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Monday
11th August, 1952

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

(Part I - Questions and Answers)

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**THE
 PARLIAMENTARY DEBATES
 (Part I—Questions and Answers)
 OFFICIAL REPORT**

2471

2472

HOUSE OF THE PEOPLE

Monday, 11th August, 1952

The House met at a Quarter Past Eight of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Short Notice Questions and Answers

DROUGHT AND FLOODS IN BIHAR

Shri S. N. Das: Will the Minister of Food and Agriculture be pleased to state:

(a) whether it is a fact that while over a very large part of South Bihar continued drought is prevailing, a very large portion of North Bihar has been devastated by floods twice during a period of two months;

(b) if so, what is the extent of damage caused to crops both by drought and floods in the respective areas giving the names of the districts affected in each case;

(c) whether any report on the present food situation prevailing in those areas has been received by Government;

(d) whether the Government of Bihar has sought any help from the Centre; and

(e) if so, whether any help has been given or is proposed to be given to relieve the distress?

The Minister of Food and Agriculture (Shri Kidwai): (a) and (b). According to recent report from the Bihar Government, paddy seedlings in Patna, Gaya, Shahabad, Monghyr and parts of Hazaribagh have withered for lack of rain, the area affected by drought being about 18 thousand square miles covering a population of 1.25 crores. In North Bihar large area in the districts of Darbhanga and Saharsa, amounting to one thousand square miles has again been affected by Kosi floods. The population seriously affected is estimated at 5 lakhs. The Bihar Government have stated that it is too early as yet to attempt an estimate of the extent of damage by floods and by drought, but there is no doubt that in the flood affected areas, at any rate, the autumn crops have been very seriously damaged.

208 P.S.D.

(c) Detailed report from the Bihar Government is awaited but the information already available shows that there are sufficient stocks at present with the Government of Bihar to meet the immediate needs. There is, however, a general rise in the price of rice.

(d) and (e). The Bihar Government have asked for the following quantities of foodgrains in the last few days:

Rice	5,000 tons
Wheat	20,000 tons
Milo	6,000 tons

Arrangements to supply these have been made, and the Centre is in a position to supply Bihar with the required foodgrains to enable it to feed the people. The Bihar Government have also requested that they may be supplied Milo at the rate of Rs. 9/- per maund, for distribution in the distress areas, and that the pool price of wheat supplied by the Centre may be so adjusted that it may be saleable by Bihar at Rs. 19/- per maund. These requests are under consideration.

Shri S. N. Das: May I know, Sir, what are the steps that have been taken to relieve the distress of the population living in those areas?

The Parliamentary Secretary to the Minister of Food and Agriculture (Shri M. V. Krishnappa): Regarding relief measures, we are awaiting details. Regarding the food they have asked for, I have already given the figures, namely, 5,000 tons of rice, 20,000 tons of wheat and 6,000 tons of milo; and we have made arrange-

ments for the transport of these food-grains to Bihar. Regarding concessions, the Bihar Government also requested that they may be supplied Milo at the rate of Rs. 9/- per maund for distribution in the distress areas. It is under consideration.

Shri S. N. Das: May I know whether the cheap grain shops which ceased to function in those areas have been reopened?

Shri M. V. Krishnappa: The idea of asking for the concession rate of Rs. 9/- per maund for Milo is to open cheap grain shops.

Shri S. N. Das: I want to know whether in those areas cheap grain shops have been started again?

Shri M. V. Krishnappa: We are not aware of that. We are awaiting the detailed report.

Shri S. C. Samanta: May I know, Sir, whether fresh sowing planting of paddy has been arranged in the areas affected by the floods?

Shri M. V. Krishnappa: We have no information.

Shri L. N. Mishra: With reference to part (a) of the question, may I know whether it is a fact that drought in certain parts of Bihar and flood in Saharsa and Darbhanga Districts have become a regular annual feature in Bihar?

Shri M. V. Krishnappa: We cannot take it as a regular annual feature. They occur whenever nature is against us.

Shri L. N. Mishra: Instead of taking such piece-meal steps, do Government propose to take some concrete steps on a planned basis to end the trouble of flood in the north and drought in the south Bihar?

Shri Kidwai: Will he repeat his question?

Mr. Deputy-Speaker: He wants to know if permanent measures would be undertaken to see that the ravages by floods do not take place. It is a suggestion for action.

Shri S. N. Das: May I know whether any arrangements have been made for the supply of paddy seedlings if rains occur now?

Shri Kidwai: That depends upon when the rains occur. The Kisan himself does whatever is possible.

Shri L. N. Mishra: May I know whether it is a fact that a large number of pumping sets are lying at the district headquarters in Bihar and are not being supplied to agriculturists who are anxious to have them?

Shri M. V. Krishnappa: I want notice.

Shri S. C. Samanta: Is it a fact that the areas affected this year were affected last year also? If so, what are the permanent arrangements that have been made? Whether the question of cottage industries and the like has been taken up by the Government?

Mr. Deputy-Speaker: That is what another hon. Member asked.

Shri Kidwai: Flood is not always a calamity. Whenever rivers are flooded, the next crop is always a bumper crop.

FOOD SUBSIDY

Shri Mohiuddin: Will the Minister for Food and Agriculture be pleased to refer to the statement laid on the Table of the House in answer to starred question No. 337 asked on the 2nd June 1952 regarding subsidy of 15-81 crores paid in 1951-52 to States on imported food-stuffs and state;

(a) whether the Central Government had paid to States in the same year any additional amount as subsidy on foodgrains procured in India; and

(b) if the answer to part (a) above be in the affirmative, whether the Government will state the amount of additional subsidy paid (state-wise)?

The Minister of Food and Agriculture (Shri Kidwai): (a) No subsidy is paid by the Central Government on foodgrains procured locally by the State Governments. The Government of India, however, subsidises the supply of imported foodgrains to the States. The total subsidy borne by the Government of India in 1951-52 was Rs. 52-63 crores including Rs. 15-81 crores paid in cash to the State Governments.

(b) Does not arise, as no subsidy is paid on a locally procured grain.

Shri Mohiuddin: Rupees 15-81 crores are said to be paid in cash. May I know the system of payment

of subsidy for the whole amount of Rs. 52.63 crores?

The Parliamentary Secretary to the Minister of Food and Agriculture (Shri M. V. Krishnappa): Subsidy is given in three forms: subsidy in the form of cash, subsidy in the form of enhanced duty on jute goods which were exchanged for imported grains, and subsidy incurred in the shape of

reduced pool price for imported foodgrains and in respect of American loan wheat.

Shri Mohiuddin: May I know whether for 1952-53, the subsidy is proposed to be increased to the extent of Rs. 52 crores.

Shri Kidwai: No.

THE
PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

6025

6026

HOUSE OF THE PEOPLE

Monday, 11th August, 1952.

The House met at Nine of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

9-10 A.M.

COMMITTEE OF PRIVILEGES

EXTENSION OF TIME FOR PRESENTATION OF REPORT ON ALLEGED STATEMENT OF SHRI SUNDARAYYA.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): On behalf of the Minister of Home Affairs I beg to move that the time for the presentation of the report of the Committee of Privileges on the question of privilege regarding a statement alleged to have been made by Shri P. Sundarayya, Member, Council of States, be extended upto the first day of the second week of the next session of the House.

Mr. Deputy-Speaker: The question is:

"That the time for the presentation of the report of the Committee of Privileges on the question of privilege regarding a statement alleged to have been made by Shri P. Sundarayya, Member, Council of States, be extended upto the first day of the second week of the next session of the House."

The motion was adopted.

PAPERS LAID ON THE TABLE

ESTIMATES OF EMPLOYEES' STATE INSURANCE CORPORATION

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I beg to lay on the Table of the House 163 P.S.D.

a copy of each of the following papers, under section 36 of the Employees' State Insurance Act, 1948:

(i) Revised Estimates of the Employees' State Insurance Corporation for 1951-52; and

(ii) Budget Estimates of the Employees' State Insurance Corporation for 1952-53.

[Placed in Library. See No. IV. 0.7(20).]

STATEMENT RE-FIXATION OF RENT OF
STATEMENT RE-FIXATION OF RENT OF
PARLIAMENT.

The Minister of Works, Housing and Supply (Sardar Swaran Singh): I beg to lay on the Table of the House a statement on the fixation of rent of the bungalows and flats occupied by the Members of Parliament. [Placed in Library. See No. P-52/52.]

Shri Velayudhan: (Quilon cum Mavelikkara—Reserved—Sch Castes): Can we have a discussion now on this?

Mr. Deputy-Speaker: Statements are not discussed now.

ESTATE DUTY BILL

The Minister of State for Finance (Shri Tyagi): I beg to move for leave to introduce a Bill to provide for the levy and collection of an estate duty.

Mr. Deputy-Speaker: The question is:

"That leave be granted to introduce a Bill to provide for the levy and collection of an estate duty."

The motion was adopted.

Shri Tyagi: I introduce* the Bill.

*Introduced with the recommendation of the President.

ESSENTIAL SUPPLIES (TEMPORARY POWERS) AMENDMENT BILL.—Concl'd.

Mr. Deputy-Speaker: Hon. Members who are anxious to leave Delhi tomorrow will try to cut short their speeches if possible. Further, the scope of the Bill also is limited.

Shri Velayudhan (Quilon *cum* Mavelikkara—Reserved—Sch. Castes): When I recall the circumstances under which the country was passing through when this Bill was first introduced in this House, I remember that there was an acute economic crisis in the country, with the inflationary trend affecting all of us, and there was a move from all quarters, not only from this House, but from the State Governments as also the public bodies that some legislation should be made to control the prices of foodstuffs and other essential articles, so that the inflationary trends may be curtailed to a great extent. I also remember that it was the hon. Shri Hare Krushna Mahtab, the then Commerce Minister who introduced a resolution on this subject in the provisional Parliament, for bringing in this legislation. It is now about two to two-and-a-half years since we have legislated on this subject. I would now like to draw the attention of the House to certain points regarding the inflationary trends in this country. After having passed through an acute economic crisis in this country, I think we are now in a better position today than in 1949 or 1950. But the inflationary trend has not subsided completely. In certain parts of India, if not in the villages, at least in certain cities, the prices are soaring very high.

Take for example the prices of food-grains in various parts of the country. The hon. Minister of Food and Agriculture had decontrolled food to a great extent. I agree with that measure because as a result of that we have found that the prices have fallen down, for instance in the Madras State and in certain parts of Travancore-Cochin. I have received letters from my constituency and from certain other parts of my State that whereas the black-market price of paddy per measure was about Rs. 1-2-0, today we can get it at about As. 12 to 13 per measure in the open market. Even though decontrol was introduced with great caution and with great half-heartedness, it has produced good results.

Mr. Deputy-Speaker: Order, order. There is too much of talk in the House. If any hon. Member wishes

to talk to another hon. Member sitting behind him, let him look at the Chair and carry on the conversation. No hon. Member should show his back to the Chair and talk.

Shri Velayudhan: At the same time, in certain parts where there are chronic poverty, famine and starvation, the inflationary trend is still soaring high. Take for example, the case of the Andhra Desa, or the Uttar Pradesh or Bengal, wherefrom we are getting stories here that the prices are going very high. Therefore, if a policy of de-control is to be effected, my opinion is that it should be done only in certain parts where the result will be beneficial; in places where the prices are going very high, strict control should be exercised.

The net effect of the Act, as it has worked during the last two years, is that it has created a good impression on the people, and the prices have gone down to a certain extent. At the same time I have got one complaint, namely that the rules framed under this Act regarding control measures have not been so effective as they ought to have been.

Take for example the textile controls. If you consider the history of the textile control measures, you will find that there was a half-heartedness on the part of the Textile Advisory Committee, and the policy that was followed regarding the control measures was a weakened one. I am not agreeable to control always. Judging from the production we are having in the mills today, regarding textile goods, I think it is high time that controls on these are removed completely. The control, which at the present day is to a large extent at the production end, is creating a lot of trouble to the mill-owners. Only the other day my hon. friend Mr. Tulsidas Kilachand was also complaining about the same thing. Today when we are having surplus goods in the country and are exporting a lot of it to countries outside India, I do not see why this control should be there on the textile mills. The other day it was reported in the Press that the Government had enacted another measure regarding control on export of textile goods in larger quantities to other countries. When our position regarding textiles has improved, there is no reason why this control should continue at all. All the same, we will have to be very cautious regarding the movement of these goods to the States. As a result of the half-hearted measure of control that is exercised in some of the States, a lot of goods are dumped on the wholesale dealers, and

the consumers are affected to a large extent. So, instead of making available to the consumer textile goods at a fair price level, the control has only resulted in increasing the price, so far as the consumers in the villages are concerned.

I would like to bring to the notice of the House how this measure regarding textile control has worked in my own state of Travancore-Cochin. We are getting almost all our cloth quota from outside because we have not got a single mill in our State, except the Chitra Mills. Even that mill remains closed for more than half of the year, because of one strike or the other, so that there is not much of production within the State. I have heard that textile goods from Bombay and Hyderabad are being dumped, on about half a dozen wholesalers who then distribute them to the retailers, with the result that the consumers are suffering and are not able to get them on a fair price level. These complaints are there. I think even if the control we are now having on wholesale distribution is abolished, the consumer will get the goods in plenty because there are large quantities of goods arriving in the State and they are already competing with the wholesale dealers.

Then regarding oilseeds. Even as regards this commodity, there were many protests from the Merchants' Chambers in the South, especially Andhra and Madras. We are an oil-producing State in the south and we were having a surplus last year. The merchants complained to the hon. the Commerce Minister regarding this and demanded permission to export outside. They raised their protest regarding the control on oil and oilseeds also. The hon. the Commerce Minister very well knows the condition of the oil and oilseeds production in our State. That is one of the biggest industries in South India. We are producing a lot but we are not getting enough chances to export and get better prices for the producers there.

I do not want to say much more on this Bill but I only say that if you introduce control, introduce it on a scientific basis; otherwise abolish this control. Take for example, the control we have introduced on cement.

Mr. Deputy-Speaker: The hon. Member may allow other hon. Members also to speak on cement. Whatever he is aware of, other hon. Members must also have a chance.

Shri S. S. More (Sholapur): He is resorting to borrowing of information.

Shri Velayudhan: Regarding cement, what justification have we now to continue this control? We are getting plenty of cement in our State. We have got one or two cement factories in the State. Because of the control a lot of difficulty is created. There are large stocks of cement now lying in Kottayam where they have a big factory. These stocks are being dumped there and the owners are unable to dispose of them. Still we are having this control in respect of cement. This does not mean that control as a whole should be removed on all the goods in India. When we find that there is deficiency in certain goods, controls are necessary, but at the same time I would say that the inflationary trend has not completely disappeared from the country. Still the prices are very high in certain areas, mostly for consumer goods. Take, for example, the high inflationary trend in New Delhi itself. The Prime Minister of India the other day said that in New Delhi the cost of living was very high and something should be done by all of us sitting together and consulting about it. But inflation cannot be stopped by that measure alone in any particular area. It must be stopped on an all-India level and certain measures will have to be adopted so that the prices may go down.

Shri A. C. Guha (Santipur): This small Bill is seeking to continue the Act which is going to expire. I think it is too late now to say anything against control as such. Particularly when we have accepted the principle of planned economy and of socialised economy, there must be control at least as regards production and price. The difficulty is that the control is being exercised through a machinery about whose efficiency and integrity there is great doubt in the mind of the people. There is also the suspicion that control is being exercised in many spheres where it is not necessary for the good of the people but is being kept simply for the interest of the department concerned.

First I take up the case of foodgrains, that is, cereals. The present Food Minister has taken a bold step. Though as yet it is an experimental one. I think the signs are quite apparent that this is giving some good results. During the election everyone of us must have experienced how the Congress organisation and the Government were abused by the people simply because of the inefficient and sometimes dishonest working of the controls. When a measure of decontrol is taken as regards food which is the most important item

[Shri A. C. Guha]

for the common people, I think it would ease the tension in the mind of the people and would neutralise quite a considerable amount of discontent against the Government and also against the party which is responsible for this Government. The most objectionable feature of the control as regards foodgrains is the procurement policy and methods. I have seen that the villagers have been compelled to surrender their foodgrains at an abnormally low, and I can say, uneconomic, price and those same villagers have in the later part of the year been compelled to purchase their requirements of foodgrains at a price much higher than the price at which grains were procured from them. I have also seen some cases—and the local people could not refute the allegation—where some of the villagers have been made to purchase foodgrains because they did not grow so much grains as the procurement authorities asked them to surrender. They had to purchase foodgrains from the local market and give them to the procurement agencies; thereby they had to bear a considerable loss.

These are glaring cases of the inefficient and dishonest working of the control machinery. When the present Food Minister has taken certain steps, I apprehend, except Madras, other States may not be co-operating. In this House several times questions have been raised about the implementation of the 'Kidwai Plan' in West Bengal. I think on three or four occasions this question was raised and I must admit that the Food Minister has not been able to give any categorical reply as to how his programme is being implemented in West Bengal. I do not understand what is the necessity of district cordoning still being maintained in most parts of the country when the Food Minister is taking steps towards decontrol.

The Act is being passed by the Central Government, but the execution and implementation of the measure is being left to the State Governments. If the State Government does not co-operate with the Central Government and hold some theory and ideas contrary to those prevailing at the Centre, then there must be some difficulty in the administration and consequent discontent among the people. I would like to ask the hon. Minister in charge of this Bill, while he would get this Bill passed by the House, what assurance he could give to this House that the State authorities would fully co-operate with the Central Government and fully implement the policies laid down by the Cen-

tral Government.

Then the hon. Minister of Commerce and Industry has made some admissions in the Upper House. He has admitted that the control has not been worked satisfactorily. He has made some very astounding admissions as regards newsprint. This is what I have found in the papers within quotations as the words of the hon. Minister:

"We have no control with regard to the prices which the merchants and importers can charge the consumers. But we are in the anomalous position of having to tell somebody—'You shall print six or eight pages and sell it at a particular price'. Why, I do not know. Practically every newspaper worth the name in the country has contravened this order."

So the hon. Minister says that every newspaper worth the name is contravening the order and directive of the Central Government.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): On a point of explanation. I may mention that the contravention is not a direct but an indirect contravention. What newspapers do is in printing; it does not come within newsprint, and that is being done everyday.

Shri A. C. Guha: Anyhow the question is that the policies of the Central Government should be implemented not only in the letter but in the spirit also, and if, when there is any contravention either in the letter or in the spirit of those policies, the Minister of the Central Government finds himself practically helpless, then what is the position of this House? The position as enunciated here leaves the small newspapers practically at the mercy of big combines or some of the big newspapers. While there is no price control, there is control about imports and other things. Now, those big newspapers get their own requirements by importing them themselves. The difficulty begins in the case of the smaller newspapers who have to depend either on those bigger newspapers or on importers. When Government have control on newsprint, I think it is most important that they should also have control as regards prices.

I find from the statement supplied to us that the price of indigenous paper is much lower than the price of imported paper. I mean paper other than newsprint. The same is the case as regards iron and steel. The price of indigenous products in the case of these two items is considerably lower than

the price of imported ones. Government should therefore take earnest measures to increase the production of indigenous paper and steel. As regards steel, I know that certain steps are being taken by Government, but I do not know what steps Government have taken as regards increasing the production of paper. We do not produce any newsprint. There is one factory, Nepa, in Madhya Pradesh. I do not know when it will go into production or at what stage it is now, but I feel the Central Government has not been discharging its duties properly in regard to that mill. If it is of national interest it is no use demurring at small matters as to how it was started or who started it. The Central Government should go to its aid and render it such help as might enable it to produce newsprint at an early date.

As regards other varieties of paper, namely book paper, art paper, imitation art paper, bond and bank papers, they are produced in India but I think there has not been any increase in either the number of units of production or in the capacity of existing units. Therefore, I would very much like that Government should take steps in order to increase the production of these other varieties of paper as well.

Then I come to coal. Here also the position is somewhat anomalous. There is no control on production but certain other controls are exercised and powers for such controls are vested in the hands of the Coal Commissioner. I do not like to drag in personalities, but still I would very much like the hon. Minister to enquire about the tendencies, activities and outlook of the present Coal Commissioner who is a non-Indian. I may venture to say that this gentleman went away preparatory to retirement but certain vested interests called him back and he is still in office and may continue for some time, though I think—I am not quite sure—he is a superannuated officer. Coal and jute are two of our most important industries but they are mostly controlled by non-Indian interests. That is a point Government should take into consideration when exercising their control. As regards coal, the main control exercised by Government is on transport and distribution. West Bengal is very near the coal area, but I have received reports that in certain districts of that State, due to the shortage of wagons, transport cost has gone up so high that the price of coal used for domestic purposes by ordinary towns people has increased by about 100 per cent. recently. I think Government should see that the poor middle class people mostly inhabiting these small towns get their

daily requirements of coal at reasonable rates and not at black-market rates.

As regards textiles, I do not know what is the use of having State nominees for lifting the State allotments from the mills. Practically all control on textiles has been removed but this system of State nominees still continues. I think this can be easily replaced by a system of panel or of permits. Certain registered and responsible firms should be allowed to take the stocks from the factories and sell them in the free market as is the policy of the Government now. When the sale is free and without any control, why should only certain favoured firms be given this monopoly right to take delivery of the State quotas, thereby giving them facilities for black-marketing and profiteering? I think there have been cases of some of these State nominees suddenly failing to lift their quotas thus creating an artificial scarcity and raising the prices in the market. In view of these things I think the State nominee system should be abolished.

The same is the case with regard to salt. It was the definite policy of the Central Government to abolish the district nominee system, yet they could not persuade the State Governments to abolish that system. I may be permitted to say that these are points on which Government and the party in power are accused of nepotism. Government should jealously guard its reputation and it should therefore see that this reasonable suspicion of nepotism is liquidated. Why this district nominee system for salt should be retained is a thing beyond our conception. Several Committees of this House and several others appointed by Government have repeatedly recommended the abolition of the district nominee system but the system still continues.

I do not want to say anything more on textiles but I would like to say a few things on yarn. Yarn also is a controlled article but the control has been working so badly that almost the entire handloom industry of the country is in great difficulty, almost in a crisis. At one time there was shortage of yarn and yarn was being sold at black-market rates and wide-spread black-marketing in yarn was going on. Now there is an abundance of yarn but the prices are so high that the handloom weavers cannot compete with the mill products. That being so, what is the policy of the Government as regards the handloom industry? They cannot go in this haphazard and unscientific way as regards this industry which is the biggest cottage industry of

[Shri A. C. Guha]

India. I should therefore like the hon. Minister to make a declaration of policy as to how Government is going to handle the question of yarn, particularly its supply to handloom weavers.

As regards raw cotton, it has been stated in this note that the price of raw cotton has gone down and this may affect the production of cotton next year. That is a bad thing and Government ought to have taken precautions earlier. In this connection, I should like to draw the attention of the hon. Minister to the position of jute. I have tried in this House repeatedly for fixation of a minimum price for raw jute. During the last three or four years, I have seen so many changes in the policy regarding the jute industry and the supply of raw jute to the mills, but Government have never made any definite declaration as regards the fixation of raw jute prices. The jute prices have now gone down so much that naturally the jute crop in the next year will decrease because the growers do not find it profitable to produce jute. Recently the production of raw jute in India has increased by about 300 per cent. and it is expected that India would be self-sufficient as regards the supply of raw jute. But if the growers are not assured of an economic price, then I am afraid the integrated policy as regards self-sufficiency in cotton, jute and food-stuffs will not be successful and cannot be implemented. So, I wish that there is an immediate fixation of the minimum price of raw jute. This has been done in Pakistan and why could it not be done in India also?

Shri T. T. Krishnamachari: Pakistan has done it, but with what results?

Shri A. C. Guha: That is so, because they have been playing into the hands of mischief-makers. I do not suggest that we should follow those very measures, but there should in any case be a fixation of the raw jute price.

I think that I have covered most of the points. There are some other commodities like oilseeds etc. about which I am not very much conversant, but I think I have tried to place before the House my point of view regarding the articles produced in my part of the country and I do hope that Government will see that the control which they have and are going to have through this Bill is worked properly, efficiently and with integrity.

Shri Névatia (Shahjahanpur Dist.—North cum Kheri—East): I support the present Bill. The fact that we have accepted planning does mean our ac-

ceptance of controls in some form or other. The only point that we have to see is whether the control in any particular case hampers production. The fact that even under controlled conditions we have produced sugar to the extent of 1.5 million tons and during the last month the textile production has reached the record figure of 420 million yards show...

Shri T. T. Krishnamachari: 22.4 million yarars.

Shri Névatia:...Yes, 422.4 million yards shows that the controls are not necessarily bad. Of course, we have always to see that there is no undue harassment. The hon. Shri Gulzarilal Nanda in the course of his speech before the Federation of Chambers of Commerce and Industry stated that controls may sometimes mean more harassment than good and that we have to eliminate the defects existing in controls. Controls should be exercised in a way that does not cause undue harassment to the trader or the consumer.

In this connection, I would like to draw the attention of the House more to the distribution control rather than to the price control. As you are aware, in a large number of cases, Government nominees are not able to lift the quotas of sugar allotted to them. The reason is that the charges levied by the Government nominees are too high and people who buy sugar from the factories direct are able to sell to the consumer at a lower rate. This shows that the system of distribution requires to be thoroughly overhauled. I believe that it is possible to do away with the distribution control in several articles. Government can effect regulation by releasing sale quotas every three months, or every few months, and abolish the present rigid distribution control.

The other difficulty is the concurrent control exercised by the States as well as the Centre. Sugar is an example. It is in the Union List, but sugarcane is in the Concurrent List and unless there is complete co-ordination between the Centre and the States in this matter, the control over sugar is likely to cause various difficulties. Unless the Centre fixes the sugarcane prices, it cannot adequately control the sugar prices. During the last season the Government guaranteed cane price of Rs. 1-12-0 per maund with corresponding fixation of the sugar price. But as the *gur* prices went down very

low, in U. P. alone instead of 16.4 crore maunds of cane crushed during the last year, 24.5 crore maunds of sugarcane were crushed this year. As a result of this the sugar production has shot up from 11 lakh tons to 15 lakh tons. Government had guaranteed to take over controlled production for distribution at controlled prices. But Government has not been able to fulfil its commitment. The result has been that the growers have not been paid crores of rupees for the cane they have supplied to the factories and the factories do not know how to plan their production for the next season. They have already taken advantage of full cash credit from the banks and there is great uncertainty about future finances. So, Government has to find out ways and means of fulfilling its obligations under these controlled conditions. Undoubtedly, production of sugar has increased, but the price of the raw material is a very important part of the control and unless that is also controlled by the Centre and not left entirely in the hands of the States, Government will not be able to fulfil the programme which it has in view for the future.

Here, I would like to draw the attention of the House to the important observations made by Mr. Paul-Hoffmann, till recently the E.C.A. Administrator, about the control policy in general. He has stated that it is better to have more indirect and impersonal controls rather than direct and personal controls. He has suggested that Government spending should be reduced. In his opinion controls should not be the only method of balancing demand with supply and the whole country could and should do more saving. That is undoubtedly a very important factor and the attention of the country should be drawn towards saving. When there is saving it would be possible to do away with several types of controls. Whether a control is good or bad has to be looked at from the point of view, whether it impedes or encourages production. So long as controls do not impede production, I do not see how we can get away from them, because so long as there is a shortage of essential commodities we have got to make some kind of equitable distribution. But controls are not an end in themselves and to that extent we have to see that production is encouraged to the maximum possible extent.

Shri M. L. Agrawal (Pilibhit Distt. cum Bareilly Distt.—East): During

these three months I have been successful only today, at the fag end of this session, in catching your eye.

Mr. Deputy-Speaker: You can catch my ear also.

Shri M. L. Agrawal: I rise to support the Bill. It appears that controls have come to stay in our country and I do not see that in the foreseeable future we can do away with them. In fact, I think even after the date mentioned in the Bill these controls will have to be continued. I would not enter into the larger question about the desirability or otherwise of controls. But I would like to submit that at least on one question there is no difference of opinion. So far as the desirability of controls is concerned, there are some people who say that controls are necessary, while others say they are not. But there is absolutely no difference in the view that controls to be useful must be enforced effectively, ruthlessly, for it is no good imposing controls if the enforcement is not stringent. If there is laxity the very purpose of the controls is defeated.

I had expected the hon. Minister, when he came before the House asking for an extension of the old Act, to have given us a review of the working of the controls during these years, how far they have benefited the country, especially the consumers. But I regret to find that he has not given any review of the working of controls.

Some of the provisions of the Act which is sought to be extended are very stringent indeed. But in the ultimate analysis it is not the drastic provisions of an Act that matter, but the way in which they are worked. A less drastic measure if applied properly and worked properly may yield more beneficial results than a drastic measure not so well worked. We regret to find that the working of controls has so far been far from satisfactory. I have experience of the working of these controls in my State of Uttar Pradesh. I would be gratified if other hon. members coming from other States testify to their experience being of a different kind. When I say this I do not mean to cast any reflection on the Governments of the States which administer these controls. What I mean to say is that the men at the bottom who are responsible for actually administering these controls have let down the people

[Shri M. L. Agrawal]

and the Government. The administration of controls has bred a large inspectorate—a whole army. We have inspectors for every commodity, for every mode of life and for everything. To show their vigilance they off and on catch a small fry here and there and prosecute him for trivial and minor offences. But the bigger people go scot-free for major and substantial infringements of laws. It appears that the people who contravene the control laws and the Government officers responsible for their administration have lost all fear of Government and God. A very large percentage of corruption in the ranks of Government servants is due to the administration of these controls. The poor consumers do not get their due share of the commodities, while the richer and more resourceful and crafty persons get more and more and get richer and richer to the detriment of the poorer classes. I have pointed out these things with a view to bring to the notice of the hon. Minister who has moved this Bill that the enforcement of the Act should be as stringent as its provisions are drastic. I wish that the word should go round to those officers who are actually responsible for the administration of these control orders that they would be judged not by the small offenders whom they challan, but that they will be judged by the bigger persons, rich persons and black-marketeers, persons who infringe these laws with impunity, whom they prosecute.

We have all sorts of drastic provisions in the Act which is sought to be extended by the Bill under discussion. We have, for instance, sections 7 and 7A which provide for an imprisonment of three years and seven years, respectively and forfeiture of property, besides infliction of fine. In section 8 the same punishment has been provided for abetment and attempt. Under section 9 infringement by companies and corporations is made punishable. In section 10 imprisonment for a period of three years is provided for false statements. Section 12 gives powers of summary trials. The Bill even provides for refusal of bail. Under the Criminal Procedure Code bail is allowed even for very serious offences. Ordinarily bail is allowed in all offences except those punishable with sentence of death or transportation for life. So, non-admissibility of bail is a very stringent provision.

Section 13B provides for expeditious disposal of cases. In certain cases

the burden of proof of certain facts has been placed on the accused. I went over these provisions just to show how drastic they are. But what is the good of having these provisions if they are not used. The House would have benefited very much if we had Statewise figures of the action taken under the various provisions of the Act, the nature of the offences, the status of the parties and the punishments meted out. It may be said that trials and sentences are in the hands of the courts. True, but I do not think that when appropriate cases come before them, the courts would be slow to take advantage of the drastic provisions of the Act to punish anti-social elements. If serious cases do not come to the courts, the responsibility lies on those responsible for the administration of the control orders.

It is a basic fact that the controls can be most effective if we have the triple control, on production, distribution and prices. Control on production is practically absent in this country. We have, however, control on distribution and prices.

I would just like to point out that when we decide to lift or relax controls, the circumstances and timings should be carefully weighed before we take any action. In the past we have seen the spectacle of commodities, like textiles, sugar, khandasari sugar and gur being controlled and de-controlled alternatively at such times that the act benefited only the speculators, black-marketeers and capitalists to the utter detriment of the producer and the consumer. Such setting aside of controls and imposing them on the public should be avoided.

10 A.M.

Lastly, I would endorse the appeal made by my hon. friend Mr. Tulsidas. There has been a plethora of notifications and orders under the Act, one order cancelling and superseding the previous one and then again restoring in part or whole the original provisions. I submit that even lawyers find it difficult to assess the exact and complete position of law at a given time. It will therefore be convenient to all courts, lawyers, the control officers and the public at large—if a compendious work is available in which the rules and orders in force are collected and consolidated up-to-date.

Shri G. D. Somani (Nagaur-Pali) :
This Bill as the House is aware seeks

to extend the present Essential Supplies Act for a maximum period which the Constitution allows. As a matter of fact, this is a major piece of legislation in the working of controls and all the important commodities are covered by this Act. When, therefore, Government is seeking to extend the working of this Act for two years or for a greater length of time, it is highly essential that some opportunity should be taken to review as to how the working of the various control measures have achieved the goal for which these measures were introduced from time to time. These control measures originated from the Defence of India Act of 1939 which was later replaced by the Essential Supplies Act in 1946 and as a matter of fact there has been so many notifications, directions and orders on the statute book of the various control measures and as my hon. friends, the previous speaker as well as Mr. Tulsidas pointed out, it is very difficult at this stage for even a lawyer, much less a layman, to know about the number and the nature of the various rules and regulations which are in force about the working of the various controls.

After all control or de-control is not an end in itself. The primary objective is to ensure the supply of essential commodities to the community at large at reasonable prices and we have to examine whether these controls have been working to achieve this primary objective. The fact is that the various controls have been worked on a haphazard and unscientific basis from day to day and it has been very difficult on the one hand for trade and industry to plan anything on a long term basis and on the other hand for the consumers to be benefited in the real sense of the term. As a matter of fact a very considerable section of the informed and enlightened public opinion in the country want that these controls should be eliminated or at least reduced to the minimum extent possible. The hon. Finance Minister the other day, while speaking in the Council of States, indicated that the various Governments at present look more and more to fiscal and monetary measures for fighting the inflation and they are unwilling to have physical controls. So far as our country is concerned, the complexity and magnitude of these control measures has been such that while I do not want to indulge in any cheap denunciation of the officials who have administered these controls, the fact remains that it has not been possible for the Government to devise an administrative machinery which could suitably and efficiently administer these controls. Being connected with the textile industry I claim to know something

about the working of the textile control and I can say from my personal experience that apart from the injury or dislocation which has been caused to the industry from time to time, even the consumer's interest has not been served and it has been found at times that it has done great harm to our economy.

I can give instances as to how from time to time our controls regarding exports have dislocated our export trade and have caused a lot of annoyance to the overseas buyers. I am aware of instances where the sale of hundreds of millions of yards of cloth had been made and letters of credit (L.C.S.) had been opened but the sales had to be cancelled simply because the Government of India or the Control Department concerned could not make up its mind in proper time as to the maximum quantity which should be allowed for export.

Similarly, the restrictions put on production have varied from time to time. From the time the scheme of standard cloth was introduced it was found that those varieties of cloth were unsaleable to the public. Right from that period up to this time certain restrictions have been put from time to time which while on the one hand have restricted the mills from planning their production on a long term basis and have on the other hand adversely affected production. Similarly instances can be given where the control policy has brought about occasional gluts followed by acute scarcity.

Mr. Deputy-Speaker: Order, order. Hon. Members who have no patience to hear can go to the lobby. I cannot allow this kind of talk in the House.

Shri G. D. Somani: My submission is that I am not opposed to the extension of the period as stated in the Bill but I suggest for the serious consideration of the hon. Minister that he should appoint some committee or committees which could go into the working of these controls up to this period on the one hand so as to simplify the working of controls and secondly as has already been pointed out, all these various notifications, directions, rules and regulations on the various control measures should be reviewed. Such of the orders which are redundant in the context of the present circumstances should be withdrawn and those that ought to remain should be simplified and made available to the public in a concise manner so that everybody not only in the trade

[Shri G. D. Somani]

and industry but the public at large might know about the various provisions of the control measures.

I would also like to draw the attention of the hon. Minister to the question of the price policy which has been followed in working these controls. While on the subject of textile control, I am aware that there is an impression in several quarters as if the Government have been very liberal to the mill-owners and in fixing prices had gone out of their way to meet their wishes. I wish it were a fact. It is my firm conviction that if the Government were liberal to the mill-owners, it will ultimately be to the interest of the consumer. But the fact is otherwise. The grievance of the industry has all along been that even in interpreting the Tariff Board formula the Government have hardly done justice to the industries, and have at all times deprived them of their genuine prices.

I would give a specific instance. My hon. friend, Dr. Mookerjee at the time when devaluation came about in this country persuaded the textile industry to accept a cut of four per cent. in the prices of cloth and yarn to help ease the situation at that time and that was subject to certain conditions being fulfilled. These conditions were never fulfilled; but that four per cent. cut still continues for a majority of sorts of cloth, that is, fine, superfine and printed and dyed sorts of coarse and medium varieties.

The other day we had some discussion about a certain two per cent. or so increase in the manufacturing charges. Here, again, our experience is, while on the one hand the Tariff Board formula itself does great injustice to the industry and does not give full manufacturing charges, on the other hand, the execution of that formula has been delayed and has been done in a way which is hardly satisfactory. The industry, for a considerable time, has been urging on the Government to put the whole question of prices to the Tariff Commission. Had that been done it would have been found out whether Government has been liberal to the industry. That was the reason why again and again industry pressed on the Government to place this question before the Tariff Commission, an independent body which, on the one hand, would have satisfied public opinion that the prices given to the textile industry are based on certain specific scientific formula which has been gone into by experts and on the other hand, would have also met the demand of the industry. The fact is

that the Government have all along been afraid that the Tariff Board formula itself lays down manufacturing charges in a way which is unjust to the industry and if the question is sent to the Tariff Commission, probably the result would be that the Government might be compelled to give a little more by way of price and so this demand of the industry has been put off for one reason or another. I am aware that some time last year, some specific sorts were sent to the Tariff Commission for enquiry. But, the moment the order was issued, it was withdrawn, the next day, for reasons, best known to the Government.

My point is this. If these controls are to continue, then, they must ensure a fair, equitable and economic price to the industry. That is only in the interests of the consumers in the sense that if the industry is liberally treated in the matter of prices, and if the various units of the industry make better profit, obviously about 50 per cent. of the profits go the Central Exchequer, and out of what remains, labour will receive added bonus, and something will go to the reserves which will be utilised in rehabilitating and replacing the machinery. It is only a very insignificant portion which would go to the managing agents and shareholders.

Pandit Thakur Das Bhargava (Gurgaon): The consumers will go to the wall.

Shri G. D. Somani: My hon. friend says that the consumers will go to the wall. I say this policy of enforcing uneconomic prices in the industry will result in the consumers being compelled to pay a much higher price in the long run than would otherwise be the case.

What has been our experience? After all, it is a question of two per cent. or five per cent. more or less in the price schedule. If the prices are artificially kept at a low level, production goes down and consumers have to pay black-market prices which range sometimes between 50 to 75 per cent. more. On the one hand the consumers do not get the stuff; the Central revenues are affected; on the other hand, the reserves or earnings of the company are deprived to that extent. I submit that the whole question may be scientifically examined. It may be that for a temporary period the consumers may have to pay a little more. When I say a little more, it would not be more than five per cent. But, with the increased earnings of the various

companies, and with their ability to renovate and replace their plants and machinery, they will ensure and guarantee a permanent supply to the consumer at a much lower level of price in the long run than would otherwise be possible after a certain period when the plants and machinery would be obsolete and cloth will have to be produced at a prohibitive price, which will not be in a position to compete with foreign countries.

My whole point in regard to this measure is this. Firstly, I want the Government to appoint a committee or committees to go into the working of these controls. Whether these committees should be purely official or should consist of Members of this House, I have nothing to say definitely now. What I do want is that when a measure is being extended, it is highly essential that the hon. Minister should look seriously into the question of the working of these controls so as to bring about a simplification or modification in a manner which will conduce to the normal working of trade and industry, on the one hand, and the consumers' interests on the other. Secondly, I submit with all seriousness that the price question should be decided more from a long term point of view than to meet the consumers' short term point of view, which on paper might look very much attractive, but which, I venture to submit, from a long term point of view, will be detrimental to the general interests of Indian economy.

Shri S. S. More: I shall begin by saying that I rise to give my accord, my support to the present measure in a broad manner. Many Members will be surprised when they see this sort of support coming from the Opposition Benches. But whenever Government is out for any beneficent measure, when Government honestly tries to serve the community in a broad manner, the Members of the Opposition have always been willing to help the Government and accord their support. We do not believe in a policy of opposition to the Government for the sake of opposing the Government. While I am according my support to this particular measure, that does not mean that I stand by all the commas and full points which appear in the measure. I know as a practitioner that many of the principles of this particular Bill are sinister, are opposed to the elementary canons of justice and administration of law. But, even with all that, I still accord my support to this particular measure.

The only reason that makes me accord my support to this measure is that in a planned economy, when a

country is suffering from so many shortages, when the goods available or the resources at our disposal are not enough to satisfy everyone in the country controls are essential. After the last war, we have entered into a phase of controls. There are...

Shri Namdhari (Fazilka-Sirsa): On a point of order, Sir, I suggest that instead of wasting more of the time of the House, we should have a time-limit for speeches so that everybody would be able to get an opportunity to speak.

Mr Deputy-Speaker: Hon. Members are not taking much time; they are only giving the points.

Shri Namdhari: I want to suggest that instead of all these controls, if we have birth control, that would solve the problems.

Mr. Deputy-Speaker: Such interruptions are not at all proper; they are absolutely irrelevant. Merely because I give an opportunity to the hon. Member to get up and speak, he ought not to come forward and talk irrelevantly. No. no; that is wrong.

Shri S. S. More: After the last war, which was responsible for causing so many shortages and deficiencies, we have entered into a phase of controls. We are talking about so many controls; we are talking about family control; we are talking about food control and the Preventive Detention Act for the purpose of controlling the freedom of others. So many controls have to be looked to and attended to. Controls have become absolutely necessary. But, merely to say that we have got these controls, and that controls, like parliamentary mentality, have come to stay is not enough. Much will depend on how this particular enactment, which is an essential enactment, is being put into actual practice.

My submission is this. In spite of the best intentions of the Congress leaders or the Minister in charge of this particular measure, I ask, what is the agency or the instrument by which you are going to put this particular measure into operation? It is the bureaucracy, particular members of a small status or high position, who will be called upon to give effect to this particular measure. I submit that they have been trained by the Britishers, and by habit and long course of training, they have been accustomed to putting every measure which is placed in their hands to the disadvantage of the people. My fears are—and they are well-grounded on—

[Shri S. S. More]

the experience that I have got from my own Province—that even this measure is utilised as an instrument of oppression against the people. I will refer to some instances. Take for instance food control. Now, in my part—Maharashtra, particularly, is a land of small farmers—we have big farmers, Zamindars, something of that sort, and also small farmers, and the per head acreage is less than about two acres. But in spite of that fact, whenever procurement is resorted to, the procurement is against the small farmers and the rich farmers, though few, are somehow able to corrupt the officers who are in charge of the procurement apparatus and escape scot-free. I can quote a number of instances in which persons having a very small fragment of land have been approached now and again, frequently, by these procurement officers who have exacted whatever they can from these small peasants.

I will, Sir, with your permission describe the *modus operandi*, I may say, of how this procurement is exacted. The village accountant goes to a person and says: "you must give so much to the Government", without caring to see whether the man is under obligation, has any liability, to pay any grains to the Government. Then he says, "if you do not do this, Government will come down on you. You will be liable to prosecution", and then he quotes some of these sections in which three years punishment or a large amount of fine has been prescribed. The peasant is illiterate, ignorant. He does not know his own rights and what Government is expecting of him. The result is that the village accountant goes to him, plays a sort of fear complex, and then he makes recoveries from him. After the village accountant, the Circle inspector goes to him. He plays the same trick against him, and again certain recoveries are made. And then the *mamlatdar* goes to the very same person and again makes certain recoveries, and when the poor man says "I have nothing to give"...

Mr. Deputy-Speaker: I only want to make a suggestion. All these are known to all hon. Members. Hon. Members should try to give some constructive suggestion.

Shri S. S. More: Then, my constructive suggestion will be that instead of asking these village officers or the revenue department, assisted by the police, to make these recoveries, village committees should be estab-

shed, *gram panchayats* should be established. Village elders will know who has produced more and who has produced less, and who has produced not enough for maintaining his own family. That is the constructive suggestion which I have been making for many years, but no Government is prepared to take that into account. My submission is: Appoint a village committee with some responsible persons. There are many villages where *gram panchayats* have been established according to a piece of legislation in my part. If those very *panchayats* are entrusted with the responsibility of making an inventory of the different peasants who are under obligation, according to the rules provided in this respect, and if they decide that certain recoveries should be made or what quantity should be recovered, it will be to the greater comfort, greater happiness of the person concerned, and no injustice will be done, and there will be less opportunity for these corrupt officers to indulge in corruption at the cost of the small peasants.

Then there is another matter to which I want to direct the attention of this House. It is regarding price control. Prices have been fixed—in the note that was circulated to us, it has been said that prices are controlled both in regard to procurement and distribution, and are fixed by the State Governments with the approval of the Centre. Now, what is the apparatus for fixing these prices? What is the data on which Government have been fixing these prices?

I may refer to the decisions of the previous Committee in 1943. In 1943 when the Gregory Committee was appointed, it suggested that in fixing the prices, the cost of production and the cost of living should be taken into consideration and that in order to provide an incentive to the agriculturist, some margin of profit should be allowed to him. After that, in 1946 the Prices Sub-Committee was appointed under the chairmanship of Mr. V. T. Krishnamachari who himself happens to be the Chairman of this Grow More Food Enquiry Committee. And they also made the specific recommendation that incentive must be there and that the poor cultivator is not getting his due; and, as Panditji has stated, the peasant is the most uninformed, is the most ignorant creature, and therefore, this particular Committee under the chairmanship of Mr. V. T. Krishnamachari came out with concrete suggestions. What did they recommend? They said the parity formula should be

applied. They said that a particular parity which gave remunerative prices to the agriculturist and was bearable by the consumer should be fixed and that the prices should take into account the cost of living and the price index and that the prices should be fixed in a manner so as to leave a small margin of profit to the peasant concerned. But even that recommendation was not heeded.

My submission is that Government are yielding to certain pressures. The consumers come from urban towns. If they do not get foodgrains at low prices, if the prices are not beneficial to them, they are likely to criticise and their criticism is likely to be militant, and like the sacrificial goat, the peasant has been sacrificed at the altar of certain interests which should be appeased and satisfied. For some time, it may yield result, but from a long-range point of view, this policy will not yield any benefit, is not helpful to the country and is not benefiting the consumer. On the contrary, I may say, that not giving remunerative prices—Mr. Guha emphasized the same point—to the peasantry, is a measure suicidal to the interests of the country itself.

I do not propose to weary the House by citing quotations from the Grow More Food Policy Committee appointed in 1951 under the Chairmanship of Mr. B. M. Gupte, who happens to be a Member of the Council of States. This Committee, officially sponsored by the Government itself, has come to the painful conclusion—and they were not friends of the peasants, I may say with your permission—they have come to the sorry conclusion that the method of fixing prices, the unremunerative prices which have been given to the peasantry, have discouraged the production of foodgrains. The yield has gone down, because the peasant is asked at the point of the bayonet, I may say, to produce without giving him some margin of profit. His standard of living is going down. His standard of production is going down, to the disadvantage of the country itself. That is the conclusion which has been reached by this Bombay Committee.

And another Committee in which Mr. Bhargava was one of the Members, the Grow More Food Enquiry Committee, which has recently placed its report in our hands, also, in a very brief paragraph—because prices were not one of the main terms of reference—came to the conclusion that in order to give incentive to the peasantry, we must give them remunerative prices. That is the conclusion which has been accepted by

this Committee and made a part of their recommendations.

My submission is that whenever you proceed to fix the prices of other commodities you consult the interests of the producers, you invite them, you consult them, you take the data from them regarding the cost of production, but whenever prices of foodgrains or other articles are fixed which are produced by the agriculturist, you do not consult him. So, my submission is that Government should appoint a permanent body which will make constructive suggestions, go about from place to place, and collect the necessary data regarding the cost of production. Unfortunately, 99 per cent. of our peasantry is illiterate, colossally ignorant. They cannot keep accounts. In America and other Western countries, the farmers can keep farm accounts in a scientific manner, so that whenever their Government is out to fix prices, they can submit those accounts and convince their Government: "Well, this is the cost of production, give us that much by way of profit". But our peasantry is illiterate, ignorant. They are not in a position to keep farm accounts. The result is we never take their interest into account. We never try to find out the data of cost of production. So, Government must find out these particulars. Some persons on the Government side may say that our revenue officers have been collecting the necessary data. I may say that the agency of the revenue officers is absolutely unreliable. It is a tainted agency. There is a sort of contradiction between the interests of the revenue department and the interests of the peasantry, because for the purpose of land revenue they are always out to show that the peasant has grown more than he really has done; otherwise, it will not be possible to recover land revenue dues. So, there must be some other independent agency, which is not sensitive to corruption,—the details of it I leave to the Government—which will go into the collection of the data obtaining in the different regions of this vast and varied country. Agricultural conditions differ from tract to tract. I may refer for instances to Maharashtra where the condition that we find in one district we do not find in another, and to be more particular, the conditions that we come across in one part of a district do not obtain in another part of the same district. This sort of variation of data should be taken into account, and a permanent machinery must be evolved whereby the data regarding the prices of these articles would be properly collected. I do concede

[Shri S. S. More]

that the consumers have to be protected, but if the producer does not produce sufficiently, and if you create conditions adverse to his producing sufficiently, then the consumer too will in the long run come to suffer.

We have said that we are out for seeking self-sufficiency. What is the basis of this self-sufficiency? And this brings me on to the quantity of rations that are allowed for the rural persons. Government in my part has allowed 12 ounces per day per adult. In my part of the country, the peasantry, eat only some bread and *chutney* only, and have no non-rationed articles to supplement their rationed food. Experts like Dr. P. C. Patil, who happened to be Director of Agriculture in Bombay State, for sometime, have stated that in order to keep up the working efficiency of an average peasant, he requires at least 24 ounces per day. Even if we take the modern dietary suggested by doctors the peasant needs 25 ounces—out of this 25 ounces, 15 ounces may be cereals, while the rest may be vegetables and other things, which even in dreams the peasant cannot see. My submission is that the Government have not fixed properly the quantity of food-grains which should be given to the peasantry, at the time of procurement.

Mr. Deputy-Speaker: Are not manual labourers given something more?

Shri S. S. More: Not in the rural areas, but in urban areas only.

My submission is that at the time of procurement the peasant is robbed to the utmost. When he complains, he is told 'You better take a ration card, we will give you one, on which you can draw your rations'. He produces the grains, but they are purchased by Government at Rs. 23-2-0 per bag and he is forced to buy the same grains, or possibly milo from Government at the rate of Rs. 40 per bag. This is rather unfair. Many experts have admitted that our agriculturists are producing not for the purpose of marketing, but for their own consumption. But they are robbed of what they produce, and given ration cards on which they have to draw their rations at some place which may be five or six miles away from their villages. The result is that they are forced to give up their agricultural work, and go to a village which is about five to six miles away, remain there for the whole of the day,

and have to return to the village in a semi-starved condition if the godown-keeper says that the necessary stocks have not arrived. This sort of thing has affected his working capacity, and also his resistance to diseases. There are some of the points which I wanted to raise here.

Mr. Deputy-Speaker: Is not sufficient quantity left with the agriculturist for his seasonal requirements, farm servants etc?

Shri S. S. More: No, Sir. Even granting that this Government has been motivated by the best of considerations towards the peasantry, unfortunately when these provisions go to the hands of the lower staff, they become an instrument of oppression working for the hardship of these peasants. That is my contention. My point is merely to show how a sort of step-motherly treatment is accorded to the peasantry, while the other interests which produce sugar or textiles, for instance, are treated on a different footing and in a favourite manner. Take for instance the case of sugar. The sugar prices have gone up from one high rate to another. Some two years back we were getting in Poona sugar at the controlled rate of annas eight per seer. The rates have now been increased, and we are getting sugar at the rate of Rs. 1-14-0 per seer. My impression is that—and this is an impression which is shared by a large section of the people in my part of the country—this brings down the Congress like anything, and creates the feeling that the Congress is catering to the interests of these big manufacturers. The sugar factory people are indulging in blackmarketing of sugar etc. and are rolling regularly in money, while the peasants and other small producers are going to the wall.

I am returned to this House from Sholapur constituency which has a population of about 40,000 handloom weavers. Their complaints have been that they are not getting sufficient yarn, although the yarn committees are there, they are not making proper allotments to them, that there is nepotism, favouritism, blackmarketing, and that all these 'isms' have worked against their interests. The result is that the handloom weaver is not in a position to make his living. If I am to narrate the long tale of woes from which these toilers suffer, I will be taking a longer time of this House, which I do not desire. These are only some sample specimens that I am presenting to the Minister concerned. If he is to serve the interests

of the largest section of the population, then 'the greatest good of the greatest number' should be his badge; and I do believe that he will, in consultation with all these interests and those elements which have at their heart the interests of the small producers, evolve a scheme by which this Act will be put into proper shape and form, and it will be a measure designed to the good of the small man to whom it will give the greatest benefit.

Shri Gopala Rao (Gudivada): I think we have before us a Bill which we have to discuss thread-bare. This Bill seeks to extend the life of the parent Act of 1946 up to January 25th, 1955, and enables the Government to exercise certain powers in the matter of the controlling of certain commodities like foodstuffs, fodder for cattle, iron and steel etc. If the control policy is to be worked out in a popular manner, certainly it will work wonders in the interests of the people. It is the responsibility of every democratic Government to take such measures in the interests of the people. But if we consider the present policy and practice of the Government, I fear that the purpose for which the original Act was designed has not been achieved during the last few years. The original Act was passed in 1946, and it was extended from time to time. And today we are having another Bill to grant further extension to that Act. It is difficult to find out the actual policy of the Government, from the way the Act has been working in the country. On many occasions there have been contradictory statements, and we do not know what the Government actually stands for.

That is why I say as far as this control policy is concerned, it is unreliable, inconsistent and half-hearted. I can say that much as far as the present control policy is concerned. The other day while moving this Bill in the other House the Deputy Minister said that the policy of the Government was one of progressive decontrol. 'It has been the progressive policy of the Government to relax control as and when this relaxation becomes possible', but at the same time the hon. Minister said that the relaxation of controls might tend to raise the prices leading to hoarding which might ultimately affect the community. In the same House winding up the debate, the hon. Minister of Commerce and Industry said that the Government was not adopting the decontrol policy; at the same time he was criticising the remarks made

by one of the hon. Members from the Congress Party when he said that the policy of control should be a pre-requisite for a planned economy. The hon. Minister was not accepting that idea and he was so much perturbed at that idea also. On the one side the Congress Party and the Government are popularising the Five Year Plan. Certainly the Five Year Plan must be a part of a planned economy; otherwise, there is no meaning for the Plan. On the other side, the hon. Food Minister is flying from province to province with the decontrol policy as far as the food problem is concerned. That is why I say the policy of the Government in this matter is inconsistent, unreliable and half-hearted.

Regarding the period of extension, I would propose that the period be reduced to one year. Why? Because this Act must be seen in practice and must be checked and reviewed from time to time so that we can improve it both in content and form. The hon. Minister, speaking on so many assumptions, was not able to appreciate this proposal. This proposal is made simply because we have to see how this Act operates in practice. This is not a new legislation; it seeks to extend the Act which has been in operation for the last five years. When you are going to take a step for the future, you must be clear about your past policy; otherwise, it is not possible to take correct steps. That is why I propose that the extension of the period be reduced by one year.

The basic principle on which this reduction is proposed is that it can be reviewed, the whole practice can be checked and discussed from time to time and the Act can be improved upon both in content and form. That is the only course by which we can put things in the right direction. Whether it is the question of an individual, or a political party or the Government, unless we exchange our experiences and our views through debate, we cannot evolve a correct course of action. But on every occasion the hon. Minister comes with a maximum extension of periods. On no occasion is there any critical review of the past. I thought at least as far as this control measure was concerned, the hon. Minister would come forward with a critical review of the past five years, how it had operated, what were the achievements, what were the drawbacks and in a nutshell, what the present situation was. He did not come with such a critical review. That is why, strictly speaking, some of us analysed the practice of the past five years. I need not go into

[Shri Gopalan Rao]

the details, because there is lack of time, but in essence if you see the operation of this Act for the past five years, whether it is control, or partial control or decontrol—whatever it may be—ultimately it has, unfortunately, ended in the interest of a few people, the profiteers, landlords and minor sections of the community only. The purpose of the Bill is that it must be operated in the interest of the common man, but the result is what we see. As far as the prices are concerned, they are fixed at an abnormally high rate so that the common man is unable to buy his necessities of life. What is the principle, I ask the hon. Minister, on which the prices are fixed? Is the cost of production taken into account? Is the standard of living and the cost of living taken into account? I do not know on which principle this Government is acting. In whose favour are the prices fixed? Is it in favour of the consumer? Is it in favour of the producer? Is it in favour of the millowner? I want a clear answer on this point. From the results we see, I dare say that the ensuring of large profits to the millowner and the profiteer is the basic principle on which the Government is fixing the prices.

The other day while speaking as a champion of the consumer, the hon. Minister said that it was his conscious effort to put the consumer against the producer. In the name of the consumer, they want to reduce the price for the producer so that they can leave a big margin for the profiteer and the millowner. That has been the result of these controls for the last five years.

I can give many instances, but I want to come to one important matter—in regard to the sugarcane grower—to which I would like to draw the attention of the House. As regards sugarcane and *gur*, the Control Order of 1950 was promulgated under the Essential Supplies Act. Recently an order was issued by the Government of India regarding payment for the sugarcane supplied by the grower to the millowner. This order really created a havoc in the life of the sugarcane growers. This actually put the peasants and poor growers at the mercy of the millowner. The essence of the order is this. In Madras State the crushing season begins in November and ends in June. This order allowed the millowner to pay the growers for the sugarcane in two instalments, the last instalment being October 31st. That means the poor

peasant who supplies the cane to the millowner in January, February, November, December, all these months, has to wait for a long period of eight months for payment. We know the pitiable conditions of the cane growers and how they are struggling to maintain themselves. Giving scope to the millowner to avoid payment at the proper time and giving him eight months' time is very deplorable. When this question was raised on July 25 on the floor of the House, the hon. Minister categorically said that he was not aware of such an Order. In the other House also the Minister of Commerce and Industry said that the Government was not dictating to the millowners. But may I with your permission, Sir, read just a few lines from the debates of the Madras Assembly? When the question was put to the Agriculture Minister, Mr. Gaud, about these sugarcane prices, he said as follows:

"The State Government represented this matter. Since the end of the crushing season was about 30th June, it was necessary that payment for sugarcane should be made definitely by the end of June. The Government of India would not agree to that."

He referred to some other aspects of this issue also.

When prices are fixed or when such orders are passed it must be seen that they actually help the grower and the consumer and not the exploiters. But in the case of sugarcane it is unfortunate that the worst sufferers are the ordinary peasants and the tenants. When they supply sugarcane to the factory you find that on the very next day the ordinary money-lender will come to his door for his dues, the landlord for his share, and the manure merchant for his money. That is why I say it is highly impossible to think of implementation of this Act, and that is why I propose that this order must be cancelled immediately and a new order issued asking the millowners to make weekly payments to the growers. Otherwise it is not possible for the growers to invest for the next season. That is the difficulty. I hope the hon. Minister will consider these points and take the necessary steps in the matter.

As far as prices are concerned, the hon. Minister has said on another occasion that the price of Indian sugar is higher than world price by about £15 per ton which is due to the fact that we have given the cane grower

a price out of all relation to world prices, and the consumer is bearing the brunt of it. I think this is a constant effort on the part of the hon. Minister to put the consumer against the producer and conceal the real profiteer, that is the millowner. It is a fact that sugar prices in India are higher. But why is it so? It is not simply because the cane grower is given a higher price. I know the conditions of the growers because I belong to that area where hundreds and thousands of peasants cultivate sugarcane. And I say that the sugarcane prices are not at all high. It is not because the price of sugarcane is high that Government are forced to fix the sugar price at such an abnormal level. If we consider the present rate of sugarcane prices we need not maintain such a high level of sugar price unless of course you are interested in doing so or you want to allow huge profits for the millowner. I know how things are going on in Vuyyur, one of the biggest sugar factories in Madras. The workers there are on minimum wages and live in very unsatisfactory and even starving conditions. I also know the conditions of the peasants who grow the sugarcane for the factory. And, of course, I know the condition of the unfortunate consumers who are not able to buy sugar even for their daily needs.

[PANDIT THAKUR DAS BHARGAVA in the Chair]

But if you see how things are going on inside the Vuyyur factory you will find that the owners of the factory, the leading capitalists of the place and the landlords go on adding to their fortunes year by year. I can cite a glaring instance of a relative of a leading millowner who was made a managing director and paid in some form or other Rs. three lakhs per year. And all the time, 1200 workers—more than 1000 men—are being paid for one year something below Rs. three lakhs. That is the situation. That is why I do not accept this theory of the price of sugarcane being responsible for the high price of sugar. The price given to the grower is not at all abnormal, it is ordinary, and therefore you need not raise the price of sugar. But surely you can reduce the huge profits of the millowner and thereby reduce the price of sugar and the consumer will then be in a position to buy his daily requirements of sugar. Whenever we raise the slogan, "More price for the producer", peculiar theories are advanced: If you raise the price to the producer, you have to raise the wages of the worker in the factory, you

have to raise the profits of the millowner and finally you have to raise the price of the product supplied to the consumer! If once you accept the idea of controlling the profits of the millowner there will be no trouble on the other aspects.

Coming to the other aspects of the matter, I cannot go into the details of how this control policy was implemented in various sectors, but it is very unfortunate that the real culprits the blackmarketeers were not punished, were not at all taken to task. If at all any steps are taken to arrest a person just to show to the world that Government is also arresting blackmarketeers, unfortunately, ordinary people who struggle to earn their livelihood are often caught and punished for nothing. Many of our friends here have clearly stated how there is corruption in the administration and how this control was implemented. If the control policy is properly implemented in the interest of the people it would be very beneficial to the people, but as at present people are dissatisfied with the very principle of control. The main reason is corruption and also the other unhappy things that have happened in the course of implementation. That is why several of my friends are coming to the drastic conclusion that controls lead to corruption. I am sorry to say I cannot accept this absurd proposition. Corruption was there even before controls, and therefore there should be some other reason for the abuse of the powers vested in the administration. That is why I propose that the period of extension sought here must be reduced and also that the present experiment that is going on, especially in Madras State, must immediately be reviewed. The hon. Food Minister is going from State to State advocating the policy of decontrol and many interested circles are boosting the Madras experiment as a great success. Certainly it is not so. I may be allowed to quote a few lines from the State Press, from the leading dailies of Madras. In an editorial, the leading Congress daily, the *Andhra Patrika* of Madras writes:

"Controls were abolished two months back. During the first two weeks of decontrol prices have gone down. In the last four weeks the prices have increased abnormally in all places of the State. The increased price of one bag of paddy of two maunds is Rs. 10. This is the feature in all surplus areas. In the deficit areas prices are inevitably more. The prices now are the same as the blackmar-

[Shri Gopala Rao]

ket prices during the controlled period. Even in Madras City there is a difference of one anna in the Madras measure. The landlords, millowners and merchants alone are economically capable of storing foodgrains. It is because of their collective efforts that the prices are now increasing."

11 A.M.

This is from the editorial of a leading Congress daily in Madras State. Many of friends say that decontrol is a success in Madras, but one bag of paddy which cost Rs. 18-12-0 during the pre-decontrol period now costs Rs. 30. A resolution was also passed by the Tanuku Taluk Congress Committee, and the following are a few lines from it:

"After the abolition of the control system, the merchants, millers and profit-mongers are selling at abnormal prices. Today the price of paddy per bag is Rs. 30. The prices are going up day by day. People are not able to buy at these abnormal rates. They are suffering a lot."

Therefore, the resolution has urged that Government should take immediate steps to check the rise in price and correct the situation. The rise today is between 45 and 88 per cent. In Vijayawada it has gone up from Rs. 19 per bag to Rs. 30; in Ellore from Rs. 18 to Rs. 30; in Tanuku from Rs. 18 to 29; in Nidrabrulu from Rs. 18 to 30; in Tenali from Rs. 19 to 29. In this way, in every district of Andhra Pradesh, prices are rising higher and higher day by day. In Rayalaseema, as you know, for the last five years there has been famine. Starvation deaths have also been reported. From these facts, you can imagine how successful the decontrol policy has been in Madras.

I do not want to go into the details of the procurement, but the broad policy is one of forcible seizure of paddy from the ordinary peasants and nominal procurement from big landlords, leaving most of their stocks untouched. That is why a large number of sad incidents are happening. Due to lack of time, I cannot give you the examples.

Pandit A. R. Shastri (Azamgarh Distt.—East cum Ballia Distt.—West): There is this morning a news item from Madras that huge stocks of wheat are being returned to the Central Government by the Madras Government. How is that so?

Shri Gopala Rao: It is a matter for the Madras Government. I cannot

help it if they do such a foolish thing.

As far as the cotton control is concerned, the fixation of price is done according to the convenience of the millowners. The consumers, producers and working classes are not consulted. The other day the hon. Minister stated that the production of coarse and medium cloth which are required by the normal consumer is not satisfactory. Very often, it has been suggested that the export of coarse and medium cloth should be banned so that the common man in India will be benefited. But in a report supplied to us by the concerned Ministry, we find the following lines:

"We have permitted free export of coarse and medium cloth for shipment up to 3-8-52".

In one breath you say that the production of coarse and medium cloth is not satisfactory and in the other you allow free export of coarse and medium cloth. How are the two things to be reconciled?

Mr. Chairman: I do not want to interrupt the hon. Member but I wish to remind him that other hon. Members are also anxious to speak.

Shri Gopala Rao: I shall finish presently, Sir.

Are we to export simply because we want foreign exchange? Otherwise, why should we export these essential lines on a large scale.

Now, coming to distribution, under the heading "Control over distribution" we find the following statements. One statement is that mills have been allowed to sell their entire fine and superfine products and 80 per cent. of the coarse and medium cloth to the buyers of their own choice up to 31st August 1952. The second statement is that mills have been allowed to sell their entire yarn produced out of foreign cotton and one-third of the yarn produced from Indian cotton to buyers of their own choice. In this way, complete freedom is given to the millowners to do whatever they like. Of course, if they want to send by air or ship, they have to get permission but with our five years' experience of controls, we know how easy a thing it is for them to get permits.

Now, coming to agricultural implements. I come from an agrarian part of the country. The hon. Minister stated that "there are plenty of agricultural implements and the manufacturers are closing their shops because there is no off-take." Why is there no off-take? Is it because the prices are abnormal? Is it because

(A.P.S.C.)

production is more than the consumption, which is not the case, because our total iron and steel production is only 50 per cent. of our demand? What is the real reason? Are the models of implements unsuited to local needs? In an agricultural country like ours, why are not people able to obtain their necessary and essential agricultural implements? My solution for this problem is four-fold: (1) reduce the prices of agricultural implements; (2) eradicate corruption in distribution and arrange the distribution through agricultural depots in consultation with the local people's committees or kisan sabhas; (3) supply agricultural implements to agricultural labourers and peasants on instalment basis; (4) plan out the demands for various models and then prepare models and designs and recommend them to the manufacturers.

In conclusion, I want to point out six ways in which the control policy can be successfully implemented. During the last five years, many mistakes have been committed. Committing mistakes is natural, especially when we seek to serve the suffering millions. The question is not one of committing mistakes. If through experience we can rectify our mistakes, it does not matter. But the point is, is the Government prepared even now to take the lessons of the past, to take the lessons gained out of experience? The suggestions that we on this side of the House make are with a view to seeing that these mistakes are not repeated in future. The corruption and the malpractices that exist in the administration of controls are due to the wrong policies and tactics adopted by the Government. If they are accidental and unconscious, in no time we can rectify the mistakes. Taking into account the experience of the administration of controls during the past five years, if the Government is sincere and serious, I have to make some suggestions to Government

First comes the administrative apparatus on which we have to rely for the working of these controls. Many of my friends have dealt with this matter; so I do not wish to go into it in detail. The House would be aware of the fact that a great mass movement in China eliminated bureaucratic corruption, wastage and extravagance. A great mass movement has to be launched to wipe out the elements in Government organisations and public enterprises, so that people can be benefited by the implementation of this measure. Unless you uproot the rotten legacies of centuries old imperialist rule, you cannot have

the cooperation of the people. Only with the cooperation of the people can you take drastic measures to correct the administrative apparatus, and overhaul it. But I am sorry to say that while replying to certain criticisms in the other House, the hon. Minister instead of realising the gravity of the situation, was putting forward certain theories by which he was justifying the actions of the executive during the past five years. The hon. Minister said:

"After all today the Government services are manned by Indians who represent a fraction of society. Their morals are much the same of the average of the society in which they operate."

What the hon. Minister wanted to convey was that in the society itself there is something wrong; that is why there is so much of corruption. Instead of rectifying the mistakes and malpractices committed in the past, if things are tried to be justified in this manner, how can we expect this Act to be implemented in a popular manner in future? I think nobody can accept this theorisation, so far as this problem is concerned.

By advancing this theory the hon. Minister has put the people and the enemies of the people on the same par; the sinner and the saint are treated alike. Can it help the situation in any way? In a way it would encourage the malpractices committed in the past. There is absolutely nothing wrong with the people and the society. The people are perfect; they are patriotic. Please do not find fault with them. You must try to find the real crux of the problem in order to rectify your mistakes. By simply finding fault you cannot escape the responsibilities.

Before I conclude my speech I would like to make a few suggestions (1) Corruption, bureaucracy and waste should be eliminated from the administration. (2) Hoarders and profiteers and such other elements who try to sabotage Governmental measures should be summarily dealt with. (3) People's committees must be formed on all levels to see things done. (4) The life of this Bill must be reduced to one year. (5) Prices should be brought within the range of the purchasing power of the people. (6) While fixing prices producers, workers and consumers must be consulted. And (7) the great and unlimited human energy must be brought into action by enthusing people in the drive for more production.

[Shri Gopala Rao]

I would request the hon. Minister to give careful consideration to these suggestions and put them into action.

Shri T. S. A. Chettiar (Tiruppur): It is not my purpose to take much time of the House. Nor is it my purpose to repeat what has already been said.

For any planned economy controls are absolutely necessary. But before we introduce controls, it is necessary to define our objectives very clearly. We have set for ourselves the objective of a classless, casteless society and that means that all the machinery of controls that we want to put in motion must be directed to that objective. And if I say a few words today and if I make a few suggestions today, it is to point out that that objective must be kept in view when these controls are worked.

Before doing so I would like to refer to one or two matters that were raised by my hon. friend Mr. Somani. I have some experience of the textile industry, coming from Coimbatore as I do, but my experience has been that it is these very controls that have made our mills somewhat inefficient today. Fixing up of a minimum price means allowing for the expenditure that has been involved, that has been spent in these mills, the nepotism and the high pay that is being given to all sorts of relatives. And if I may point out, the House will be surprised to hear that there are some mills in our province in which all the domestic servants of all the managing agents are paid out of the mills. Even the milk for the managing agent comes from the milk canteen. And when I had occasion to ask some of the millowners: "Why this corruption?", they say: "We are far better; you go to Bombay; you go to Ahmedabad; things are worse."

I know these controls came and made them stable. Some of the mills were tottering before the controls came, because prices were going down and when prices were stabilised it made them callous. I am certainly not sure how my hon. friend Mr. Somani says that these prices have been fixed to the disadvantage of the mills. In fact this price fixation has degenerated some of the mills. Care must be taken to see that the prices are fixed competitively so that the better mills may survive and the bad mills must make an attempt to survive.

Coming to the objections raised, I would like to say that it is our objective, well declared in the Planning Commission's Report, as well as by the Government from time to time that we want to encourage cottage and small scale industries as much as possible. The biggest small scale industry in this country is the handloom industry. There are 30 lakh looms in this country of which over seven lakhs are in my province. In these few years after the control has come there is no group of people who have suffered so much as the handloom industry. Times were when they suffered for want of yarn. Lakhs of people have gone abegging and today the most distressed people are those in the handloom industry. When the yarn was forthcoming, their goods were not selling and when they could get good prices for the cloth, they could not get the yarn. Their sufferings have been interminable and nearly 1½ crores of people in this great country are engaged in this profession. We must go into the reasons why this has happened.

The mills have not closed down if the prices have been fixed in the interest of the handloom weaver. Looking at the dividends we are receiving I will disclose a secret. In the last few years the mills have given good dividends far beyond the expectation of the shareholders. This was possible in spite of the mismanagement, in spite of the fact that the relatives of the managing agents are paid a large amount of money in the shape of salaries. This only shows that the prices have been fixed properly. The prices must be fixed not only from the point of view of the consumers but from the point of view of these handloom weavers also.

While it is necessary that we should raise the standard of life of this country it is necessary that we must bring into existence a society in which there is not a large amount of difference between the highest income earning individual and the lowest income earning individual. If we are to produce such a class of society we must produce habits in them in consonance with such a society. I have heard that in Russia a common dress is being introduced throughout the country and this instead of creating any difference among people created a feeling of equality. But unfortunately in this country we want nice cloth. We have a lot of cotton but yarn produced out of that is not good enough for us. I am grateful to the Deputy Minister for having given me

the figures for the import of foreign cotton last year. He said that Rs. 131.15 crores worth of cotton was being imported into this country. May I ask: Is it absolutely essential to the life of this country that these nice varieties of cloth must be produced. The mills produce the finer varieties of cloth because most of the gentlemen and ladies want that kind of cloth. If we are to raise the level of the country, austerity measures must be undertaken by the people. We cannot have it both ways. In a country where the income level is so low it is not possible to keep high standards such as they have in America.

I say this Rs. 131.15 crores should be saved. What is the price that we pay for this foreign cotton? While the ceiling price fixed for Indian cotton is about Rs. 900 the price that we pay for the foreign cotton is nearly Rs. 2,000 or 3,000 and now the price is falling suddenly and many of the mills are closing down. I know that the merchants have large stocks and I hope Government will consider this matter.

I entirely agree that whatever minimum is required for industrial purposes or for scientific research should be imported but we should not go about spending large sums. I consider that whatever cotton is produced should be sufficient and I think that 40s and 60s are quite enough for being consumed in this country and for preparing 60s and 80s we have a limited amount of cotton.

The Deputy Minister of Commerce and Industry (Shri Karmarkar): This abnormal import of cotton has been largely due to the facts which have arisen after the post-partition days. My hon. friend knows we are increasing the type of cotton and it will be possible in the near future to reduce the imports to much less than they have been two or three years ago.

Shri T. S. A. Chettiar: I am thankful to the hon. Minister for giving me that information. I think we ought not to spend too much money simply for satisfying the needs of a few people in the country. It is not a good policy to follow when we have our objective of a classless society in future.

I want to say a lot about food but we have heard so much about it in this House that I, therefore, do not propose to say anything more about it just now. I would however like to say a few words about the controls as they are working now. If they are absolutely essential, I say, take the co-operation of the public in their working. The controls would

be successful only to the extent that the public co-operate with the Government. You may prescribe the highest punishment but it would be of no avail. I would therefore suggest that we should make enough propaganda to see that we get the people's co-operation in carrying out the controls. It is not a matter of a Government imposing a control on the people but it is because the people and the Government are agreed that a certain control is necessary, that it is imposed, and to that extent such controls would be necessary. If that is to be done, then we should take up only those controls for which the people are willing to co-operate. Some time ago I did not know that there was control over silk cloth. I come from Kollegal where a lot of silk is produced and the price control was put on silk. I inquired: Silk is certainly not food, it is not cotton or cloth. I was told an amazing story—it may be a fact or it may not be a fact. The wife of some high official went to purchase silk. She found that the price was too high. A complaint was made and out came within a few days an order controlling the price of silk. It is these people who derive the benefit of these controls. Whether the ordinary man or woman gets the silk he or she wants, nobody knows, most probably he does. But, certainly these people at the top, who lay down these controls, get the benefit of these controls. Therefore, my own view is this. As regards these non-essential commodities like silk, let us not bother about them. Men who have lots of money go in for them; let us not bother about them. So also about articles which we are able to produce enough. Let us not have any controls in respect of them. We have been told in the Question Hour, that salt is being produced sufficiently in our country today and that even a small quantity is being exported. Sugar, again, is sufficient. Why do you, then, have controls on sugar? Why have zonal controls for salt? Government should bear in mind certain principles in imposing all these controls and in the working of these controls.

I do not like to take much of the time of the House. But, I would beg of them to remember the objective that we have in view. That objective is the encouragement of cottage industries, encouragement of small scale industries and encouragement of a kind of society where too much wealth will not accumulate in the hands of a few people at the cost of other people. It is unfortunately so today. In the matter of textile control about which I know so much, People who

[Shri T. S. A. Chettiar]

were nothing, who were poor, have become owners of lakhs simply because of some permit, some son-in-law or some father-in-law. They have nothing to do with trade. They do not know even today what yarn is. They do not know count from count; they do not know from which count which cloth is made. It happened to be there was control; it happened to be that there was somebody to issue a permit; it happened to be that he had a permit. It is unfortunate. I am sure the present energetic Minister of Commerce and Industry as well as his Deputy—I hope I am not congratulating him too much in advance; we have seen the happy news in this morning's papers—will look into these matters.

Before I close, I hope that the present Ministry will bear these matters in mind and that things will be managed so well that we can say next time, well done Mr. Karmarkar and well done Mr. Krishnamachari.

Shri V. B. Gandhi (Bombay City—North): I rise to support this Bill. We have heard much in criticism of the way controls have been administered. I can sympathise with those, who from their experience have reason to criticise the administration of these controls. But, saying that the administration is not perfect is not to say that the controls should be abolished. It should be admitted on all hands that today in our country there are essential commodities in short supply. When such commodities are in short supply, who are the people who suffer the most and suffer first? They are the poor people. Given such a situation, it plainly becomes the duty of the Government to take over the distribution of such commodities in short supply, and distribute them equitably, and to try to make them available at fair prices. This part of the Government's duty can be done only by imposing and working controls. That is precisely what this Act is empowering the Government to do.

The present Act has been in operation for over six years. During all these six years, we see that a varied system of controls has been thoughtfully developed. There are controls, under this Act, on movement, such as on cattle fodder, and so on. There are controls on quality, such as on cotton seed in Punjab, *vanaspati* and such other things. There are controls on distribution; there are controls on price; there are controls confined to

certain territories. Now, when we stop to think of it, it really is a miracle of a system of varied controls. The present position in regard to these controls has been very clearly stated in the two Notes supplied by the Ministry and they are very helpful. I am sure they will help to curtail much of the debate necessary on this Bill.

The title of this Bill is the Essential Supplies (Temporary Powers) Amendment Bill. As soon as there is any question of giving powers to the Government, this House usually becomes very sensitive, on that point. We begin to grudge to give any powers to the Government. We begin to higgie over it. But, what are the powers, that are being sought under this Bill, intended for? These powers are intended for enabling the Government to continue and work the controls that have been imposed in the past and, if necessary, of course, to impose new ones. When there is a question of imposing controls, it is the experience of all of us that no Government welcomes the need of having either to impose new controls or to work the existing controls. All Governments, as a class, are reluctant to have anything to do with controls if they can very well avoid it. The simple reason for this is that controls, as a rule, mean for Government work, hard work, exacting work. They impose additional responsibility on the Government, and controls of any kind, in any country, are, after all, a thankless task. Government can please none and the imposition of controls is the sure way to make any Government unpopular. Under these circumstances, I do not see why we should look upon this Bill as a Bill which gives powers to the Government. In fact, the true nature of this Bill is to give additional responsibility, additional work to the Government. When there is any need for controls there has to be a Government that is willing to work and to impose controls. That is precisely what Government wants to do in this Bill.

Coming to the term of this Bill, there are some people in this House who do not favour the idea of giving a two-year term to this Bill. The hon. Minister in the statements that he made in both the Houses, here as well as in the other House, has very clearly stated that he expects the need for these controls, at least for some of these, to continue even after the two-year period which is sought under this Bill and which is the

maximum period permissible under the Constitution. In this connection, the Minister mentioned iron and steel. If the hon. Minister thinks that it is only iron and steel that will continue to have the need for control after January 25, 1955, I am afraid he is being optimistic. I should go further and think that there will be need for control in the case of some other commodities also. This House has a limited time in which to consider the business that comes before it, and the time of this House is valuable. We can easily foresee the enormous amount of new work that is waiting to be placed before this House, and in view of this situation in respect of the time of this House, I think there is really no good sense in having to have this Bill come back before it at the end of one year, in spending its valuable time in what is really a re-doing or a rehash of the Bill—a Bill which has been before this House almost four or five times in the last six years.

When we talk of the term for this Bill, it is really not a question whether it should be one year or two years, but I should think the real concern of this House should be about the future that is to come after the 25th January, 1955. What is going to happen and how can we see that the fine structure of controls that during the past few years has been created can be preserved, so that it can serve the need in the case of those commodities in which such need may continue after 1955. This can be done, of course. I think, to some extent, under the powers that Government already possess, powers which Government have under the Industries (Development and Regulation) Act. But that Act covers only some of the commodities which are covered at present by the Essential Supplies (Temporary Powers) Act. The Industries (Development and Regulation) Act covers such commodities as iron and steels. It covers coal; motor and aviation fuel—that should take care of petroleum and petroleum products as described under the existing Essential Supplies Act. It covers sugar. It covers cotton textiles and woollen textiles. It covers paper. But the Industries (Development and Regulation) Act does not cover foodstuffs, cattle fodder, raw cotton, cotton seed and mica. What is going to happen to controls if they should be found necessary after 25th January, 1955? Under the proposed Forward Contracts (Regulation) Bill, some aspects of trading in these commodities like foodstuffs, cattle fodder, raw cotton,

cotton seed and mica can be taken care of. But that is not enough. It is said that perhaps advantage may be taken of provisions under article 249 of the Constitution. Yes. Something can be done in that line, but the procedure involved in article 249 is not very suitable and the term allowed under this article is only one year at a time, and therefore, I should think that both this House and the Government should be properly concerned as to what can be done after 1955 if the need should continue during that period, to save this fine structure of our present controls and to see that what has been so far done is not undone.

Finally, I support the proposal made by the two hon. friends, Mr. Tulsidas Kilachand and Mr. G. D. Somani for the appointment of a Committee. Some such step is really overdue. Under these controls which have been in existence for so many years, it is natural that there should have accumulated a multiplicity of notifications and if we expect that our laws should be obeyed, then it is necessary also for us to see that it is made possible for honest citizens to obey these laws. Today, the position is, I would not say hopeless, but really is very, very confusing, and therefore, a real effort made soon enough to re-arrange these notifications, to simplify the position as it exists under these notifications, is called for, and therefore, I support that proposal for a Committee, and I do trust that the Government will give it its serious consideration.

I commend this Bill to the House and trust it will pass without any amendment.

Shrimati Renu Chakravarty (Basirhat) : As I rise to speak on this Bill, I am put to a dilemma for the simple reason that I am in full support of the principle of the Bill, but when I come to the working of the Bill, I am forced to say that we have to strongly condemn the methods of control as we see them practised today. One of my humble colleagues has said that this is a half-hearted measure. To me it seems there is no heart in this Bill, because the people who are going to put it into effect are the same bureaucratic machinery, who will make it ineffective as they have made it ineffective these last few years. The farce of control has made people demand that there should be no control, but we, most of us on this side of the House, agree that there should be control in some form or another.

[Shrimati Renu Chakravartty]

If controls are to be there, they should be effective. We see in our country when we have control, prices have gone up, and blackmarketing has increased. We even see that production goes down. We see also the fact that under cover of this Bill where powers are delegated to control production, supply and distribution of essential commodities, such powers are used to suppress workers when in support of their legitimate demands they are on strike. We also find that production in the field of agriculture also has gone down, in spite of these controls. In spite of the good things contained in many of the clauses in this Bill, which most of us heartily support, why is it that this control is bringing us into such great distress? The people are suffering more and more, and why is it that in spite of these controls there is no offtake? Why is it that so much food is being returned to the Central Government? Is it because the people are no longer hungry or is it because they have no means any longer at their disposal or the purchasing power to get rid of that hunger and feed themselves? Is it that they are able to get all the cloth that they need or is it that in spite of controls the prices of cloth are so high that they cannot buy? Is it because that they have got such a high living wage that they can buy that they want or is it because the wage is so low that they have been reduced to absolute ruin? These are the things that we have to look into, as we discuss this Bill.

Under clause 3 (iii) these orders are to be put into effect by the officers and authorities of the Central and State Governments. But what is it that we as Members of Parliament and also the public are facing always? It is the great corruption that exists in the bureaucratic machinery of the Government. For instance I shall deal with the question of procurement of food-grains. You talk about increasing the supplies of foodgrains, and yet we find that the entire machinery that is used for procurement is being worked out by people who can be bought over with the least amount of trouble. We find that we make certain laws, and yet these laws are never implemented. In my own province, up to this year, any person who owned less than 15 bighas was not subject to procurement. Yet, I myself have represented time and again the cases of persons who own less than two or three bighas and yet have been subjected to procurement. The paddy is taken

away from them, no payment has been made, and not only no payment is made, but they are beaten also. In my own constituency, a procurement officer was beating an agriculturist who went on saying that he had done nothing, but the entire evidence was clearly so much against the officer that he went and released one of the fellows who was locked up in one of the godowns. This was done by an administrative official. We also know that no payment is made. Time and again their paddy is looted, no receipts are given; all these are actual happenings. It is no good therefore putting down clauses which are not going to be put into effect. Not only because of corruption but also because of the anti-people policy of the Government, we find that control fails. Many of my hon. friends have spoken on the question of prices. There are two sides to that. As far as food goes, the producer gets too little, and the consumer also has to pay a high price.

Although in clause 3 we find that "for collecting any information or statistics with a view to regulating or", still up-to-date we have had no satisfactory and sifting inquiry into the matter, as to why when the peasant has to sell, he has to sell at a lower rate than that which is his cost of production, and why when the same thing is sold in the ration shops there is a big difference of about Rs. six to seven? If that means that the consumer has to spend more because of carriage costs etc., then we have to realize that we have also got to give a higher price to the man who is producing it.

On the question of fallow land, we find here a provision which says that fallow land can be taken over for increase of food crops. But we know how many times the people who have taken over fallow land in order to grow more food—and not for the G.M.F. as we are talking about it here—have been punished. And yet we find that there is a good clause in section 2(b) where powers are taken to bring under cultivation any waste or arable land for foodcrops. We also find another good clause 2 (f) where powers are given for taking hold of stocks of essential commodities and to sell them, the whole or specified part of that stock, at such price and to such persons or class of persons as may be specified in the order. But may I ask, have we ever used those orders? I would like to bring to the notice of this House how in the famine district

of Sunderbans, we ourselves spoke to the Rehabilitation Minister—and the hon. Mr. Kidwai also was there with him—"We are prepared to give a list of the hoarders who have got so many thousands of maunds of rice. Will you procure the same from them?" The Rehabilitation Minister of Bengal said "I have no powers", while Mr. Kidwai just hedged in, but did not say anything further.

[MR. DEPUTY-SPEAKER in the Chair]

The point is that if we are to make laws, we must see that those laws are implemented. They can be implemented only when you take the co-operation of the people. You talk about co-operation, and yet when we had offered our co-operation in putting into effect the laws which you yourselves are trying to put on the statute book, that very co-operation was never taken hold of. It is by co-operation of the people alone that you will be able to control the prices of essential goods and give them to the people who are in such dire need of them. It is with this idea that I would like to put it before the House that it is no use passing a Bill unless you are able really to implement it.

You have asked for a long lease of time for this Act, but I should like to say that the time-limit should be reduced to one year, and at the end of that one year, you should bring this whole Bill under the purview of this House so that we may go into the working of this Bill clause by clause, and see how it is being implemented, and whether the spirit of the Bill has been put into practice or not. Without that, mere passing of this Bill is mere eye-wash, and nothing more than that.

Shri T. T. Krishnamachari: I approve of the general support that this House has given to an extension of the Essential Supplies (Temporary Powers) Act of 1946. The only difference seems to be the period of extension. We have asked for the period to be extended till January 26th, 1955, which is the limit set to a measure of this nature by the Constitution. Some hon. Members have said that they are willing to extend it for one year only. At the very outset when I moved for the consideration of this Bill, I dealt with this point, and I do not think the hon. Members who have insisted upon curtailing the period up to one year have taken into account that point. It is only natural therefore that any arguments against their opinion are

bound to be dropped. Therefore, I do not propose to deal with this question at any great length.

The argument has been mentioned here that Government should come and render an account of what they have done and then obtain another year's extension. I do not think anybody who wanted the period to be curtailed suggested that they would not grant extension for another year. All that they said is that the Government should come and explain their case and render an account. I have said before that this question of rendering an account by Government is there all the time. As a matter of fact, in today's discussions not only subjects germane to the proposal before the House, but a number of other subjects were dealt with, and opportunities such as those afforded in today's discussions would arise time and again and hon. Members can always call the Government to account and any Minister who is in charge of Commerce and Industry or Food and Agriculture or Production would have to face the hon. Members and give them an answer which would at least partly satisfy them.

Shri Nambiar (Mayuram): That is only in the form of questions.

Shri T. T. Krishnamachari: My hon. friend will in course of time learn that there are other ways also of bringing the Government to book and making them answer the charges that you level against them. So the House is not without resources so far as bringing the Government to book on a matter like this is concerned. I think, that is the only argument I would urge again, that the House should accept the proposal contained in the Bill which is only a proposal that the life of this measure should be extended till the 26th January 1955.

One hon. Member, Mr. Gandhi from Bombay, raised the question: What happens after 1955? It is not a very difficult proposition for a person like him to visualise, namely, that in regard to manufactured goods the Centre could bring up legislation before the House for the purpose of exercising control over production, distribution and prices. The Act provides for it. Schedule Seven List 1, provides the necessary authority for legislative powers, to regulate the production, distribution and prices of articles, the manufacture of which is considered to be necessary to be placed under the purview of the Central Government.

[Shri T. T. Krishnamachari]

Another point that was raised—a very valuable point—by the first speaker, the hon. Member from Bombay who is not here now, Mr. Tulsi Das Kilachand, was about an examination of the various regulations by a Committee. He did not suggest that it should be a Parliamentary Committee, though I might say that under the Rules of Procedure delegation of scrutiny is possible by Members of Parliament. But I do accept the value of the suggestion made by Mr. Tulsi Das Kilachand and also by my friend, from Bombay, Mr. Gandhi, and I shall endeavour to interest my colleagues in the other Ministries in the proposal. We would see if we cannot have a Committee to examine these regulations and streamline the various regulations and notifications that have been issued by the Government. Hon. Members will find that in so far as my Ministry is concerned, we have not only this Manual, but we have two Supplements. So I quite recognise that if hon. Members have to go through the regulations, orders and notifications issued from my Ministry, it is a very laborious task. We have to add on to this those that emanate from the Food and Agriculture Ministry. A suggestion was made that the provincial orders also should find a place here. I do not know whether it is competent for me to say that we can get it done, but we would make a suggestion to the various State Governments that they should do the same thing as we would attempt to do, namely, that these, orders, notifications and regulations should be looked into, such of those as have fallen into desuetude must be scrapped and only the ones that are 'live' should be put in the form of a book so that it would be available to people who want to know. Incidentally perhaps they may also go into the working of the orders and notifications and so on.

Many Members have made very valuable suggestions. My hon. friend, Mr. Guha, from Bengal—he always comes in with very constructive suggestions—asked us whether we could give an assurance that the State Governments were cooperating in maintaining controls. That assurance I can give straightway. I do not think that any State Government is opposed to this idea or that any State Government, as a Government, rebels against the exercise of these controls. The only thing that hon. Members should not do is to come to

the conclusion, if a particular limb of a State Government does something wrong, that the State Government is itself opposed to these controls. Maybe that some policeman somewhere or an enforcement officer or a commercial tax officer or a procurement officer may do something which may indicate that the *Mukam* of the Central Government is not running in that particular *tehsil* or municipality. But that should not be interpreted as meaning that the State Governments do not co-operate with the Centre. I can find no instance in the various records that we possess where a State Government have said that they would not cooperate. The idea itself is not right, it does not do justice to the various Governments who are doing their very best in executing the provisions of this particular Act before the House.

Pandit Thakur Das Bhargava: They are not opposed; but they may not be playing the game.

Shri T. T. Krishnamachari: This is a matter of how you look at it. Maybe my vision may be rather shortsighted and therefore I can only look at it with the help of mechanical aids like glasses. My hon. friend may have an eagle eye and may spot occasions where there is no such co-operation. But by and large I think that cooperation is forthcoming and is assured.

My hon. friend, Mr. Guha, used some words that I spoke in the other House in regard to newsprint. It is very clear that I had mentioned that here was a type of control which I thought was a thing which I should not be called upon to exercise. I shall naturally take steps to see, if it is possible for the Government as a whole to review the question. When I said that newspapers were contravening, I did not mean a contravention in terms of what my hon. friend himself said, the letter of the law, but the spirit of the law. If we have to fix the pages printed and the cost relating to it, well some newspapers may say: "We are rich enough. We can do glazed printing or mechanised glazed printing and add a page on everyday or one day in the week or two days in the week". Whatever it may be, it is *per se* a contravention of this order.

Shri A. C. Guha: Creating another shortage.

Shri T. T. Krishnamachari: This order has been suggested by the

Newspaper Society and one would expect the members of that Society to play the game. Obviously they did not, and that is why I said it did not seem to help anybody. But the question that my hon. friend had in mind, that we should help the smaller papers is something which, I think, is a trifle beyond the scope of what a Government ought to do. The Government might levy a cess on the number of pages printed and subsidise the small papers. That may be legitimate. But to ask people "You can only publish so many pages so that you get less advertisements, so that your economic position would not be good and therefore bringing you down to the level of the smaller papers would help them" is a thing which I think is not very proper. There should be a levelling up rather than a levelling down. (*Interruption*) As regards price, that is the main point with the smaller papers. Well, I think the whole concept of governmental interference of this nature is wrong, and that is my view as an individual. I would like to make that very clear. As to when I would do it, that I am waiting for some newspapers to ask me to do it, as some newspapers say, these are all fatuous suggestions, for which they say I am becoming famous. That is all there. We have to be thick towards it; the moment I came here I had become thicker. So we have to take all this criticism in a proper perspective, and sometimes it passes without hurting us very much. Of course, I recognise that newspapers are very big institutions. Well, sometimes we cannot help it; when they criticise us, we welcome it if it is good, but if it is in bad taste we just ignore it.

Coal was mentioned by Mr. Guha. What he had suggested was that the present method of management was not quite all right. It is not exactly a subject which I handle, but I can mention to my hon. friend that the officer who, he thinks, is not suitable will no longer be there, and let us hope that the position would improve materially by the new blood that Government proposes to put in there.

Textiles was also mentioned by a number of hon. Members. Mr. Guha said: State nominees—what is the use? That is exactly what I feel. State nominees let us down. If the market is good and they can sell, they buy; if the market is not good, they drop off. So they are not con-

venient vehicles for moving goods from the place of manufacture on to the consumer or to the retail shops, and that is why today all that we can do is to ask for 20 per cent. of mill production to be placed at the disposal of States. It is only a safety valve. It is not intended to be the rule; in many cases States have not asked for that 20 per cent. of production but should they ask for it it is there, so that this experiment that we are now conducting in relaxing control to some extent in regard to distribution should not become a complete failure without our having some reserve. That 20 per cent. is a reserve.

Again this question of yarn for handlooms was raised. I will deal with this question of textiles as a whole. This is a matter that we discussed before in this House—my hon. friend from Uttar Pradesh, Mr. Sinhasan Singh raised a debate and I had to reply then. Mr. More says that in production the economic cost must be taken into account so that the primary producer must get his return, and he quoted the Agricultural Prices Sub-Committee Report issued some years back under the authority of a person who bears the same name as myself. Of course, much of what has been said there is now out of date, nevertheless the fundamental proposition is true. We try to give the producer an economic price.

Then the other proposition which he maintained was that we should give the consumer a price, which is economic again, so that he can buy the article. That is the main thing. If we give the consumer a higher income, if his rate of income goes up and instead of being something like, say, Rs. 300 a year we have it at something like Rs. 4000 a year, well it would not matter very much if you charge him a little more—he will pay the price and buy it. But I have said here before that the consumer's point of view is most important—apart from the fact that he is the person who has returned us here and he is the person who bears all the burden—merely because his well-being, which my hon. friend, Mr. More put as the greatest good of the greatest number, happens to be our primary consideration. He must also have the wherewithal to buy all these goods. The law of diminishing returns operates as the cost goes up, and he is not able to purchase. When the millowner is not able to

[Shri T. T. Krishnamachari]

sell his goods, then ultimately he does not buy the primary products and the producer, whatever we might say, would not get his price. So, it is something which operates both ways. There is no use being transcendental in matters like these. A transcendental view is all right when you are concentrating on a particular subject, but if you talk in terms of absolutes and you miss the pragmatic view, whatever it might be, however unethical it might be, in many circumstances it means the series, the whole lot of them suffer. I can give the cotton producers tomorrow Rs. 600 as the floor price for *jarillas*. That means I have got to put up the price so far as yarn is concerned, so far as cloth is concerned, and what will happen? Even today why am I engaged in relaxing controls, in oiling the wheels? Not for the pleasure of it, not because I have forsworn controls, but because I feel that the controls operate in such a way that the poor consumer does not get his needs at the price he wants them—he would not take them at the price fixed. So, we must allow trade to come in so that it may offer things a bit cheaper if possible. But ultimately if the consumer does not buy, all of you will go to the wall, the millowner will go to the wall, so also will the primary producer. Mr. More was quite right in saying that I should make it my motto: the greatest good of the greatest number. It is perfectly right. And so should any Minister and also any Member of Parliament make it his motto. If Mr. More looks at it from that point of view, he will find I am right. I am doing my best for the consumer so that the primary producer will ultimately benefit—if I lower his price a bit it is very necessary because the consumer will not otherwise consume the manufactured product. I have all the time in view both these people, and that is why recently with great reluctance we raised the floor price of cotton from Rs. 495 to Rs. 550. I know that with Rs. 550 as the floor price for *jarilla* cotton my capacity to reduce the price of cloth manufactured is restricted to about 12 to 15 per cent. and nothing more, unless I modernize the mill and save labour cost which again is a thing which I cannot do. So I have to worry about a number of factors. I cannot give the mills automatic looms—not because of cost of foreign equipment but because it will throw out so much of labour.

So I refused to give them automatic looms and members of the Textile Advisory Board immediately resigned saying Government is unsympathetic. I am unsympathetic to the Textile Board and its members, but I am sympathetic so far as labour is concerned. Then, I cannot give the price Mr. Somani wants. He says, "Give us a little more price, we will bring it down later." I am refusing to give it in his own interest because if I give him a higher price the consumer will not buy and ultimately Mr. Somani will lose and the whole chain will lose. I am interested in the primary producer, I am interested in the mill industry going on. I am interested in the labourer who works there, I am interested in the retail trader, and in the consumer ultimately. That is why if hon. Members will bear with me and examine this position they will find that mentally and psychologically I am entirely with them. My first preference is the consumer, my second preference happens to be the primary producer, but I have to sort of adjust.....

Shri S. S. More: May I bring to the notice of the hon. Minister the fact that when I am pleading for the peasantry, I am, as a matter of fact, pleading for the largest number of consumers because the peasantry is the class which consumes quite a substantial part of the articles other than foodgrains. If you do not give proper prices to the producer he will not be in a position to purchase *dhoties*, he will not be in a position to purchase *saris*, utensils and other articles. So the peasants' plight is due to the fact that you have not given them a fair deal.

Shri T. T. Krishnamachari: I quite agree, but unfortunately the way in which prices work, economics work does not happen to be so simplified as my hon. friend makes it out to be. There is hardly any difference of opinion between us except on the question of emphasis—there is a little difference in emphasis.

Shri S. S. More: A large difference.

Shri T. T. Krishnamachari: And that deals with the point raised by Mr. Somani. He says this Government has been committing innumerable sins. Ultimately, being the last person in the link, now I am bearing

those sins and I shall go to perdition. I quite agree. That is where I might ultimately go—not because Mr. Somani thinks I will, but perhaps because of not doing something more either for the consumer or for the producer who happens to be the same, as Mr. More puts it, in the manner in which it ought to have been done.

My hon. friend, Mr. Guha again raised this question of raw jute. He said in the case of raw jute prices must be fixed. I quite agree. If I can fix the price of raw jute I will not have to answer the half-hour debate which might or might not come at 12-30. The trouble is that raw jute depends upon the jute industry and the jute industry depends upon an export market. Today the price of manufactured articles of the variety of B-12 jute is somewhere in the region of Rs. 40, 42 or 43. It is very depressed and at that price the price that the primary producer will get for his raw jute will be something lower. What is the object of my giving price support to an article when the manufactured article depends entirely on foreign demand? I might do it, but I would not be able to operate it, unless I can snatch away from the Central Exchequer a subsidy of Rs. 15 or 20 crores. We are trying by all manner of means to help the primary producer, but I must confess that my resources and my inventiveness in this regard are rather limited.

Sugar figured largely in this discussion. Again, I am rather handicapped, because I do not deal with this subject. One question was raised by an hon. Member from Madras about permitting the sugar factory-owner to pay the producer in two instalments. That hon. Member and others asked: Why should the price to the primary producer be reduced? It should not be reduced, but the consumption price must be reduced. My hon. friend Mr. More said that in Poona it costs about Rs. 1/14/- per seer. Actually, the control price for a maund is somewhere in the region of Rs. 30 and apparently the retailing system in Poona is very defective. Actually, the Tariff Board is eagle-eyed in the matter of giving the factory-owners any undue profit, while fixing the present controlled price of sugar. So, the amount spent in between the cane price and the controlled price is so small that there is not much margin to play with. In fact, I am obliged to an hon. friend who told me that the manufacturing

expenses and profit are under 20 per cent. Possibly, that is so, and the manufacturing expenses are about 15 to 16 per cent. The Tariff Board itself has recommended that the price of sugar cane should be brought down to Rs. 1/4/- instead of being raised to Rs. 1/12/-. If you bring it down to Rs. 1/4/-, you may sell it for Rs. 24/- per maund. But you might ask: what about this Order? I had asked for a copy of the Order, but I could not get it. But I do remember this, that it is merely a question of legitimising an existing fact. The stock in the hands of sugar factory-owners had mounted up. Government could not undertake this obligation of taking it over and these people were not able to get enough finance. The net result was this: either they had to close down the factory and not buy any sugar cane, or they could buy the sugar cane on deferred-payment basis. Normally, what you call the trading factor will operate. Even if the Government had not interfered, the factory-owner will say, "I do not want it, because I have not got the money" and perhaps the sugar cane producer would have done the same thing, that is, he would have said, "Take the cane, but pay me later on". As you know, it is always a good policy to make the man accept the liability first and then take payment from him a little later rather than allow the cane to deteriorate. If we take the advice of the hon. Member from Madras, Mr. Gopal Rao, and not do anything, perhaps the sugar industrialists would have said, "Well, we will not take the cane". And the cane would be rotting in the hands of the producer. So, in an effort to sort of synthesise differences in order to get over the legal difficulties that might arise, Government issued an order primarily to help the producer and also allow the factory owner to get over a difficulty of a temporary nature. For this, Government is being blamed. That is only right. Whoever finds that there is anything wrong, at once blames the Government.

Pandit A. R. Shastri: How long will it take to pay the arrears? Meanwhile, the peasantry may be hit very hard.

Shri T. T. Krishnamachari: My hon. friend, coming as he does from U.P., must realise that because we had to pay this Rs. 1/12/- all this trouble came. The trouble would not have arisen if we had paid Rs. 1/8/-. The consumer would have

[Shri T. T. Krishnamachari]

taken the sugar. The factory-owner would have sold the sugar to the dealer and all this might not have happened. It is merely because we fixed a price economic to the producer but uneconomic to the consumer that all these difficulties have arisen. I cannot say how long it will take: the hon. Member must know better than I do.

Shri Nambiar: With regard to the cane growers, they are to be paid in two instalments, but even the second instalment they are not getting. The matter has been brought to your notice and to the notice of the State Governments. What is the way out for these people? How are they to carry on? You must find a solution for it.

Shri T. T. Krishnamachari: My hon. friend is not very much conversant with sugar. So, I do not think we need take him very seriously.

Shri Nambiar: There is a difference, I tell you.

Shri T. T. Krishnamachari: I agree.

My hon. friend from U.P., Mr. Agrawal gave a very valuable support. He said that enforcement should be stricter. He complained that we had not given a resume of our work. I think the Ministry did supply a Note.

An Hon. Member: Two Notes.

Shri T. T. Krishnamachari: Yes, they supplied an additional Note also, because they felt that the first Note was not exhaustive enough. If my hon. friend wanted it, I could have read out from that Note. It would have merely delayed the departure time of hon. Members of this House by another day.

Shri M. L. Agrawal: I did not want resume of that sort. I wanted implementation of the Act with regard to the enforcement of its penal provisions.

Shri T. T. Krishnamachari: That, again, presents a slight difficulty. As you, Sir, perhaps know, the Estimates Committee felt that the Enforcement Branch attached to this Ministry need not be there. We have been examining that position because anything that comes from a Committee of this House should be implemented immediately. We felt that even this modest implementation might suffer.

So, we examined the position. We found that unless these officers are given the right of search, they might not be able to enforce the provisions more effectively than hitherto. I even thought of amending the penal provisions to that extent, but then we thought that we might perhaps take a little more time and examine the whole position and either curtail or do away with the Enforcement Branch and leave it to the police, or if you possibly can to give these officers some more powers in order to make the implementation more effective.

The hon. Member Mr. Somani mentioned that the question of textile prices should be referred to the Tariff Commission. I think he knows that I have told the mill industry that I am perfectly prepared to do it. The only trouble is that the Tariff Commission is now so overloaded with work—it has some fifty items to deal with—that it might take some time. I am perfectly confident that the Tariff Commission will do its best and in the result even what the Government gives may be cut down a bit, and I think that that is the grievance of my hon. friend Mr. Sinhasan Singh. He said that the Government have been unduly generous. So, if the industry wants it, I am prepared to refer the case to the Tariff Commission, but I do not think that it is going to solve their problems in any way. On the other hand, things might perhaps get a little worse for them.

Mr. Gopala Rao asked a number of questions, but they were all obvious questions—questions for which answers are found. They are rhetorical arguments rather than questions posed to the Ministry. His object was to say that the Ministry is in the wrong; the Government is in the wrong; otherwise, why could not they answer his questions? He wanted to know the principle on which prices are fixed. I cannot dictate a thesis on the question of the principle of fixation of prices. It is a matter which is still a subject of discussion among economic experts. The principle really is to see what the consumer could afford to pay, subject to what is reasonable for the primary producer and after allowing for manufacturing costs in between. These are, of course, the usual criteria. He is a politician. He suggested that this Government was supporting

the interests of the capitalists, whereas the capitalists say that this Government is about the worst enemy they can possibly have. He said, "Well, you do not pay the primary producer. You do not give it cheap to the consumer; somehow, in between you pump the money into the pockets of the capitalists". That is a political argument which does not need an answer from me.

Mr. Deputy-Speaker: May I interrupt the hon. Minister for a minute? There is half-an-hour discussion on the agenda. Is the hon. Member, Mr. Ramaseshaiah here? (An Hon. Member: He is not here, Sir.) Since the hon. Member is absent, there will be no half-an-hour discussion. The hon. Minister may proceed.

Shri T. T. Krishnamachari: Then my hon. friend Mr. Avinashilingam Chettiar, to whose speech I could not listen because I had to go out for a short time, spoke in very complimentary terms, I understand. At the same time, the compliments were followed by a sting in the end. He said that Government pay more attention to bigger industries than to small industries. Possibly, if he were to ask the industrialists they might tell him a different story altogether.

The last hon. Member who spoke, Shrimati Renu Chakravarti, spoke about our methods, against this question of producer and consumer and what is happening in between. She also spoke about enforcement. Well, I think, from her own point of view he was perfectly right. I was very grateful to her for generally supporting the measure, but only restricting the period to one year. I do not think she really asks me to reply in detail to any of the points raised. So far as those points are on record they have served the purpose.

Before closing, I would like to tell hon. Members of this House that if I do not reply to any points raised by them, it does not mean that the Government have ignored what they have said, or does not attach any weight to what hon. Members have said. We do attach a great deal of importance to criticisms from all parts of the House in regard to a measure like this. My hon. friend Mr. More was very right in saying that this is a matter on which there could be no difference of opinion between Government Members as such and hon. Members opposite, because the object aimed at is much the same. The methods adopted might be a trifle different. The administration

of it might be defective, as I said at the beginning. Therefore, anything that any hon. Member has said is being taken note of and I shall ask not merely the Ministry which is under my charge, but also the Ministries under the charge of my colleagues, to take a note of these criticisms and also attempt to see if they cannot try to mend wherever possible. So, hon. Members will not take it as an act of discourtesy on my part if I did not reply to their individual criticisms.

Finally on the question of duration. I have made my position clear. No useful purpose would be served by limiting its period. The opportunities are there and if at any time any hon. Member wants either to raise a half-an-hour discussion, or raise it in the course of other work that comes before the House, I shall be perfectly willing, if they give me some notice, to answer all those points that hon. Members wish to raise or give them all the information that is at my disposal.

Shri A. C. Guha: The hon. Minister referred to the report of the Estimates Committee regarding the abolition of the Enforcement Police Establishment. May I know at what stage of consideration that recommendation stands—whether Government have any idea of implementing it?

Mr. Deputy-Speaker: Soon after that recommendation was made the then Minister of Industries made a reference to the Prime Minister and also the Finance Minister regarding the implementation of that suggestion. On behalf of the Committee I had a talk with them. I was told that it would be necessary to continue the establishment for some time.

Shri A. C. Guha: The then Minister of Industries convened an informal conference where we were told that the enforcement machinery would have to continue for some time. May I know whether that 'some time' has come to an end?

Shri T. T. Krishnamachari: The matter is under examination of the Ministers concerned. The question was whether to give this work to the normal police, or make it a part of another Ministry or to keep it as a nucleus, a smaller body, which would go and look into important cases. It does happen that in a particular State when some important person has to be caught the local police machinery is

[Shri T. T. Krishnamachari]

not adequate enough. So the machinery from here is able to direct investigations and ultimately launch prosecution. So we are considering whether we should make it a small nucleus here, or altogether abolish it, or hand it over to another machinery—these are things which are being considered.

Mr. Deputy-Speaker: The question is:

"That the Bill further to amend the Essential Supplies (Temporary Powers) Act, 1946, as passed by the Council of States, be taken into consideration."

The motion was adopted.

Clause 2.—(Amendment of section 1 etc.,).

श्री शिवमूर्ति स्वामी (कुष्टगी) : —

I beg to move:

In page 1, line 8, for "1955" substitute "1954".

अब तक इस बिल पर काफ़ी बहस हो चुकी है और जो उस पर अमेंडमेंट हैं उन का मिनिस्टर साहब भी तफ़्सील से जवाब दे चुके हैं ।

इस में कोई शक़ नहीं है कि इस ज़माने में कोई इस बिल का विरोध नहीं कर सकता है । लेकिन इस की अमली तौर पर जो बुराईयां हैं उन को कोई एक लमहे के लिये भी सहन नहीं कर सकता है । इस कंट्रोल (control) का यही मक़सद था कि मुल्क में जहां जहां स्कारसिटी एरियाज़ (scarcity areas) हैं और जहां खाने की कमी है उस को दूर किया जाय और एक सोशल जस्टिस (social justice) अमल में लाई जाय । इस मक़सद को पूरा करने के लिये और इस को कामयाब बनाने के लिये स्टेट्स की गवर्नमेंट्स ने और सेंट्रल गवर्नमेंट ने काफ़ी कोशिश की । इस में कोई शक़ नहीं है कि अगर हम सन् ४६ से अब तक के हालात को ग़ौर से देखें तो कोई नहीं कह सकता है कि कंट्रोल कामयाब रहे हैं । वह बिल्कुल नाकाम रहा है, बिल्कुल नाकारा रहा है

और जो कुछ असर उस का होने वाला था उस से हम महसूस रहे हैं । लिहाज़ा अब गवर्नमेंट को इस काम को एक नये तरीक़े से लेना ज़रूरी होगा ।

जब कहा जाता है कि अफ़सरों में कुछ खराबियां हैं, तो उन का जवाब यही रहता है कि सोसायटी (society) बिल्कुल करप्ट (corrupt) है । सोसायटी तो पूरी पूरी करप्ट नहीं हो सकती हां कुछ इंडिविजुअल्स (individuals) और कुछ अफ़सर करप्ट हो सकते हैं । जब सोसायटी को अफ़सरों से कोई शिकायत होती है तो जो बड़े बड़े अफ़सर हैं वह अपने छोटे अफ़सरों को सपोर्ट (support) करते हैं लेकिन पब्लिक की कोई आवाज़ नहीं सुनी जाती । मैं यहां चार पांच मुझाव देना चाहता हूं । एक यह है कि कंट्रोल प्रोडक्शन (production) पर भी होना चाहिये और प्रोक्योरमेंट (procurement) पर भी । लेकिन हम क्या देखते हैं ? हम देखते हैं कि सिर्फ़ प्रोक्योरमेंट पर ही कंट्रोल किया जाता है और डिस्ट्रीब्यूशन (distribution) पर कंट्रोल किया जाता है, लेकिन प्रोडक्शन पर कंट्रोल नहीं करते ।

Mr. Deputy-Speaker: The hon. Member will speak to his amendment. The amendment is that instead of the Bill being in operation upto 1955 it should be in operation only upto 1954. The principle of the Bill has already been accepted by the House; it is no good going now into the various control measures, the policy of procurement, etc. The hon. Member should, therefore, confine himself to the amendment he has moved.

श्री शिवमूर्ति स्वामी : इसलिये कहने का मक़सद यही है कि जब इस कंट्रोल में इतनी खराबियां आ गई हैं तो इस को एक साल के लिये ही रिन्यू (renew) करना

काफ़ी होगा। आज टेक्स्टाइल इंडस्ट्री (textile industry) सफ़र (suffer) कर रही है और उस में किसी किस्म को जान बाक़ी नहीं रही है। अनाज का जो कंट्रोल ज़मल में आया है उस में भी ख़राबियाँ हैं। इसलिये मेरी अपील है मिनिस्टर साहब से कि प्रोडक्शन का कंट्रोल करना भी ज़रूरी है। बग़ैर प्रोडक्शन पर कंट्रोल किये और सिर्फ़ डिस्ट्रीब्यूशन पर ही कंट्रोल से फ़ायदा नहीं हो सकता। इधर थो मोर फ़ूड (grow more food) है, उधर थो मोर जूट है, थो मोर काटन है, थो मोर ग्राउण्डनट है। इन में से किस को कितना देना चाहिये यह तै करके ज़्यादा से ज़्यादा ख़ुराक को बढ़ाना ज़रूरी होगा। और एक साल के बाद ही हम को इस का मुतालजा करना चाहिये और सारे हाउस को इस पर फिर से शोर करना ज़रूरी होगा। इसलिये अभी इस को एक साल के लिये बढ़ाना काफ़ी होगा। उसके बाद हम को देखना चाहिये कि यह किस हद तक कामयाब हुआ है और उस से हम को किस हद तक फ़ायदा पहुंचा है। इसलिये मैं ज़रूरी समझता हूँ एक साल काफ़ी है और दो साल के लिये इस को पास करना ज़रूरी नहीं है। इतना कहते हुए मैं अपने अमेंडमेंट को मूव (move) करता हूँ।

Mr. Deputy-Speaker: The question is:

In page 1, line 8, for "1955" substitute "1954".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Enacting Formula were added to the Bill.

163 P.S.D.

Shri T. T. Krishnamachari: I beg to move:

"That the Bill be passed."

Mr. Deputy-Speaker: Motion moved:

"That the Bill be passed."

Shri Damodara Menon (Kozhikode): I did not want to participate in the debate on this Bill, but when I heard my hon. friend Mr. Gopala Rao speaking about the working of decontrol in Madras. I felt that it is necessary to add a few words. He said that the decontrol of food in Madras has been a failure and he cited several examples of soaring prices in the Andhra districts to show that it has been a failure. It is a great experiment that is being conducted now in Madras and we feel that we must give it a fair trial. I must say that when first decontrol was introduced, we had this spectacle of soaring prices in some districts notably in Tanjore. Within a fortnight we heard reports that prices went up in Tanjore district. The Government immediately opened fair price shops and the prices came down.

I come from a district which is deficit and if anybody is to be very particular to see that the controls are maintained, it must be the people of our district. But the reports I get from Malabar show that decontrol is working successfully in that district and people are feeling a great sense of relief and happiness.

I do not mean to say that control is bad. As has been already stated by many Members, in a planned economy, controls are necessary and especially when articles are in short supply. We may have to introduce control, but in the existing circumstances in India, controls must be exercised only to the minimum and only where it is absolutely necessary. Many hon. Members have been speaking of the way controls were being administered and the harassment and hardship to which the people were put and all that showed that as soon as possible controls may be removed, where the Government or the people feel that such a removal will not work to the detriment of the common people. Therefore, I feel that in the matter of food decontrol, Madras has shown the way and we all must really congratulate the experiment that is being worked there.

It was also known at the time when decontrol was introduced and it was

[Shri Damodara Menon]

even mentioned on the floor of this House that it was not unconditional. The entire machinery of control is there and if it so happened that in a particular place or even in the whole State, decontrol fails, we can revert to control. If there is a little rise in prices in a particular place, let us see how in the course of a few months, the situation will develop and before that, it will be really unfair to say that the experiment that is being carried on in Madras is a failure.

The hon. Minister himself admitted as a matter of fact that the existing machinery of control is not working satisfactorily. It admits of improvements. We are extending the period of this Act. The hon. Minister will see to it that the administrative machinery is improved. I do not know what steps he proposes to take in that respect. Many hon. Members said that the machinery of controls is defective but the policy pursued is bureaucratic. It is high time that we removed all these objections. I would like to bring to the notice of the hon. Minister a suggestion: Controls can be successful, in my opinion, only when we have completely socialised distribution. Socialisation of production may not be undertaken at this time when our Government is not prepared to give up their mixed economy policy. Probably they may not be in a position to think of socialisation of production. I would, however, suggest that wherever possible, controlled articles must be distributed only through co-operative societies and this will be the first step towards socialisation of production. I hope the hon. Minister will consider this suggestion.

श्री रामनारायण सिंह (हजारीबाग पश्चिम) : कंट्रोल (Control) के संबंध में कुछ कहना और मपर शब्दों में कहना, यह तो बिल्कुल ही असम्भव है। समापति महोदय, कंट्रोल तो वह चीज है जो कभी आनी नहीं चाहिये थी। मनुष्य कोई कार्य करता है तो उस कार्य से उस का चरित्र या उस की शक्ति प्रतिबिम्बित होती है। उसी तरह सरकार भी कोई काम करती है तो उस से मालूम होता है कि किस ढंग की सरकार, कौसी उस की नीयत है और

कौसी उस की शक्ति है। यहां जो यह कंट्रोल है उस के बारे में कहा जाता है कि निष्फल रहा, मद्रास में जो कंट्रोल उठ गया तो निष्फल हुआ। उपाध्यक्ष महोदय, न जाने कब से दुनिया है, कब से मानव समाज है, संसार में न जाने कितनी सरकारें आईं और गईं, किन्तु कहीं इतिहास में नहीं मिलता है कि इस तरह का कंट्रोल लगाया गया था। यह तो अजीब समय आ गया है, अजीब सरकार आ गयी है कि सब चीजों पर कंट्रोल कर दिया। यहां तक कि कोई बोलने नहीं पाता है। लोगों के बोलने और वोट देने पर भी कंट्रोल हो गया है, इस तरह की बातें आ गई हैं।

मैं एक सीधी सी बात कहता हूं और इसे हृदय से कहता हूं और दुःख से कहता हूं। कंट्रोल के सम्बन्ध में जैसा और लोगों ने भी कहा, कभी सरकार का दावा यह कहने के लिये नहीं हुआ कि कंट्रोल सफलीभूत हुआ है। और न आज उन के अन्दर, किसी के अन्दर, यह कहने की ताकत है कि यह किसी जमाने में सफलीभूत होगा। तब, उपाध्यक्ष महोदय, मैं आप से पूछता हूं कि जब जो कार्य, जो नीति, कभी सफलीभूत नहीं हुई और न होने को है, तो उस को जारी रखना, इस से बढ़ कर के दुनिया में और क्या मूर्खता हो सकती है ?

मुझे यह बहुत दुःख के साथ कहना पड़ता है और मैं किसी को भला बुरा कहना नहीं चाहता, लेकिन यह ऐसी चीज है कि जिस को मुझे आप से कहना ही पड़ेगा। मैं ने एक मंत्री को या तो यहां हाउस (House) में या किसी कमेटी मीटिंग में यह कहते सुना कि अगर सरकार कंट्रोल को उठा देगी तो उस विभाग में जो करोड़ ४५ हजार

आदमी काम कर रहे हैं, उन का क्या होगा, मैं उन मंत्री महाशय का नाम जानता हूँ, लेकिन उन को बुरा लगेगा, इसलिये मैं उन का यहाँ पर नाम नहीं लूँगा। मैं ने उन को अपने कानों से खुद यह कहते हुए सुना कि अगर यह कंट्रोल हटा दिया जायगा तो यह ४५ हजार आदमी क्या काम करेंगे और कहाँ जायेंगे। अब भला बतलाइये कि उन मंत्री महाशय को ४५ हजार कर्मचारियों का तो ख्याल है, लेकिन इस कंट्रोल के रखने से जो ३५ करोड़ भारतवासियों की दुर्दशा हो रही है, उन के सुख दुख का कोई ख्याल नहीं है। मेरी राय है कि यह कंट्रोल कदापि सफल नहीं हो सकता है क्योंकि न तो गवर्नमेंट की नीयत ठीक है और न उसे अक़ल है कि वह इस को चला सके और इस सम्बन्ध में मुझे रामायण का यह सोरठा याद आ जाता है :

फूलै फलै न बेत,

जदपि मुघा बरसहि जलद ।

मूरख हृदय न चेत,

जो गुरु मिलिहि विरचिसम ।

इसका अर्थ यह है ...

उपाध्यक्ष महोदय : क्या जरूरत है, जो हिन्दी समझते हैं, वह इस का अर्थ ख़य़ं समझ जायेंगे जो हिन्दी ही नहीं जानते वह इस का अर्थ भी नहीं समझ सकते ।

बाबू रामनारायण सिंह : खैर, मैं तो इस का अर्थ कर ही देता हूँ। बेत का एक पोधा होता है, उस में फल नहीं होते, और यदि आकाश से पानी की जगह अमृत की वर्षा भी हो, तो भी बेत के गाछ में फल नहीं हो सकते। इसी तरह यह ठीक कहा गया है कि यदि किसी मूर्ख पुरुष को ब्रह्मा समान गुरु भी मिल जाये, तो भी मूर्ख मनुष्य के हृदय में ज्ञान उत्पन्न नहीं हो सकता ।

श्री आर० एस० तिवारी (छतरपुर--
दतिया-टीकमगढ़) : रामायण में यह भी तो लिखा है : सठ सुघरें सतसंगति पाये ।

बाबू रामनारायण सिंह : मेरे कहने का अभिप्राय है कि सरकार ठीक उस मूर्ख की तरह काम कर रही है, उस में अक़ल नहीं है और न होने की आशा है। जैसा पंडित ठाकुर दास ने एक समय हमें बतलाया था कि उन के ज़िले हिसार में लाखों मन चना बर्बाद हो गया, और कंट्रोल की वजह से कहीं जा न सका। और मैं आप को बतलाऊँ कि मैं अभी जम्मू प्रदेश से हो कर आया हूँ, रास्ते में मुकेरियां स्टेशन पर मैं ने सुना कि लाखों मन चावल बर्बाद हो रहा है, अब आप देखिये कि ऐसे समय में जब देश में लोग भूख मर रहे हैं, इस तरह अनेक जगहों पर गल्ला बर्बाद होता है और इस से मालूम पड़ता है कि हमारा कंट्रोल कितना नाकामयाब रहा है और मैं तो इस को किसी भी रूप में यहाँ पर नहीं रखना चाहता। कंट्रोल तो तभी सफल हो सकता है जब आप के पास उसको अमल में लाने के लिये पर्याप्त साधन हों, आप में समुचित ताक़त हो और आप गल्ले के समुचित वितरण का ठीक ठीक इन्तज़ाम कर सकें, लेकिन न तो आप के पास उस के लायक ताक़त है, न साधन हैं और न ही आप में उस के लायक अक़ल और ईमानदारी है, ऐसी हालत में कंट्रोल को बनाये रखना और देश को बर्बाद करना और यहाँ की जनता को भूखों मारना किसी हालत में भी उचित और ठीक नहीं है। मैं इस कंट्रोल के विरोध में और भी बहुत सी बातें आप को बतला सकता हूँ, लेकिन ज़यादा न कह कर इस का धोर विरोध करता हूँ और भगवान से प्रार्थना करता हूँ कि सरकार को सद्बुद्धि दे ताकि वह कंट्रोल

[बाबू रामनारायण सिंह]

को उठा ले और उस के जारी रहने से यह जो भ्रष्टाचार और बर्बादी हो रही है, वह रुक सके।

अब कपड़े पर कंट्रोल की क्या आवश्यकता है, मैं नहीं समझता। हम अपना कपड़ा दूसरे देशों में भेजते हैं तब फिर कंट्रोल को यहां जारी रखने का क्या कारण है ?

एक माननीय सदस्य : अब तो कपड़े पर से कंट्रोल उठ गया है।

बाबू रामनारायण सिंह : नहीं उठा भाई, अगर उठ जाता, तो कोई बात ही नहीं थी। मंत्री कहें कि कंट्रोल उठ गया, वह तो कहते नहीं हैं, अगर मंत्री ने आप को अधिकार दे दिया हो ऐसा कहने का तब तो दूसरी बात है, खैर, वह दूर की बात है। आखिर में मैं यही कहूंगा कि कंट्रोल यहां इस देश में नहीं रहना चाहिये, यह बिल्कुल अस्वाभाविक है, इस से देश की काफ़ी बुराई हो चुकी है और हो रही है। इस कारण से मैं इस का घोर विरोध करता हूं और मंत्री महोदय से अपील करता हूं कि वह इस को वापस ले लें।

Mr. Deputy-Speaker : The hon. Minister.

Pandit Thakur Das Bhargava : rose—

Mr. Deputy-Speaker : Let me close at one o'clock. There are five minutes more. Is it necessary?

Shri V. P. Nayar (Chirayinkil) : One minute, Sir.

Shri Bansal (Jhajjar-Rewari) : Some of us on this side have not been able to catch your eye, Sir; I do not know why. I have been rising up from this morning every time.

Mr. Deputy-Speaker : When my eye falls on an hon. Member, I call him.

Shri Bansal : We do not see your eyes rise towards us.

Mr. Deputy-Speaker : It is not that every hon. Member who wants to speak must be given an opportunity. There is no meaning in saying that I

have not been able to catch your eye. I have been looking this side and that. All hon. Members are getting into my eyes. I can only call one hon. Member. I leave it to the House. The only question is whether the House is inclined to go further into the matter in such great detail.

Hon. Members : No, no. Closure, Sir.

Sardar A. S. Saigal (Bilaspur) : Sir, the question be now put.

Mr. Deputy-Speaker : The question is:

"That the question be now put."

The motion was adopted.

Shri T. T. Krishnamachari : There is nothing to reply.

Mr. Deputy-Speaker : The question is:

"That the Bill be passed."

The motion was adopted

CODE OF CRIMINAL PROCEDURE (SECOND AMENDMENT) BILL

The Minister of Commerce and Industry (Shri T. T. Krishnamachari) : Sir, Dr. Katju is engaged in the other House. I beg to move the motion standing in his name:

That the following amendment made by the Council of States in the Bill further to amend the Code of Criminal Procedure, 1898, be taken into consideration:

"That in clause 7 of the Bill at the end of clause (a) of the proposed section 132A of the principal Act, the words 'so operating' shall be added."

This amendment has emanated more or less as a consequence of the amendment made in this House to this section. This House has added the words "operating as land forces". The particular clause reads thus:

"132A. Definitions.—In this Chapter,—

(a) the expression 'armed forces' means the military, naval and air forces, operating as land forces"—these words have been added in this House—"and includes any other armed forces of the Union."

The other House had felt that because we had put in the words "operating as land forces" the words "so operating" have to be added. That

does not really materially affect the amendment. I do hope the House will agree to the amendment.

Mr. Deputy-Speaker: The question is:

That the following amendment made by the Council of States in the Bill further to amend the Code of Criminal Procedure, 1898, be taken into consideration:

"That in clause 7 of the Bill at the end of clause (a) of the proposed section 132A of the principal Act, the words 'so operating' shall be added."

The motion was adopted.

1 P.M.

Shri T. T. Krishnamachari: I beg to move:

"That the amendment made by the Council of States in the Bill be agreed to."

Mr. Deputy-Speaker: The question is:

"That the amendment made by the Council of States in the Bill be agreed to."

The motion was adopted.

The House then adjourned till Half Past Three of the Clock

The House reassembled at Half Past Three of the Clock.

[MR. DEPUTY-SPEAKER in the Chair]

ADMINISTRATION OF EVACUEE PROPERTY (AMENDMENT) BILL

The Minister of Rehabilitation (Shri A. P. Jain): I beg to move:

"That the Bill further to amend the Administration of Evacuee Property Act, 1950, be referred to a Select Committee consisting of Shri M. Ananthasayanam Ayyangar, Lala Achint Ram, Shrimati Subhadra Joshi, Shri Jagannathrao Krishnarao Bhonsle, Shri Narendra P. Nathwani, Shri H. C. Heda, Shri Nemi Chandra Kasliwal, Shri Ram Pratap Garg Pandit Chatur Narain Malviya, Shri Jwala Prasad, Giani Gurmukh Singh Musafir, Shri Syed Mohammed Ahmad Kazmi, Col.

B. H. Zaidi, Shri Digambar Singh, Shri Mulchand Dube, Shri Kanhaiya Lal Balmiki, Shri Syed Ahmed, Pandit Lakshmi Kanta Maitra, Shri Basanta Kumar Das, Pandit Thakur Das Bhargava, Shri Radha Charan Sharma, Chaudhri Hyder Husein, Shri Rohini Kumar Chaudhuri, Shrimati Sucheta Kripalani, Shri V. P. Nayar, Shri Vishnu Ghanashyam Deshpande, Shri Bhawani Singh, Dr. Manik Chand Jatavir, Shri Avadheshwar Prasad Sinha, Shri P. N. Rajabhoj and the Mover with instructions to report by the last day of the first week of the next session."

Mr. Deputy-Speaker: I may not be available.

Shri A. P. Jain: Well, then, Sir, somebody will deputise for you.

Mr. Deputy-Speaker: If my name is there, I have to preside. Therefore, my name may be removed. I will appoint some other Member as the Chairman.

Shri A. P. Jain: Will, I drop your name.

In moving this motion, I know that I am treading on somewhat tender ground. Evacuee property law has been one of the controversial subjects in this House. On the one hand, it has been represented that this law has been invented as a sort of steam-roller to crush a certain section of the community; on the other hand, accusations have been made that evacuee property has been thrown away recklessly. They have described the Minister as a great Moghul who throws away the evacuee property according to his whims and according to his caprices. I submit that both these charges are completely unfounded.

I will refer to two statements that were made by two hon. Members of this House, senior Members for whom I have great regard, during the general discussion on the Budget. One statement was made by my friend Sardar Hukam Singh and another by Dr. Syama Prasad Mookerjee.

Sardar Hukam Singh (Kapurthala-Bhatinda): Am I a senior Member?

Shri A. P. Jain: Sardar Hukam Singh stated:

"A large number of Muslims have returned and their property has been restored to them. In Bombay, Delhi and U.P. alone.

[Shri A. P. Jain]

it was estimated that property worth Rs. 500 crores would be available for this pool, and now what do we find? After these Chatriwalas' and 'Japanwalas' have got their properties restored to them. It is estimated that the pool would only be of the value of Rs. 50 crores, or at the most of Rs. 70 crores. If the Government has behaved that way and the refugees have been thinking all the time that the pool would be available only to them, and that it might be distributed as soon as possible, may I ask whether the refugees are not justified in saying: Let that pool alone?"

Dr. Syama Prasad Mookerjee—unfortunately, he is not present in the House—made almost a similar statement, perhaps a little more guarded. He said:

"That total value has come down from five or six hundred crores of rupees to 75 or 100 crores of rupees. Of course, we have not got the exact figures, but what an astonishing diminution that we have ourselves agreed to suffer because we wanted to placate a section of the Muslims who have decided to leave India and go away to Pakistan."

During the course of my reply to a question put in this House as to what were the properties that had been restored to the Muslims under the provisions of Evacuee Property Act, I said on the 16th July, 1952, that all these properties had been returned under well-defined policy decisions. I categorised those policy decisions. The first important decision which the Government had taken was that properties be restored to persons who had been declared evacuees, but who had, in fact, never left India.

Under this decision properties were restored to Meos of Matsya and Gurgaon, to the Muslims of Ambala and Gurgaon districts in the Punjab, and about 42 persons to whom individual certificates for restoration were issued—it was learnt after inquiry that though they were declared as evacuees, they had not left India. That is one category of persons.

The second category of persons to whom property has been restored were the Muslims who had migrated

from Uttar Pradesh during the period February to May 1950. In their cases the Government of India agreed to restoration and resettlement after the Nehru-Liaquat Pact of April 1950. The number of persons who come under this agreement was 23,991.

The third category consisted of persons whose cases are governed by notification No. SRO 260 dated the 3rd July 1950 issued by the Government of India exempting certain classes of persons from being treated as evacuees under section 2 (d) (i) of Act XXXI of 1950. There were four such cases of restoration. Besides, in three cases relating to the foreigners restoration of properties had been made.

The House is well aware that a number of Ordinances and Acts have been passed which relate to evacuee property, during the last five years. Earlier, these were all State laws. In 1949 a model Bill was circulated among the States, to which the State laws more or less conformed. Later on, Ordinance No. 27 of 1949 was issued, which was applicable to the whole of India and that Ordinance was later on converted into the Administration of Evacuee Property Act in April 1950. Now the definitions of the evacuee property in all these Ordinances and laws have varied from State to State. In fact, in the earlier stages, the term 'evacuee property' bore a different connotation than what it does today. It was because those Ordinances and enactments were measures which were provided for the protection of the properties of the evacuees. The properties could be restored to them in the earlier stages merely for the asking. It was later on in response to or rather on account of the reactions of the policy followed by Pakistan, that certain restrictions were placed on restoration, and instead of being something that was beneficial, it became something that was restrictive for the rights of the evacuees.

For the enlightenment of the hon. Members of this House, I shall refer to certain definitions which have found place in the various Ordinances and enactments.

The first law that was passed was the East Punjab Administration of Evacuee Property Ordinance of 1949. In that Ordinance "evacuee" meant "any person displaced from his usual place of habitation". The same definition was there in the East Punjab

Administration of Evacuee Property Act (Act XIV of 1947). In that Act "an evacuee" was defined "as a person ordinarily resident in or owning property.....or sharing business with in the territories comprised in the province of East Punjab.....and who on account of civil disturbances or of fear of such disturbances or the partition of the country, cannot personally.....supervise his property or business.....or enforce his rights". I have left out some portions which are not relevant to the present discussion and which occur in the middle of the two paragraphs that I have read out. It will be seen that under this definition, in Punjab a person could be declared an evacuee if he left his ordinary place of residence and migrated either to another *mohalla* or another quarter of the same town or to another town and not outside the State of East Punjab.

Similarly, in Uttar Pradesh according to the first Ordinance issued in 1947, an evacuee means a person whose place of residence is in the United Provinces, and who has departed therefrom on account of communal disturbances and any class of person whom the provincial government or an officer authorised in that behalf by the provincial government may declare to be an evacuee. Under this definition a person who had not migrated from India but who had migrated from Uttar Pradesh to another State could be declared an evacuee. The same definition was more or less repeated in the enactment that followed, namely the Uttar Pradesh Act No. X of 1948. There also the evacuee was defined exactly in the same manner as in the Ordinance.

In Bombay also the same thing happened. In the first Act passed in Bombay in 1949 an evacuee was defined as a person who leaves or has since the 15th August 1947 left the said territories for any place outside that province. Under that definition, any person owning property in Bombay who could not supervise that property could be declared an evacuee. It will thus be seen that at one stage, persons, who had not migrated to Pakistan or who had not received any allotment of evacuee or abandoned property in Pakistan could be declared as evacuees.

When the Administration of Evacuee Property Act was passed in 1950, and

things became more crystallised, a rational definition was attached to the term "evacuee" which meant a person who migrated to Pakistan on account of disturbances or fear of disturbances or on account of the setting up of the two dominions, or a person who was resident in Pakistan but who could not make adequate provision or arrangements for the supervision of his property, or a person who under certain circumstances had received an allotment of abandoned or evacuee property. It became abundantly clear that many properties which had under law been declared as evacuee property and which continued to vest in the Custodian should no longer be treated as evacuee properties.

I do not believe that there is any hon. Member in this House, whether sitting on that or this side, who would say that although a person may not have left India for Pakistan, yet on account of certain definitions—technical definitions—contained in the earlier Act enacted under quite different circumstances, should be treated as an evacuee, although the whole conception of "evacuee" has now changed.

Now I want to give the House an idea as to how much property has been released under each of these categories, namely, where a person did not migrate to Pakistan but his property was declared evacuee property under certain definitions laid down in the earlier legislation. In the district of Gurgoon restored 37,137 acres of land. In Alwar 4,360 persons—how many families they constitute, I cannot say—were restored 70,802 acres of land, in Bharatpur 46,942 persons were restored 76,020 acres of land. Besides these 280 families in Ambala were restored 15,693 acres of land and 111 families of Muslims who were not Meos were restored 12,979 acres of land. Altogether these classes were restored 2,12,544 acres of land as against nearly 55 or 60 lakhs acres of land which became evacuee property.

Now, in 42 individual cases of persons who had not migrated to Pakistan but had remained in India and whose properties were restored, the total value of the properties—I am giving a rough estimate prepared by the Custodian, but it would not be

[Shri A. P. Jain]

far too wrong—was Rs. 18,82,420. Then, under the Prime Ministers' Agreement.....

Sardar Hukam Singh: Could the hon. Minister repeat this last figure?

Shri A. P. Jain: In these 42 cases, property worth approximately Rs. 18,82,000 was restored. Then comes the Prime Ministers' Agreement. According to that Agreement, nearly 24,000 persons who had migrated to Pakistan between February and May 1950 returned to India. 461 applications for restoration were received up to 28th June 1952. Out of these applications, properties have been restored to 287 up to that date and the approximate value of those properties is Rs. 2,50,000.

Now, in the third category are the persons who are covered by the July 1950 notification. It comprises two categories of persons; those who had migrated to Pakistan and had returned to India before the introduction of the permit system and those who had migrated to Pakistan and had returned under a permanent resettlement permit unto. I believe, 18th October 1949—subject to correction. Now in this category properties have been restored to four persons, Mr. Mohammed Din Chatriwalla and three others. Why we took action under section 16 was due to the reason that the Custodian General had ruled that the notification was not applicable retrospectively, that is, if the property had been taken under any law which had preceded the law now in force but otherwise satisfied the conditions laid down in the notification, it could not be restored. Now the total value of these properties is estimated to be about Rs. 34,23,000 and the last category consists of four cases in which Government has exercised power in its discretion which does not come under any well defined principle, but there were good reasons for restoration. Out of these four cases, three were the cases relating to foreigners, that is, Iranis and others, and I think there need hardly be any objection to that. The fourth person who was an Indian and who had migrated to

Pakistan, I understand, has again migrated to Pakistan and that property has become evacuee property.

I have gone into these details because exaggerated allegations have been made in this House and a number of papers, who are interested in giving a false picture have commented on them in a highly reckless manner. When Sardar Hukam Singh and Dr. Syama Prasad Mookerjee made those allegations, I submit, highly exaggerated allegations, I was not in a position to give full details. But I take this opportunity to make it clear that whenever Government has acted under section 16 and restored property, it has acted under well accepted principles, principles either accepted by this House expressly or principles which can be inferred from the legislation or other resolutions or opinion expressed by this House. And I daresay that there has not been a single case in which I have to offer any apology. I think all that we did was done fairly and justly.

4 P. M.

Before I come to the specific provisions of this Bill, I want to make the policy of the Government clear. We have laid down the definition of an evacuee in the 1950 Act and we accept that definition. The property of any person who comes under the mischief of that law is taken over by the Custodian. But there are odd cases—and category of cases—in which properties were taken under various Ordinances and various laws prevailing in different parts of the country creating confusion, and the definitions under the changed conditions do not hold good. Some of those properties have been restored; others which have not been restored, may be restored in future. It is also the policy of Government that while the property of those who have migrated to Pakistan, or who have got allotments or who have purchased or exchanged properties with evacuee or abandoned properties in Pakistan, will become evacuee properties, at the same time this law is not meant to operate against any section of people who are living in India, and if any provision of this law is found to operate against any section of our people we must amend

it. In making proposals in this Bill we have taken care that while the evacuee pool does not suffer, at the same time if any provision of this Bill acts or discriminates against any citizen of this country, whatever may be his caste or creed or religion, then such provision needs modification.

The last Act, as I said, was passed in April, 1950. During these two years and few months we have found that the whole atmosphere in the country has changed. At that time there were quite a number of persons who were thinking of migrating or who had migrated to Pakistan. Today as a result of the secular policy that we have been following, as a result of the peace and tranquillity that we have been able to establish in this country, all sections of the people, whatever may be their religion or caste or creed, are feeling more and more secure and, whatever may have been the rationale for enacting certain provisions at that time, in certain cases that rationale has disappeared. I have not got full figures of persons who have permanently migrated to Pakistan. In fact, I have good reason to say that Pakistan is strict these days and the Pakistan authorities do not permit the migration of whole families to Pakistan. They do not issue permanent settlement permits to Indian nationals who want to migrate to Pakistan as a family unit. There may be cases in which the wives or children were left over here and they issue permits for them to reunite. There might be stray cases where they might have granted permanent settlement permits but the policy of Pakistan today is that they do not want whole family units of Indian nationals to migrate to Pakistan under their permanent permit system. Therefore, broadly speaking, the only way in which an Indian national, if he wants to migrate to Pakistan is through what we call illegal traffic, through Barmer and Khokhrapar. I have collected the figures—and our figures are fairly accurate—of persons who have migrated through Barmer to Pakistan. After the conclusion of the Nehru-Liaquat Pact in April, 1950, during the nine months beginning from 1st April to end of December, if 1000 persons migrated per day during the year 1951, 330 migrated, and during the first six months of 1952, 150 migrated to Pakistan. A certain amount of movement always takes place between neighbouring countries and I dare say that the reduction in the number of persons who are perma-

nently migrating to Pakistan by itself shows that we have been able to instil an amount of confidence in the minorities for which India should rightly be proud of. It, at the same time, shows that normal conditions are being restored. It also shows that some of the rigidities of law which had to be introduced on account of certain prevailing conditions in April, 1950, have lost much of their force and there is a case for modification.

In suggesting these amendments we have placed three principal view points before us. Firstly, where the existing law works hardship upon any section of our people, we have tried, or rather we have mitigated the rigour of the provision—either altogether repealed or modified it. Secondly, certain provisions of the Administration of Evacuee Property Act have not permitted the displaced persons to take full advantage of evacuee property and wherever necessary we have suggested an amendment of the law. Thirdly, it was felt that administratively there were certain defects and we have made suggestions to remove those defects.

Now I will take the provisions of the Bill one by one. The two most important provisions of the Bill are, firstly, the deletion of Chapter IV relating to intending evacuees, and, secondly, the modification of existing section 40 which relates to confirmation. In order to understand the full significance of our proposal to delete Chapter IV, namely the provisions relating to intending evacuees, let us understand what an intending evacuee means. That expression has been defined in section 2(e). It means a person against whom an intention to settle in Pakistan is established from his conduct or from documentary evidence. But certain acts have been defined in that clause which raise a presumption that a man is an intending evacuee. Firstly, an "intending evacuee" is a person who transfers to Pakistan his assets or any part of the assets from India. There are two exceptions to that: Any transference of money for the maintenance of his family in Pakistan or in the due course of business. These two categories are exempted under this provision. Now, the second provision is if a person has acquired by way of purchase or exchange, in certain circumstances, either through himself or through one of his relatives any right to, interest in or benefit from any property which is treated as evacuee or abandoned property in

[Shri A. P. Jain]

Pakistan, and if he has executed any document, whether registered or not registered, exchanging his property here with any property situated in Pakistan. These are the categories of persons who can be declared as intending evacuees, but in order that a person may be so declared, one or more of the acts mentioned above must have been committed before the 18th October, 1949. It should be clearly understood that if he commits any of these acts after the 18th October 1949, he does not become an intending evacuee but an evacuee.

So far as the provisions which affect persons who have committed one or more of these acts after the 18th October 1949 are concerned, by which they become evacuees, the original provisions are maintained intact, but in so far as persons who by virtue of committing any of these acts during the period 14th August 1947 to 18th October 1949 become intending evacuees are concerned, we propose to delete those provisions. In other words, no person shall hereafter be declared an intending evacuee, although he might have committed any one or more of those acts between the 14th of August 1947 and 18th October 1949. I suggest that there is a perfectly good and legitimate reason for making this provision. Since the 18th October 1949, nearly three years have expired, or by the time this Bill becomes law three years would have expired. If by committing any such act a presumption arose against a person that he was intending to migrate to Pakistan, then that presumption would be substantially rebutted by his continuously living in India for three years. After all, we have to consider the disabilities imposed upon intending evacuees. An intending evacuee cannot transfer his property in any manner whatsoever without the permission of the Custodian. He has to keep the accounts in the particular manner that the Custodian prescribes. He is also under an obligation to allow access to his accounts to the Custodian and he has to obey any other reasonable instruction issued by the Custodian with regard to his property. The property of an intending evacuee does not vest in the Custodian, but certain disabilities are placed upon an intending evacuee. I submit that those disabilities not only operate against our own citizens who no doubt may have wanted to migrate at one time but who today do not want to migrate from India and who have given ample proof of their intention to stay but impose restrictions

and limitations on the use of their property by citizens in regard to their trade, business, industry and other economic activities. The conditions have changed and any person who will hereafter be declared as an intending evacuee would have resided in India at least for three years after committing the act which imposed upon him the penalty of being declared an intending evacuee. For these two reasons, I submit that the time has come today when this provision regarding intending evacuees should not find a place on our statute book. It does good to nobody. It does not add anything to the evacuee property pool. At the same time, it does a lot of harm to one section of our people. In fact, I have been of late receiving a large number of representations and come across a number of heart-rending cases in which some Muslim citizen of India wanted to sell his property but people were afraid to buy it or at any rate were not willing to pay the full price for it because they thought that that citizen may be declared an intending evacuee or because the transaction may not be confirmed under section 40.

I have taken care to consult different sections of the people before making these suggestions regarding intending evacuees and also regarding the modification of section 40. I have also consulted some of the refugee associations, and some of the refugees have met me in their individual capacity. A number of deputations of Muslims have also seen me, and I feel that the difficulty is a genuine one. The Chief Minister of Saurashtra wrote to the Prime Minister that there was a certain Muslim in that State who wanted to sell his house to maintain his cattle because there was scarcity of fodder but no purchaser was forthcoming because nobody was sure whether that Muslim would not subsequently be declared an intending evacuee and the sale may not be confirmed. There was the case of a nationalist Muslim—a person as much devoted to the motherland as any hon. Member here—who even refused to attend the marriage of his relatives in Pakistan, who wanted to mortgage but found difficulty in doing it. That state of things, I submit, is not good. Therefore, the next important change that we have suggested in the Bill is with regard to section 40 of the present Act. That section says that if any person, who subsequently becomes an evacuee, had transferred any of his properties after the 14th August 1947, no title to that property

will vest with the buyer unless the sale has been confirmed by the Custodian and certain time-limits have been prescribed, viz. an application for confirmation must be made within two months after the transaction has been entered into, or within two months after the person has become evacuee. If the Custodian finds that it was a transaction entered into in good faith and for valuable consideration, he confirms it. If he finds that the transaction was entered into with a view to migrate to Pakistan, to cash the immovable property and take the money to Pakistan, he does not confirm it. If he finds that the transaction was prohibited by law, he does not confirm it. Similarly, if he finds any other good reason for not confirming that transaction, he does not do so.

I want to give some statistics regarding the cases which have come under this section 40. Excepting a few States like Ajmer, Bilaspur and Coorg from whom I have not got the figures—and this does not make any substantial difference—in the rest of the States of India confirmation has been accorded in 5,254 cases and it has been refused in 2,438 cases. (Shri Gadgil: The value of the property?) I have not got the value of the property accurately, but in the cases in which the transactions have been confirmed the value of the property is less than Rs. four crores.

Now, the changes which we propose to make in section 40 may be summed up as follows:

Any person who wants to transfer his property may go to the Custodian and explain to him his needs. He may need money for investment in his business; he may need money for the marriage of his daughter; he may need money for the payment of his debt; he may need money for his genuine needs in India and if the Custodian gives him the permission, the transaction becomes good. It will never be challenged.

If the person has continued to remain in India for two years after entering into a transaction, it will not be challenged. If he migrates to Pakistan, or if he otherwise becomes an evacuee within two years of entering into a transaction, that transaction can be challenged. I think a residence of two years in India should disprove any connection between the present transaction and his migration to Pakistan. Even under the present law if a transaction is a *bona fide* one and for full consideration, it will be confirmed. But none the less the word of Damocles goes on hanging

over the man's head indefinitely. He may migrate after ten years; he may migrate after five years. We think that the limit which we propose is reasonable, that is if he has continued to reside in India after entering into a transaction for two years, well and good and the transactions will not be challenged. If he migrates within two years then of course things will have to be looked into—whether it was a *bona fide* transaction and for valuable consideration or not. Then, it will be confirmed or rejected as the Custodian finds.

The third exception which we propose to make is this: that any transaction of a value of less than Rs. 5,000 once a year may need no confirmation. While we do not want that any Indian capital should migrate to Pakistan, yet we do not want to cause any hardship to the poorer class of people. A person once in a year can transfer property upto the value of Rs. 5,000. He cannot make a second transfer. If he makes a second transfer, his first transfer also becomes liable to cancellation. This, I think, will give complete protection to almost 95 per cent. and perhaps more of our citizens.

Then, Sir, wherever we find that a transaction is not a *mala fide*, but according to the judgment of the Custodian, some valuable consideration has passed, that valuable consideration is registered as a simple debt due to the purchaser. I might explain it a little more clearly. A transfers a property to B. A becomes an evacuee subsequently and this transaction is not approved. The transaction is not approved. The Custodian finds that a sum of Rs. 5,000 has passed in that transaction. It is open to the purchaser to have it registered as a simple debt. Now we have provided that in respect of such transactions where it is found that the transaction was entered into *bona fide*, but the consideration paid was not adequate, or where the application was barred by time, but it is found that the transaction was *bona fide*, but was not for full consideration, the Custodian will apply the provisions of the Separation of Evacuee and Non-evacuee Interest's Act which are reproduced here. That is he will divide the property into two parts: one which will represent the valuable consideration which has passed and the other the portion in respect of which no consideration has passed. The portion in respect of which no consideration has passed will vest in the Custodian. He will act in one of the four manners:

[Shri A. P. Jain]

namely the Custodian will divide the property, that he will sell the property and distribute the sale proceeds; or he will take the value of his share and pass on the entire property to the other party, or retain the whole property and pay the value of the other man's property. All those provisions have been applied here in respect of the transaction that has already taken place. We have also made section 41 much clearer.

Mr. Deputy-Speaker: This Bill is going to the Select Committee. I am only suggesting to the hon. Minister that he need mention only the major points. He has already taken an hour.

Shri A. P. Jain: Section 41 is a clarification and it removes some of the drafting defects which existed in the existing section 41.

Mr. Deputy-Speaker: The hon. Minister need mention only the main points of the principle.

Shri A. P. Jain: In clause 4 of the Bill the Central Government is taking to itself the power to appoint a Custodian. The present position is somewhat anomalous. While the Central Government is responsible to this House for the administration of evacuee property law, the Custodians in the States are appointed by the States. In certain cases we found that difficulties arise. We wanted a particular type of officer. We could not get that type of officer. The authority that appoints the officer should be the authority responsible for the administration of the law. Therefore, we have suggested amendments in clause 4 so that henceforth the power to appoint Custodians in the States should vest in the Central Government and not in the State Governments. The amendment in clause 5 is not very important. It does not change the provision of the present law. It is only a drafting readjustment.

Clauses 6 and 7 relate to certain difficulties which arose in the administration of the law which caused hardship to the refugees. Under the present law any lease which had been entered into before the 14th August 1947 cannot be annulled by the Custodian. Many cases occurred in which a sitting tenant, who of course, was in occupation before the 14th August 1947 has sublet into a third person or is not using it for the purpose for which it was let out. The refugee is deprived of the proper-

ty while the other man is not using it for his own purposes. We have suggested that the Custodian have the power in such cases to oust the tenants.

Clause 7 gives the Custodian the power to attorn a tenant to whom he has let out the tenancy rights in a property, and all the terms and conditions of the lease will be binding on the non-evacuee owner. The amendment to clause 16 clearly codifies the position which we took up during the several discussions that took place with regard to the Chatrivala's case. The Contention of the Custodian General was that the Government certificate was only an enabling certificate; it was not binding upon him and it was open to him either to honour or not honour it while we considered it to be final.

Clause 9 relates to occupancy rights. It has been made clear that the occupancy rights shall not be defeated by any device. A person who migrates to Pakistan shall not be allowed to abandon occupancy rights by entering into an arrangement with his landlord and thus defeat the purposes of the law.

The last important amendment is with respect to section 52. As I mentioned the Custodian General was of the opinion that notification under section 52 could only be prospective and not retrospective, that is, it could not apply to properties which have been taken over by the Custodian under any law which was in force prior to the Act of 1950. It has been made clear that the notification may apply to the past transactions as well. We have limited the exercise of this power in respect of any class of persons or class of property and not in cases of individuals, because wherever a case with respect to individuals arises, that will come under section 16. There was a certain amount of duplication, and I thought that it must be removed. We must be clear in our mind in what cases we have to exercise powers under section 52 and in what cases under section 16.

These are the important provisions for the consideration of the Select Committee. I, therefore, commend this motion for the acceptance of the House.

Kumari Annie Mascarene (Tiruvandrum): May I know the standard of assessing the value of property?

Shri A. P. Jain: So far as possible, the market value.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Administration of Evacuee property Act, 1950 be referred to a Select Committee consisting of Lala Achint Ram, Shrimati Subhadra Joshi, Shri Jagannath Rao Krishnarao Bhonsle, Shri Narendra P. Nathwani, Shri H. C. Heda, Shri Nemi Chandra Kasiwal, Shri Ram Pratap Garg, Pandit Chatur Narain Malviya, Shri Jwala Prashad, Giani Gurmukh Singh Musafir, Shri Syed Mohammad Ahmad Kazmi, Col. B. H. Zaidi, Shri Digambar Singh, Shri Mulchand Dube, Shri Kanhaiya Lal Balmiki, Shri Syed Ahmad, Pandit Lakshmi Kanta Maitra, Shri Basanta Kumar Das, Pandit Thakur Das Bhargava, Shri Radha Charan Sharma, Chaudhri Hyder Husein, Shri Rohini Kumar Chaudhuri, Shrimati Sucheta Kripalani, Shri V. P. Nayar, Shri Vishnu Ghanashyam Deshpande, Shri Bhawani Singh, Dr. Manik Chand Jatav-vir, Shri Avadheshwar Prasad Sinha, Shri P. N. Rajabhoj and the Mover with instructions to report by the last day of the first week of the next session."

There is an amendment in the name of Sardar Hukam Singh. Is he also a member of the Select Committee?

Sardar Hukam Singh: No. I am not, Sir. I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th November, 1952."

We have just now had a very clear exposition of the evacuee law by the hon. Minister for whom I have got very great respect. He made certain personal references also about me and Dr. Mookerjee. He was of the opinion that we have made certain exaggerated statements. He tried to say that very little property has been allowed to escape and the pool had not suffered at all. It is possible because we, who sit on this side, have no access to the Government records, our sources are certainly either from newspapers or from hearsay evidence, there may be occasions when we might make mistakes. I cannot deny that the statement might be exaggerated. I can assure the hon. Minister and the House also that there was never any intention on my part to put forward an exaggerated statement, if I knew

the facts were otherwise. I was waiting all along whether the hon. Minister could tell us what that evacuee pool is just now because it was attributed to me and rightly too, I had stated that the pool had been reduced to about something between Rs. 50 and 70 crores, as was read out by the hon. Minister. At one time it was given out that this evacuee property would bring us about Rs. 350 crores and we were living in the hope that probably these refugees—poor victims of this partition—would at least get something like eight annas in the rupee. Now, we are told, be it by the newspapers or other persons, and if it is wrong I might be corrected by better information given to us by the hon. Minister, that there was a possibility of our getting something more, that the pool had been reduced to 50 crores or 70 crores. If we are told there are 200 or even 150 crores, being the value of the property that had been left behind, though it may be only an approximate value, there would be no need for anxiety or concern over this matter. But, that has not been done.

* This question of evacuee property and the compensation that they have to get are very intimately connected with the fate of the refugees. The very word 'compensation' is perhaps offensive to some of the spokesmen of Government. Now it has been modified into 'recompense'. Whatever it might be, I cannot claim that I am well versed in that language and even if I use the word 'compensation' and offend some spokesmen of the Government. I hope I would be excused because I have no intention to offend anybody. It has to be seen that the refugees have been looking forward to the time when this evacuee property law, that was there on the statute book, would be worked out in such a manner that whereas, on the one hand, honest Muslim would be threatened and be obliged to leave this country or be deprived of the benefits of this property, attempts would be made honestly and scrupulously to bring in all properties that really belong to those persons who had no intention of living here, who had either left this country altogether or who had sent away their families, their wives and children, and who had taken advantage of the allotment of properties there. Nay, more. Many of them were carrying on business in that country, and had spent large sums of money to finance their businesses. We thought that perhaps those persons would be brought within the clutches of the present law that we have got and that this pool would

[Sardar Hukam Singh]

mean something upon which all the refugees had been laying their hopes.

But, we find to our utter regret that that has not been done. The law has not been worked with that intention. The policy of our Government has been from the very start, since the date the Partition took place, to bring back all those that had left and give them their property. We have no objection to that. The refugees do not want that any Muslim should be molested. Those who want to live here as loyal citizens of India have as much right, rather better rights—I have no grudge against them even if they get better rights—to live peacefully and enjoy their properties and deal with them as they like. But, what happens in Pakistan must have repercussions here, and if there is a gulf between the way in which the refugee thinks that this law should be worked, and the lofty ideals which the Government spokesmen entertain within their minds, it is only natural that some concessions should be made to the refugees in view of the state of affairs through which these poor victims have been passing. Whereas from the very start the Pakistan Government had taken up the attitude that they must squeeze out every Hindu and Sikh from their territory—this should be an eye-opener to the Bengalees as well that they have to undergo the same fate—whereas from the very start the Pakistan Government have been working with the intention that every Hindu and Sikh should be turned out and their whole property grabbed and no opportunity given to him to come back and enjoy any part of it, we have been working on the lines that normal conditions should return, that the properties should go to the rightful owners, and that all the rents and benefits and income accruing from those properties should be enjoyed by the owners who, unfortunately, left this country on account of circumstances brought about by reasons that were beyond our control.

It is creditable that our spokesmen tried their best to come to terms with the Pakistan Government and several conferences, perhaps six, were held with the Pakistan authorities that they might be persuaded to enter into some agreement whereby something could be got out of it. But, it is regrettable that the sixth Conference which was held on 25th June 1949 at Karachi should end in a fiasco. Our great politician Mr. Gopaldaswami Ayyangar came away frustrated because the

Pakistan authorities refused to have a talk on a Government-to-Government basis. When he had exhausted all his resources, all his diplomacy, and whatever he had in him as an experienced administrator, then, perhaps, he decided to look into the affairs of the evacuee property law that was prevailing in our own country. Immediately after that, he convened a meeting of the refugee representatives and about the 21st or 22nd July 1949, some of the spokesmen of the Government and a few refugees met here and considered the question whether something could be done for these refugees who have been crying for such a long period, and whether anything could be given to them. I may just for a few moments talk of compensation and evacuee property together because they are interlinked, and I shall come to the Bill, shortly. At that time, Mr. Gopaldaswami Ayyangar made it clear that compensation would be given. Nobody doubted that that was the due of the refugees and he also pointed out the sources: the evacuee property left by the Muslims, any amount that we could get from Pakistan and a handsome contribution by the Government itself which would not satisfy the refugees. These three sources were counted upon at that time by Mr. Gopaldaswami Ayyangar. Of course, subsequently, the Prime Minister made it clear that even this word was not proper, and that compensation could not be given unless it was an amount that could accrue from evacuee property or anything that we might get from the Pakistan Government. So far as the Pakistan Government is concerned, that is a buried matter now, I suppose. Another brochure.....

Pandit A. R. Shastri (Azamgarh Distt.—East cum Ballia Distt.—West): Must not be buried.

Sardar Hukam Singh: The Government itself says that the Pakistan Government has confiscated all properties. It is no use carrying on now this imaginary ownership when even the rents are not received and the owner is not entitled to get any benefit out of it.

After those conferences, we have heard nothing—no talk, no conference, nothing of the sort, because Pakistan thinks that is a closed chapter now, and our Government also came to the conclusion that this matter was closed unless they thought it best to resort to war which they were not prepar-

ed to do in any circumstances because that would create problems instead of solving them, and they could not get anything from Pakistan. Therefore, the only source left was this evacuee property and the refugee naturally was looking to it and is very much concerned whether this pool gets itself reduced in any way, whether any legislation that is passed, any amendment that is made, affects that pool which is the only hope on which he lives. That conference in July, 1949, decided to appoint a Law Committee so that some draft may be prepared which could become the law. As has been explained by our hon. Minister, previously there was no Central law. The States had promulgated Ordinances on that subject, but there was no Central law which governed the whole of the territory, and from what we learn, a draft was prepared. It got the approval of the Cabinet, even the Prime Minister signed it. I am told—if I am wrong I stand corrected—and it was going to be sent for publication. It had reached the Law Department with directions that it should be published as an Ordinance the next day, but some influence intervened. The whole thing was changed overnight, and the Ordinance that came out was much more liberal than even those laws that were working in the States. Natural consequences followed. There was a great flow of money and many evasions of law, and many properties were sold in consequence of it. Under that law, I can only say that even the builders of Pakistan had been receiving large amounts from our country. A great drain had been going on in those days, and in the *Tribune* of December 8, 1949, it was reported that a sum of Rs. 85,000/- had been paid to Mr. Liaquat Ali Khan alone, besides other amounts paid to Mr. Jinnah and others. We have no grudge against the Muslims who are living here. I have already said, and I repeat it, that I do not claim to be a better patriot than those Muslims, and even if the Minister had not repeated it, I would have confessed it. Certainly. But the result of that law was that though it was intended to plug the holes, to stop the flow that was going on, it was changed suddenly—and I have reasons to believe, because certain statements were made then, that it was done at the instance of the Jamiat-ul-Ulema. They approached the Prime Minister, they got it amended to their satisfaction, and the law was the result of what they wanted, and not what the Government wanted, or what the refugees wanted.

Now, we have been told that the Government has been holding the equilibrium, that they have been taking the unbiased view that no section of the community in the country should be effected adversely and that the property which is really evacuee property should not escape, but my charge is that from the very beginning that old policy of placating the Muslim community, of cajoling them, has been going on and is continuing even now. And what was the result? It is put down that out of 800 houses and 16 business concerns taken over under the U.P. Evacuee Property Ordinance in August, "not less than 250 houses and six business concerns have been released so far under the new Evacuee Property Ordinance recently promulgated by the Central Government and objections against others are still pending". Perhaps some releases will be made elsewhere in U.P. and other places. I have not got the figures. I have no sources to find them out. Probably all of them might be released.

I submitted a little while ago that while our law was very liberal as compared with that of Pakistan Government—I do not want to say that we should follow what Pakistan does, I do not say that, but there are limits. Reactions must be here also. We are also human beings, and I do not believe in sermonizing lofty ideals and principles every time, but I believe in looking to the interests of my country; what is best for my country, what is best for the citizens of this country—that should be the idea, that is the most lofty ideal, that is the commendable position that we can take.

Whereas there were stricter laws in Pakistan on 15th October, 1949, they passed another Ordinance specifically laying down that if one man left Pakistan, then all his relatives, be they however distant from him even remote relations of his, would lose all their property. The whole property of all his relations would become evacuee property. In that law, there was no provision as to appeal—the Custodian was not to give any notice to the evacuee that he should show cause—the onus of pointing out the property which was evacuee was on the occupier himself, and the onus of proving that it should be non-evacuee was on the claimant. It was presumed that every property was evacuee. Let the person who wants to claim prove that it is non-evacuee. In spite of all that, it was laid down that the property vested in the custodian since 1st March, 1947, that is, six months be-

[Sardar Hukam Singh]

fore Partition, and if there were circumstances to show that the person was living in Pakistan and he succeeded in satisfying all the conditions—that none of his relatives had gone to India and that he was occupying that property—if he proved that, which often looked impossible, then there was the Economic Rehabilitation Ordinance of Pakistan, and the property was taken away under that Ordinance saying that it was required for the country and it could not be given to him. And our Ordinance which was subsequently replaced by the present Act—this first Central Ordinance passed on 18th October, 1949, as I have suggested already, at the instance and with the consent and appreciation of the Jamiat-ul-Ulema—laid down that the Custodian would give notice, that full opportunity to defend would be given to the person against whom notice had been given, that it would be on the Custodian to prove that it was evacuee property, and because the Custodian had no sources to prove that—he had no independent evidence, he could not produce witnesses—therefore, large properties, crores worth, were restored on a mere statement of those claimants. We had no option but to release those properties because our law was so liberal.

5 P.M.

In spite of this liberal measure certain directives have been issued from time to time—perhaps I would be contradicted, but I stand on a firm footing because I consider that the information I received is a credible one. And though the cases have been cited as very few in number, that there were only 16 cases in which exemption certificates have been given, there were many cases where these properties were released. The cases of Japanwalas and Chatriwalas have been, I am told by the hon. Minister only four. This number is a little one, but there have been a few other cases where the Government has interfered. But I must say though I differed with the Custodian-General Mr. Achru Ram, on the attitude that he took—I say it publicly, and I do maintain it—and it was his attitude that prevented the Government from issuing so many certificates because he took the attitude that the Custodian-General was the person who was authorised to scrutinise and see even after the grant of the exemption certificate whether a man was entitled to restoration of property or not. The hon. Minister put it down in a pithy way that an exemption certificate gave him, the holder, only permission to

step up to the Custodian-General, he could only climb those steps and present himself before the Custodian-General. I am not discussing here the merits of those provisions, but it was a fact. Now when that section is being changed, of course it is a relief that there would be no such casualty as of Mr. Achru Ram, but really there would be many certificates now coming up because it was not left now to the Custodian-General to verify whether the claimant coming up before him really deserves the restoration of property or not, because the Custodian-General shall only have to see whether he is the rightful owner or not, and whether the title is correct or not. If he is the owner, he is not to see whether he is an evacuee or whether he has transferred his assets, or whether he has brought any property there and so on. It is not for him now, because the Central Government has taken over all those powers so that it cannot stand this inquiry and mischief by any Custodian. It was a judicial enquiry before, but now it is being taken over by the Central Government who would be the ultimate authority in the matter. Once the exemption has been given, the Custodian-General would only have to look into the title, and nothing else. If the Custodian-General finds that that person is the owner of the property for which the certificate has been given, then the Custodian-General shall have to restore the property to him.

In spite of this liberal interpretation of these directives and exemption certificates, there were cases where the Custodians had evidence before them on which they could come to the conclusion that the property was evacuee property. But my complaint is that responsible officials and high dignitaries—and there were two or three Central Ministers also—had written to the Custodian-General, and as a result large properties were released. If I do not name them, my veracity might be questioned. Therefore, I want to give further material, so that an inquiry may be made about them. The names are:

1. Hamdard Dawakhana.
2. Coronation Hotel.
3. Jai Hardwares.
4. Alama Mashruqil Press.
5. Mohammed Umar & Sons.
6. Abdul Khaliq, Druggists.
7. Mohammed Ashruf.
8. Basheera Begum.
9. Begum Jahanara.
10. Haji Mohammed Ismail.

There were several other cases also, where high placed officials and some Ministers as well felt interested. When the Custodians were just going to decide on the evidence before them

that the property was evacuee property, these people have intervened, and these people have intervened, and written letters—they did not come to the witness box and speak as witnesses, because their veracity might be questioned—and on these letters, the property has been declared as non-evacuee property.

Pandit A. R. Shastri: Please mention the names also.

Sardar Hukum Singh: That also would be disclosed if the opportunity came, but I do not think I should disclose those names just at present. At one time we are told that the pool has not been affected nor is it the intention of the Amending Bill to disturb the pool that is there. But I remind the hon. Minister that he himself once told us that this evacuee property would bring to us about Rs. 350 crores.

Shri A. P. Jain: When did I say that?

Sardar Hukum Singh: That was in one conference, and my hon. friends will corroborate me, and I could quote to him from some document as well. I would like to know now what is left of that? What is the pool now. Which would probably be distributed among those refugees? We have been told that the Government cannot contribute anything, and the hon. the Prime Minister has made it clear.

I might make a mild complaint now against my hon. friend. In a light mood the other day when the debate on Rehabilitation was going on here—perhaps jocularly or in a ridiculing manner, I could not decide which—he said that “so much is talked of refugees, but what is happening now to them? They are living, eating and producing children”. Of course, the hon. Minister has objection to that also, in that case he could bring in other measures. But that was felt by us very much. We resented it. I tell you, Sir, that I and so many others did resent it, because it was not a light subject which could be discussed this way. We are producing children and we are living as well. We are told that our condition is better than that perhaps of most of the Indians in other parts of the country. We felt that remark within ourselves. What have we done? Was it due to any thing that we had done that we meet this fate? If this socialism was to be applied and brought into force in India, was it to be tried first on these poor refugees? We thought we had a
163 P.S.D.

good place in the hearts of our brothers here. But if it is judged from the whole situation that our condition is better than that of others, then we fear that perhaps something worse also may come. We have no hesitation in sharing the woes and miseries of our brethren and we say that if this revolution is to come round, let it come, we do not mind it, we are prepared to suffer, we have suffered and we are prepared to suffer now. But to remind us that we are producing children yet or we are living in a condition which is better than most other Indians, is not just. I know, and I again repeat, that the spokesmen of the Government have got a tender heart for the refugees, but certainly all these things are to be judged by the net results that are being produced and such utterances—though the hon. Minister is very cautious in his words—do shut out all the hopes that we have got.

This is a fact that there is a large number of Muslims who keep their families in Pakistan. Their children are there. It has been permitted under the present Act that they can maintain their children there, that they can send money to continue their business and they are continuing their business and large amounts of money have been sent to Pakistan. They are carrying on their business there and they are good citizens here. They are maintaining their children there. Under the rules, a limit has been prescribed for the amount that is to be sent. But I assure you there is no check on the large amounts that are going out. Think of the position. A young Muslim might be fighting in Kashmir against us and he is being financed and money is remitted to him by his father here. A very good idea when we say that we stick to lofty principles.

Then, there is another thing. There are in Delhi alone about 3,500 houses, I am told.

Shri A. P. Jain: I might correct you. There are only 121.

Sardar Hukum Singh: I am told that there are 321. . .

Shri A. P. Jain: No, 121. Which houses, you mean in the Muslim zones?

Sardar Hukum Singh: Exactly, 3,500 according to my information, which must be wrong, I say, but I cannot believe they are 121. The Custodian is not allowed to go there. Possession has not been taken. The Jamiat is keeping possession of them and distributing as it likes. It is not

permitted that any Hindu or Sikh might go inside that. They are Muslim zones for the past five years and that is being continued up to date. 121—what right have they? Is this loyalty to India that they can keep those doors closed? Those zones are closed to everybody. Even the Custodian cannot go and take possession of them. People are lying on the streets, but these houses must be kept intact and we should wait till the right owner comes!

And now this Bill is giving facilities to them that they should come and occupy. They will come and occupy them. If this Bill is passed, I am sure our pool will be depleted. The hon. Minister thinks only of those properties which have been taken possession of and are being administered as evacuee property. I am also thinking of those properties which are still properties of the intending evacuees. There is a chance that some portion at least would be declared if the laws have been strictly adhered to. Now we are completely giving them up—all those properties. We are told today that, "we have tried them. It is a handicap to these loyal citizens. For three years we have kept these and they have given sufficient proof that they intend to stay." This argument does not appeal to me. They have sent away their wives and children, their families are living there. The law does not allow them to dispose of the property. They are here simply waiting for an opportunity to sell them away and we are giving them that opportunity. The Minister utilised that as a proof of their loyalty by assuming that because they have not alienated them for the last three years therefore they are good citizens. We have not allowed them to dispose of them. Now the Minister says that that is proof that they are good citizens, they have not disposed of them. That is queer reasoning which I could not follow. We have ourselves under the law placed this obstruction. We have prohibited them, the law did not allow them to dispose of them. Now we take it as a proof that they have not disposed of them, and this is sufficient proof of their loyalty to the country, that they mean to stay here, and why should not facilities be provided for them? This I could not understand and I do not agree with the hon. Minister that they have changed their attitude or their mental makeup. If they had done that, they would have brought back their families. They could do that if they were here. They did not do it. Their business is there, their interests are there, they have acquired properties there. We

have even allowed our public servants to continue to keep their families there and they are in our service here. I do not wish to point out any particular person and say that he might not be honest or true to this country but at least generally I can say that we cannot depend on such persons who do not find India safe for their families even after five years. And we are now coming up now with a regret: "We have dealt with you very severely and now we want that we should make amends".

Then again, I have dealt with the exemption under section 16; 'intending evacuees', that Chapter is being eliminated now. We are told that the main provision is there and we have included it under the evacuee property. The first date was 14th August 1947. Whoever transferred his assets after 14th August 1947 or acquired any property there could be declared an intending evacuee. Now we are bringing that date nearer—to 18th October 1949—and we just say that those old transfers, old acquisitions need not be taken into account because we have got proof of their good behaviour now. I wonder whether this would do us good, whether all those persons would not escape. They are not here. It is not because our State is not secular or that they find any difficulty here, but that is a new country, some of them find new opportunities there, they have their large and flourishing business there and therefore they want to leave for their own benefit to have greater chances of acquiring more money. So the result of this amending Bill would be that they would take away all the money that they could get. They would sell away their property, remove their assets and go away. We are told that we have made this amendment, that if a transferor leaves within two years after the transfer then this can be questioned. Supposing it is questioned, who would be the sufferer? If a Muslim satisfies the Custodian and gets a certificate that he means to live here, but he wants the money for some business and sells away his property, the poor Indian who buys it will suffer. That Muslim runs away with the money to Pakistan and then we say it is open to question. Objection would be taken. The Custodian would not confirm it, but who would suffer? That Indian who has paid the money. The money might have been taken by the Muslim. The property would be taken by the Custodian who is here and what about the poor Indian who has to suffer? You would thereby add something to the pool, but at whose cost? And not at the cost of the Muslim who has

left but at the cost of the Indian who has been duped. Such cases are occurring even now. I was told of a case that has just occurred a few days ago.

Mr. Deputy-Speaker: Is an Indian refugee able to sell his house in Pakistan?

Sardar Hukam Singh: No, Sir, because as soon as the Karachi Agreement was entered into providing for exchange and sale of property, simultaneously Pakistan introduced the system of the income-tax clearance certificate. And under that system anybody that goes there to sell or exchange his property has to sacrifice something more than what he has already left there. Over and above the value of the property lying there he has to obtain money from India so that he can obtain an income-tax clearance certificate and be able just to return to India. There he has to face a large debit of income-tax and he would be detained unless he can ask his relatives here in India to send him some money whereby he can clear off the arrears and then be allowed to come back.

Now, a case has just occurred in Lucknow, perhaps, where a retired military pensioner was in need of a house. A Muslim had got a certificate that he had satisfied the Custodian of his intention to stay in India and he sold that house to that military pensioner. Subsequently, after about two months the Muslim went away. The house was taken possession of by the Custodian, the sale was not confirmed. The poor man lost his earnings which he had piled up throughout his life. That money had been taken away by that Pakistani. The Custodian took away the property and that man was left to bewail and bemoan his fate.

Pandit Thaker Das Bhargava (Gurgaon): Such cases have occurred in other parts of the country also.

Sardar Hukam Singh: My hon. friend says such cases have occurred elsewhere also.

Mr. Deputy-Speaker: Are they not liable to pay income-tax here?

Sardar Hukam Singh: No, Sir. We are a secular State and we have certain principles to which we stick.

Babu Ramnarayan Singh (Hazari-bagh, West): Lofly ideals!

Sardar Hukam Singh: In summing up, I would say that I have pointed out all these facts because this pro-

perty is the only property from which compensation or recompense is to be given to these refugees. It has been made clear by the hon. Minister as well as by the Prime Minister that nothing can be paid out of Government funds. Therefore, the refugees feel nervous whenever any Bill is brought here concerning the evacuee property. Government might listen to them or not, that is a different thing. They might care for their views or not, that also is quite a separate issue. But they are at least entitled to this much courtesy, that they should be consulted. The hon. Minister has told us that he has consulted refugee associations. So far as the All-India Refugee Association here is concerned they telephoned to me that they have not been consulted. I know of one or two other associations also who have conveyed the same message to me. The hon. Minister has also told us that he has consulted certain individual refugees who had come to him. Maybe—I do not say I am entitled to be consulted I am nobody—but if hon. Members on this side of the House have been consulted and their opinion has been taken, I have no objection. But even if hon. Members have been consulted I would say that there are refugee associations, regular registered bodies, and when this is a matter of so great concern to them they have a right to be consulted. My only prayer is this. There is no hurry about this Bill. It is not as though something is going to happen within a month or two and the law requires this amendment. It can wait for another two months. Those refugees should at least be heard. They should have a chance to speak in the matter, their opinion should be invited, and after that is done Government may proceed with whatever legislation it wants to. That is the purpose of my amendment which I want to press.

Mr. Deputy-Speaker: Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion therefore by the 30th November 1952."

What is the reaction of the hon. Minister?

Shri A. P. Jain: I am sorry I cannot accept this amendment. Of course, there will be ample time and I will be prepared to give every opportunity to refugees as also to others to make their representations before the Select Committee.

[Shri A. P. Jain]

Mr. Deputy-Speaker: There are two months now and if it is intended that their opinion should also be taken without prejudice to the Select Committee it can be done.

Shri A. P. Jain: I will be prepared to take their opinion and if necessary also to call them before the Committee. I think that will meet the case of the hon. Member.

पंजित ए० श्रा० शास्त्री : मैं अपने मित्र सरदार हुक्म सिंह से एक प्रार्थना करना चाहूंगा कि सेलेक्ट कमेटी के जो सदस्य हैं, उन के पास रेफ्यूजी एसोसियेशनस् (Refugee associations) के लोग और दूसरे लोग अपनी अपनी राय दे ही सकते हैं और सेलेक्ट कमेटी अवश्य ही उन सब बातों पर विचार करेगी और जो कुछ इस ऐक्ट में बदलाव करना उचित होगा, उसको करने को वह तैयार रहेगी, इसलिय मैं चाहता हूँ कि आप अपना अमंडमेंट वापिस ले लें और यह सेलेक्ट कमेटी का प्रस्ताव स्वीकार कर लिया जाये।

उपाध्यक्ष महोदय : वह अमंडमेंट सेलेक्ट कमेटी के सामने भी आ सकता है।

सरदार हुक्म सिंह : मेरे हृदय में अपने मित्र के लिये बहुत सम्मान है और मैं उन को इस नक मशविरा देने के लिए धन्यवाद देता हूँ, लेकिन मैं चाहता हूँ कि वह मुझे कृपया माफ़ करें, क्योंकि मैं अपने अमंडमेंट को वापस नहीं लेना चाहता।

Mr. Deputy-Speaker: The question is:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 30th November, 1952."

The motion was negatived.

Mr. Deputy-Speaker: The question is

"That the Bill further to amend the Administration of Evacuee Property Act, 1950 be referred to a Select Committee consisting of Lala Achint Ram, Shrimati Subhadra Joshi, Shri Jagannathrao Krishnarao Bhonsle, Shri Narendra P. Nathwani, Shri H. C. Heda, Shri Nemi Chandra Kasliwal, Shri Ram Pratap Garg, Pandit Chatur Narain Malviya, Shri Jwala Prashad, Giani Gurmukh Singh Musafir, Shri Syed Mohammad Ahmad Kazmi, Col. B. H. Zaidi, Shri Digambar Singh, Shri Mulchand Dube, Shri Kanhaiya Lal Balmiki, Shri Syed Ahmad, Pandit Lakshmi Kanta Maitra, Shri Basanta Kumar Das, Pandit Thakur Das Bhargava, Shri Radha Charan Sharma, Chaudhri Hyder Husein, Shri Rohini Kumar Chaudhuri, Shrimati Sucheta Kripalani, Shri V. P. Nayar, Shri Vishnu Ghanashyam Deshpande, Shri Bhawani Singh, Dr. Manik Chand Jatav-vir, Shri Avadheshwar Prasad Sinha, Shri P. N. Rajabhoj and the Mover with instructions to report by the last day of the first week of the next Session."

The motion was adopted.

Mr. Deputy-Speaker: I appoint Pandit Thakur Das Bhargava to be the Chairman of this Committee.

FORWARD CONTRACTS (REGULATION) BILL

Mr. Deputy-Speaker: The House will now take up the next Bill, the Forward Contracts (Regulation) Bill. Shri T. T. Krishnamachari.

Pandit A. R. Shastri (Azamgarh Distt.—East cum Ballia Distt.—West): What is the business before the House now?

Mr. Deputy-Speaker: The only business before the House is reference to Select Committee of the Forward Contracts (Regulation) Bill. That is the only outstanding business. The hon. Minister evidently expected that the previous motion would go on till six o'clock today. He has been sent for. Hon. Members may kindly read the Bill.

Parliamentary A. R. Shastri: The House may adjourn for some fifteen minutes.

Mr. Deputy-Speaker: No adjournment—*I will continue sitting here.*

Shri Nand Lal Sharma (Sikar): The chapter on the Evacuee Property Bill has been closed abruptly and Members cannot have any discussion on it.

Mr. Deputy-Speaker: No, no. Hon. Members may read the Bill.

Babu Ramnarayan Singh (Hazari-bagh West): On a point of order, Sir. Is there any convention in this House that we shall be sitting in the House doing nothing?

Mr. Deputy-Speaker: Reading is also something. I am expecting the hon. Minister.

पंडित ए० आर० शास्त्री : उपाध्यक्ष महोदय, मैं नमूनापूर्वक निवेदन करूंगा कि यह बहुत बुरा कन्वेंशन (convention) इस्टेब्लिश (establish) हो जायगा कि हाउस के सामन कोई बिजनेस (business) न हो और मिनिस्टर साहब बुलाये जायें और इस बीच हाउस खाली बैठ रहा है। मैं समझता हूँ कि यह मुनासिब होगा अगर हाउस अभी इस पंद्रह मिनट के लिए ऐडजोर्न (adjourn) हो जाय और फिर थोड़ी देर बाद बैठे, हाउस का इस तरह बिना किसी बिजनेस के बैठे रहना उचित नहीं है और यह हम बहुत बुरा कन्वेंशन इस्टेब्लिश करेंगे।

Mr. Deputy-Speaker: The other hon. Minister may move the motion.

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): I am very sorry, Sir.

Babu Ramnarayan Singh: In the case of Government Members, everything is excused.

Shri T. T. Krishnamachari: I beg to move*:

"That the Bill to provide for the regulation of certain matters relating to forward contracts, the prohibition of options in goods and for matters connected therewith, be referred to a Select Committee consisting of Shri Chimanlal Chakrabhai Shah, Shri V. B. Gandhi, Shri Ghamandi Lal Bansal, Shri Mukand Lal Agarwal, Shri Raghubir Sahai, Shri Sinhasan Singh, Shri C. R. Bassapa, Shri Balwant Sinha Mehta, Shri Asim Krishna Dutt, Shri Lalit Narayan Mishra,

Shri Mathura Prasad Mishra, Shri R. P. Nevatia, Shri Ahmed Mohiuddin, Dr. Ram Subhag Singh, Shri P. T. Thanu Pillai, Shri G. R. Damodaran, Shri K. T. Achuthan, Shri Satis Chandra Samanta, Shri Jagannath Kolay, Shri C. R. Chowdary, Shri Umashankar Muljibhai Trivedi, Shri Tulsidas Kilachand, Shri Amjad Ali, Shri Rayasam Seshagiri Rao, Shri G. D. Somani, Shri Dev Kanta Borooah, Shri Bhawanji A. Khimji, Shri Bhagwat Jha Azad, Shri Satish Chandra, Shri Radhelal Vyas, Shri D. P. Karmarkar, Shri Chintaman Dwarkanath Deshmukh and the Mover with instructions to report not later than the first day of the second week of the next session."

The Bill that is before the House is one that is known to Members of this House who were Members of the provisional Parliament, but for the benefit of the hon. Members who are new, I would like to explain the need for a Bill of this nature. Trading in futures is a practice which may be considered to be a rational development of what is called "market economy". In the highly developed countries of the world where market economy is still the rule, a great deal of importance is attached to this type of trading and the effects that flow therefrom for the purpose of smoothing and minimising the fluctuation in prices. This Bill is intended to provide a machinery by which Government can regulate the trading in futures, or as it is called in this Bill "forward trading" in commodities, on an all-India basis. Assuming that this practice is necessary even in a country where market economy has not got full play, the Government recognise that they must have some control over such practices. Even in a country like the United States of America where it is almost a doctrine believed by most of the people that Government interference must be reduced to the minimum in the matter of trade and commerce, Government control over futures trading has been exercised by an Act—the Commodity Exchange Act—which was passed in 1922. In our Constitution, the item "Stock exchanges and futures markets" is to be found in List No. I, Schedule VII, item No. 48. Under this change in the Schedule, it is impossible for State Government to legislate in regard to forward markets, but prior to the Constitution being promulgated the Bombay Government had a measure for the purposes of regulating forward trading. This law which

*Moved with the recommendation of the President.

[Shri. T. T. Krishnamachari]

is now in operation in Bombay is very broadly similar to the Bill that is now being presented to the House. The Bombay Forward Contract Control Act of 1947 has been enforced in respect of cotton, bullion and oilseeds. It would not be true to say that this Government has nothing whatever to do in regard to the exercise of some kind of control on the commodity exchanges and the futures market. A certain degree of control is being exercised by the Essential Supplies (Temporary Powers) Act, 1946, which this House was good enough only this morning to extend for a period of two more years. But the commodities covered under this Act are few, and the powers have never been exercised in the manner in which it is contemplated to exercise them under this Bill.

The subject matter of this Bill has been a matter of discussion between the Central Government and various interests for quite some time now. The provisions of this Bill have been subjected to scrutiny by people representing varying points of view and they have expressed their views thereon. The first draft of this Bill was prepared in February 1950 and the opinions of State Governments, the Reserve Bank of India, Chambers of Commerce and other concerned interests were invited. In July 1950, these opinions that were received from various sources were referred to an Expert Committee. The Bill was thereafter revised in the light of the comments and recommendations of the Expert Committee and was introduced in the provisional Parliament in December 1950. I believe it was presented to the provisional Parliament for the purpose of reference to a Select Committee some time in April 1951. The Select Committee subjected the Bill to further scrutiny and amendments, but the report of the Select Committee could not be taken into consideration by the provisional Parliament owing to pressure of work. We have taken advantage, however, of the period that has elapsed since the report of the Select Committee was submitted to subject this Bill to further scrutiny. In the form in which it is now presented to the House, it has undergone some more changes.

In regard to the policy of Government in respect of forward trading, I have to say that the Government recognise that there is a fairly widespread demand from the people engaged in trading in commodities for certain facilities for forward trading. The

Government recognise that without some kind of regulation, forward trading might degenerate into speculation pure and simple. It might be argued that even to the extent to which we propose to permit forward trading under this measure, subject to its being approved by Parliament, the element of speculation will not be completely ruled out. I have to agree that it is so. A properly organised futures market does not minimise the trading risks entirely, but it does so to a very large degree by providing the machinery for the transfer of the risks among what might be called an organisation or a body of professional risk-bearers or speculators. To the extent and to the degree to which it permits a genuine trader to transfer a portion of his risk to somebody else, it ensures a regular trader a certain amount of profit—what you might call “normal profit”—and in fact, it acts as an insurance against unexpected and unforeseen fluctuations in prices.

To the extent that the risk is there, the speculative element is also there. But, as I said before, all that is done by these forward trading exchanges, or forward trading clearing houses which are ancillary sometimes to these exchanges, is to help to transfer the risk, though it is not altogether eliminated. A speculator who shares the risk performs, as I said before, what is called a useful economic function in the same manner as an insurance company does against fire and accident risks. The operation by a speculator in this instance is certainly not quite so scientifically managed as is done in the case of insurance trade by an actuary assessing the probabilities and evaluating the cost thereof and even the risks that are to be undertaken.

The condition precedent for a forward market working properly is not merely Government regulation but also the existence of an organised market. I must confess that our experience in India in markets where some kind of Government control was exercised or is being exercised, where regulated power is exercised by corporate bodies, who control them, has not always been satisfactory. Attempts at regulation have proved certainly ineffective at times of crisis. It is not merely the gambling instinct in man that has created a deadlock in such institutions, but I am sorry to say the lack of morality amongst people who do business under the auspices of such institutions. Instances where markets had to close for long periods because of

the failure to pay on the part of people who are operating in it are far too many to be stated here. Some time back, about a year ago, I had an opportunity to get an insight into the working of one of such institutions in Bombay somewhat indirectly, and I cannot say that I was wholly pleased with what I learnt about the working of that particular institution.

During the war Government prohibited futures trading under the Defence of India Rules in many articles like oil-seeds, vegetable oil, raw cotton, sugar and bullion. After the Defence of India Act lapsed some of these orders in relation to foodgrains, edible oils, oil-seeds, raw cotton and spices, were, as I said before, kept in force under the Essential Supplies Act of 1946. And some more orders were passed in regard to oil-seeds and sugar under the same Act. In the case of raw cotton only a general exemption was granted subject to certain conditions in respect of futures trading conducted under the auspices of the East India Cotton Association of Bombay. Cases where futures trading should be allowed to be resumed will, subject to this Bill going through, be selected by Government with great care and after a thorough examination of the prospective conditions of demand and supply and their likely effect on wholesale prices and the cost of living. Futures trading will be permitted only in the case of commodities where this facility is genuinely needed and it will be confined to those associations whose rules, bye-laws and general standing and experience provide reasonable guarantee that the activities of their members will be kept under proper control.

Regulation of forward trading, to the extent contemplated in this Bill, as I said before, a new undertaking. Government in this instance is embarking into a field, at any rate so far as the Central Government is concerned, in which it has not got much experience. It is, therefore, proposed that the Government should extend its commitments in this field by gradual stages and as and when experience is gained in regard to trading or futures trading in particular commodities.

I must say at once that this Bill has got a very limited scope as it is at present conceived. It is largely an enabling measure. Control over forward trading is to be exercised, as I said before, mainly through the medium of association or associations to be recognised by Government. Whenever Gov-

ernment decide to regulate forward trading in any commodity, they will notify their decision and invite applications from associations usually to be recognised under clause 6 of the Bill. As a rule only one association will be recognised for any commodity in any area. Again this particular section, or clause as it should be called until it becomes an Act, provides for the appointment of a Government representative on the governing body of a recognised association, and also not more than three persons to be nominated by Government as members of the governing body to represent the interests not directly represented through the membership of the association. When an association is recognised for any commodity and a notification applying the Act to that commodity is issued under clause 15, forward trading in that commodity will not be allowed to be carried on except through or by the members of the recognised association and in accordance with the bye-laws of the association. For an association the bye-laws form the chief instrument of control and it is through these bye-laws that an association regulates the day-to-day activities of its members. Any change in the bye-laws of an association or its rules, will under this measure, require the approval of Government. A recognised association either on its own initiative or at the instance of Government will have the power under clause 11, to impose any restriction on the activities of its members by way of fixing maximum and minimum price by way of limiting daily fluctuations in prices, by requiring members to receive margins from their customers against purchases or sales, by limiting the volume of business done by any one member or in any other way. Government will have the powers under clauses 10, 12 and 14 to amend the rules and bye-laws of an association and in times of emergencies to suspend the business of the association.

Clause 8 of the Bill empowers Government to order an enquiry into the affairs of a recognised association or those of any of its members or direct the forward markets commission to inspect the accounts and other documents of such associations. In extreme cases Government will have the power under clause 13 to supersede an association or under clause 7 even to withdraw recognition. It is necessary that Government should have these powers if they are to exercise effective control over forward trading.

[Shri T. T. Krishnamachari]

I have given, to the extent possible, at this stage, an idea how Government propose to operate their control over these bodies. But I would like to refer to a few salient features of this Bill other than the question of exercising controls. Firstly, stock exchange transactions have been deliberately excluded from the scope of this Bill. Regulation of stock exchanges raises somewhat different problems and Government have considered it best to deal with them by separate legislation. Secondly, under clause 19 of this Bill options are to be prohibited altogether. In an option transaction a man's liability is limited to the premium he has to pay for the right to buy or the right to sell and this right is not accompanied by any obligation to buy or sell. That is how option will be defined. Where it is merely a question of getting option which is exercisable at will on the payment of a premium, liability being more or less confined to losing that premium, well, the element of speculation is increased. Speculation may reasonably be a fairly inexpensive game and except the limit of the premium paid, it is felt that this will attract a large number of people not genuinely interested in trade who do not have any particular business to cover by using the forward markets or the futures market, but merely enter there in order to make some money and get out, as quickly as possible. Thirdly, "non-transferable specific delivery contracts" as defined in clause 2 of the Bill are to be exempted from the provisions of this Bill except in areas where a recognised association is functioning for the commodity concerned. This is intended merely because in spite of the fact that we rigidly define what are called non-transferable specific delivery contracts a certain amount of overlapping was inevitable because the non-transferable delivery contracts are contracts which provide for future delivery but are not transferable from one party to another. They are not normally settled by being offset against one another and hence this type of contract is not generally used for speculative purposes. Such contracts, as I said, will be exempted from the provisions of this Act except in a few areas. An exception has to be made in areas where a number of associations which have been traditionally engaged in speculative business had to be excluded from such a business as a result of the creation of a recognised association. There is consequently a real danger that the associations or per-

sons affected may continue to indulge in speculation outside the recognised association under the guise of non-transferable specific delivery contracts. Clause 18 of the Bill, therefore, provides that in any area in which an association has been recognised for regulating forward contracts in any commodity, the same association will regulate all types of forward contracts, non-transferable as well as transferable. While this is the general position, Government recognise that conditions vary widely from one trade to another and in some trades, it may be necessary to exempt both transferable and non-transferable delivery contracts from the provisions of this Bill. Certain sections of the jute trade have already claimed this exemption. The Government of West Bengal have supported this claim. The provisions of this Bill are, however, sufficiently elastic and flexible to deal with the varying requirements of each trade. In particular, under clause 27, Government have power to grant exemptions for relaxations in special cases after examining the merits of each case.

The House will observe that in clause 3 of the Bill, provision has been made for the establishment of a Forward Markets Commission. In order that the forward markets in the country may be kept under close observation, and that Government may have the necessary expert advice in regard to the various technical problems which will arise in the course of administering this measure otherwise, it is found necessary that a specialised agency should be created under this Act. In addition to assisting the Government in the correct administration of the Act the Commission will also study the wider problems of improving the organization and working of forward markets and make recommendations. The Commission's advice will be available not only to the Central Government, but also to the State Governments to which the Central Government may have to delegate some of their powers under this Act. Since a considerable amount of preparatory work has to be done before the Act can be applied to any commodity, it might be necessary to appoint this Commission after this Bill becomes law. I might mention here that one or two hon. Members who have spoken to me about this Bill have taken exception to the nature, composition, powers and the status of this Forward Markets Commission. The very idea

it is called a Commission indicates to some minds that it is a statutory body, completely divorced from Government or at any rate semi-divorced, as being allowed to act independently. I say: If you do not create a body of that sort, it merely becomes an advisory body and what is the use of a body like that? As at present proposed, the Forward Markets Commission would not be a Commission in the manner in which some people think a Commission ought to be established. It will be a subordinate body of this Government; it may be even a small section of the Ministry of Commerce and Industry but specialised in this particular work.

Provision has also been made under clause 25 of the Bill for the appointment of an advisory Committee to advise Government in relation to any matter concerning the operation of this Act.

It has been mentioned that the Forward Markets Commission is going to be an advisory Body. Why have an advisory council? The definition that has to be imported in interpreting the working of the two bodies is that the Forward Markets Commission will be a small compact body working at governmental level for the purposes about which I have now mentioned. The advisory Committee is likely to be a very much larger body composed of non-official interests who would generally advise the Government in regard to the working of the Forward Markets Control Act and also in relation to any specific problems that might arise from time to time. Actually the appointment of an advisory Committee is merely permissible but I do feel that it would be a very useful change particularly as we are embarking on a measure which operates in a field about which we do not know very much and where we have to tread wearily.

The economic situation in our country and in the world generally has undergone a marked change during recent months and it has affected the commodities market to a very considerable extent. In the case of many commodities, the earlier inflationary trend has been sharply reversed and considerable uncertainty prevails about the future trend of prices. In such a situation the availability of hedge trading facilities might be of considerable assistance to trade in certain commodities. Government have already received a request from the East India Cotton Association for permission to reopen hedge trading in cotton. The proposal requires careful consideration from several angles and Government have not yet

reached a decision. The real fact is we have not fixed the floor and ceiling prices of cotton. There is room for hedge trading since hedge trading must necessarily operate within that sphere. It is not the intention of Government to give up this practice of fixing the floor and also fixing the ceiling prices and whether the futures market can operate efficiently and help to provide some kind of insurance against risk to people is a matter for examination, because the very fact that speculation on floor and ceiling does restrict the risk to a certain extent. That is what the Government is now examining. The West Bengal Government have recently allowed resumption of futures trading in hessians which was closed for many years. In Bombay futures markets are functioning in castor seed and bullion.

That brings me practically to the end of my story. All this enumeration would have, I hope, given the House an idea how desirable it is to invest the Central Government with necessary powers to secure co-ordinated action between the various Governments in this matter as soon as possible, and, I believe, the House will agree that it is necessary and justifiable on the part of Government in setting up a machinery such as the one contemplated in this Bill.

6 P.M.

I would like to say that on the occasion when this Bill was discussed in the House before, I as a private Member had certain views to offer. It is quite conceivable that some hon. Members would have dished out from the archives of the Parliament Library copies of what I have said. I do not say that my views have undergone any considerable change. I have indicated very clearly that the Government are approaching this problem not with any definite decisions in their mind, not with their minds completely closed, but with their minds open. That we have sooner or later to regulate trade in futures is a thing on which there could be no difference of opinion. To what extent we can regulate them, what we could stop from getting into the scheme of forward trading is a matter which could be discussed. I cannot say now, even after the study that I have put in, the wide experience that we have gained by discussion in the Select Committee where various points of view have been presented, and a review of the other views that we have got subsequent to the report of the Select Committee, that we can lay down a law, and say that this is going to be the law for all time to come. The very idea that we got a market economy and are

[Shri T. T. Krishnamachari]

trying to regulate it indicates that we have to a very large extent approached it from a pragmatic point of view. If that is understood, I have no doubt that hon. Members will realise that I am keeping a fairly open mind in this matter. I think that is the proper way in which a Government could approach a difficult subject, a subject that we are entering for the first time.

Some hon. Members may say that it is not necessary. It would not be necessary provided we make everything a monopoly. If Government enters a field and controls everything, at all stages, or alternatively, is doing business on a monopoly basis, it would not be necessary. To the extent that we shall progress further and further either to nationalisation of trade or to monopoly, whether governmental or otherwise, to that extent, automatically, market economy will get constricted for trading in futures. So long as we allow it, we have probably to make some room for it.

I would again invite the attention of the hon. Members to the question of the demand from the East India Cotton Association. The demand was presented to me when I was there in Bombay by a body of persons who are not speculators at all, who, however felt that it was their job, that it must be there in the case of hedge trading and somebody must do it. Some hon. Members here know of the turf. In the turf there is a man called the bookie, an accountant, who does not speculate. He maintains the book and evens out the risks. Possibly there might be some intermediaries or jobbers who even out the risks and make it possible for trade, commerce and industry to stabilise their prices and to look forward to a period with a certain amount of confidence saying, 'we have committed ourselves to that extent of trade, we might make ultimately so much loss or so much profit, both of which will be within measurable figures and not go beyond expectations.' Of course, a person who makes a profit in hedge trading also incurs a certain amount of loss. Only if he calculates on a reasonable amount of profit, the loss also will be a reasonable one. It is a normal concomitant of the market economy. Therefore, we need not look at it altogether from the point of view of the moralist who says that all speculation is wrong. Though there is some speculation it may not be wholly wrong. Even if a

person undertakes risks as a speculator, his risks would be evened out in such a manner that the element of speculation would be considerably minimised. Therefore, I would like to mention to hon. Members that one need not make up his mind definitely against this measure as being unethical. It is necessary in our present economy.

Of course, we have a fairly large Select Committee. Opportunities will be provided to the Members of the Select Committee to go further into this matter, to scrutinise the provisions, to discuss the pros and cons, and very possibly, we may get from the Select Committee a better Bill than what I have presented today.

Before closing, I would like, if I am permitted, to suggest the addition of one more name to the names of the Members of the Select Committee that is, Mr. Feroze Gandhi.

Mr. Deputy-Speaker: Motion moved:

"That the Bill to provide for the regulation of certain matters relating to forward contracts, the prohibition of options in goods and for matters connected therewith, be referred to a Select Committee consisting of Shri Chimanlal Chakubhai Shah, Shri V. B. Gandhi, Shri Ghamandi Lal Bansal, Shri Mukand Lal Agarwal, Shri Raghunath Sahai, Shri Sinhasan Singh, Shri C. R. Basappa, Shri Balwant Sinha Mehta, Shri Asim Krishna Dutt, Shri Lalit Narayan Mishra, Shri Mathura Prasad Mishra, Shri R. P. Nevatia, Shri Ahmed Mohiuddin, Dr. Ram Subhag Singh, Shri P. T. Thanu Pillai, Shri G. R. Damodaran, Shri K. T. Achuthan, Shri Satish Chandra Samanta, Shri Jagannath Kolay, Shri C. R. Chowdary, Shri Umashanker Muljibhai Trivedi, Shri Tulsidas Kilachand, Shri Amjad Ali, Shri Rayasam Seshagiri Rao, Shri G. D. Somani, Shri Dev Kanta Borooah, Shri Bhawanji A. Khimji, Shri Bhagwat Jha Azad, Shri Satish Chandra, Shri Radhelal Vyas, Shri Feroze Gandhi, Shri D. P. Karmarkar, Shri Chintaman Dwarkanath Deshmukh and the Mover with instructions to report not later than the first day of the second week of the next session."

The House then adjourned till Nine of the Clock on Tuesday the 12th August, 1952.