

**Shri Bimal Ghose:** Does the hon. Minister's reply include the displaced persons settled on the approach roads, to the station and if not, how are they going to be dealt with?

**Shri P. S. Naskar:** The Ministry of Rehabilitation is only concerned with the 400 families or so that remain at the Sealdah Station. About the others, the Ministry is not concerned.

**Shri Bimal Ghose:** These displaced persons are squatting just opposite the station.

**The Minister of Rehabilitation (Shri Mehr Chand Khanna):** May I divide the problem into two parts? One relates to the displaced persons and the other relates to the local population. We are only concerned with the displaced population. As regards the local population their number is much greater than the D.Ps. and the State Government are conscious of that fact. They are also taking action. There is hardly anything I can do in the matter.

**Rise in Price of Cloth**

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**Shri Harish Chandra**

**Shri Rameshwar Tantia:**

**Shri Halder:**

**Shri Raghunath Singh:**

**Shri Assar:**

**Shri Aurobindo Ghosal:**

**Shri Sarju Pandey:**

**Shri S. A. Mehdi:**

**Shri Tridib Kumar**

**Chaudhuri:**

**Shri Shree Narayan Das:**

**Shri Radha Raman:**

**Shri Vajpayee:**

**Shrimati Renuka Ray:**

**Kumari M. Vedakumari:**

**Shri S. M. Banerjee:**

**Shri U. L. Patil:**

**Shri Amjad Ali:**

**Shri Ram Garib:**

**Shrimati Masida Ahmed:**

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Will the Minister of Commerce and Industry be pleased to state:

(a) whether Government have taken any note of the steep rise in the price of cloth;

(b) what accounts for the rise; and

(c) the steps taken to bring down the prices?

**The Minister of Commerce (Shri Kanungo):** (a) to (c). A statement giving the required information is laid on the Table of the House.

**STATEMENT**

(a) Yes, Sir. It is a fact that prices of cloth both at the wholesale and retail stages have increased during the recent months.

(b) The reasons adduced for these increases are:—

(1) Rise in prices of Indian and foreign cotton;

(2) Higher manufacturing cost of account of several factors including increased dearness allowance; and

(3) Speculative activity on the part of the trade.

(c) One of the primary causes of the speculative activity was the short-fall in the Indian cotton crop during the last season. To make good the shortage Government have arranged for imports of adequate quantities of foreign cotton, short staple as well as long staple, and the Industry have been assured that the production will not be allowed to suffer for want of raw materials. Arrangements for distribution of Indian cotton have also been made. Government have been in touch with the representatives of the Industry, who in turn have been taking steps to curb speculation and bring down prices. The spokesmen of the Industry have announced that, should the situation warrant, they would even be prepared to stamp prices on the cloth, and open their own depots in important centres for distribution of yarn to weavers. These steps have already had a steadying effect on the market and it is expected that prices will come down still further in the coming weeks. Government are closely watching the position.

**Shri Harish Chandra Mathur:** May I know the increase in the price of cloth, to what extent it is justified by the rise in the price of cotton and to what extent it is due to undue profiteering by the gentlemen in the trade?

**Shri Kanungo:** On the average, the maximum rise could be said to be round about 15 to 16 per cent. It is difficult to give a break-up by varieties. But certainly a large part of it is justified by the rise in the cotton prices and in coal, freight and other charges.

**Shri Rameshwar Tantia:** It is stated in para (b)(3) of the statement that one of the reasons for the increase is the increase in dearness allowance. May I know whether Government are aware that if the wage board recommendation is accepted, it will further increase the price, with the result that the consumers will have to pay more and also our export trade will be hampered?

**Shri Kanungo:** Not necessarily.

**Shri Aurobindo Ghosal:** In the statement, it has been said that the spokesmen of the industry have said that should the situation warrant, they would stamp the prices on the cloth. May I know at what level those speculative activities are practised—at the manufacturing stage, at the cotton mill level or the cloth mill level?

**Shri Kanungo:** By the action of Government in the form of more imports of cotton, in the last fortnight there has been a significant reduction in the prices.

**Shri Tangamani:** In the statement we are told that there was speculation. At what point was it?

**Shri Kanungo:** It is difficult to spot it out. There are speculative markets in cotton. There might be speculation at the distribution end.

**Shri S. M. Banerjee:** To a spokesman of the industry they announced that, if the situation warrants, they would even be prepared to stamp the

prices. Should I take it that no prices are stamped at present? If so, what are the reasons? Will Government do it now in view of the rising prices?

**Shri Kanungo:** At present, the prices are not required to be stamped. As I said, the tendency in the last three weeks has been to lower down the prices, and I believe that step will not be necessary.

**Kumari M. Vedakumari:** Is it not a fact that the Chairman of the Forward Markets Commission has stated very clearly that the rise in prices is mainly due to speculation? And if there is violation of the ceiling prices fixed by the Government, what steps have the Government taken to prevent that?

**Shri Kanungo:** There has not been, what you call, violation of ceiling prices to a large extent. Government has taken the step of importing quite a large number of bales of cotton because the cotton crop of the last two years was bad.

**Shrimati Mafida Ahmed:** Is it a fact that out of date machineries of the mills are also responsible for low output and high cost of production? If so, may I know whether Government have made any effort to assess the difficulties faced by the mill-owners to modernise their machineries?

**Shri Kanungo:** Yes, the process of modernisation is being helped by Government, as far as possible. But the argument that inefficiency of production is rather widespread is not correct.

**Shri Damani:** May I know whether it is a fact that the price of cloth has declined in the last four or five weeks?

**Shri Kanungo:** Not as much as they should.

**Shri Harish Chandra Mathur:** May I know whether this benefit of 20 per cent rise has gone to the manufacturer, and not to the trader? Is that the conclusion of the Government, if it is due to the rise in price of the cotton?

**Shri Kanungo:** As I said, the cost of production has increased mainly because of the rise in the price of Cotton.

**Mr. Speaker:** Next question.

**Shri Hem Barua:** My name is there. May I put a supplementary?

**Mr. Speaker:** It is not there.

**Shri Hem Barua:** It ought to be there.

**Mr. Speaker:** It is not there. A question can be admitted or rejected. I do not know why it is not here. I will look into it.

**Shri Hem Barua:** Then, may I put a question?

**Mr. Speaker:** I cannot decide on its admissibility off hand; I can only proceed by my record. If I have not admitted it yet, and if he has something to ask, I will allow him again.

**Shri Hem Barua:** It is a different question altogether.

**Mr. Speaker:** If it is a different question altogether, how can I allow it?

**Shri Hem Barua:** Now may I put a supplementary on this question?

**Mr. Speaker:** I am sorry, I have already allowed a number of questions. Next question.

**Shri Harish Chandra Mathur:** Sir, no proper answer has been given, though the matter is one over which the whole country is concerned, the rise in price of cloth. The hon. Minister, while replying, just blamed trade and industry for the sorry state of affairs. Now the answer here is that it is simply due to the cost of cotton, which will not satisfy the country. How can you expect the House to be satisfied with that answer?

**The Minister of Commerce and Industry (Shri Lal Bahadur Shastri):** The Government felt concerned over this matter, and it is no doubt true that the consumers have suffered during the last few weeks. It is difficult for us to say as to who is entirely responsible for the rise in prices. It is true that there has been shortage of cotton, and on account of short-supply of cotton the traders have speculated at their level. That is point No. 1. Secondly, I have no doubt that the wholesalers of cloth have also indulged in speculation when there was shortage of cotton and they perhaps accumulated stocks. But, as soon as this development took place, Government took immediate measures to counteract this development and, as far as I can say, we have succeeded to a substantial extent. The shortage of cotton has been met by import of cotton, and as soon as an announcement was made that substantial quantities of cotton will be imported from America, the speculators, I mean the hoarders and others, they felt depressed and the price immediately came down by, say four or five per cent. But, besides that, we have taken constructive measures. We have discussed with the Advisory Council of the Textile Mills, and there also we have taken other definite steps. And I am glad to say that the manufacturers have fully co-operated with us. I do not think that much has been done at the manufacturers' level, but in any case, I have every hope that the manufacturers will co-operate with us. Even if they do not co-operate—Of course, I have every hope they will co-operate, and they have done it so far—I have no doubt that the prices will come down soon; and, if necessary, if any further step is called for, Government will not hesitate to take that.

**Shri S. M. Banerjee:** The clothes will have to be stamped.

**Mr. Speaker:** We can deal with this matter further in the discussion on the budget.