the suggestions to the Cottage Industries Boards concerned. Thank you, Sir.

SHRI D. P. KARMARKAR: Mr. Deputy Chairman, I should say that my task in replying has been considerably lightened by the various arguments of hon. Members cross-cutting. I must appreciate Prof. Ranga's reply to some of the points made by my friend, Prof. Kishen Chand. And since the Professor replied to a Professor quite effectively, I should not like to tread on the points touched by Prof. Ranga.

Sir, there are one or two points emerging. One is, it has often been said that the so-called artificial de-

[Shri D. P. Karmarkar]

pression of prices, whatever it is prejudicial to the interests of the growers, is calculated to help, say the *vanaspati* industry. I thought, decorum and prestige of this House required that no wild allegations of a loose nature would be made, like the one made by my friend, Mr. Vallabharao, that it is intended to help the *vanaspati* industry, and that some Ministers, he thought, were connected with it, and things like that. They are statements of a nature which I would not like to call responsible. But then, there is the point made that this so-called artificial depression of

prices of ground-nut oil by
1 P.M. imposition of export duty is to

help the *vanaspati* interests. Now, Sir, I should like the House to appreciate what a relatively subordinate position is occupied by the *vanaspati* industry *vis-a-vis* ground-nuts. Sir, I have got the figures in kernels. Of the total production, say, for instance, in 1953-54, of 26,40,000 tons of ground-nut kernels, what we used for edible purposes was 13,44,000 tons of ground-nut kernels, i.e., a little more than half, a little more than 50 per cent. Then as regards seed, we used 3,25,000 tons of kernels. Then, for the soap industry—I hope the House will not grudge any assistance to the soap industry, especially to the indigenous one—it is 1,95,000. And all that remains for the *vanaspati* industry is less than 25 per cent. Now, are the hon. Members, who make that allegation that our export duty is intended to depress the prices for the *vanaspati* industry, really serious in maintaining their point of view, in view of the relatively very subordinate position occupied by the requirements of the *vanaspati* industry—less than 25 per cent? It goes without saying that any advantage in the reduction of prices or in keeping prices within a reasonable level helps firstly the interests of the normal consumer. Sir, I need hardly say that there is no justification whatsoever for the point raised by my friend over there. That point is made in season and out of season, as if we are bound to the

vanaspati industry in a way which is more vital than we are bound to the people of the country. No doubt, we are interested in the *vanaspati* industry as an industry. We do not want to undo what has been done during the past period. It might have a good export market, and then, it is an industry which we consider to be useful. We are not out as propagandists for the *vanaspati* industry. We do not call upon the people to use *vanaspati* in preference to ground-nut oil. We do not hold any special brief for that. But we know that that industry has come into being, and its products also are useful. And, therefore, Sir, we do not want to damage that industry, just as we do not want to damage any other industry that has grown in our country legitimately. But there is no point in maintaining the allegation that any action of ours is promoted to help the *vanaspati* industry as such.

Then, Sir, I have to say something about the inevitable conflict between the consumers' interests and the growers' interests. Even there one of my friends, who spoke earlier than I—I think, it was Prof. Ranga, if I mistake not, or some other esteemed colleague—referred to the prices of ground-nut oil. I have got a list of prices with me. As I said, if you were to judge carefully, you would find that the prices have risen by about 400 per cent. We can make an allowance in the case of ground-nut oil. Now, where do we stand? Our action in banning the exports was calculated—let there be no doubt about that—to bring down the prices from the high level that they had reached to somewhere reasonable. And our action, I am happy to say, has resulted in the desired change. What is the position now? In 1953-54, the average price of ground-nut per maund was Rs. 30/8. Then it stood at Rs. 64/8. And now the latest price quoted is Rs. 46/13 per maund. Worked out in terms of the ton, I see, on a rough calculation, it comes to round about Rs. 1,300 per ton. That was in June 1954.

Now, Sir, I do not for a moment say that the price in June was an unreasonable price so far as the grower was concerned. No doubt there is a temptation always on the part of the growers to get as high a price as possible; it was the case with regard to ground-nut oil just now; it was the case with regard to chillies some time ago; it was the case with regard to coconut. Hon. Members will find that the prices have risen far above the parity prices as a whole in relation to all other commodities. It is for hon. Members to decide as to how far the growers' interests should be safeguarded. We can no doubt act to the detriment of the consumers' interests and help the growers, but what about the interests of the consumers who have been neglected for so long? Therefore we have to balance all the interests, the interests of the growers and the interests of the consumers. We have to see that production is not depressed on account of low prices. At the same time we have to keep a balance so far as the consumers' interests are concerned. As I said in my opening remarks, our export duty is with a view to keeping the price down to a reasonable level. I gave all the figures and I need not repeat them.

Prof. Ranga made some points which were more relevant for my esteemed colleague, the Minister for Food and Agriculture. He spoke of measures in respect of marketing, steadiness of prices, etc. There was one point made by him which is really an important point. He said that all the observations that are made in this House should be considered by the Government. The sole justification for the existence of this Parliament is that its wishes should be carefully considered by the Government, and Government do consider them carefully. They may or may not agree; that is a different matter, but we do consider carefully all the points raised here. Sometimes we anticipate the points; often we are in a position to anticipate what points are likely to be raised in the House.

AN HON. MEMBER: Question.

53 R.S.D.

SHRI D. P. KARMARKAR: One hon. friend questions it, but the next time let him compare notes with me and he will find that we are in a position to anticipate about 90 per cent. of the points that are likely to be raised here, partly because on all important questions we know what the popular views are. But there are different interests. There are importing interests; there are exporting interests; there are the growers' interests; there are the consumers' interests.

SHRIMATI PARVATHI KRISHNAN (Madras): There are vested interests.

SHRI D. P. KARMARKAR: We have to balance all the interests, but no Government worth the name can afford to ignore the views expressed on the floor of this House, whether they come from the Government party or whether they come from the opposition parties. So far as views are concerned, we have no concern about parties. We consider the views of all, but we have to take the interests of the country as a whole. We do give consideration to all the views expressed in the House, even though undoubtedly sometimes we are not in a position to agree with those views. It is because everyone of us here is impelled by particular points of view, but the Government will have to take into consideration all the interests concerned. We certainly do not claim omniscience and omni-wisdom for the Government; no Government can claim it, but what we do is to balance all the interests; sometimes, maybe, our actions are a little belated; they are bound to be. But nobody has ever questioned our intentions. They often question our wisdom but not our intentions. We do not claim to be omniscient or omni-wise, but what we do claim to do is to keep the interests of the country as a whole before us. There are the growers' interests, the consumers' interests, the traders' interests, the manufacturers' interests, and what may be good for the trader may not be good to the manufacturer, and what may be good to the grower may not be good to the consumer, but as a government we have to take all

[Shri D. P. Karmarkar.]
 these conflicting interests and strike a balance. I am happy that Prof. Ranga agrees with us at least on this that the consumers' interests also should be safeguarded. If we act too speedily, we are accused of acting hastily, and if we had not acted in time, I am sure Members would have come down upon us for not taking action in time. In this case, if we acted, it was because we did not want exports to languish because of the high export duty. As I said, the question is really limited to that duty. I have no doubt that our Ministry will appreciate and take into consideration all the observations made on the floor of this House, as it is certainly our duty to do so, but our consideration of the question is a continuous one. The discussions in this House are only off and on, but these problems are before us from day to day. I need hardly assure the House that all the suggestions made here will receive careful consideration at the hands of the Government. Thank you.

MR. DEPUTY CHAIRMAN: The question is:

"That in pursuance of sub-section (2) of section 4A of the Indian Tariff Act, 1934 (XXXII of 1934), the Rajya Sabha hereby approves of the Noti-

fication of the Government of India in the Ministry of Commerce and Industry, No. S.R.O. 2520, dated the 29th July 1954, by which an export duty of Rs. 350 per ton of 2240 lbs. was levied on ground-nut oil with effect from the date of the said Notification."

The motion was adopted.

CHANGE IN TIME OF SITTINGS OF THE RAJYA SABHA

MR DEPUTY CHAIRMAN: I have to announce that the Chairman has decided that from Friday, the 10th September 1954, until further notice the House will sit from 11 A.M. to 1 P.M. and from 2.30 P.M. to 5 P.M.

PANDIT S. S. N. TANKHA: Which Friday?

MR DEPUTY CHAIRMAN: Day after tomorrow. Tomorrow is a holiday. The House stands adjourned till 11 A.M. on Friday.

The House then adjourned at a quarter past one of the clock till eleven of the clock on Friday, the 10th September 1954.