

**Shri K. C. Reddy:** What security?

**Shri M. L. Dwivedi:** This has been leased out to a firm. I want to know whether any security has been taken.

**Shri K. C. Reddy:** I do not quite follow the question of the hon. Member. In the company we are equal partners. We will have equal control over the management of the company and I do not quite see why a security need have been taken.

**Shri Dabhi:** What necessitated the leasing of this factory to the Company?

**Shri K. C. Reddy:** It is a long story but I can say that the production of the factory fell short of expectations owing to technical difficulties and the cost of working was higher than the original estimates. Due to these reasons, the working of this factory on the original lines contemplated was abandoned and efforts have now been made to make use of the facilities available in the factory for production programme of a different kind for which the new company with whom we have entered into an agreement is specially qualified.

**Shri M. L. Dwivedi:** What is the period of lease?

**Mr. Deputy-Speaker:** The contract is there.

**Shri K. C. Reddy:** The agreement is there. I wish I could have replied to his question straightway here. I think it is about 10 years but I am not sure.

**Shri T. S. A. Chettiar:** What is the amount for which it is leased?

**Shri K. C. Reddy:** The original book value is about Rs. 55 lakhs but the depreciated value is about Rs. 35 lakhs. It is leased at a rate of Rs. 1.75 lakhs per annum, worked out on the basis of income-tax rules in vogue.

**Shri K. K. Basu:** May I know whether any special remuneration or commission is going to be given to this company for managing this joint firm?

**Shri K. C. Reddy:** No commission is proposed to be given to the company. The shares of the company are divided between the company and the Government in equal proportions. The shares that the Indo-Swedish firm holds are A class shares and the shares that the Government hold are B class shares. A class shares will get a share of 60 per cent. of the profits and B class shares will get 40 per cent. of the profits. There is no special commission otherwise.

**Shri B. S. Murthy:** What do these A class and B class shares indicate?

**Mr. Deputy-Speaker:** 60 and 40 per cent. of the profit.

**Shri Syamnandan Sahaya:** The hon. Minister said that the factory had been leased out. Then he said that Government was a shareholder in it. If it is leased out, then the person leasing out cannot also be the lessee. If the Government is still a partner in that firm then it is not a question of leasing out. I am only saying this for another question.

**Mr. Deputy-Speaker:** If the preamble to the question is so long then....

**Shri Syamnandan Sahaya:** Sometimes it is necessary. I want to know whether the company has given any money for the shares which have been allotted to them. Some shares have gone to this company. What is the money that the Government have actually received for the shares transferred to this company?

**Shri K. C. Reddy:** The hon. Member is labouring under a misapprehension. The capital of the company is only nominal to the extent of Rs. one lakh out of which Rs. 50,000 will be paid by the Indo-Swedish firm and Rs. 50,000 by us. The hon. Member is perhaps thinking of the capital assets leased and the working capital and other things. They have subscribed for half of the share capital and they are prepared to pay it in cash.

**Shri M. L. Dwivedi:** May I know how this sum of one lakh is to be paid by the firm and whether the terms of the lease are available to be seen by us?

**Mr. Deputy-Speaker:** The terms are in the Library. Next question.

**Shri M. L. Dwivedi:** How is this one lakh to be paid?

**Mr. Deputy-Speaker:** Next question.

#### PRICES OF RAW JUTE

\*444. **Shri B. K. Das:** Will the Minister of Commerce and Industry be pleased to state:

(a) what has been the effect of the closing of the Fatka market for jute on the prices of raw jute in the country;

(b) whether any re-adjustment of freight for transport of jute has been made;

(c) whether any other steps proposed for improving the price position of raw jute have been taken; and

(d) whether the steps so far taken have produced any effect on the prices of raw jute?

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** May I have your permission, Sir, to answer this question at some length.

(a) to (d). Since I made a statement on the 19th December, 1952, Government have been giving serious consideration to raw jute prices and the jute industry. I stated then that the I.J.M.A. were being asked to send a delegation to make a survey of the availabilities of raw jute in the outlying areas in Bihar and to establish direct contacts between the growers and the mills. They were also asked to increase their purchases of raw jute. I gave details of the I.J.M.A. Delegation's visit in my answer on the 20th February 1953 to Starred Question No. 224 by Shri L. N. Mishra. Raw jute purchases have been stopped up to some extent as is indicated by the fact that the mills stock of raw jute went up from 10 lakh bales on the 19th December, 1952 to 12 lakh bales on the 14th February, 1953.

2. When I visited Bihar on the 29th January, I was told by the representatives of the State Government that the estimate made by the I.J.M.A. delegation of the extent of the crop which had already been sold by the agriculturists is very nearly correct and that the bulk of it had moved to Calcutta and other consuming centres. Steps are being taken by the Ministry of Railways to provide adequate facilities for the movement of the remaining crop from up-country centres. Further investigations have also shown that the Railway freight rates for raw jute from Bihar to Calcutta vary between Rs. 1/8/- and Rs. 2/4/- per maund.

3. As regards the closure of the Fatka Market, its main effect has been to reduce the frequent and violent fluctuations in price, specially of jute goods, and the prices both of jute goods and of raw jute have become more stable since. The price level, however, is still low. This is mainly due to the fact that the industry has been facing serious difficulties in selling its production as the figures of stocks, exports and production will show. The production of jute goods at 952,000 tons in 1952 registered an increase of 80,000 tons over production in 1951, but our exports in 1952 declined by 37,300 tons. The result was an accumulation of stocks with mills at the end of the year of the order of 115,500 tons which increased to 131,500 tons on the 14th February, 1953. During the last four months exports ave-

raged 43,000 tons a month against a monthly average of over 63,000 tons in the last financial year. Government have not been unmindful of this serious trend and have reduced the export duty on sackings last week. This should enable the industry and the grower alike to receive better prices for their production.

4. To say this is not to suggest that there are not many malpractices in this trade which affect prices. As the House is aware, Government propose to appoint shortly a Commission to undertake a comprehensive enquiry regarding marketing practices of raw jute and jute goods, how far it is influenced by speculators and also to recommend what measures should be taken to ensure that the grower and the industry get a fair price for their products.

**Mr. Deputy-Speaker:** For future guidance, when hon. Ministers want to make long statements, they may circulate copies in advance or lay them on the Table of the House.

**The Prime Minister (Shri Jawaharlal Nehru):** May be placed on the Table of the House and next time, they may ask questions.

**Mr. Deputy-Speaker:** Next time they may ask questions. I would like to finish as many questions as possible. Hon. Members are complaining that their questions are blocked.

**Shri A. C. Guha:** May I point out, Sir, that we wanted a half-hour discussion on this matter, on another question. That, I think, is pending with you up till now.

**Mr. Deputy-Speaker:** So far as this matter is concerned?

**Shri A. C. Guha:** Yes.

**Mr. Deputy-Speaker:** I will look into it.

**Shri B. K. Das:** One question only, Sir, in the Press there is a report that one expert committee has been appointed. Is that committee different from the Commission stated by the hon. Minister?

**Shri T. T. Krishnamachari:** Yes. There are two Committees: one committee appointed by the Food and Agriculture Ministry in regard to the future of jute production, what quality should be produced and what quality should be encouraged, etc. The other committee is in regard to the marketing of jute and jute goods.

**Shri A. C. Guha:** By the Food and Agriculture Ministry or the Commerce Ministry?

**Shri T. T. Krishnamachari:** One by the Food and Agriculture Ministry and the other by the Commerce and Industry Ministry.

**Shri P. G. Sen:** Have the Government any proposal under contemplation to raise the price of jute?

**Shri T. T. Krishnamachari:** I have stated the position very clearly. In view of what I have said I do not think there is any call for Government to raise the price of Jute. In any event, Government, if it raises the price of jute, cannot raise the price of jute products on which the price of jute remains.

**Shri Sarangadhar Das:** May I know...

**Mr. Deputy-Speaker:** Hon. Members may kindly study the statement and then take another opportunity to ask questions.

**Shri Sarangadhar Das:** This is not in regard to the statement. May I know if the Indian Jute Mills Association was instructed to find out the surplus stocks of jute remaining also in Orissa and Assam or only in Bihar?

**Shri T. T. Krishnamachari:** Only in Bihar.

**Shri Sarangadhar Das:** Why not in Orissa?

**Shri A. C. Guha:** May I know if the Government has got any estimate as to the quantity of jute now with growers, and what quantity might have passed by this time to the middlemen, the balers?

**Shri T. T. Krishnamachari:** So far as Bihar is concerned, I think 75 per cent. has gone out of the hands of growers. This information was obtained somewhere at the end of January. A month has passed since then. I am not in a position to answer the question in regard to West Bengal Jute.

**Mr. Deputy-Speaker:** Next question.

#### FRENCH SETTLEMENTS IN INDIA

\*445. **Shri B. K. Das:** Will the Prime Minister be pleased to state:

(a) whether any favourable response has been received from the French Government to the notes sent to them regarding the unhappy incidents in Pondicherry;

(b) whether the French Government is prepared for a peaceful settlement of the issues involved; and

(c) whether the situation has changed since our Ambassador at Paris took up the matter with the French Government?

**The Deputy Minister of External Affairs (Shri Anil K. Chanda):** (a) The Government of India have received no satisfactory response so far.

(b) The Government of India hope so.

(c) There has been no marked change.

**Shri B. K. Das:** With reference to the answer to Part (a), the hon. Minister stated that there has been no favourable response. I want to know whether any reply at all has been received.

**Shri Anil K. Chanda:** Our last note on that was sent on the 17th December. No reply to that has yet been received.

**Shri A. V. Thomas:** What will be the attitude of the Government if people of the neighbouring villages who are harassed by the Pondicherry people, occupy Pondicherry itself?

**Mr. Deputy-Speaker:** It is a suggestion for action.

**Shri Gopala Rao:** In view of this reply, may I know if the Government are contemplating taking radical steps for a final settlement of this matter?

**Shri Anil K. Chanda:** Our views on this matter have been clearly expressed. I do not know what the hon. Member has in mind by radical steps.

**Shri Venkataraman:** May I know whether the French police from Pondicherry are frequently trespassing into the Indian Union territory and harassing the pro-merger groups who have taken refuge in Indian territory?

**Shri Anil K. Chanda:** There have been several such incidents of this nature in the past.

**Shri Venkataraman:** Was any such incident reported on the 20th February?

**Shri Anil K. Chanda:** On the 21st February there was a serious incident on the border. We have asked for full reports which have not yet reached us.

**Shri Punnoose:** May I know the attitude of the French Government towards this question?

**Mr. Deputy-Speaker:** They are not surrendering.