

Saturday  
24th December, 1949

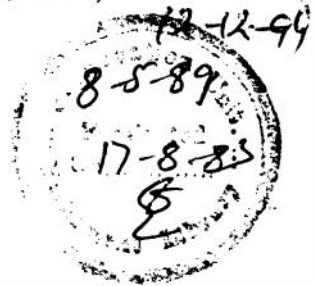
THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE) DEBATES

(PART I—QUESTIONS AND ANSWERS)

OFFICIAL REPORT

VOLUME IV, 1949

*(28th November to 24th December, 1949)*



SIXTH SESSION  
OF THE  
CONSTITUENT ASSEMBLY OF INDIA  
(LEGISLATIVE)

1949

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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

## PART I—QUESTIONS AND ANSWERS

*Saturday, 24th December, 1949*

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

### SHORT NOTICE QUESTIONS AND ANSWERS.

#### HOLD UP OF RAW JUTE BOUND FOR INDIA BY PAKISTAN GOVERNMENT.

**Shri H. V. Kamath:** Will the Honourable Minister of Commerce be pleased to state:

(a) whether it is a fact that the Pakistan Government have held up a very large quantity of raw jute purchased in Pakistan on behalf of Indian firms, and laid on barges and bound for India; if so, how much and when;

(b) whether it is a fact that the Pakistan Government have held up a considerable quantity of raw jute in transit from one part of India to another through Pakistan territory; if so, how much, when and where;

(c) the circumstances leading to the hold up in either case; and

(d) whether Government have taken or propose to take, action in the matter?

**The Honourable Shri K. C. Neogy:** With your permission, Sir, I should like to take this opportunity of making a statement explaining in some detail the latest developments in our trade and commercial relations with Pakistan. The House is aware that these have been based on a series of Trade Agreements, the last of which was entered into in June 1949. These Agreements proceeded on a recognition by both countries of the importance of continuing arrangements regarding the supply by each country of the requirements of the other and to do all that is necessary for the purpose. Thus, under the 1949 Agreement, which is valid for the period July 1949 to June 1950, Pakistan agreed to make available to India four million bales of raw jute and 450,000 bales of cotton, while India was to make available to Pakistan 150,000 bales of cotton textiles, 80,000 tons of steel and 2 million tons of coal. I have mentioned only the principal commodities. I should add in this connection that India is herself an importer of large quantities of steel from the hard currency countries, nevertheless we agreed to supply steel to Pakistan in order to preserve as far as possible the traditional pattern of trade.

Soon after the 1949 Trade Agreement was signed, it became clear that Pakistan was not serious about implementing it. For instance, far from helping the import of cotton textiles from India into Pakistan, they actually took measures to restrict this trade. It is stated in the Agreement that the import of Indian textiles into Pakistan was governed by Open General Licence. But the Indian textiles were frozen on arrival while textiles from other countries were allowed to be sold freely. Thus there was positive discrimination against Indian textiles—a discrimination which they continued to maintain in spite of representations. Towards the end of September we were suddenly informed that the O.G.L. for the import of several commodities from India including textiles had been suspended temporarily. This was followed by a proposal to cancel the O.G.L. for mill-made textiles from all countries including India. Not only were our protests ignored, but Pakistan went a step further. On the 12th November Pakistan published by notification a list of countries from which no import of textiles would be allowed. India was included in this list. The Inter-Dominion Agreement for free movement of certain types of handloom cloth was never implemented by them, although we on our part continued to import handloom cloth from East Bengal.

In spite of the difficulties over textiles, India continued to buy jute in the normal way and there were no difficulties to start with. I should explain at this stage that it has always been the custom for Indian buyers to purchase jute through agents whom they finance. As a rule the agents pay for the jute on the spot in Pakistan. In this way as much as 12 lakhs of bales of raw jute had been purchased in Pakistan by the middle of September. Since then, Indian buyers have found it virtually impossible to make fresh purchases of Pakistan jute owing to its high cost. Meanwhile the movement of jute already purchased began to be interfered with. These difficulties became even more acute after the establishment of the Pakistan Jute Board. This body has not only fixed minimum prices but is also exercising certain checks on exports of raw jute. Under their orders as much as 5 lakh bales out of the 12 lakh bales purchased by India have been held up in Pakistan. All this jute is clearly Indian property, having been paid for long before the Jute Board had been established. A large portion of this jute has been passed by the Pakistan customs; the Pakistan export duty has been paid and the jute has actually been loaded in barges and flats. The hold up of this jute is thus inexplicable and clearly indefensible. Repeated attempts were made by the Indian buyers and their agents to get this jute released. Claims were made to the Jute Board, both verbally and in writing. The steamer companies produced before the Jute Board evidence regarding dates of loading. All this produced no result except admissions in principle by the Jute Board that the jute which is Indian property would be released. To find out what precisely had to be done to secure the release of this jute, the Indian Jute Mills Association sent a representative to discuss the matter with the Board, but his visit proved equally fruitless. It became clearer every day that the formalities regarding proof of transactions, were only being used as a pretext to detain the jute. Numerous buyers who were naturally anxious to comply with all necessary formalities individually approached the Jute Board and other authorities for clarification and advice about the action expected of them, but none of them was given any clear ideas about the precise formalities to be complied with or the nature of the proof of payments, contracts, etc. which they had to produce to the Jute Board. Others wrote to the Jute Board on these matters, but their letters were left unanswered. All this time the jute had been deteriorating. The Government of India, therefore, brought these facts to the notice of the Pakistan Government and requested them to release the jute immediately, and to facilitate a quick decision even went to the length of offering arbitration to settle outstanding claims on either side. But the reply from

Pakistan was that the proposal for arbitration was premature, that the reasons for the detention of jute had been misrepresented to us, that detention of jute was actually a nuisance to Pakistan, and that Indian buyers had failed to take advantage of their simple and easy procedure for making claims. These statements are completely at variance with the facts which I have already stated. The value of the Indian owned jute lying in Pakistan for over three months runs into crores of rupees. When this money is locked up, when the jute is lying exposed and is deteriorating and losing value every day, it cannot be seriously suggested that the owners have failed to make their claims, or that the procedure is easy and simple as represented by Pakistan. The inference is irresistible that the procedure, if any, is really designed to hold up all movements of jute.

The detention and obstruction to movement of jute is not confined to Pakistan grown jute bought by Indian nationals. Such obstruction has of late been extended to Indian jute in transit from Assam through Pakistan to Calcutta. A number of barges and flats loaded with Assam jute are also being held up at various points in Pakistan. To our knowledge there are thirty of them carrying nearly a hundred thousand bales. The detention of Pakistan jute bought by Indian nationals, taken together with the obstruction to the movement of Indian jute in transit through Pakistan can lead only to one conclusion, namely that Pakistan is deliberately denying jute to Indian jute mills with a view to exercising economic pressure on the industry. There have been many other cases of hold up of transit goods, particularly of railway stores required for the Assam railway link.

To make matters worse, the Pakistan Government have in some cases called upon the Steamer Companies to unload the barges in Pakistan, the result of which would be further deterioration of the jute. In any case, detention of these barges is immobilising river transport and causing congestion on the riverways which constitute the main artery of communication between Calcutta and Assam, apart from such action resulting in the infliction of hardship and losses on the steamer companies.

The supply of jute by Pakistan to India, and of coal by India to Pakistan are among the cardinal features of the trade agreement. India has throughout consistently fulfilled her obligation of supplying coal. Pakistan, on the other hand, far from facilitating the supply of jute is deliberately obstructing such supply to India.

The Trade Agreement, which both countries accepted only a few months ago as the basis of their mutual commercial relations is thus being honoured by Pakistan only to the extent of receiving in full their monthly quota of coal. Some days ago, we pointed out to the Pakistan Government that unless there is reciprocity we shall have to reconsider our attitude to the agreement itself. The Pakistan Government in their reply have argued that the only obstacle in the way of the fulfilment of the agreement is India's failure to recognise their rate of exchange. This is not understandable at all. If Pakistan wishes to maintain a certain rate of exchange with other currencies, it is obviously her business to buy and sell other currencies at that rate. But, even the Pakistan State Bank does not buy or sell Indian Rupees. On the other hand, banks and individuals are prevented from doing so, except at the rate of exchange notified by Pakistan. Apparently, no one is able to do business on these terms. In this connection Honourable Members will recall that for some time after devaluation trade continued between the two countries, although on a reduced scale, until the Pakistan Rupee came to be quoted at par with or even below the Indian Rupee. It was when that the Pakistan Government issued orders prohibiting their Banks to buy or sell Indian Rupees except at the rate of exchange notified by them. Any impediment to trade and commerce on account

of exchange difficulties is therefore due to Pakistan's own regulations. Banks in India are free to buy or sell Pakistan Rupees, without restriction.

We had on more than one occasion in the past suggested a Customs Union or other similar arrangements with Pakistan but there has been no response whatever. A formal and duly ratified Agreement which had resulted from my personal discussions with the Pakistan Finance Minister in March last contemplated a conference to be held as soon as possible to find ways and means of relaxing import and export regulations to encourage and expand trade between the two countries. No conference has however yet been held. It has been postponed on some ground or other advanced by the Pakistan Government. Meanwhile, we have tried to discharge our obligations under the Trade Agreement. But the operation of the Trade Agreement amounts now only to the export of coal from India. There is no other trade between the two countries. On the other hand an enormous quantity of jute purchased and paid for by our nationals is being deliberately detained. The Government of India decided not to allow this situation to continue indefinitely [*Honourable Members*: "Hear, hear".] A telegram was therefore sent to Pakistan on the 20th of this month in which the offer of arbitration was reiterated and Pakistan requested immediately to release all our raw jute. Till yesterday morning we had no reply. We were, therefore, compelled to suspend temporarily despatches of coal to Pakistan from yesterday [*Honourable Members*: "Hear, hear"] and we have informed the Pakistan Government accordingly. We have also informed the Pakistan Government that as soon as resumption of trade is rendered possible by them particularly by the release of raw jute, we shall be prepared not only to resume supplies of coal but even to make up the short supplies.

I hope, Sir, that in the circumstances stated by me, the Government will have the fullest support of the House in the action taken by them.

**Shri Mahavir Tyagi:** Sir, may I ask one or two supplementaries?

**Mr. Speaker:** I won't be able to permit any supplementaries on this. Honourable Members will realise that in reply to the Short Notice Question, the Honourable Minister was pleased to make a statement and it will not be useful without having a full debate, to allow a few supplementaries here and there.

I also understand that a copy of the statement is being circulated to Honourable Members.

#### TELEPHONES IN WEST BENGAL.

**Shri Mihir Lal Chattopadhyay:** Will the Honourable Minister of Communications be pleased to state whether he is now in a position to give any further information in connection with my Starred Question No. 827 asked on 21st December, 1949, regarding telephones in West Bengal?

**The Honourable Mr. Rafi Ahmad Kidwai:** Sir, with your permission, in reply to this question, I will make a statement explaining the new scheme of telephones in industrial cities.

In answer to Question No. 827 on December 21, 1949 it was stated that in the Budget for the current year a provision was made for starting the work on the scheme of re-modelling the Calcutta Telephone System, and also for opening 8 new Exchanges and for expanding 10 of the existing Exchanges in the mofussil towns of the West Bengal. But on account of the Economy Cut the programme has been reduced to the opening of only 4 new Exchanges and to the expansion of 6 of the existing Exchanges. This was because the work

on Calcutta Re-modelling and on the opening of 4 and on the expanding of 6 Exchanges had already started. For the next year no provision was made for any new Exchange or for the expansion of any existing Exchange although the scheme for Calcutta has been retained.

The war had practically stopped the normal development of Telephone communication system for civilian use while war industries and trade had caused a rush of applications for new connections. There was no equipment available immediately after the war and, therefore, the ever-increasing demand for new telephone connections could not be met. Today every city, big and small, has got a large number of applicants on the waiting-list. There is also great demand of opening new Telephone Exchanges in places where there are no telephones.

Keeping all this in mind the Department had prepared a very ambitious scheme for expanding telephone service in places where it is in existence and opening telephone exchanges in towns where none exists today. It was not possible to find money for all these schemes. But at the time of the last Budget a provision of about Rs. 6 crores was made for expanding telephone service in some of the cities and for opening exchanges in a large number of small towns. At some of these places the work had already begun when one after another, for want of funds, two cuts were imposed and today we find our provision for telephones reduced to half the amount required for the work in hand.

It was not possible to complete all the work contemplated within the limit of the funds available, i.e., Rs. 3 crores. We had to abandon a large number of schemes and were trying to complete the work already started.

As the House is aware we had prepared a scheme for automatization of Calcutta telephones. The scheme is to cost us about Rs. 14½ crores. The scheme was to be completed in five years' time and the money required for 1950-51 is estimated to exceed Rs. 3 crores.

As I have mentioned the provision for the current year for telephones is only about Rs. 3 crores. It is difficult to anticipate that a larger amount will be available for the next year. For the next year the scheme for expansion in Calcutta, Bombay and Madras would alone exceed Rs. 4 crores. The choice before the Department was either to confine the expansion schemes to these three cities or to abandon the schemes and continue the schemes for other areas. It was a difficult choice. But my reaction was to abandon Calcutta and Bombay expansion and to confine our activities to establishing telephone exchanges in places where it does not exist today. At this stage a suggestion was put forward that in industrial towns people will be willing to pay for the Equipment and there should be no hesitation to extend telephone facilities to those who are prepared to pay. The proposal was examined and it has been accepted.

As the House is aware the Department has established a Telephone Factory at Bangalore where the work has already started and it is expected that in about four years time the Factory will go in full production. Besides, the Department runs three Workshops which give employment to a large number of persons and are capable of manufacturing most of our requirements for the schemes of expansion. If we confine the expansion to the limit of the funds made available, we will have to considerably slow down the progress of the Telephone Factory and to retrench 35 per cent. of the workers in the three workshops.

The scheme as now accepted is that in certain specified industrial cities, with certain exceptions explained later, the new telephone connections will be

given only if the subscriber pays down what is estimated as the total capital cost of a telephone connection. The cities included are Calcutta, Bombay, Madras, Delhi, Kanpur, Ahmedabad and Amritsar. The capital amount to be paid down will be Rs. 2,500 at Calcutta and Bombay and Rs. 2,000 at other places. On payment of this amount the subscriber will be provided with a telephone connection. *Bona fide* transfers will be allowed as *e.g.*, on closure or transfer of business, provided that in the case of closure Government will have the right to take back the connection and refund proportionate amount. On an average the life of a connection is estimated at 20 years so that the contract for service and maintenance of the telephone will be for this period. The subscriber will pay for the service at the usual rate, *i.e.*, on message rates, but will not pay any rent as he has paid for the cost of the equipment. He will, however, pay the Department Rs. 2 a month for the maintenance of the telephone.

I have referred to certain exceptions. Public institutions, persons of medical profession, publicmen and deserving refugees who are on the Priority List will have the option to get the telephone on the existing rates. All others will get the telephones under this new scheme. The progress of the expansion schemes in Calcutta and Bombay and other cities will depend upon the money we are thus able to raise in these cities.

The new scheme will be available to existing subscribers also at their option. It would be for them to decide whether the further advantages explained later will not make it worthwhile to opt for the new scheme.

For subscribers in Calcutta and Bombay (including the existing subscribers) who wish to take advantage of the new scheme, the rates will be as follows:

Initial	Rs. 2,500/-
Maintenance	Rs. 2/- a month
Call Fee	10 calls to the rupee with a rebate of 6½ per cent. for prompt payment.
<i>for other places—</i>	
Initial	Rs. 2,000/-
Maintenance	Rs. 2/- a month
Call Fee	12 calls for the rupee with a rebate of 6½ per cent. for prompt payment.

The scheme will be given effect to forthwith. Instructions will be issued that for the present with the exception of persons included in the exempted categories or of public institutions, no telephone connection will be given to any person in any of the cities included in the new scheme except in accordance with the terms and conditions of this new scheme. Pending finalization of a proper form of contract, deposits covering the full amounts will be received, allotments being made in the order of receipts of the deposit. If a telephone connection is not given within six months from the date of deposit, interest at a suitable rate will be paid for the period in excess of six months.

I have received a letter from Mr. Ajit Prasad Jain, urging that an exception should be made in favour of persons who need telephone but who cannot make the lump payment. I would like to point out to him that under the schemes that Department will be undertaking from the funds allotted, the present rates of payment will continue and no discrimination will be made between the person who can make a deposit and the person who cannot. It is only where the Department has got no funds for the purchase of the equipment and has invited the subscriber to contribute the cost, that the new

scheme will be enforced. But even here exception has been made in favour of certain categories which I hope includes all the cases Mr. Ajit Prasad had in mind when he wrote the letter.

**Shri Ajit Prasad Jain:** Sir, I want to raise a question of privilege of the House in connection with the statement which has been made. My point is this. On the 21st, in connection with Starred Question No. 766, my Honourable friend Mr. Mohan Lal Gautam asked a supplementary question, "Will Government take this House into confidence before implementing this scheme?" The reply of the Honourable Mr. Rafi Ahmad Kidwai was that, if this House happens to meet when the final decision is taken, it will be placed before this House. Now, Sir, that was a definite understanding given to this House. Today I find that the Honourable Minister says that he has finalised the scheme, without putting it before the House. A promise once given by an Honourable Minister in this House, Sir, I submit, must be fulfilled. I would like to know how far the Honourable Minister is justified in finalising the scheme before placing it in this House when he gave this definite undertaking to the House.

**The Honourable Mr. Rafi Ahmad Kidwai:** I have fulfilled that undertaking.

**Mr. Speaker:** I could not follow what undertaking was given.

**The Honourable Mr. Rafi Ahmad Kidwai:** A question was put in this House whether I will take the House into confidence when the scheme has been finalised.

**Shri Ajit Prasad Jain:** Before it has been finalised.

**The Honourable Mr. Rafi Ahmad Kidwai:** I promised, if this House is in session, I will take the first opportunity of making a statement before this House. That is what I have done today.

**Shri Ajit Prasad Jain:** Now, Sir...

**Mr. Speaker:** Order, order. Let it not be argued. We will consider the matter later on if necessary.

**Shri Deshbandhu Gupta:** Are not supplementaries allowed to this?

**Mr. Speaker:** No.



Saturday, 24th December, 1949

# THE CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

**PART II—PROCEEDINGS OTHER THAN QUESTIONS  
AND ANSWERS)**

**Official Report**

**Volume VII, 1949**

*(19th December to 24th December, 1949)*

Sixth Session  
of the  
**CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE)**  
1949



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PRINTED IN INDIA BY THE MANAGER  
GOVT. OF INDIA PRESS, NEW DELHI: 1952

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# CONSTITUENT ASSEMBLY OF INDIA (LEGISLATIVE) DEBATES

(PART II—PROCEEDINGS OTHER THAN QUESTIONS AND ANSWERS)

Saturday, 24th Deceml.,r. 1949

The Assembly met in the Assembly Chamber of the Council House at a Quarter to Eleven of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.

## QUESTIONS AND ANSWERS

(See Part I)

11-10 A.M.

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- (i) CONVENTIONS AND RECOMMENDATION ADOPTED BY INTERNATIONAL LABOUR CONFERENCE
- (ii) STATEMENT INDICATING ACTION PROPOSED ON I.L.C. CONVENTIONS AND RECOMMENDATION

The Honourable Shri N. V. Gadgil (Minister of Works, Mines and Power): Sir, I lay on the Table a copy of—

- (i) The Conventions and recommendation adopted by the International Labour Conference at its thirty-first session held at San Francisco in June-July 1948. (Copy placed in the Library. See No. IV, R. 01(164)/48.)
- (ii) The statement indicating the action which the Government propose to take on those conventions and recommendation. (Copy placed in the Library. See No. P-48/49.)

### REPORT ON ACCIDENT TO AIR INDIA DAKOTA

Shri Kharshad Lal (Deputy Minister of Communications): Sir, I beg to lay on the Table a copy of the Report by the Director General of Civil Aviation, Pakistan, on the accident to an Air-India Dakota which occurred on the 27th December, 1947, in Karachi. (Copy placed in the Library. See No. P-47/49.)

### TRADE RELATIONS BETWEEN INDIA AND PAKISTAN

The Honourable Shri K. C. Neogy (Minister of Commerce): May I have your indulgence to mention a particular matter in connection with the statement that I made this morning. The House would be interested to know that Government are going to publish a White Paper dealing with the issues to which I made reference in my statement this morning, a detailed statement in which honourable members will find references to documents, etc. relating to trade relations between India and Pakistan.

## INDIAN TARIFF (THIRD AMENDMENT) BILL

**The Honourable Shri K. C. Neogy** (Minister of Commerce): Sir, I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934.

**Mr. Speaker:** The question is:

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934."

*The motion was adopted.*

**The Honourable Shri K. C. Neogy:** Sir, I introduce the Bill.

## MINES BILL

**Mr. Speaker:** We will now proceed with the further consideration of the following motion moved by hon. Shri Jagjivan Ram yesterday:

"That the Bill to amend and consolidate the law relating to the regulation of labour and safety in mines, be referred to a Select Committee consisting of Shri Nandkishore Das, Shri Harihar Nath Shastri, Mr. Naziruddin Ahmad, Shri C. V. Alagesan, Shri Basanta Kumar Das, Kaka Bhagwant Roy, Dr. V. Subramaniam, Shri Kishorimohan Tripathi, Shri Raj Bahadur, Shri Brajeshwar Prasad, Shri Damodar Swarup Seth, Babu Ramnarayan Singh, Shrimati Dakshayani Velayudhan, Pandit Balkrishna Sharma, Shri R. L. Malviya, Shri K. K. Sidhya, Thakur Lal Singh, and the Mover, with instructions to report on the first day of the Budget Session, 1950, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

**Shri H. V. Kamath** (C. P. and Berar: General): Mr. Speaker, I am aware, Sir, that there is going to be a very important debate after this motion for referring this Bill to Select Committee is taken into consideration by the House, and I know also that that debate will be on a vital issue. I do not propose therefore to take very much time of the House. It is, Sir, in the fitness of things that this session should come to a close on this debate on the sugar situation. There is an old saying that everything must end sweetly. *Modhuren namapayet*. I hope, Sir, that our debate will end sweetly with sugar and its concomitants. Now, I proceed to the motion to refer this Bill to Select Committee, on which I was speaking yesterday when the House rose. I made out the point yesterday that it is all very well that the mines of our country should be brought into line with the factories so far as regulation of labour and safety in those mines are concerned, but I feel that in certain respects we should go further than we have done in the case of factories, because it is very well known that mining and especially working in certain mines is a very hazardous and dangerous operation. During the last century mines in Europe and even in England occupied more attention of the Governments in those countries than the factories. That was necessary because the accidents in mines used to be far more frequent—I refer to fatal accidents—than in factories. It is true that later on they introduced safety devices in mines, but still I am not quite sure whether the measure of safety at present obtainable in Indian mines is the same as is found in mines in Europe or in America or in England. That I would like the hon. Minister to clarify in the course of his reply to this debate. The hon. Shri Jagjivan Ram, who moved this motion, is absent today and the undelivered speech of his is also there which he was about to deliver when the House for various reasons thought it fit to proceed more quickly with this debate. I am sure my hon. friend, Mr. Gadgil, has got a copy of the undelivered speech. I do not want that he should read that speech.

**The Honourable Shri H. V. Gadgil** (Minister of Works, Mines and Power): I will make my own speech.

**Shri H. V. Kamath:** My hon. friend, Mr. Gadgil, is more interested in finding out what is inside, under the ground, and in so arranging things that they are brought above the ground, but my hon. friend, Mr. Jagjivan Ram, is concerned with how those things are brought from under the ground to the surface. I hope they work in co-ordination and close collaboration in this matter and there is the utmost co-ordination between the two on this subject. Now, Sir, let me turn to the deficiencies that I find in this Bill. I suppose the Select Committee will give its earnest consideration to this Bill, but I will invite the attention of the hon. Minister and the Select Committee to certain aspects that have struck me after a cursory perusal of this Bill. It is needless to say that the wealth of our country, so far as our mines are concerned is not merely the mines themselves but in the men who also work in those mines. The hon. Prime Minister told us yesterday when he addressed the Members of the Party that the wealth of a nation consists ultimately of the human material, and therefore it is necessary that these men who work in the mines should be very well looked after.

**Pandit Lakshmi Kanta Maitra** (West Bengal: General): Not the women?

**Shri H. V. Kamath:** Women do not come very much into the picture so far as the mines are concerned.

**Srimati G. Durgabai** (Madras: General): Why?

**Shri H. V. Kamath:** At least not so much as the men. I am coming to that shortly. I would therefore desire that certain provisions with regard to the regulation of labour and safety in these mines were a little more liberal so far as the workers in the mines are concerned.

I will first take up section 21 of this Bill. It refers to medical appliances. In view of the fact that mining is more often than not a far more hazardous operation than the work in the factories above the ground, I would have very much liked a provision to the effect that the first-aid boxes were more in number than will be provided for under section 21, clause (i). That provides for one box or cupboard of first-aid for every 150 persons ordinarily employed in the mine. And then, Sir, clause (3) of the same section lays down that for every 500 persons there shall be an ambulance room. This is too niggardly a provision for Government to make so far as mining labour is concerned, and I hope the Select Committee will examine this provision very carefully and provide ambulance facilities in an ampler measure than is contemplated in this section.

**Shri B. Das** (Orissa: General): Who will pay the piper?

**Shri H. V. Kamath:** Well, I suppose the mines are prosperous enough, now-a-days, though not quite as prosperous as during the war. I am sure the mines can afford to be a little more liberal so far as medical facilities to labour are concerned. That raises the question—I am glad Mr. Das has interrupted—of the reports that we now and then hear to the effect that the output of mines has decreased and that there is perhaps a tendency on the part of workers not to put all their heart into the work. It is, therefore, in the present context necessary to examine why workers are not putting their heart into the work. There may be other reasons, there may be a fear in certain quarters that Communists are operating among the workers; but that of course, the Government is very well able to take care of. But this may also partly be due to the fact that labour feels that their health, and their welfare are not well looked after, as well as they should be. And the best remedy for Communism, or the best antidote against Communism is to provide more social amenities and to see that the life of the common man is richer in material prosperity than it is to-day. Therefore, it is necessary, in my judgment, to pay more attention to these

[Shri H. V. Kamath]

There is another matter in regard to the employment of labourers in the mines and here I refer to section 40. That section permits the employment of adolescents in mines. Personally I feel that it will be better, considering the extensive unemployment in our country and the soring figures of unemployed folk in our country, it would have been better if adolescents had been banned or debarred from employment in mines. There is so much unemployment to-day that I am sure we will get plenty of adults to work in the mines, and this provision enabling the owners of mines to employ adolescents in the mine, I think, should be deleted. They might be employed above ground, not underground. And so also with regard to section 46 which refers to the employment of women in a mine. I hope there will be adequate safeguards to see that this rule regarding employment of women in a mine above ground is strictly enforced with sufficient safeguards against abuse of this provision. I do not know whether in other countries women are permitted to be employed in any mine above the ground to-day. But it would be better, so far as women are concerned, not to employ them in any mines at all. There is plenty of manpower in our country and I think that that manpower could be suitably and fully utilized for working the mines in our country. And the proviso to this is a very pernicious one. I know it is only on the lines of the similar provision in the Factories Act. But as I have already stated, mines should be treated not quite on a par with factories, but the safeguards or provisions here should be more liberal than have been enacted for factory labour. This proviso permits the employment of women between the hours of 5 a.m. and 10 p.m. The section itself permits the employment of women between the hours of 6 a.m. and 7 p.m. but the proviso states that under certain circumstances, women could be employed even after 7 p.m. that is to say, from 7 p.m. to 10 p.m. Though we have allowed this in the case of factories, it should not be allowed in the case of mines, I mean in the case of women working in the mines though above the ground, and the utmost that we can go is to permit their employment over ground between 6 a.m. and 7 p.m. and not between 7 p.m. and 10 p.m. This, I hope the hon. Minister and the Select Committee will bear in mind when examining this Bill.

One more point, Sir, and then I have done. I heard while in Calcutta some days ago that in several mines, the facilities for transport of workers from their tenements or homes to the mine are not adequate. In some cases because the mines have not provided residential accommodation for the workers, they have to live far away from the mine, 4 to 5 miles or even further than that; and the miners find it very difficult to be in time for work at the mines in the early hours of the morning. Therefore, I feel it is incumbent on these mine owners to provide adequate transport for their workers. They may charge a nominal fee, if necessary, but the transport must be there, either tram-way or bus, whatever it be, so that the workers may be able to come from their homes to the mine in time, lest they should be punished for being unpunctual.

There are other points on which I would like to speak, but I would leave them to the Select Committee for the present, as the Bill will come before the House again for discussion after the Select Committee has considered it and presented its report.

I would only say this in conclusion that most of these matters, perhaps, would be remedied, or would be looked after most effectively, only when the State itself takes over the mines. I realise that the resources of our State to-day are not adequate or equal to the task. But I do hope that the day is not far off when our free Republican India, having set its own house in order, and having mobilised all its financial and human resources, will be in a position to take over these essential means of production and administer them effectively, efficiently and with an eye to the welfare of the miners as well as to that

of the other interests in the nation that are most intimately affected by the working of these mines. We cannot afford to forget that the mines in our country are perhaps only the second best in the world so far as their contents are concerned,—so far as the potential wealth is concerned,—if not the best. And so it behoves us to take adequate steps in the matter so that these mines may be worked to the best advantage of the entire nation. Thank you, Sir. I support the motion.

**The Honourable Shri N. V. Gadgil:** Sir, I do not want to undermine the sugar debate by making a long reply. There is nothing in this Bill which is very novel or extraordinary or revolutionary. What is attempted in this Bill is to approximate the conditions of workers in mines to those of workers who are governed by the Factories Act of 1948.

Provision has been made for the regulation of working hours, for the employment of women, for granting certificates of fitness, for holidays with pay and compensatory holidays, then for payment for over-time work and for bringing the workers in the workshops which are there and which exclusively work for the purpose of mines under the provisions of this particular Act.

Now the suggestions, to the extent they are useful, in the speech of my hon. friend Mr. Kamath, I have no doubt, will be considered by the Select Committee. A point was made by my hon. friend Mr. Kamath that we are far behind the other countries. I want to assure him that in so far as ratification of conventions in this respect is concerned, I should say we are not far behind as he apparently thinks. He suggested two points—one was about the nationalization of this industry. Politically this may be relevant but so far as the discussion of this particular bill is concerned, I have my own doubts about its relevancy. So I do not venture to reply so far as nationalization of mines is concerned.

There is nothing more for me to say except that all that has been contemplated in this Act is calculated to make the working conditions better and to add to the facilities which are already existing.

As regards welfare of labour in the mining areas, my hon. friend Mr. Kamath is probably not aware that a lot of buildings have been built. Other facilities are being provided. As regards transport, what he has stated have been noted and whatever is possible will be done in due course.

**Mr. Speaker:** The question is:

“That the Bill to amend and consolidate the law relating to the regulation of labour and safety in mines, be referred to a Select Committee consisting of Shri Nandkishore Das, Shri Harihar Nath Shastri, Mr. Naziruddin Ahmad, Shri O. V. Alagesan, Shri Basanta Kumar Das, Kaka Bhagwant Roy, Dr. V. Subramaniam, Shri Kishorimohan Tripathi, Shri Raj Bahadur, Shri Brajeshwar Prasad, Shri Damodar Swarup Seth, Babu Ramnarayan Singh, Shrimati Dakshayani Velayudhan, Pandit Balkrishna Sharma, Shri R. L. Malviya, Shri R. K. Sidwa, Thakur Lal Singh, and the Mover, with instructions to report on the first day of the Budget Session, 1950, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

*The motion was adopted.*

## SUGAR SITUATION

**The Honourable Shri Jairamdas Doulatram** (Minister of Food and Agriculture): Sir, I beg to move:

“That the sugar situation be taken into consideration.”



**Mr. Speaker** Motion moved:

"That the sugar situation be taken into consideration."

I find there are a number of amendments and before any discussion of the original motion starts, I would like to know which of the amendments are going to be moved. I will just call one by one and each member may say whether he wishes to move his amendment or not. The procedure will be that I shall first have all these amendments moved; and in view of the length of the amendments, instead of reading them out I shall, with the consent of the House, of course, assume that they will mention the amendments as stated in the Order paper. That will save 5 or 10 minutes of the time which will be available for further discussion.

**Shri Aft Prasad Jain** (U.P.: General): Sir, I beg to move:

"That for the original motion the following be substituted :

"This House looks with grave concern at the unsatisfactory development and growth of the sugar industry in India and its failure to come up to the expectations envisaged at the time of granting protection, thereby causing huge loss to the consumer and this House feels even more concerned at the sugar muddle starting from the middle of July, 1949, and causing great hardship upon the consumer and the failure of Government to meet the situation, and is of opinion that a Committee should be set up consisting, among others, of the representatives of industry, cane-grower and consumer, for the following objects :

- (1) to study and report on the working of the sugar industry, in particular with a view to see when, if ever, Indian mills will produce sugar more or less at world competitive prices;
- (2) to suggest the scheme for reorganization of the sugar industry;
- (3) to investigate and find out the responsibility for the recent sugar muddle;
- (4) to investigate into the working of the Sugar Syndicate and the various committees and boards set up for dealing with the production and distribution of sugar and the co-ordinating machinery between the Centre and the Provinces in respect of sugar; and
- (5) to transact any other matter in connection with sugar which Government may refer."

**Dr. P. S. Deshmukh** (C.P. and Berar: General): Sir, I beg to move:

"That for the original motion the following be substituted :

"That having taken into consideration the sugar situation in the country from and since the 1st of September, 1949, this House wishes to place on record its sense of grave dissatisfaction at the inconvenience and harassment that the people have suffered and are suffering and consequently is of opinion that the Government should institute forthwith a public judicial enquiry into the causes leading to rise in prices of sugar and its scarcity all over the country so that,—

- (a) all officers, however high or low, who are found to be responsible for creating or allowing to be created the situation that has come about shall be dismissed and awarded such other punishment as may be deemed desirable;
- (b) all properties belonging to any persons or firms who have as a result of the above situation made a profit of rupees five thousand or above by blackmarketing shall be confiscated; and
- (c) all sugar mills whose proprietors, managers or directors have sold any quantity of sugar exceeding hundred maunds at a price higher than Rs. 28/12/- per maund at any time after the 1st of January, 1949, shall be confiscated by the Government."

**Prof. Shibban Lal Saxena** (U.P.: General): Sir, I beg to move:

"That for the original motion the following be substituted :

"That the Government do appoint a Committee of five members presided over by a High Court Judge and consisting of Shri R. C. Srivastava, Retired Director of the Indian Institute of Sugar Technology, Kanpur, Shri R. K. Sidha, Pandit Thakur Das Bhargava and the Mover to hold a public inquiry into the causes of the sudden and rapid deterioration

of the sugar situation in the country since July, 1949, and why it could not be checked quickly and to suggest measures to remove the possibility of recurrence of such a situation in future."

**Shri Mahavir Tyagi** (U.P.: General): Sir, I beg to move:

"That for the original motion the following be substituted :

"That this House is of the opinion that with a view to avoid recurrence of crisis in sugar the Government should take immediate steps for lifting all controls and dissolving the Indian Sugar Syndicate."

**Shri Dip Narayan Sinha** (Bihar: General): Sir, I beg to move.

"That for the original motion the following be substituted :

"Having considered the sugar situation of the country this Assembly is of the opinion that with a view to ease present sugar situation and also with a view to have maximum sugar production the following steps be taken,—

- (a) that the control which has been recently introduced for sugar distribution be withdrawn;
- (b) that adequate transport facilities be given to sugar factories for bringing sugarcane for crushing; and
- (c) that the Governments of the United Provinces and Bihar be requested to take steps to exempt sugar factories of their areas from compulsory membership of the Indian Sugar Syndicate."

**Sardar Hukam Singh** (East Punjab: Sikh): Sir, I move:

"That for the original motion the following be substituted :

"That this House is of the opinion that the Government of India do appoint a Commission to make a public enquiry into the rapid deterioration of sugar position in the country and to report,—

- (1) who are the persons particularly responsible for this unhappy situation, and
- (2) which officials, if any, have been guilty of any neglect, breach or *malfesance* in their official duties.

so that severe action could be taken against all those found guilty."

**Shri Krishna Chandra Sharma** (U.P.: General): Sir, I move:

"That for the original motion the following be substituted :

"This House looks with grave concern at the present sugar muddle and is of opinion that a Committee be set up consisting of representatives of the sugar industry, cane-growers and the Members of this House under the Presidentship of a High Court Judge to enquire into and report on,—

- (1) the working of the sugar industry and the produce of sugar and fixation of price thereof;
- (2) the development and produce of sugarcane and fixation of price thereof;
- (3) the co-ordination between the Central Government and the Provincial Governments concerned and the machinery therefor;
- (4) the control and price fixation for sugar;
- (5) the causes of the sugar muddle and the responsibility therefor;
- (6) the working and utility of the Sugar Syndicate and the Committees thereunder; and
- (7) the measures necessary to avoid the recurrence of the situation."

**Shri B. P. Jhunjhunwala** (Bihar: General): Sir, I move:

"That for the original motion the following be substituted :

"This Assembly having considered the sugar situation resolves that steps be taken to step up sugar production and to de-control it with effect from 1st January, 1950.

[Shri B. P. Jhunjhunwala]

This Assembly further resolves that if at any stage any shortage of sugar be apprehended such quantity of sugar as may be required be imported to keep down the prices."

**Shri Prabhu Dayal Himatsingka** (West Bengal: General): Sir, I move:

"That for the original motion the following be substituted:

"This Assembly having considered the sugar situation resolves that steps be taken to decontrol sugar as early as possible, and to import such quantity of sugar as may be required to keep down the prices."

**Shri B. K. Sidhva** (C.P. and Berar: General): Sir, I beg to move:

"That for the original motion the following be substituted:

"This House resolves that control on sugar be withdrawn and that maximum price be fixed so that consumers may get sugar without difficulty."

**Shri Basanta Kumar Das** (West Bengal: General): Sir, I beg to move:

"That at the end of the motion, the following be added:

'and that having considered the same this House is of opinion that an Inquiry Committee be appointed with a view to ascertaining the causes that led to the situation and the steps that are necessary to avoid its recurrence'

**Shri O. V. Alagasan** (Madras: General): Sir, I move:

"That at the end of the motion, the following be added:

'and this Assembly, after having considered the sugar situation, resolves that the Government do appoint a Committee to enquire into the whole matter and submit a report as early as possible.'

**Mr. Naziruddin Ahmad** (West Bengal: Muslim): Sir, I beg to move:

"That at the end of the motion, the following be added:

'and that having considered the same this Assembly is of opinion that the sugar situation has not been properly handled by the Government.'

**Shri Balwant Singh Mehta** (United State of Rajasthan): Sir, I beg to move:

"That at the end of the motion, the following be added:

'and that having considered the same this House is of opinion that the sugar control be lifted forthwith and that the Government do appoint a committee of the House under the chairmanship of a person of the status of a High Court Judge to enquire into the whole sugar affair and also to suggest ways and means to see that consumers' interests so far as sugar is concerned are safeguarded.'

**Shri Sarangdhar Das** (Orissa States): Sir, I beg to move:

"That at the end of the motion, the following be added:

'and that having considered the same, this Assembly is of the opinion that the Government have failed in their duty to protect the consumer, and that with a view to bring the guilty party or parties, implicated in this artificially created scarcity and in the consequent blackmarket prices, and with a view to prevent the recurrence of such a situation in future, the Government do appoint forthwith a Committee of three with a High Court Judge or one qualified to be a Judge of a High Court as Chairman to make a thorough inquiry into all aspects of the situation and to report within one month with recommendations for dealing with the guilty party or parties.'

**Shri M. Tirumala Rao** (Madras: General): Sir, I beg to move:

"That at the end of the motion, the following be added:

'and that having considered the situation, this House calls upon Government to take steps to bring the entire industry from the production of cane to manufacture and distribution of sugar under the control and organization of a central statutory authority for the whole country, with the Central Sugarcane Committee as a nucleus to start with.'

**Pandit Thakur Das Bhargava** (East Punjab: General): Sir, I beg to move:

"That at the end of the motion, the following be added:

'and that having considered the situation in the country as prevailing in the last few months, this Assembly sympathises with the sufferings of the consumers of sugar and gur and puts on record its opinion that the controls imposed by the Government, instead of alleviating the trouble, aggravated it to a very great extent and that the present situation in the country in regard to sugar and other foodstuffs is mainly the result of the present system of allocation of responsibility and absence of efficient machinery for discharging the responsibility and further that for making satisfactory provision for sugar and other foodstuffs for the country, it is fundamentally necessary that full undivided responsibility be taken by the Centre and an effective machinery for implementing the policies in the Provinces be immediately evolved.'

**The Honourable Shri Jairamdas Doulatram**: Sir, Government welcomes this opportunity for a discussion on the sugar situation.

**Mr. Speaker**: I forgot to mention to the House that Members may remember that there is a time-limit of 15 minutes. The hon. Minister will get half an hour as the mover of the original proposition and he will get some more time for replying also.

**Shri B. L. Sondhi** (East Punjab: General): As there are 17 amendments nobody except the movers of amendments will have any chance of speaking.

**The Honourable Shri Jairamdas Doulatram**: I do not propose to take the full half-an-hour.

Sir, Government welcomes this discussion because it enables the House to express its views in regard to a situation which resulted in very considerable inconvenience to the public. It is but natural that whenever any developments take place which affect the public vitally, an opportunity should be available to express the views of the representatives of the people on that situation. Government also welcomes this opportunity because it has enabled it more fully than was possible before, to place the full facts before the House. I have circulated a note giving a fairly full picture of the various stages in this situation and how things developed until we felt that Government would have to intervene and take adequate steps in the matter. I do not propose, in view of that full note placed before the House, either to reiterate those facts or to elaborate them. If it is necessary to refer to those facts more fully than has been done in that note, I will do so at the end of the debate.

Government wish to give the House the fullest opportunity of expressing itself with regard to the situation as well as the concrete suggestions which are contained in the various amendments. I feel it will be helpful if, with regard to one important suggestion which is practically common to most of the amendments, I stated my view at the very start. That suggestion relates to an inquiry being made as to how an apparent or real surplus of sugar was converted into an apparent or real shortage of sugar, and all the consequences which followed from it. Now, Government welcomes an inquiry into all these happenings ever since the month of June because where the public feels acutely in regard to a matter and has also suffered a great deal, it is desirable and helpful and proper that there should be an inquiry and, therefore, Government is clear that there should be a proper inquiry in regard to these happenings.

The suggestion with regard to this inquiry relates to two definite aspects of the sugar question. One is the basic and wider aspect dealing with the fundamental problems of the sugar industry, how far protection is deserved, how far the Indian sugar industry can stand on its own legs, how the sugar industry should be rationalised, and other connected problems. The other suggestions with regard to an inquiry relate to the happenings of the last few months.

[Sbri Jairamdas Doulatram]

Now, with regard to the exact method of this inquiry, there is one consideration which is very prominent in Government's mind. We are on the eve of the report of the Tariff Board, not only on the basic problems of the industry to which I have referred, but also on the recent happenings which have occurred during the last five or six months. I understand that in the course of the next two or three weeks the report of the Tariff Board dealing with both the basic and the immediate problems will be before Government. It is not possible for Government to say how far that report, dealing with the recent happenings in regard to which the Tariff Board made enquiries from the Central Government, from the Provincial Governments, from the industry, from the trade and from various organisations connected with the industry, will cover all the points which have been discussed in the public and which are included in the amendments of hon. Members. Therefore, Government feel that a full inquiry has to be made in regard to these happenings, and to the extent that the Tariff Board has not covered any aspect of those recent happenings, Government will have to take steps to have a fuller inquiry made with regard to these remaining aspects. That means every issue which has been raised with regard to the recent happenings will be enquired into fully and adequately and by a competent body. Exactly how this definite promise will be implemented, will partly depend upon the report which we will get at the end of two or three weeks and partly after considering it upon our discussion among ourselves as to what further measures should be taken. But I want to assure the House that no single aspect of the recent happenings will be allowed to remain unenquired into; the whole thing will be enquired into by a body which I expect will thoroughly satisfy the House.

Then, in the amendments have been raised two or three other very important questions. It is helpful if we get a free and frank expression of the views of the Members of the House in regard to those issues. These issues relate, firstly, to the question of control or de-control. It would not be possible, naturally, for Government to express its views on this issue, but we shall listen with respect and attention to whatever views are expressed by the Members of the House on this particular issue which has been raised in most of the amendments.

The other issue on which also the views of the House will be helpful relates to the future of the Indian sugar industry and the need of the Central Government having more direct voice and responsibility not only in regard to sugar but also in regard to sugarcane and in all the decisions which have to be taken in regard to both these matters. I would not take further time of the House. As I said, if necessary, I will say at the end what has to be said in reply to any of the questions raised. But I would suggest that the views of the House might be freely expressed on these two or three issues which arise from these amendments.

**Sbri Ash Prasad Jain:** Sir, I warmly welcome the announcement of the hon. Minister about the appointment of a committee to investigate into the sugar affair. I further welcome his announcement that he would like to have a free discussion and a free expression of views on some of the outstanding problems in relation to the sugar industry. As the hon. Minister has stated, there are two aspects of this problem: one, the industry in general, and the other is the recent muddle in sugar. Ordinarily I would have preferred to deal with the general question first and with the sugar muddle afterwards, but as you have been pleased to say that there is a time-limit of fifteen minutes, I would rather begin the other way.

There was a carry-over, from the year 1947-48, of 1.75 lakh tons of sugar. Opinions have differed about this carry-over and the President of the Mill Owners' Association, Mr. Shanti Prasad puts it at 2.02 lakh tons. But I will not go any further into the controversy about the carry-over. The manufacture of sugar in the year 1948-49 was 10.20 lakh tons. Thus, at the beginning of the

present year, we had very nearly 12 lakh tons of sugar. Things went on in a normal manner till the end of June. There was no notable rise in price and the stocks appeared to be moving, more or less, in a normal manner. About the end of June, a strange state of affairs was revealed. It was found that the stocks in the hands of the mills in the U.P. and Bihar at the time were only 8.26 lakh tons. As regards the mills in the rest of India, most of the production of those mills was consumed by the end of June, which will be apparent from the stocks which were seized in the beginning of August and which were only about 15,000 tons. Therefore, about the end of June, the position was that the stocks of sugar had been very much depleted. During the six and a half months, that is the second half of December 1948 and the first six months of 1949, we had consumed no less than 8.5 lakh tons of sugar. Now, Sir, let us compare this consumption with the consumption of sugar in the year 1947-48. The total consumption of sugar in the year 1947-48 was less than 10 million tons, to be more exact 9.96 lakh tons. It is surprising that within almost 6½ months we had consumed 8.5 lakh tons compared to 9.96 lakh tons for the whole year 1947-48. In fact, Sir, these are only the figures of releases and I doubt if all this sugar was consumed. It has been said that part of this sugar may have been smuggled out to Pakistan. I am not sure whether and what quantity of sugar was smuggled out to Pakistan. Again, Sir, Government have tried to explain the increased consumption of sugar by the following facts:

- (1) increase in population;
- (2) increase in the habit of sugar-eating;
- (3) lower sugar price compared to 1947-48; and
- (4) easier availability of transport facilities.

but even after taking all these factors into account, I think the huge consumption requires an explanation. So the first question which is foremost in my mind is this: Where did this sugar, which could not have been actually consumed, go? My own apprehension is that it was concealed by the mill-owners, by the wholesalers and by the retail sellers, in order that they may take advantage of a rise in the prices.

Again, Sir, I am quoting the figures of U. P. and Bihar. At the end of June in the year 1948 the stocks in the hands of mills were 5,03,000 tons and on a corresponding date in 1949 the stocks were, as I said a moment before, 8,26,000 tons, i.e., the stocks in the hands of the Mills at the end of June 1949 were 1,77,000 tons less than what they were in the preceding year on the 30th of June. Assuming that the monthly consumption of sugar is 1,10,000 tons, a figure accepted by the Agricultural Ministry, we had 5½ more months to go, that is, we would require during the remainder of the year about 5,80,000 tons of sugar. That was the position. We find that on the 24th of June Government granted a permit for the export of 50,000 tons of sugar to Pakistan. I do not know whether it was the Commerce Ministry or it was the Agricultural Ministry or it were both who granted this export permit. Fortunately not one grain of sugar was sent, but I have yet to know the explanation why when our sugar stocks had been depleted, and we did not have enough of sugar to go for more than three months, this export permit for Pakistan was sanctioned. I have an apprehension, Sir, that the sugar industry had the better of us; the sugar industry was trying to create a scare by two-fold means namely by setting afloat a rumour that sugar was scarce and that sugar was going to be exported to Pakistan. That point, Sir, is also one which also requires investigation.

Sir, I have said that the stocks about the end of June were depleted. During the next two months, July and August, the position became even more acute. In the month of July the releases were—I am only confining myself to U. P. and Bihar, because the rest of India becomes comparatively less important 98.52

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12 Noon thousand tons. In August the releases were 1.21 thousand tons, that is, during these two months no less than 2,20,000 tons of sugar was released leaving a balance of 1,21,000 tons. On the 16th of August there was a fact-finding Committee called by the hon. Minister of Agriculture. In that Committee the representatives of the industry, the representatives of the U. P. and Bihar Governments were present. I ask you why did you not take the decision to freeze sugar in that Committee:

Sugar had been fast disappearing. The price was rising in the month of July and at an average the rise in price had been Re. 1-2-0 per maund, that is: Ra. 80 per maund and worked out on releases, it means that the mill-owners had made a profit of Rs. 80 lakhs. In the month of August, the rise in the prices—I am quoting the average, was Rs. 5-2-0 per maund, that is the mill-owners were making a profit of Rs. 140 per ton that is a total profit of Ra. 1,70 lakhs. During these two months the mill-owners had made a profit of about 2 crores of rupees. I want the hon. Minister to explain why he sat quiet for 1½ months without taking any step whatsoever to arrest this deteriorating situation about sugar. That is the profit which the mill-owners have made but the trade, that is the whole-salers and the retailers, must have made a profit twice or thrice as much, about 5 or 6 crores, for sugar in the retails sometimes went as high as Rs. 2, Rs. 3 and Rs. 4 per seer. Thus, Sir, the consumer was fleeced of no less a sum than 6 to 8 crores of rupees, when the Government sat calling conferences, meetings, committees, when every Housewife was worried that she could not sweeten her child's milk with a pinch of sugar, the Government was fiddling with committees, boards and conferences. This is another point, Sir, which has got to be explained.

Then, Sir, there is the action of the U. P. Government. On the 26th of August 1949, the U. P. Government passed a freezing order on sugar in the United Provinces. That order related only to the mills. Now, sugar is an All India commodity. I have good reason to believe that the U. P. Government did not make any reference to the Central Government before freezing this stock of sugar. There has been some dispute as to when the U. P. Government informed the Central Government. U. P. Government says that, immediately after freezing the stock, they informed the Central Government. There has raged a great controversy about sugar-freezing order of the U. P. Government. It has been said that 80,000 tons of sugar disappeared between 26th August and 2nd September when the Centre's freezing order was passed from the market in the rest of India. Nevertheless U. P.'s freezing has one bright aspect that is out of 1,20,000 tons frozen all over India, the U. P. Government froze 80,000 tons of sugar and if this sugar were not frozen, we do not know what it would have come to. When the Central Government froze stocks of sugar on the 2nd of September, for one whole week and no arrangements for the distribution of sugar were made. I am yet to come across an explanation orders for immediate freezing of sugar on 27th August were not passed and why arrangements for the distribution of sugar were not made beforehand. Another question is why stocks in the hand of the trade which were considerable very nearly in the tune of 1,25,000 to 1,50,000 tons, were not frozen. These stocks were sold at black-market rates. And, Sir, the worst feature of the situation is, that the United Provinces Government have been blaming the Centre and the Centre have been blaming the United Provinces Government.

The millowners have been blaming both the Central and Provincial Governments. The merchants have been blaming both the Government and the Syndicate. The public has suffered. One does not know who is responsible. On the 12th of September the U. P. Government came out with a statement in which they called the action of the Centre in freezing sugar as "high-handed". On the 16th of September, a spokesman of the Central Government said that it was the U. P. Government which had compelled the Centre to freeze stocks

of sugar and if the Centre had not done so, no other portion of the country except U. P. would have got any sugar. Another spokesman of the U. P. Government, two days later, said that the spokesman of the Central Government had made an "irresponsible" statement. The President of the Mill-owners' Association, Mr. Shanti Prasad, says that it is the action of the Government which has created this scarcity. Mr. Narang says that because the Government did not go slow with sugar releases, this scarcity has come about. Merchants say that it is the millowners who have made these profits at the cost of the consumer. In this confusion, I think it is time that the Government should investigate and find out who is responsible for this muddle.

**Shri Jaspal Roy Kapoor (U. P.: General):** Are not the consumers equally to blame, because they consumed more sugar?

**Shri Ajit Prasad Jain:** No, that is wrong. In fact, one Government is accusing another. Those who are concerned with the production and distribution of sugar are also wrangling among themselves and accusing one another. I think it is time that the responsibility must be fixed and the guilt of the party who is responsible established. I therefore welcome the suggestion for an Investigation Commission. I regret that I have no time left to discuss the position of the Sugar Industry in general but the case against the Sugar Industry is so obvious that it does not need much argument.

**Shri M. Tirumala Rao:** Before you call on the next speaker, I beg to make a submission. There are eight amendments asking for the appointment of a commission and five asking for de-control. I would like you to control the discussion.

**Mr. Speaker:** I think the discussion can be better controlled by Members themselves not repeating the same arguments, and stating just their points in short. Everybody is anxious to speak and I am prepared to give chance to everybody, or rather, I am anxious to give chance to as many hon. Members as possible. But if there are repetitions, I shall be helpless. I shall make a selection, and not necessarily give chance to everybody who has moved an amendment. So far as I can, I shall call upon different representative views to be placed before the House. That is my idea. Of course, I do not know the particular views held by each hon. Member, but I shall select. That is the position I am taking now.

**Prof. Shibban Lal Saksena:** I am very glad that the hon. Minister of Agriculture and Food has accepted the substance of my amendment. That makes my task much easier. Still, I shall give in broad outline my own conclusions about the sugar muddle on the basis of my study. It is admitted even by the Government that they had a production of 10.2 lakh tons during last year. I would point out in this connection a serious departure which Government have made in the past practice. The sugar year has throughout been taken from 1st November to 31st October and in all publications of the Commerce Ministry the consumption figures are calculated from 1st November to 31st October. But in this note, the sugar year has been calculated from 1st December to 30th November. In this way, the amount of the carry-over has been shown to be reduced by about 50,000 tons. They have said that the carry-over is only 1.75 lakh tons, but even according to the figures of the Syndicate the figure is 2.86 lakhs. I hope Government will rectify this error and take the sugar year in the manner which has hitherto obtained, so that the figures may be comparable with those of the previous years.

Another thing that I want to point is that Government have, unfortunately, taken the figures from the Sugar Syndicate. This should not have been done. The Sugar Syndicate is after all one of the parties. The merchants have their own figures. The Government must not depend upon anybody else. They



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must have their own independent agency for collecting these figures. Government have already got the Excise Department. There is not a single grain of sugar which leaves the godowns without the tax being collected. I therefore insist that Government must appoint their own independent machinery to collect figures of stocks, despatches and sales of sugar from month to month. In fact, they must have obtained the figures from the Excise Department returns and other returns, so that they may be exact.

Another thing that I wish to bring to the notice of the hon. Minister is that the Sugar Institute was under the Central Government till the year 1944. Since 1944 it has come under the Sugar-cane Committee, which is really the Sugar Syndicate, because it is dominated by millowners. What I want is that this Institute at Cawnpore should come under the direct control of the Government and the Director of the Institute should be perfectly independent, which he is not at present. At the present moment, the Institute is influenced by the Syndicate and the millowners and it is really not independent enough to give correct figures. I do not cast any reflection on anybody.

**Pandit Lakshmi Kanta Maitra** (West Bengal: General): Which Institute is the hon. Member referring to?

**Prof. Shibban Lal Saksena**: The Indian Institute of Sugar Technology in Cawnpore, which is the only institute of its kind in the country. Till 1944 it was directly under the Central Government.

**Shri M. Tirumala Rao**: May I draw the attention of the hon. Member.....

**Mr. Speaker**: No. Let him proceed.

**Shri M. Tirumala Rao**: But he is arguing on a wrong premise. This Institute is under the control of the Central Sugarcane Committee.

**Mr. Speaker**: Let there be no interruption. Otherwise, there will be no end to this debate.

**Prof. Shibban Lal Saksena**: Since 1944 it is under the central Sugarcane Committee, but before that it was directly under Government. My point is that if it is directly under Government, it will have independence and there will be no occasion whatever for the majority to dominate in the Sugarcane Committee. I want that the millowners should not have any say in the matter. It is only then that it will give us correct statistics which, at present, have been vitiated in the way I have explained. In fact, I was surprised that the Government have, in their note,—in the very first statement—given the figures of despatches and stocks taken from the Syndicate itself. In fact, these figures reveal the whole mystery. If you take the recent figures for your premise, I think the whole thing becomes vitiated. Similarly, in other figures also. I would therefore urge that the Government must see that they have their own independent agency which can give them correct figures on which they can safely proceed.

Coming now to the sugar muddle itself, I can say briefly that there was a production of 10 lakhs tons in the last year. It is agreed on all hands that this is so. It is also correct that there was a carry over of 1.8 lakhs tons in December and 2.36 lakhs tons in November. This carry-over of 2.36 lakhs is also the carry-over of the Syndicate and the Institute on 30th November. Now if you add 10.2 lakhs tons and 2.36 lakhs tons, there was clearly 12½ lakhs tons of factory sugar available from 1st November 1948 to 31st October 1949. Now the figure of consumption according to the Commerce Ministry for Khand-  
 eaw sugar is about 1 lakh tons. So we can safely say that there was not less than 11½ lakhs tons of sugar available for consumption in this country from 1st

November 1948, to 31st October 1949, which is the normal sugar year. Now, Government also admit in their note that the figure is about 12 lakh tons. They have ignored the *Khandasari* sugar. If they had taken that also, the figure would be 13 lakhs tons. They say that the consumption figures have risen to 13 lakhs tons. It is this point on which we differ. I say that nobody can believe that the consumption has risen to this height. I have given in my pamphlet, which has been distributed to hon. Members, figures of consumption since 1934-35 for thirteen years. During this whole period, the consumption has varied from 9 lakhs tons to about 13 lakhs tons and in one case 13½ lakhs tons. The average is 11½ lakhs tons. So in undivided India the average consumption of sugar over a period of thirteen years from 1934 to 1947 was 11½ lakhs tons. Out of this three lakh tons is the normal consumption of areas which have now gone to Pakistan. Thus there was only 8½ lakhs tons of sugar which used to be normally consumed on an average in the country.

If you take consumption you will find that consumption was at its highest when sugar was cheap. Sugar consumption went down when sugar became dear. During the two seasons preceding partition consumption of sugar was 10 lakhs and 10½ tons. The price of sugar had suddenly risen from Rs. 16.4 in 1945 to Rs. 20.14 in 1947. An increase of Rs. 4 per ton brought the consumption down by 2 lakhs tons.

This was the position until the partition. After partition there was decontrol in December 1947. That gave a fillip to the consumption and those people who could not get their full quota during the control years got their full quota. Now if 10½ lakh tons was the consumption in the preceding years, that means there was only 7½ lakhs tons consumed in the areas falling in the Indian Union during the years 1945-47. For the year 1947-48, after partition, the figures given are 9.90 lakhs by the Director of the Technological Institute. Mr. Shanti Prasad Jain gives the figures as 9.26 lakhs tons. I will take the bigger figure and assume that the consumption had increased to 10 lakhs tons. So the consumption in the year 1947-48 was 10 lakhs tons. In other words from 7½ lakh tons it jumped to 10 lakh tons, which means an increase of 2½ lakh tons. Whatever factors may be attributed to this increase—the sugar habit of the people, more money in the coffers of the people, decontrol—all these played their part in the year when consumption jumped up from 7½ lakhs in 1946-47 to 10 lakhs in 1947-48. Now we are asked to believe that there was a further increase in the year 1948-49. I say that nothing of that sort has happened. It is now well known that prices fixed for sugar last year were not maintained. There was a commission given by the Mills with the result that prices rose up to Rs. 32 and 33 a maund. This year in April-May-June the price was Rs. 30-18.0. Later it rose up to Rs. 32 and even to as much as Rs. 35. That means the average price of sugar this year has been considerably higher. If anything, this could have only led to a fall in consumption. The factors of change in the habit of the people, and more money in their pockets had all begun to play their part even earlier. I, therefore, say that there is no reason to believe the consumption figure of 13 lakh tons given by Government.

And who was responsible for this? I cannot really blame the Minister of the United Provinces, or Bihar or even of the Government of India. The real reason is this. They are the creatures of an organisation which they themselves have set up. By creating the Sugar Syndicate they have given it a monopoly. This Sugar Syndicate dictates the sugar policy of the Governments of the United Provinces and Bihar and also of the Government of India. And in spite of our best wishes to control sugar, we cannot do it. The fact is that they created this body—a monster which is eating into their vitals.—So long as the monster remains, even the best man there will be unable to control either the production or the price. Circumstances as they were, they could not do anything. What naturally happened was this. The Sugar Syndicate knew that

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there was an exportable surplus of 3 lakh tons. They also knew that if they were to export it abroad, they would not get very high profits. So they managed to bring about an artificial scarcity in the country. In fact, the country has paid from 16th December 1948 to 1st December 1949 a sugar levy of 4 annas a maund and the Syndicate has collected Rs. 75 lakhs out of this levy. What I, therefore, demand is that there must be a full enquiry into this matter. This much is definite that the whole thing has been very badly mismanaged and the Syndicate has succeeded in bringing the Government to its knees. In fact on the 20th June they knew they had at least 50 per cent of their stocks in their godowns. The released quota was passed on to their agents in Bombay, Calcutta and other places to be sold in black market. It is quite easy for Government to find out from the Railway records as to where the consignments of sugar have moved, where it is boarded and black-marketed. The men who are responsible for cheating the public to the extent of Rs. 20 crores should be hanged. In fact during the last two months of October and November the country has lived on 70,000 tons, whereas the normal consumption is 2 lakhs tons. I can easily prove that the Syndicate and the Millowners have cheated the public to the tune of Rs. 20 crores.

Now, Sir, I come to the main question of the Syndicate. What is the Sugar Syndicate? The Syndicate was formed in the year 1937 in the United Provinces. I opposed its formation tooth and nail even then; but, as usual, the Government turned a deaf ear. The main object of the formation of this body was to maintain the price of sugar cane. For the first two years of its working the Syndicate maintained sugar cane prices very well. In the third year the Syndicate said that unless cane prices were reduced from 10 annas to 6 annas they would close down the factories. The Government had to yield. The one purpose for which the Syndicate was formed—that is, to maintain the cane prices—was defeated by their threat to close down their mills.

The very same trick they are playing this year as well. They said we shall not start the factories until you raise the price of sugar. The Government had again to yield, for they took from Government at least Rs. 2½ crores by way of concessions for the 2 lakh tons of sugar which will be produced in excess. Therefore, I say that unless you dissolve the Syndicate you cannot proceed further. If you see the results of the working of the Syndicate you will be astonished. From 89 in 1937 the number of sugar factories rose to 150. During the twelve years of its working the Syndicate has been able to eliminate competition, both internal as well as external, with the result that it has built up a wonderful monopoly. They are now in a position to dictate to the Government, dictate to the cane-growers and dictate to the consumers. This kind of monopoly is responsible for this sugar racket.

Sir, there is then, the question of decontrol. I say that it is time that you decontrol sugar. If you decontrol sugar, you should also dissolve the Syndicate. Because, if you do not dissolve the syndicate, they will be creating difficulties which will raise the prices. The two things must be done simultaneously: dissolve the syndicate and decontrol sugar. There is enough sugar in the country; there are at least fifteen lakhs of tons of sugar. There will be no scarcity; we need have no fear on that account. On the other hand, we will have over-production. Sir, I support the motion of the hon. Minister.

**Shri Dip Narayan Sinha:** Sir, of all the industries of this country, the sugar industry is taken to be the most organised. One has, therefore, to hang down one's head in shame to find that the whole country was allowed to be involved into a sugar crisis of an ugly nature which could have been avoided. It is said that the crisis was an out come of shortage of sugar. I do not agree with that view. All who know things seem to be unanimous at least on one point and it

is this. Not less than twelve lakhs tons of sugar were available in the country during the year of crisis. There is complete unanimity on this figure. There is of course a difference of opinion on the question of consumption. But if a reference is made to the statistics on the subject, it would be found that in undivided India, consumption stood always in the neighbourhood of 11 lakhs of tons per year. It is said that recently in this country consumption has increased, due to increase in population, introduction of prohibition in some parts of the country and rise in the purchasing power of the general masses. These points, I would submit, are very controversial. But granting that there had been some increase in consumption, the sugar available in the country should have been enough for normal requirements if we take one simple point into consideration. It is this. The areas which now constitute Pakistan used to consume 1.8 lakhs tons of sugar when India was undivided. The causes, therefore, in my opinion, are something other than shortage of sugar.

The causes of the origin of the crisis and its intensification, in my view, are these: release of sugar quotas by the Indian Sugar Syndicate to its constituents in larger measure than was the practice in previous years; a press report appearing on the 24th of June that the Government of India have decided to allow the export of sugar outside the country; a declaration by the Food Commissioner of the Government of India on the 10th of August that the area under sugar cane would be reduced to the extent of ten per cent.; seizure of sugar stocks available with the manufacturers on two different dates namely 26th August and 2nd September, 1949 by the United Provinces Government and the Government of India respectively; want of co-ordination between the various organisations existing in the country which deal with sugar and sugar-cane; and finally the introduction of recent control for distribution of sugar. I would not like to take the time of the House to explain all these points. It would suffice to say that a series of events happened which I have just enumerated and in my view these events conspired together to bring about the present position of scarcity. Last of all came the introduction of control which completed the whole picture leaving the country in chaos and confusion.

At this juncture, two questions arise, namely, is the sugar situation capable of an easy solution, and whether it is possible that in this country enough sugar can be produced which could be made available to the consumers at a reasonable price. My answer to these two questions is very definitely in the affirmative. To ease the present situation and to kill the excitement and tension which are there in the country over all that has happened in connection with sugar, I would make one simple suggestion. It is this.

*[At this stage Mr. Speaker vacated the Chair, which was then occupied by Shri S. T. Krishnamoorthy Rao (one of the Panel of Chairmen)].*

The recent control which has been introduced for distribution of sugar should be withdrawn. I would suggest with all the emphasis at my command, that a declaration to that effect should be made on the floor of the House before the sugar debate concludes. Of course, it would be necessary to keep an eye on the movement of sugar from region to region and from month to month. I think that can be easily done. The Government of India has got vast resources at its command and they can know, if they so like, the accurate and complete movement of sugar from month to month.

The second question is rather very important, and I would like to take a few minutes time of this House on that subject. It is quite possible to produce enough sugar in this country which would be cheap too. There are enough resources available in this country, which, if properly utilised, would produce the desired results. There are 135 sugar factories, at present working in the country. With their present equipment they can produce the required quantity of sugar, I am sure. Our sugar-cane growers with their present knowledge and experience are in a position to produce enough cane for gur and

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sugar. What is necessary is careful planning and work with a vision. I have already said that there is want of co-ordination between the various organisations existing in this country which work in connection with sugar and sugar-cane. It is very necessary that complete co-ordination should be secured between them. No doubt some of them are doing useful work in their respective jurisdictions. Hon. Members of this House should realise that there are items of work which are of local or regional importance. These items do receive due attention at the hands of the organisations referred to above. But there are items which are of an all-India character and all-India importance. These items do not receive the attention which they deserve. They are neglected more often than not. It is therefore very essential that there ought to be one central agency in this country which might be entrusted with all the works which are of all-India importance and character. I have one suggestion to offer in this respect. There is the Indian Central Sugar-cane Committee which has been appointed by the Government of India. This Committee of course is working at present under certain handicaps. If those handicaps are removed and all the items of work which are of all-India character entrusted to it, I think the Committee would be in a position to show results according to a fixed schedule. What is necessary is that this Committee should have so to say, Dominion Status so far as its normal functions are concerned. With the grant of that sort of status, the Committee, I hope, would be in a position to deliver the goods.

**Pandit Lakshmi Kanta Mahto:** Give it Commonwealth status.

**Shri Dip Narayan Sinha:** Sir, what would happen next year? It has been said on many occasions that unless enough sugar is produced, the sugar situation would not be solved. If it is possible to produce about 12 lakh tons of sugar, during the coming year, there would not be any trouble whatsoever. Is it possible that that quantity of sugar can be produced? I can say with definiteness that if proper efforts are made, that quantity of sugar can be produced. To produce 12 lakh tons of sugar, we require about 120 lakh tons of cane. Is that quantity of cane available? If we refer to the figure of acreage under cane, it might be safely presumed that that quantity of cane would be available. At present 3.7 million acres are under cane cultivation. What is needed is that an immediate survey of the cane available in the areas of the sugar factories should be made and attempts should be made to find out what deficiency of cane would be there.

**Shri B. Das (Orissa General):** What is the Sugar Committee doing? Just now, you said that the Sugar Committee is doing good work.

**Shri Dip Narayan Sinha:** If a survey is made, it would be possible to know the quantity of cane which would be available and if due facilities are given to sugar factories for transporting the same, I believe the required quantity of sugar would be produced during the present crushing period.

Sir, I am definitely against any import from outside both on the economic and sentimental grounds. If we allow the gate of import to be opened at this stage, the industry which has been so far developed and which has been able to do some work which is worthy of consideration would be killed. I know there is anger in the atmosphere over what has happened in connection with sugar. There is ample justification also for this. But I would submit that in a mood of anger, we should not allow anything to happen which might endanger the position of the sugar industry which it has acquired so far.

I would like to say a word about the Sugar Syndicate. My suggestion is that the Governments of the U.P. and Bihar should be requested to exempt the

sugar factories in their areas from compulsory membership of the Sugar Syndicate. That step is very essential and should be taken immediately. I have heard that the Government is going to appoint an enquiry Committee. That Committee will necessarily take time and by the time its report is submitted the present opportunity for maximising sugar production which is the need of the hour would have disappeared. Therefore the suggestions which I have made require immediate consideration and if they are implemented, I am sure the present sugar position would be solved and we would also be in a position to solve the larger issue; i.e., producing enough cheap sugar in the country.

**Acharya J. B. Kripalani (U.P.: General):** Sir, your predecessor in the Chair said that Member should avoid repeating themselves. Therefore, Sir, I will not cover the ground that has been covered by the previous speakers. Two things come very clearly out of the muddle in sugar. One is that our capitalists want to make our Government impossible, that whatever protection the nation may give them, on account of their short-sighted policy and unpatriotic conduct, they are betraying the interests of the country. But this could have been expected, because capital has always behaved in India in the same fashion. There may be hon. capitalists but capital as a whole was determined to betray the country before and is determined to betray the country now. They forget that they are sitting on the tree and filling their pockets and at the same time cutting the roots of the tree. These people think that they will live when India will not live. But this the Government should have anticipated.

Another thing that comes out clearly is that our administration is neither efficient nor clever. It has been said that at least 13 lakhs of tons of sugar were available in the market. The utmost consumption of sugar up to this time has been in the neighbourhood of ten lakh tons per year. Therefore there was an apprehension that 3 lakh tons of sugar will be available for export and this apprehension was provided against when the merchants, when the manufacturers, were allowed a levy of four annas per maund to enable them to export sugar at lower prices to other countries. And from this they have been able to collect fifty to seventy-five lakhs of rupees. These facts cannot be denied. However, Government all of a sudden, when the muddle came and when we were in a soup, told us that the consumption of sugar had increased. Sir, what do you think of such a government? When there is a muddle, they come out with an explanation. For over six months or eight months or a year, they did not know the forces that were working towards the increased consumption of sugar. Suddenly they discover it. They find that the population of India has increased. But the population of India has progressively increased. This was the plea given by the foreign government for all the starvation and all the famine, that there was in India. But the population has been increasing through the countries. Did the government suppose that population will not increase? Did they suppose that babies of six and eight months would eat sugar and not drink their mothers' milk? There is no justification for government to come out suddenly with such an explanation. And even if there had been this increase of consumption, they should have expected it. They could have expected that the consumption would increase from ten to thirteen lakh tons, and if they had husbanded their resources, the country need not have been brought to this sorry state. If they had previously taken the necessary measures to see that sugar was properly distributed and sugar was properly handled by the merchants, by the manufacturers, by the railways and others, then we might have avoided this muddle. That the administration has been inefficient and has been culpably negligent is borne out by the fact that the U.P. Government passes a freezing order in August, when the scare had been created, purposely and deliberately, by the capitalists. When the scare is created they pass this freezing order. What do they freeze? They freeze the sugar in the mills, when even a blind man could have seen that

[Acharya J. B. Kripalani]

about 80 per cent of the sugar had already gone out of the factories. They, therefore, freeze the remaining ten per cent. of sugar in the U.P. and they freeze only what is lying in the factories. They give their reasons now for this. They come out now with the plea that they had no power to freeze sugar that had left the factories. If they had no power, why did they touch this thing at all? They had no business to touch it, if they had only partial power. They never consulted the Central Government then, I am told, they announced this freezing order in the papers, and sent out to individual mills, registered letters. This is a wonderful way of doing things. They know that the black-market exists. They know that the capitalists are no friends of the people or of the government. They know all these things and yet they did this.

**Shri Sarangdhar Das:** When was this freezing order published?

**Acharya J. B. Kripalani:** On the 26th August it was published, and the letters were sent by registered post.

**An Honourable Member:** By whom?

**Acharya J. B. Kripalani:** By those who govern us or mis-govern us.

**An Honourable Member:** By the U. P. Government?

**Acharya J. B. Kripalani:** Yes, by the U. P. Government.

**Shri L. Krishnaaswami Bharathi (Madras General):** They do not govern us.

**Acharya J. B. Kripalani:** I say, yes, for even though it is a federal government it is all one single government. Make no mistake about it; otherwise government is no organization, if it is divided against itself. What can you think of a government that is divided against itself? It is no government. The U.P. Government passed this wonderful order to freeze stocks of sugar and after seven days, the Central Government passes another order freezing the rest of the stocks. They could not consult each other. There was no co-operation between them. So I say the government is inefficient, and there is no co-ordination among them. The Central Government have more power to-day than they had at any previous time in our history, than they had in the time of the British, in the time of the foreign government. They have now more power. They have issued ordinances and they issue them without discrimination. When anybody criticises them, they do not issue them for the purpose of saving the people from scarcity, from famine or from other troubles that afflict this unfortunate land. I am sorry I have to speak harsh words, but we want that this country should be ruled. Either they should rule or they should make way for others. There is no third course. Please govern or go out. There can be no other alternative. What is this government? Two days back I was taken by a friend in Delhi to go and see the black-market. I asked him, "How can I see the black-market?" People know me." "It does not matter," he said "there is no such thing as knowing or not knowing. Nobody cares." He took me to a place called, I think 'Kharas Bholi'.....

**An Honourable Member:** It is 'Kharisboli'.

**Acharya J. B. Kripalani:** Well, I went to the place and I visited some fifty shops. They did not even enquire from me, 'Babuji, kachh iena hai ki nahii' but they plainly told me that the prices were Rs. 1/15/- or 1/13/- or 1/11/-.

**Shri Ajit Prasad Jain:** And so you must have now become an expert in the black-market.

**Acharya J. B. Kripalani:** Yes, if I had purchased there, I would have become a black-market expert like you.

Sir, what is the meaning of this black-market? I want you to understand the implication of black-market. It implies that the writ of the government does not run. Is there anything more humiliating to a government than that it should make laws, and they are violated at the sweet will of the people, and the violation is not punished? It is not only demoralising to the government but it is demoralising to the people. We are often told that we must be disciplined, that we must control ourselves, that we must obey orders. But when people see that those who do not obey the laws make money, and no punishment is meted out to them, then it is demoralising for peaceful citizens who have no intention to violate the law. They would also at critical moments, be tempted to break the law. It is a vicious circle. If the government's writ does not run, it is no government. Our Government must take stock of the situation. Do you not know how we demoralised the foreign government? What did we do? We non-cooperated with it. We broke its laws, why? Because we knew, Gandhiji knew and the Congress knew, that if the laws are constantly broken, the prestige of the government will be gone and with it its power. You may be punished, you may be sent to jail frequently, but the power of the government will go. How did China come to grief? I say China came to grief because of black-marketing, because of corruption, because of bribery, because of nepotism. You know China's leader—Chiang Kai Sheik. He was a great fighter and under him the Chinese fought and gave a good account of themselves. They made tremendous sacrifices and they resisted the Japs. But he was no good for peaceful times because he could not check corruption, he could not check black-marketing, he could not check inefficiency, he could not check nepotism. You know Churchill was very good during the war, but for peaceful times, the people wanted other leaders because Churchill would not be the person suited for carrying on the government in peaceful times. I say China has fallen because of the defects I have mentioned. So let us take care that we do not go their way. As the Chairman has rung his bell I will not take long to finish my speech.

Let me tell the House, Sir, 'do not fall into the trap that is prepared for you by the Government'.

They want you to give your opinion on control and on decontrol; they want you to give your opinion on this wretched organisation of the mill-owners—what do you call it—the Syndicate. I am not familiar with all these things; therefore I do not know their names even. I tell you among the capitalists there is one party that wants the dissolution of the Sugar Syndicate because they have no power in the Syndicate. Then there is one set of capitalists who want that there should be decontrol, now because of control there will be accumulations of sugar. I would advise this House to give no opinion of its own whether there should be control or decontrol because there is a philosophy behind control and there is also a philosophy behind decontrol. If the Government is not prepared logically to follow the philosophy of decontrol, decontrol will be of no avail. If we advise Government that control be imposed then that also has its philosophy. The philosophy of control is that black-market be ruthlessly wiped out. If Government cannot wipe out the black-market, how does it benefit us to have control? Control may be necessary, control may be essential and it may be beneficial in these days but it should be real control—not bad control, not control that is no control at all. If you want decontrol, have it by making proper provisions by allowing sugar to come from outside, by building up your resources. We already had an example in cloth. You decontrolled it and you again controlled it. This Government is following an empiric policy. Empiric policies are necessary in politics but empiric policies can only succeed when there is an aim on the part of Government. I say this Government has no aim at all.

**Shri Prabh Dayal Bhatnagar:** My previous speakers have covered some of the points and Mr. Sinha has given the House his estimate of the causes that



[Sbri Prabhu Dayal Himatsingku]

led to the scarcity of sugar. In this connection I wish to point out that the consumption in 1947-48 when the prices were Rs. 85/7/- per maund, even according to Prof. Saksena, was 10 lakh tons of sugar. In 1947-48 the position of despatches from the factories was very irregular. In some districts the supplies were regular whereas others were not getting regularly. Assam Government got supplies in one month and next month there were no supplies and this went on for some months. What happened then was when there was no regular supplies, people did not get sugar and nothing was consumed. They could not be expected to consume sugar that was lost in the bad months of supplies and that is how the consumption for 1947-48 was at 10 lakh tons. If you look at the figures of despatches in the year 1948-49 beginning from December 1948 right upto June 1949, you will find that the transport position having improved, the despatches were very much regular and were in excess of the previous three years. I have the figures for 1945, 1946, 1947 despatches month by month from January to December, and I have also got the figures of despatches in 1948 and 1949. If you compare the despatches of 1946, 1947, 1948 to the despatches in January 1949 to July-August 1949, you will find that the despatches in the year 1949 exceeded the average of the three years previous by 50 per cent., whereas Bihar and U.P. mills sent about 5 lakhs tons in 1948-1947-1946, in 1949 for these 8 months 8.5 tons were despatched and supplied to the various marketing centres of India. I am only referring to the quantity sent out from Bihar and U.P. for I have no figures for South India. I am told that by that time the sugar produced in other areas of India had almost all been sent out to consumers. So the quantity despatched from December to August from U.P. and Bihar amounts to 8 lakh tons because the supplies were very regular and because the price this year compared to the price in 1947-48 was cheaper by Rs. 7/- and therefore there has been more consumption.

Another thing that we have to remember is that of the decontrol in December 1947. There was no control after December 1947 and there was no complaint so far as prices were concerned right upto July 1949. Therefore you will find that from December 1947 upto July 1949, for 20 months, there has been regular supplies of sugar—no rise in price—and therefore it is not fair to say that either the manufacturers or merchants manipulated the rise in prices unfairly or that they entered into some sort of conspiracy and deliberately raised the prices.

If you look into the position for the last 20 months from December 1947 to July 1949 there was no rise in prices. The supplies were there and there was no complaint. Therefore we have to find out what led to this difficult position from July onwards.

**Mr. Chairman:** The hon. Member may continue his speech after Lunch.

*The Assembly then adjourned for Lunch till Half Past Two of the Clock.*

*The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Speaker (The Honourable Mr. G. V. Mavalankar) in the Chair.*

**Sbri Prabhu Dayal Himatsingku:** Sir, I was giving certain facts and figures to show how the sugar market behaved during the period of decontrol from December, 1947, right upto July, 1949, and how there was no rise in prices. Therefore, something must have happened in July which led to the rise in prices. Before July, as there was a feeling that there was a surplus stock, a large number of mills had been selling below the prices fixed,

by giving extra commission or brokerage. That indicates that they had a definite feeling that there was a surplus. But on account of certain factors like regular supplies, more consumption, and perhaps a little smuggling into Pakistan, and other factors which came into play, and also because of certain statements, as was mentioned by Mr. Dip Narayan Sinha, a feeling was caused in the market that there was going to be a shortage and the price began to rise. Looking to the despatches in August from the factories in Bihar, my own feeling is that if the U.P. Government's action of freezing the stocks had not been precipitated, and if the stocks that went out of the mills in July and August to the various consuming centres were allowed to be sold and consumed at proper prices without the threat of being frozen, then perhaps the price that had to be paid by the consumers after the freezing was made public, would have been much less than what it actually was. Sir, in Calcutta there was a large stock of sugar and what the hon. Minister there did was that he sent for the local merchants and came to an understanding with them that he would not freeze the stocks if they sold it at a certain price. Those stocks in Calcutta, which were very large, were sold to the public at the price fixed which was about 15 as. per *seer*. For five weeks, the people of Calcutta went on getting sugar supplies at the price fixed by the Government of West Bengal. On the other hand, if those stocks had been frozen, the machinery not being perfect, a large portion of those stocks would have gone underground and would have been sold at a much higher price because, when the stocks go underground, the sellers make a provision for payment to those who might come to catch them, and so on. In such a situation, so many factors come into play. Therefore, if the situation had been handled a little better, I do not think it would have developed as it has.

Now, Sir, I have suggested that for the future there should be decontrol. It is the experience of most of us here that control, unless it is effectively enforced, unless it is carried to the logical end, is worse than no control. If the commodity required be sufficient, and if proper arrangements are made for its distribution, there should be no reason why control should be clamped down on any commodity. The transport position has definitely improved. In fact, that is suggested as one of the factors for a higher consumption of sugar. The transport position having definitely improved, if steps are taken for larger production of sugar, there should be no reason why decontrol should not work well. It has worked well before, there is no reason why it should not work well in future. My own impression is that if supplies be made available at the present prices to the different consuming centres, the consumption is bound to increase and 12 lakh tons may not be sufficient. So far as I know, manufacturers did give some sort of an indication that they will try to increase production by 10 per cent. Actually, on that basis they have been assured of certain remission of cess and excise duty on the extra quantity that might be produced. Sir, Prof. Saksena has attacked that arrangement. I do not see why it should be attacked. You cannot produce more unless you carry cane from distant places, places which are not economic in the ordinary sense of the term. You cannot produce more also, unless you crush outside the regular season—at a later date when the cane dries up, or earlier when it is not fully mature. Only those factories will get the benefit which will produce more than what they had done in previous years. That is, therefore, a definite incentive towards greater production and there should be no question about the correctness of that decision.

Sir, I was saying that at the present prices and with proper distribution and supply, the consumption is likely to be more. Therefore, steps should be taken to see that the production is increased. In addition, I have suggested in my amendment that a certain quantity should be imported so that it may be kept as a reserve in order to be pushed into the market whenever there is a tendency

[Shri Prabhu Dayal Himatsingha]

for prices to rise. Sir, if a commodity is in short supply, you cannot by any means prevent prices rising. If it be not possible to import sugar, then some arrangements might be made so that releases from factories may be on a regulated, graduated basis in order that the production of the year is sent out during the twelve months and supplies may be regularly made.

Control means corruption, and more prices to be paid by those whose needs cannot be met by rationing. Therefore, decontrol will always be better. Under control sugar has to be supplied to every person whether he needs it or not. If you take 12 lakh tons as the annual production of the whole country, it will work out to only about 7 lbs. per year per head of the population. Surely that quantity will not be regarded as sufficient by anybody. If you have control, and therefore rationing, you cannot give more than that because you have to meet the demands of everybody. Therefore, control cannot be a remedy for this situation. I have suggested in my amendment that decontrol should be announced as early as possible. Government should look into the position and decide from what date it should come into force. As a matter of fact, the present is the crushing season and for the next four months sugar will be produced and there cannot be any danger of prices going up if the quantities produced are released regularly. Sir, I know of a mill which began crushing early, which has got about 40,000 bags lying unreleased. That is only one mill. I am sure similar stocks are lying in various other mills.

That stock should be allowed to go into the market and the situation is bound to be eased. What I suggest is that we should take steps to allow decontrol, and if necessary, Government may fix certain maximum prices beyond which people cannot sell and take steps for its proper distribution. With these words, Sir, I support my amendment.

**Shri Mahavir Tyagi:** Sir, I am also in favour of decontrol. I do not want any control, for I have seen enough of that for the last so many years. I do not want to speak in louder tones today, for I pity the hon. Minister; it seems his comrades have abandoned him and he is sitting alone being attacked from all sides. Sir, Government in controlling the sugar industry has proved its utter failure and I think it is time that either the Leader of the Government or the hon. Minister concerned confesses to God and to the people, the electorate, in all humility that he has failed to deal with the situation. I think that is the only defence for Government to confess before the people and God that we have failed, and that will be the end of the controversy. Sir, the Sugar Industry Protection Act was passed in 1932. Soon after the salt Satyagraha movement, the country was under an emotion of patriotism and they thought that the sugar industry must be protected. As I said the Act was passed in 1932 and the motive behind this protection of sugar industry according to the Tariff Board Report was in these terms:

"The problem is, therefore, one of protecting a particular branch of agriculture until such time as improvements in methods of cultivation and developments in research enable the agriculturist to increase his yields per acre and thereby effect a substantial decrease in the cost of cane, while maintaining or increasing his own profits."

This was the basis of that protection. Then on page 96 it is mentioned:

"At least in the sparsely populated districts competition may drive prices even below this level. We consider also that, with improvement in cultivating methods and in varieties of cane, a still further reduction in costs will be effected hereafter and it is not unreasonable to suppose that eventually the consumer will obtain the sugar at considerably below the present level."

These were the two bases on which the nation had agreed to give protection to the sugar industry.

Now, Sir, since 1932, upto now, let us examine whether these two objectives have been achieved to any reasonable degree. As far as the exploitation of the consumer is concerned, to whom this House had promised cheap sugar, he seems to have been exploited by so many agencies. For instance, take the Government of India. The Central Government is at present realizing an excise duty to the extent of Rs. 6.30 lakhs. In my own way, I would put it like this. It is a tariff wall of Rs. 12-9-7 per cwt. against the foreign sugar and it is under the shadow of that wall that protection goes and inch by inch we are protected. If I would translate it in another way, I would say that the consumer of sugar is paying at the rate of Rs. 12-9-7 per cwt. more than he would have paid if in the natural course sugar were free to come from outside. The consumer feels that because you have protected this industry to the extent of Rs. 12-9-7, he is being exploited to that extent. Out of this exploitation the Central Government is receiving Rs. 6.38 lakhs at the rate of Rs. 3/12/- by way of excise duty. Over and above that they also receive the income-tax from the industry which will make a still larger sum. The story does not end here but the Central Government raised the duty by nine annas per maund when the price of sugar was soaring above Rs. 28-8-0. Instead of reducing the rate of duty to reduce the burden on the consumer, the Central Government raised the duty by nine annas. This is the callousness with which the Central Government has been treating the consumers.

Now the Central Government is not the only exploiter. Then come the Provincial Governments. I was a Member of the Provincial Assembly of the United Provinces when for the first time the idea of a cess tax came up. I very enthusiastically supported the idea of the cess. The cess that was agreed was only six pies per maund on sugar-cane and it was in a way given out that all the money received shall be spent in developing sugar-cane cultivation, its quality and acreage, etc. Now, Sir, in Java the yield is five tons of sugar per acre (*Interruption*) I am not talking of sugar-cane; I am talking of sugar and 50 tons of sugar cane reduced to sugar will come to 5 tons per acre and the average yield of sugar in the United Provinces and Bihar is 1.4 tons per acre. This was the yield of our sugar when we decided to improve the quality of sugar-cane with the large sums of money that we realized out of this cess. In the United Provinces alone during the last ten years the cess income to the general revenues was Rs. 10.77 lakhs. Out of that, hardly 10 per cent. was spent on sugar cane development. From six pies they raised the rate of cess to annas three per maund of sugar cane and at the time when the price of sugar was raised from Rs. 20-14-0 to Rs. 35-7-0 per maund, the U.P. Government raised the cess from one anna to three annas per maund of sugar cane. It is in this callous way that Government have been piling up their taxes. Only 10 per cent. of this cess has been spent on development, and that too, not on actual development, but mostly on the pay of the officers. The average yield remains the same.

Another factor is the co-operative societies. They charged at the rate of 2½ annas per maund of sugar in the beginning and now they are realizing 7½ annas.

Then come the cane growers. In the beginning, that is 1931-32, 11.68 lakh acres were under improved cane. Now the sugar cane acreage under improved cane has increased to 36 lakh acres, thereby reducing the acreage under food crops. The price which the consumer had to pay to the cane growers was Rs. 8-2-0 per maund at the time we started, but now it is Rs. 16-4-0. It may be that the majority of the voters are cane growers. But it does not matter. A cane grower is also a consumer. As I said, the male is the cane grower; the female is the consumer. So I speak on

[Sbri Mahavir Tyagi]

behalf of all of them. They are all consumers and this is the way in which they have been exploited.

Coming to the sugar mills, there were 31 mills in 1931. Today there are 184 of them. The total production which was 1,59,000 tons is now 10,02,000 tons. The industry has been thriving. The mills have produced more. They could not have done so if they did not make profits. They have been realising book profits to the extent of 6 per cent. My friend Shibbanlal Saksena said ten per cent. Then, of course, there is the black market profit which goes along with the income-tax saving. That is not accounted for. Then there is the managing agency profit. The mills are giving the produce to their own merchants who make black market transactions and bring that money again to the owners of the mills. In this way, the exploitation is going on. Sir, to put it briefly, I want to know how long this fleecing of consumer will continue. This House promised to give sugar to the consumer more or less at competitive rates at the end of protection. We do not find any sign of it. Protection cannot be allowed to continue for ever.

I am sorry I am hard up for time. The hon. Minister said that he is going to institute an enquiry. I want to know from him what he is going to enquire into. What has he been doing so long? It is not his responsibility alone. My contention is that the whole Government has failed in taking proper steps in this matter. They stand accused before the bar of public opinion. If they have done nothing so far, what are they going to gain by making an enquiry now? You let the horse run away and after that, you are trying to lock the stables. What is the good of enquiring? Even if you want to enquire, can you assure this House that the man who is guilty, be he an officer in your Secretariat, or your Adviser in the Centre or in the Province, or be he a Minister-- will be brought to book? Will the blackmarketeer be taken to task? If the enquiry means that you are going to have the guilty man convicted and punished, I can understand that there is some sense in the enquiry. Otherwise, this enquiry will produce no results. The Congress Organisation, to which I belong, gave life to us all in 1930 and from the dust we made salt and through that salt from dust we drew life. Today it seems to me that through sugar we are giving back the life to dust again.

**Sbri M. Trumala Rao:** Sir, I would like to confine myself to the terms of my amendment, because hon. Members have already dealt with several aspects of the question. In regard to the proposed enquiry, I am not very happy about the results that will accrue. It is a sort of *post-mortem* that we are conducting with regard to the fixing of responsibility for the muddle that has occurred in recent months. I want to bring to the notice of the Government that the Department over which my hon. friend presides has got no definite policy in the matter of sugar. It has been drifting. It has been left to the management of the bureaucracy which is accustomed to go in the old ruts of sitting in the Secretariat either with a blue pencil or a red pencil, to say or not to say, to approve or not to approve of what is sent to it in the files. There are several agencies that have been working now. If you see the total sugar production in the country, you will find that the U.P. and Bihar have come for a larger share. The U.P. have an acreage of 18,67,000; Bihar 4,16,000; Bengal 3,23,000 and Madras 1,66,000. Being the largest cane producing areas, naturally the U.P. and Bihar have a dominating voice in this industry. They practically dictate the policy with regard to the bringing into existence of new factories in the whole country. They have, in a way, prevented new sugar factories from springing up in the rest of the country, lest the interests of the factory owners in these two provinces should suffer.

**Shri Jaspal Roy Kapur:** How can they prevent?

**Shri M. Tirumala Rao:** There was a sort of understanding. Every factory must come before the Government for a licence and these two provinces have a dominating voice in dictating their opinions and views to the Central Government.

**Shri Jaspal Roy Kapur:** Not before the Provincial Governments. Nor even before the Central Government. There is no licensing system for sugar mills outside U.P. and Bihar.

**Shri M. Tirumala Rao:** Please listen to me. I am making out this point.

And we have seen that the average production per acre has been stationary for the last several years at 15 tons. As the previous speakers have pointed out, there was no development in spite of the collection of sugar cess to the extent of Rs. ten crores during the last eight years. The U.P. have only spent about Rs. two crores. The Central Government did not take a comprehensive and all-India view except in recent years. Thus we see that the total quantum of production of cane has not improved. The total quantity of sugar production has also not improved. There are certain varieties that are being produced in larger quantities in the tropical zones of South India. They were not encouraged because the interests of the cane growing areas in the Northern India will suffer. In all these things, I charge the Central Government with having neglected its responsibility in taking a comprehensive view of this industry. If you see the report of the Tariff Board, you find that the Tariff Board has rightly come to the conclusion that this industry is one of the main industries which involves an amount of more than Rs. 20 crores, and nearly 65 per cent. of this amount goes to the primary cultivator. It cannot, therefore, be lightly said that the protection should be removed. I will be the last man to agree to any proposal to import sugar from abroad, either from a dollar point of view or from an industrial and agricultural point of view. By this protection, the consumer has taken the burden upon himself of paying much more to the indigenous sugar than imported sugar, but he has helped to build up an industry in this country, which has become the mainstay of millions of cultivators in this country. There are several agencies which are now concerned with this. The Provincial Governments have got a say in the matter. The Sugar Syndicate, in a manner, controls this industry. The Council of Agricultural Research is another agency which seeks to help this industry. The Central Government in its Food and Agricultural Ministries has got a say

in the matter. There are so many agencies in so many places that 3 P.M. there is no coordination between their activities to such an extent that this debacle has come about suddenly. I do not know what justification there was for the Government of India to decide to export about 50,000 tons of sugar to Pakistan. If they had all the material before them, if they had the statistics and true facts about the quantity of sugar that is available for local consumption and that is available as surplus for export, they would not have come to this decision. The very idea, the very bit of news that trickles into newspapers, that the Government of India would encourage export, set the mischievous the greedy merchant or trader into action. They speculate; they try to corner; they send goods underground.

Yesterday, Sir, it was revealed that many of the selling agents of these factories are their own people—their brothers, their cousins—and it is only a *benami* transaction. The producer transfers the stocks, in the name of his cousin, or brother, or brother-in-law, in the name of another company and the whole stock disappears underground. That is the main channel through which it finds its way to the black market. For all these reasons I want to say that this industry should have a centralised control and should be organised at the top.

[Sbri M. Tirumala Rao]

The Government of India have brought into existence, during the last two or three years, a Committee called the Central Sugar Committee to which they have transferred the cess that has been collected all these years. They have in the books transferred to this Committee an amount of nearly Rs. 50 to 60 lakhs. But this committee, like several other commodity committees which have been brought into existence by the Government of India, has no real powers. There is an *ad hoc* President for this Committee, who is the President for all the Committees brought into being by the Government of India. That is the trust they repose in these committees. One gentleman is supposed to be an expert on tobacco, on groundnuts, on sugar cane, on fodder, on cattle-breeding and on everything under the sun! That gentleman is to be found more often in the air than on the land, because he has to fly from place to place merely to preside over these Committees. When I was on the Tobacco Committee I made a protest against this; when I was in the Oilseeds Committee I made a protest against this; and in the Sugar cane Committee I brought a resolution to the effect that the Committee requires a wholetime officer to administer the affairs. What I say is that you should have a more comprehensive view of these things.

We wanted to transfer the Sugarcane research station in Coimbatore to the Central Sugar-cane Committee. Again Government comes in the way. The Central Sugar-cane Committee ask for an agricultural engineer on Rs. 600 a month. An Assistant Secretary in the Department sits here and crosses a red pencil across the resolution, without understanding the meaning of these things.

How long are you going to carry on in this empirical, *ad hoc*, and inefficient manner an industry which costs the nation to the tune of Rs. 20 crores? Whatever may be the nature of the immediate enquiry you are going to institute to find out the guilt of the past, what are you going to do for the present and the immediate future? I want to make a suggestion. There is no use trying to control this industry, or any industry, as long as you are not capable of taking effective steps against the black-marketeer. The hon. Minister came during the last Budget Session with a Bill, which the House approved, for extraordinary powers for punishing people who contravene laws of food. I want to know, has he had one occasion to bring the sections of that Act, the powers of that Act, into operation, while the whole country is crying hoarse about black-marketing in food-grains? You may have the powers, but I do not see sufficient strength and nerve behind the Government to get hold of the black-marketeer and giving them condign and exemplary punishment. As long as you are not strong enough to do that, there is no point in seeking such powers.

I think some of the sugar factors have started crushing cane from November 15th. Their season is about six months—that is up to May. During these six months they are expected to produce about eight to nine lakh tons of sugar. That is every month on an average sugar will be coming into the market at the rate of one and a half lakh tons. When adequate new sugar comes into the market you should allow the law of supply and demand to play its part rather than trying to control the commodity. You should see that every grain of sugar produced is taken out through the proper trade channel. Otherwise there is no point in continuing this control. I want that there should be fixation of sugar prices. If you want that a particular price should be charged for sugar, you must also be able to enforce it. There is no point in leaving it at that. You must make up your mind to spread your net wide and effectively to get hold of the black-marketeers and give them exemplary punishment. You should be able to deal with them, however big they may

be, effectively. Then and then alone will you be able to exercise some control over the prices. I do not think there is any necessity for continuing the control over distribution.

Sir, with regard to the long-term remedy, I want you to exercise your mind a bit over all the several research schemes that have been started. With all these schemes we have not been able to produce, to improve the glucose content of the sugar-cane. We have not been able to improve the sugar content of the sugar-cane. We have not been able to improve the quantity of sugar cane that is produced. If you are able to produce 30 tons per acre in the United Provinces and Bihar, you do not require 35 or 36 lakhs of acres to be kept under sugar-cane. I have here figures to show that total acreage under foodgrains in the country is 18 crores. Out of this only 35 lakhs are under sugar-cane. If you want to reach your 16 lakh tons you can bring in another lakh or two of acres under cane. Improve the quality of sugar-cane and the production of sugar is bound to go up.

But above all my amendment requires that a statutory board with absolute and autonomous powers, and without interference from the bureaucracy should be brought into existence and should have a plan before it for production of cane, for improving the quality of cane, and for the production and distribution of sugar. The ancillary organisations that are required for all these purposes should be brought into being by the supreme authority which will control this industry, which is nearly worth Rs. 20 crores.

**Mr. Nasiruddin Ahmad:** Sir, I think this House should not shirk an enquiry on the floor of the House and try to find out a scape-goat just to allow the Government to escape. We have heard a lot about the people who are responsible for this. But nobody has yet put his finger on the weak spot of the whole transaction. I do not wish to go into details—it is not necessary—they have been sufficiently stated in the House. I find that the sugar issued by the Sugar Syndicate up to about the end of June last was about 80 per cent. of the current year's produce. This works out at about 84 per cent. of the total stock. So far as issue was concerned, this left the Sugar Syndicate with a balance of 16 per cent. of the entire stock. On an examination of the statistics as to the actual stock lying in the hands of the member mills, there was a stock of about 74 per cent. of the total stock lying there, although ten per cent. out of this had been issued. There is always a disparity between the amount issued and the amount which actually leaves the factories. So, at the end of June, we were left with about 26 per cent. of the total stock in hand. I submit that at this stage a very fatal step was taken by the U.P. Government. That I think is the one thing which lies at the root of the trouble. There was a letter written by the U.P. Government dated 20/21st July last to the Sugar Syndicate. It was to the effect that "the Government would like the Sugar Syndicate to release the balance of stocks", and further that "the Government desired that the Sugar Syndicate must not withhold any part of the member factories' sugar stocks for any reason whatsoever." The U.P. Government thus enjoined upon the Syndicate to issue all the entire stock in their hands. There were about five or six months to go ahead and I submit that this precipitated the crisis. At this stage there was not the slightest justification whatsoever to issue the entire stock.

**An Honorable Member:** What is the date of this letter?

**Mr. Nasiruddin Ahmad:** 21st July 1949.

From certain publications issued by the Sugar Syndicate, it would appear that the Sugar Syndicate was really fighting against the issue. They thought there had been enough issue, and if there was not an adequate balance left in the hands of the Sugar Syndicate, they would not be able to control the market.



[Mr. Naziruddin Ahmad]

It is the visible stock in the hands of some authority that creates a psychological atmosphere in the markets and really controls the prices. But, once it is felt that the stocks are low, then, you cannot control the market at all. It further appears that the Sugar Syndicate approached the Sugar Commissioner of U.P. and Bihar and pressed upon him the necessity of retaining something in hand in order to carry on the market through safely for the next five or six months. With great effort the Commissioner was made to reduce the release to half. The balance of half of the stocks, I submit, in the hands of the Sugar Syndicate was a precarious balance which created the psychological atmosphere necessary to precipitate the crisis. The prices began to advance.

Then, suddenly, the U.P. Government woke up from deep slumber and suddenly there was an order to freeze all the U.P. stock in the factories. It should be remembered that the stocks of the member factories in Bihar was left untouched. The order was absolutely partial and as has already been pointed out there was no coordination in this respect between the U.P. Government, the Central Government and the Bihar Government. The Bihar Government stock was absolutely free and the U.P. stock alone was frozen. This does not take into account the stocks in the market. In big godowns and other places, stocks remained to be dealt with as the owners pleased. There is not the slightest doubt that full advantage was taken of this position.

Then, after a few days, the Government of India in their turn woke up from slumber and froze the entire stock all over India. Now, this margin of time between the U.P. Government's order, and the Central Government's order and the failure to coordinate their efforts and to act in a concerted manner led to a further crisis. What happened is the visible stock, specially from Bihar, disappeared from the market.

Many theories have been propounded. One jolly theory advanced by the Central Government in the note circulated was that population has increased. If so, the population must have quickly increased within a few days. Throughout India there has been a sudden spurt in the population. Because.....

**Pandit Lakshmi Kanta Maitra:** This is against all physiological and biological facts.

**Mr. Naziruddin Ahmad:** That is so. The normal increase cannot at all account for this huge consumption. If this huge consumption in the course of a few days can be accounted for by an increase of population, then, the productivity of the land so far as population is concerned must have been concentrated within these few days. Then, Sir, as pointed out by an experienced Member of the House, while productivity of land is decreasing, population is increasing. Then, again, the Government also says that consumption has also suddenly increased within the course of four or five months. I submit these two contentions are entirely fallacious. Population is increasing at a very slow rate; consumption is proceeding in a most slow manner. These two contentions on the part of the Government as to the disappearance of the entire stock must be rejected as entirely fallacious and unacceptable.

What has become of this stock is a matter which is not directly known; and it may be perhaps profitable to consider the probabilities. I believe the stock that left the member mills went into the market. It went to various places throughout India in large and small markets as well as in the hands of small and big individuals. As soon as this precarious stock position was known, that only ten per cent. was left to be issued, and there was about a period of five months to go—as soon as this was apparent to businessmen throughout India, they concealed their stock and as a result prices began to rise. It rose to two

or three rupees per seer. As one hon. Member has explained, that sugar is being dealt with in the black market even in Delhi. Any hon. Member or Minister might go and see for himself what is happening.

The difficulty is this. We are passing laws and resolutions. But, the laws are not being administered with a strong hand. Black-market will disappear if guilty persons are adequately dealt with. Instead of that, the amount of punishment is increased, and as is common knowledge, only the small fries are being caught, leaving the large black-marketeers absolutely at large. Probably, they are patronised by high authorities. If you control sugar or any thing, or decontrol it, as has been pointed out, there is a philosophy of control and a philosophy of decontrol. I submit that control must be effective or there should be no control. Decontrol also should be effected in a scientific or properly planned manner or there should be no decontrol. Any system which we adopt must be effectively, strongly and resolutely followed. Otherwise, chaos will follow. I submit that in the large list of suggestions for action by the Government, there is no case for abolishing the Syndicate altogether. If you find them guilty, of course, by all means, abolish them. I submit the Syndicate should be reconstituted. They are after all a controlling body; some Government officials should also be associated with them. They should control the market.

I should suggest a practical step that instead of focussing your attention on enquiries and commissions and so forth, you should try to give the people some amount of sugar. I think there is a considerable amount of sugar in the black-market. If you want to bring out all that sugar at once by a magic wand, I think there is one way to do it. I submit that you should at once declare your determination to import sugar to the extent of the shortage in the market. This will produce a psychological atmosphere and the stock with the black-marketeers will come out. It is common knowledge that on a conservative estimate the consumers within the last few days, on account of the bungling of the Government, Central and Provincial, have had to pay an extra amount of ten crore of rupees. That will no doubt go against the policy of protection, but whom are you protecting? You are protecting an industry which cannot protect itself. Protection has been there for the last 17 years. In fact the industry has not grown to manhood after these 17 years. They have not yet attained majority so to say, and the more protection you give to this industry, the less efficient it becomes. The only result of protection is that the consumer has to pay increasingly high prices. I therefore submit that the Government should take courage in both hands and act in a patriotic manner. You cannot be patriotic to an industry which cannot take care of itself. You must be patriotic to the people. You must give them sugar at cheap prices. As soon as you declare your determination to do this, the necessary psychological atmosphere will be created and the sugar which is now hidden will rush out because the dealers will feel that prices will come down quickly and that their hidden stock must be brought out before the prices come down. A declaration of this policy would be enough. The import should be of a quantity which would create a healthy stock position.

Sir, I do not wish to take the time of the House any more. I think the sugar position has one redeeming feature. This shortage of sugar will benefit diabetic patients, and those people who are not diabetic will also be benefited because there will be no chance of their getting diabetes. For diabetic people this will be curative, and on non-diabetic people it will act as a preventive. But if anybody still wants any sugar, he has the sugar-coated speeches from the hon. Minister, and also sweet Resolutions. Instead of talking and passing Resolutions, the work should be carried on resolutely and the stock position should be strengthened. The Government, Central and Provincial, have no grip on the stock position. The quotas issued

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by the Sugar Syndicate were known, and the stock position should have been fully watched and controlled. The hon. Minister on a previous occasion said that, although sugar was going to be de-controlled, they would watch the situation carefully. Possibly they were watching the situation with sleepy eyes. I think the Commission should, if there is an enquiry, take note of the fault of the Government also.

श्री बलवन्त सिंह मेहता : अध्यक्ष महोदय, मेरे अमेण्डमेंट (amendment) में दो बातें मुझे हैं। एक तो है शूगर (sugar) को डीकंट्रोल (decontrol) करने के बारे में और दूसरा एक कमेटी को नियुक्त करना जो इस बारे में सब बातों पर जांच करे। जहां तक दूसरा सवाल है माननीय खाद्य मन्त्री जी ने ऐलान किया है कि शीघ्र ही यह कमेटी बंटा दी जायगी। इस चीज का मैं स्वागत करता हूं और साथ ही साथ यह भी प्रार्थना करता हूं कि इस कमेटी में देशी रियासतों के उपभोगताओं, वहां के मिलों में जो काम करने वाले मजदूर हैं, वहां के गन्ना उत्पादक याने केन-ग्रोवर्स (cane-growers) —, इन सब लोगों का पूरा प्रतिनिधित्व इस कमेटी में अवश्य हो, यह होगा ऐसी मुझे आशा है।

मैं इसमें नहीं जाऊंगा कि देशी रियासतों में किस प्रकार से शूगर की कमी हुई है। क्योंकि इस विषय में यहां पर काफी प्रकाश डाला जा चुका है। किस प्रकार से सेंट्रल गवर्नमेंट की ओर से देशी रियासतों के मिल मालिकों को मौका दिया गया कि वह शूगर को ब्लैक मार्केट में बेचें।

Oh, Babbar Singh: They are going to have Gur bungling also.

श्री बलवन्त सिंह मेहता: हां ठीक है। देशी रियासतों में जहां मैं रहता हूं वहां पर कई मिलें हैं मगर आश्चर्य की बात यह है कि वहां पर भी शूगर की काफी कमी हो गई है और शूगर के वारें में जो स्कैंडल (scandal) वहां पर चल रहा है उसका वर्णन नहीं किया जा सकता है। इसके बारे में ज्यादा अच्छा प्रकाश तो तभी हो सकेगा जबकि उस पर पूरी तरह से कोई जांच की जाय और वह जनता के सामने रखी जाय।

मैं सिर्फ आरका ध्यान इस ओर दिलाना चाहता हूं कि वहां जो पूंजीपति हैं मिल (mill) मालिक हैं, उनके हाथों से यह कष्ट वहां की जनता को मिला है। आज जनता को घोर देश को जो कष्ट हो रहा है वह इन्हीं पूंजीपतियों की वजह से भुगतना पड़ रहा है। देश को काफी बदनाम इन पूंजीपतियों ने करा दिया है।

हमारे राजस्वान में काफी कपड़ा उत्पादन होता है और काफी मिलें वहां पर हैं। मगर इन बातों के होते हुए भी वहां पर पहले कपड़े की कमी इसी तरह से हो

गई थी. वहां से लाखों और करोड़ों का रुपया पाकिस्तान को स्मगल कर दिया। किसानगढ़ वहां पर एक छोटा सा स्थान है। उसकी आबादी बहुत कम है। वहां पर कपड़े का खासा व्यापार बहुत होता है। वहां से लाखों का कपड़ा पाकिस्तान को स्मगल (Smuggle) किया गया। इसके बाद कुछ मिल मालिकों ने मिलें इसलिए बन्द कर दीं कि उन्हें कपास सस्ते भाव से नहीं मिल पाया। सरकार ने उन्हें सस्ते भाव पर मिलों के लिए कपास दिलाया मगर उन्होंने ज्यादा मुनाफा लेकर दूसरों को बेच दिया। इसकी अब तक कोई भी कार्यवाही नहीं की गई।

**Mr. Speaker:** Order, Order. The hon. Member will confine himself to the sugar question and not deal with the question of controls generally.

**श्री बलवन्त सिंह मेहता:** तो मैं यह कह रहा था कि इस तरह से हमारे पूंजीपतियों ने देश को कष्ट पहुंचाया और बदनाम करवाया। शूगर सिन्डिकेट (Sugar Syndicate) की ओर से एक रिपोर्ट (Report) हमको मिली उसमें यह लिखा हुआ है :

"Important cause of the high price of Indian Sugar is due to the substantial amount that has to be paid to the Governments both Central and Provincial by way of excise duty, provincial cess and sales tax—the incidence of which comes to about Rs. 5 per maund of sugar."

तो इसकी ओर मैं सरकार का ध्यान दिलाना चाहता हूँ। यह सारा दोष इन लोगों का है और इन्होंने सेंट्रल (Central) और प्रांतीय गवर्नमेंटों के ऊपर यह दोष डाल दिया है। जहां तक रियासतों के यूनियनों (Unions) का सम्बन्ध है वहां पर पूंजीपतियों ने अपनी फैक्ट्रियां (Factories) इस स्थान से खोली हैं कि वह इनकम टैक्स (Income tax) से बच जायें और उनको किसी प्रकार की ड्यूटी (Duty) न देनी पड़े। ये लोग वहां पर बहुत कम टैक्स देते हैं। किसानों और मजदूरों के अधिकार तो वह लोग बिल्कुल मार देते हैं और उनको बहुत प्रकार के कष्ट उठाने पड़ते हैं। वहां पर प्राविन्सियल सेस जैसी कोई चीज नहीं है। वह लोग हर तरह से टैक्सों से बच जाते हैं और वह इस तरह से बेजा फायदा उठा रहे हैं।

**Mr. Speaker:** The hon. Member is going into other questions. We are concerned here only with the sugar question. If he has no arguments on sugar...

**श्री बलवन्त सिंह मेहता:** मैं उसी पर आ रहा हूँ। मेरे कहने का मतलब यह है कि इस प्रकार की सहूलियत होते हुए भी बहूँशारी की भारी शक्कर को वहां से उड़ा लेते हैं और उसको इतने मंहगे भाव से बेचते हैं, मैंने बतलाया कि कितना कनसेशन (Concession) उनको मिलता है। बीस पचीस परसेन्ट (per cent.) का कनसेशन उनको टैक्सों (taxes) में मिलता है। इनकम टैक्स के अलावा उनको यह टैक्स नहीं देने पड़ते और फिर भी जो किसान और मजदूर माई ह

[श्री बलरामन्त सिंह मेहता]

उनका लोभ और मोह में घोषण होता है। उस इतना ही कह कर में बैठ जाना चाहता हूँ।

मुझे एक यह बात बर्बं करनी है कि जो इस प्रकार की घटनाएं होती हैं उनमें सजा पदादी जाती है। जो लोग गांधी में काम करते हैं, खास कर कांग्रेस (Congress) कार्यकर्ता, उनको इस समय काफी मुहोबत है, लोग पछते हैं कि यह पदा हो गया : हम लोग सुद कैंस्ट्रिबों में गन्ना पहुंचाते हैं फिर भी हमको सक्कर नहीं मिलती। वैसे किसान लोग बहुत कम सक्कर इस्तेमाल करते हैं लेकिन प्रकृति के समय उनको सक्कर की जरूरत होती है वह भी उनको नहीं मिल पाती। मेरा कहना है कि यहाँ पर काफी रिबायते उनको दी हुई हैं पर इसके बरिफिकाफ में हमारे देश को और हमारी गवर्नमेंट को बहुत बरनाम कर रहे हैं। मेरा तो कहना है कि इस समय इनको नेशनलाइज करने का अच्छा मौका है। जहाँ कहीं भी ऐसी सिकायत बाये वहाँ नेशनलाइजेशन हो जाना चाहिये। जिस कैंस्ट्री के बिबड इस प्रकार की सिकायत हो उसको बिना कम्पनसेशन के गवर्नमेंट को अपने अधिकार में ले लेना चाहिए और इसके लिये काफी सजा देनी चाहिये विससे उनके सामने एक उदाहरण रहे। आज हमारे भारत का बिदेसों में बिना बड़ा नाम है। हमारे नेता लोग जो यहाँ बैठे हैं वे पूरे जाते हैं और सारा संसार उनकी ओर टस्टर्डा लगाये हुये है। लेकिन आज उन्हीं के लिये हमको गालियां सुननी पड़ती हैं, यह किस उजहसे सुननी पड़ती है, केवल इन्हीं पूजीपतियों के कारण, इन बड़े बड़े मिल मालिकों के कारण। तो इस कारण में बापका ध्यान इस ओर बाकबिल करना चाहता हू कि जल्दी से जल्दी बाप इन कैंस्ट्रियों को नेशनलाइज (Nationalise) कर दीजिये और जो बरराब करे उनको सक्त से सक्त सजा दीजिये।

(English translation of the above speech)

**श्री बलरामन्त सिंह मेहता:** Sir, there are two underlying ideas in my amendment. One is about the decontrolling of sugar and the other with regard to the appointment of a committee to enquire into the various aspects of the affair. So far as the second item goes, the hon. Food Minister has announced that such a committee would soon be appointed. I welcome this and at the same time I hope that the consumers and the cane-growers in Indian States and the labourers working in the mills there would be fully represented on that committee.

I shall not go into the factors which have caused sugar scarcity in the Indian States, as considerable light has already been thrown on that aspect here. It could be revealed how an opportunity was allowed by the Central Government to the mill-owners of Indian States to sell sugar in the black market.

**श्री. बन्धु सिंह (East Punjab: General):** They are going to have Gur bungling also.

**Shri Balwant Singh Mehta:** Yes, that's right. In the Indian States, where I live, there are many mills but what surprises one is this that there too sugar has come to be very much scarce and the scandal which is current there with regard to sugar is beyond description. Further light on this issue could be possible only if a full investigation is carried out and the results of the same are made public.

My intention is merely to draw your attention to this suffering which the public of that place have undergone at the hands of the local moneyed persons and the mill-owners. It is these very capitalists who are responsible for all the troubles facing the country and its people to-day. They have brought much discredit to the country.

In our part of the country viz., Rajasthan, there are enough cloth-mills and generally there is an appreciable production of textiles. But, in spite of all that, we found the area in the recent past a deficit one with regard to cloth because of the reason described hereafter. Capital to the tune of lacs and crores has been smuggled to Pakistan from that place. Kishangarh is a small place there with a very small population but well-known for its flourishing trade in textiles. Cloth worth lacs of rupees was smuggled into Pakistan from there. After that had happened, many mills were forced to close down because of the failure of the mill-owners to procure cotton at cheaper prices. It was then that the Government came to their rescue and arranged to supply them cotton at cheaper prices for milling purposes which they, however, sold to others in that very form at much profits. No investigation was ever proceeded with in the matter.

**Mr. Speaker:** Order. order. The hon. Member will confine himself to the sugar question and not deal with the question of controls generally.

**Shri Balwant Singh Mehta:** So I was describing how our capitalists have brought suffering and discredit to the country. In a report circulated on behalf of the Sugar Syndicate, we come across this:

"Important cause of the high price of Indian sugar is due to the substantial amount that has to be paid to the Governments both Central and Provincial by way of excise duty, provincial cess cum and sales tax—the incidence of which comes to about Rs. 5 per maund of sugar."

For that reason I want the Government to pay attention towards this subject. It is these people who are, in fact, entirely to blame, but they have managed to shift it over to both the Central and the Provincial Governments. So far the various Unions of States come in this picture, these people have established their factories within the territories of such Unions with the intention to evade income-tax or duty of any other type. They pay only nominal taxes in those regions. They simply usurp all rights of the peasants and the workers and, thus, make them suffer in many ways. There is no such thing like a Provincial Sales Tax levied in such territories. In this manner they succeed to evade all taxes and take an undue advantage.

**Mr. Speaker:** The hon. Member is going into other questions. We are concerned here only with the sugar question. If he has no arguments on sugar...

**Shri Balwant Singh Mehta:** I am coming to that. By this statement I mean only to show how, despite all these concessions and facilities, the total quantity of sugar is made to go underground and how it is subsequently sold on exorbitant prices. I have, therefore, given an account of the big concessions they continue to enjoy. 20 to 25 per cent. of the concessions are given to them by way of taxes. Besides income-tax, they are not required to pay these taxes and even then the peasants and the labourers are ruthlessly exploited both in weighments as well as in fixation of prices. With this I wish to resume my seat.

[Shri Balwant Sinha Mehta]

One thing, however, I have more to submit is to know the nature of punishment awarded in case of offences or situations like these. Those working in the country-side, particularly the Congress workers, are generally faced with a very awkward and a much difficult position these days. People enquire how that came to happen. They complain that they could not procure any sugar even though it were they who were the producers as well as suppliers of the sugarcane to the factories. On these accounts they are particularly critical of the Government. Generally speaking the peasants are accustomed to a very little use of sugar but unfortunately they are unable to meet their requirements of this commodity even at the time of delivery when it is very necessary. My submission is that in spite of so many concessions the capitalists are making the Government a target of scandalous criticism in the public eye. In my opinion this is an opportune moment to nationalize this industry. We should proceed with nationalization wherever a complaint comes to notice. The Government should take over, without compensation, every such factory against which a complaint of this type is found to exist. They should further award an adequate punishment to those concerned in order to set an example for them. Our country stands high in the esteem of the world to-day; our leaders sitting here are most respected and the whole world is watching them closely. But here we hear them being abused. Why this abuse then? It is because of these very capitalists and the big mill-owners. That is why I wish to draw your attention to the immediate necessity of nationalization of the factories and I seek severest punishment of those found offending in this respect.

Shri O. V. Alagasan: Sir, this subject of sugar was formerly being dealt with by the Food Ministry. Then it was transferred to the Ministry of Agriculture, and when we asked for the reason, we were told that the officer dealing with that subject had been transferred to the Ministry of Agriculture from the Ministry of Food. So naturally we thought that that particular officer ought to be a very capable and efficient officer, since the subject follows him on his transfer. Therefore, Sir, we are surprised now that this muddle has occurred. How was it possible for such a mess to have been created with such an efficient officer at the helm there? Was it because the subject followed him that this has happened? I hope, Sir, the committee that is going to be just now created, will enquire into this also.

Sir, the hon. the Prime Minister promised to have a note circulated to the House on the sugar question before it is debated, and accordingly a note was circulated. But, Sir, to put it mildly, some parts of that note I should say, are rather an affront to the intelligence of this House. While citing the reasons for the sugar muddle, it is stated in the note that we produce more children, and therefore this has come about. The increase of population is stated to be one of the causes. It is certainly a very bold reason to be cited. I suppose the writer of this note is another incarnation of that economist Malthus who perhaps thinks that the continual mismanagement of the sugar question will produce scarcity of sugar which in its turn will help solve the problem of our population. This, perhaps, is the positive check that he wants to prescribe. Sir, it is a pity that the House should be treated to such stuff by a Government Department. Again, Sir, another reason mentioned is easier transport. Formerly, transport was the proverbial bottle-neck and was blamed for everything that went wrong in the country. It is curious that when the transport position has eased, even then it is being blamed. It looks as though the efficiency in one Department affects the efficiency in the other. If Shri Gopalaswami Ayyangar works efficiently, it makes the other friend Shri Jairamdas Daulatram inefficient. One is led to that conclusion. More wagons have been allotted for the movement of sugar than were asked, and that is a charge

levelled against the Transport Ministry by one of those connected with this sugar business. Sir, I can cite many other instances from the note to show that it is not satisfactory, that it is scrappy and does not give us the real picture.

Sir, I have no intention to criticise any provincial government, much less the Government of the U.P. I know it enjoys a very privileged position to-day. It is not *persona non-grata* with the Centre as some of the other provincial governments are. It enjoys such a privileged position. I would not have mentioned the name of the U.P. Government here, but for the fact that the note betrays this fact that the policy with regard to sugar is being decided not in Delhi but in Lucknow—I suppose that is the capital of the Government of U.P. Sir, the Centre had their own proposals to face this sugar question, to solve this sugar problem. The Centre circularised its proposals to the various provincial governments, and among those proposals we do not find the suggestion to freeze the stocks of sugar. The proposal of the Centre was that the price should be made statutory, that the provincial governments should be vested with power to enforce it, since the Sugar Syndicate was misbehaving and putting up the prices, and that freezing and such other action should be taken in individual cases only if any body misbehaves. That was the proposal of the Centre, and there were also other minor proposals. Well, these proposals were sent to the provincial governments on the evening of 25th August and the U.P. Government freezes the stocks before the 27th, after these proposals were sent to them. In the meanwhile other provincial governments sent in their opinions and most of them agreed with the Central Government in its proposal not to freeze. Therefore, it is clear that the hands of the Centre were forced by the U.P. Government and this has precipitated the crisis. I know the U.P. Government have got sufficient justification for that, because they have once before persuaded the Centre to fix the prices at a certain level, at Rs. 35/7/- per maund to enable them to pay the cane growers at the rate of Rs. 2/- per maund of sugar-cane. Again, Sir, they are accustomed to have periodical windfalls of revenue from sugar. One such windfall was when they share with the Centre the surplus realised by the sale of sugar on a former occasion and that amounted to a few crores.

So having tasted all these unexpected profits and windfalls, they took action in an independent way without consulting the Centre or other provinces. Their action was dictated solely by the exigencies of the situation obtaining in their province. They did not take the all-India situation into account. Again I should say this crisis-mongering and the freezing of the stocks was well-timed and came in exactly on the eve of the Deepavali and Durga Puja, so that it may bring the highest return to the improper profit-seekers.

Then I should pass on to the question of the levy of cess on cane. This question was referred to by one of the previous speakers also and it should be very carefully examined by the Centre as well as provinces. Now the excise duty on sugar is Rs. 2/12/0 per maund and for that the cess levied on sugar-cane is Rs. 1/14/- i.e., 0/3/- per maund of sugarcane. I venture to submit that it becomes another excise duty for levying which the province has no right. Cess is defined as tax levied for a specific object. Here the specific object apparently is the development of sugar industry. Have these amounts collected in the name of cess been utilized solely for the purpose of advancement of cane development? They are not and they were merged in the general revenues and used for other purposes. In the name of sugar cess no Provincial Government has any right to levy cess on a commodity which is used in all India taking advantage of the position that they grow most of the sugarcane in the country and impose a burden on the people in other provinces and make undue profits. This should be very carefully examined because under the list of subjects for taxation by States, the States can levy excise duty on alcohol,



[Shri O. V. Alagesan]

narcotic drugs etc. They can't levy excise duty on anything else. This levy of cess amounts to an excise duty in my opinion. The U.P. and Bihar Governments have realised to the tune of Rs. 15 crores. Now Mysore and Bombay have already imposed a cess. Perhaps other Governments also taking the cue, may follow suit. If Madras, for instance, begins to levy cess on its oil-seeds, on its cotton and on its tobacco, then it will certainly affect all-India prices. So this levy of cess should be carefully gone into before any Provincial Government tries to make use of it in this manner.

Another more important factor that emerges out of this situation is this. We have seen our Government in action these two years matched against the capitalists and industrialists of the country. In every encounter that this Government had to face with the capitalists and industrialists of this country, the Government except in one instance *vis.*, the institution of night air-mail service—had to stage a climb-down. During the cloth crisis, it was said that a profit of about 70 to 80 crores was made by the Industry and that could not be checked by Government. Again to-day various figures were cited. The Sugar industry has made a profit of six to eight crores according to Mr. Jain and about 20 crores according to Prof. Saksena. When the people see the helplessness and the inefficiency of the Government against this class of people, naturally they get disheartened. They come to lose confidence in Government and nothing that has happened in the country recently has struck a blow at the prestige of Government as this sugar muddle and its handling by Government. This is an aspect which should be taken note of by Government. The Government is capable of keeping law and order in all the territories under us. Even recently we passed a Police Bill for the purpose. But what is the use if people are protected against petty house-breakers but are left unguarded against the industrial and commercial thugs of this country who want to commit periodical pick-pocketing of the poor man's purse? So it is the duty of Government to guard the people against the nefarious designs of these people. I venture to say that it is a case of mismanagement of trust property by these people. I would draw the attention of the House here to Gandhiji's theory of Trusteeship. It so happens that these people have been entrusted with the second biggest industry in the country and they should see to it that they play the game by the people but they have never done so till now. On the other hand, they don't want to produce more sugar. They want the *status quo* to continue. This year according to all calculations there was enough of sugar. Even taking the consumption of sugar in the country to be 13 lakh tons, we had 13 lakhs in our hand which was equal to the total consumption in a year. But they are not satisfied with this position. They want to create a scare of scarcity and dearth of sugar so that they can make high profits. If there had been plenty of sugar it will sell cheap and that will mean less profits. I should say that they should not be permitted to carry on like this and Government should devise some way to prevent it. I want to throw one suggestion. Of course we should not depend upon imports—we have no foreign exchange to be spent on imports but just as we propose today in the case of food-grains, we should build a reserve of sugar against all contingencies to prevent the prices from shooting up. Why not we import a minimum quantity of sugar and keep it in reserve, so that it may be used in times of need and we may not be found completely at the mercy of the profit-seeking industrialists?

Sir, one word about the Syndicate and I shall have done. Even the capitalists—at least a section of them—don't seem to be in favour of the Sugar Syndicate. If this Syndicate is abolished forthwith, I think it will go unwept, unsung and unhonoured. Nobody will shed a tear over it. I think the Government will take immediate action in this direction.

**Shri B. P. Jhunjhunwala:** Sir, when the Commerce Minister during the last Budget session came for extension of protection for two years, I had said that the four parties to the Sugar Industry *viz.*, the Two Provincial Governments—the U.P. and Bihar, the Central Government, Industrialists and the Kisans—have been the cause of standing in the way of progress if not ruination of this industry in India. If they had not looked only to their gain but to the development of this industry as a national industry and had taken proper steps and if they take proper steps even now in the future with the existing plant without any importation of any further machinery, 50 per cent. production of sugar can be increased in this country. Sir, it will take a long time to explain this proposition, and I have no time to explain it now. I shall do that when the Government comes up with the question of protection during the next Budget session.

Now, to come to the present muddle. I welcome the inquiry committee which the Government has proposed, to find out as to who is to be blamed for this muddle. But I should say that the appointment of the inquiry committee should not result only in making a report and letting the public know that an inquiry was held which revealed that this and that had happened. It should not result in nothing further being done; if that is going to be the result, I would say, let us forget the past, don't hold any inquiry at all, let us think of the future.

[At this stage Mr. Speaker vacated the Chair, which was then occupied by Shri S. V. Krishnamoorthy Rao (one of the Panel of Chairmen)].

Sir, I am of opinion that some inquiry should be held and those who are responsible for this muddle should be brought to book.

The Ministry of Agriculture, in their note on the sugar question, have stated:

"The sugar year December 1948 to November 1949 began with a reported carry-over of 1.75 lakh tons according to the declaration of the Sugar Syndicate."

But my friend, Mr. Ajit Prasad Jain, says that according to the President of the Indian Sugar Mills Association, 2.2 lakh tons was the carry-over at that time. Both these bodies are responsible bodies. Sir, I want to bring one important fact to the notice of hon. Members. It is only the marginal surplus or marginal deficit that upsets the market one way or the other. Therefore, this figure of carry-over was a very important one. My information is that the carry-over figure given, as has been stated by the Agriculture Ministry, by the Sugar Syndicate, that is 1.75 lakh tons, as also the other figure given by the President of the Association, were much in excess of what actually was the stock at that time. And this has created all the confusion. If the inquiry committee which the Government has promised, will go deep into this matter to find out the facts, it can expose the honesty, efficiency and otherwise of the Syndicate, the industrialists and the efficiency or otherwise of the Government and the Excise Department. Sir, with this suggestion I pass on to the other point.

**Pandit Balkrishna Sharma (U.P.: General):** On a point of information, if the hon. Member thinks these figures are either exaggerated or under-estimated, may I know his calculation as to how much was in actual stock?

**Shri B. P. Jhunjhunwala:** It was not more than 1.25 lakhs, and as I have said, the marginal surplus or deficit of even 50,000 tons means a great deal in creating a sensation in the market.

**An Honourable Member:** How do you suppose it was 1.25 lakh tons?

**Shri B. P. Jhunjhunwala:** I don't suppose. If an inquiry is held, the facts will be out. It is for the Government to make an inquiry and many things will be exposed if a searching inquiry is made.

[Shri B. P. Jhunjhunwala]

Well, just after that I understood the industrialists approached the Agriculture Ministry saying that there is going to be a shortage and Government should take such and such steps in order to combat any shortage and prevent a rise in price. I want to point out that we have seen that the Government wakes up only when there is no remedy left. Government has been planning to increase production of sugar since August. Once I heard that the Government was thinking of issuing a notification to the different factories that they should start crushing even from the middle of September. I don't know with what resource in their hand they could make this proposal. This thought probably dawned upon them as a result of super wisdom. Anyway, that was what I heard, and there was an item in the papers also at that time to this effect. So, the Government has been trying that there should be more and more production of sugar. What is the result of their attempt? We had all expected that there will be more production of sugar at least at the beginning of the season and that when there is sufficient cane the result will be better. But the *Indian News Chronicle* of the 22nd carries a report:

*"Fall in sugar production in November,—1,02,000 mds. of sugar was produced by the entire sugar factories in the Indian Union during the first fortnight of November, 1949, as compared with 1,31,000 tons....."*

Instead of stepping up the production, the result that we find is that it has gone down. One of the causes—I don't say the only cause—which was brought to my notice about a fortnight ago was that some order had been passed by the U. P. Government which has been the cause of deterioration of production of sugar in that Province. I have nothing to say, nor am I competent to say, anything regarding the policy which that Government has adopted with regard to the *zamindari* policy. I support it; they are doing it in pursuance of the assurance which we the Congress-men gave.

**Shri Mahavir Tyagi:** On a point of order, may I ask what has the abolition of *zamindari* to do with sugar?

**Shri B. P. Jhunjhunwala:** I am going to say that. You kindly sit down.

**Shri Raj Bahadur (United State of Rajasthan):** On a point of order, Sir. Can the hon. Member assume the function of the Chair and order another member to sit down?

**Mr. Chairman:** The hon. Member may leave the Chair to take care of itself.

**Shri B. P. Jhunjhunwala:** My hon. friend, Shri Mahavir Tyagi, for whom I have great regard, says, what has the *zamindari* abolition to do with sugar production. Let me point this out to him. A circular was issued, No. 189-C, dated Lucknow, the 24th November, 1949.

Just as I have said, I am not against this circular so far as its attempt to make the Z. A. F. successful. The U. P. Government tried its best to make their scheme of *zamindari* abolition a success, but they should  
4 P.M. take other things also into consideration. They should see that it does not affect the other economy of the country. This circular is from the Cane Commissioner, U. P. Government. If I read the whole circular it would take the whole of my time. In pursuance of this circular, I would simply read one letter.

**An Honourable Member:** May I request the hon. Member to place the thing on the table of the House, so that we can have a look at it?

**Shri B. P. Jhunjhunwala:** This will form part of my speech.

**Shri Mahavir Tyagi:** I want to know if it is a public document.

**Shri B. P. Jhunjunwala:** It is a public document, a circular to all Secretaries and all the Cane Unions in the U. P.

**Mr. Chairman:** The hon. Member may give the purport of that order.

**Shri B. P. Jhunjunwala:** It will be clear from this letter which has been addressed to my hon. friend Prof. Shibban Lal Saksena by one cane grower who says:

"Dear Prof. Saksena,

I am giving you the following information taking you to be a wel-wisher of the tenants of U.P.

I have an Agricultural Farm at Kashipur (District Nainital), where I grow about 50—60,000 Mds. of sugarcane per year and supply the same to L.H. Sugar Factory at Kashipur. I have today received a letter from my Manager that the Addl. District Magistrate of the place has given a Ukase."

I do not know the meaning of the word 'Ukase'.

**Shri Mahavir Tyagi:** Ukase, it is a medicine.

**Shri B. P. Jhunjunwala:**

"that preference in acceptance of cane at Factory and also in early payment thereof should be given to those tenants who have contributed to Zamindari Abolition Fund. This has created a great consternation among the tenants and large quantities of cane are getting dried thus effecting a great reduction in sugar-production, besides incalculable financial harm to the poor tenants.

Will you please raise your voice against such extortions and Black and Tan methods?

I shall be glad to give you any further information that you may need in this respect."

This is the letter which my hon. friend Prof. Shibban Lal Saksena has given to me.

**Shri Raj Bahadur:** What is the purpose of the circular about which he mentioned? That is a private letter.

**Shri Mahavir Tyagi:** Is it permissible to read private letters in this House, Sir?

**Mr. Chairman:** The hon. Member wanted the purport of the order, and it is mentioned there.

**Shri B. P. Jhunjunwala:** I have nothing more to say except that we should all help in making this *Zamindari* Abolition a success.

**Shri Ajit Prasad Jain:** On a point of order. A certain circular has been referred to. Something of what is contained in the circular is being conveyed to the House by reading another private letter. It is most unfair to a Government which is not represented here that its orders should be interpreted in this manner. I submit, Sir, that the whole or a portion of the circular itself may be read.

**Mr. Chairman:** The hon. Member may read the operative portion of that circular.

**Shri B. P. Jhunjunwala:** But the time for reading this should not be taken into account, Sir.

"Preference may be given to the *Bhumidars* and intending *Bhumidars* in the issue of *purzis* and as far as possible efforts may also be made to fit them in priority over others in the supply calendars to finish their cane earlier so that they may be able to make up the deficiency in the amount required for acquiring the *Bhumidari* rights. Such *purzis* shall be issued by the Secretaries of the unions only to the extent of the amount required for *Zamindari* Abolition Fund and they should before issuing such *purzis* satisfy themselves

[Shri B. P. Jhunjhunwala.]

that the amount is actually required for the purpose. A record of these special *purzis* together with the amount of *Zamindari* Abolition Fund towards which these *purzis* were issued to every individual grower should also be maintained separately. Care should be taken that this special concession is not misutilised."

Sir, the result of this circular is that some of the factory owners have represented to me that those people who have given an undertaking to the Government that they will allow their price to be deducted for *Zamindari* Abolition Fund should be given preference to them. They do not come to the factory to deliver their canes because they think that they will not get the money. Then the other cane growers, just as I have read out from this letter to you, think that they have got no chance of giving the cane to the factory with the result that they too are trying to crush their cane in other ways rather than allow the same to be dried. Sir, it may be said that after all the cane will be crushed and some sweet thing will be produced. I am wholeheartedly in support of producing *gur* in preference to cane. Sir, if we want sugar, there should be more sugar and more sugar should be given to the people. In that case you have to take this point into consideration. Otherwise if *gur* is produced, it is better for health. The whole thing is whether we all sitting here are prepared to substitute *gur* in place of sugar. (*Interruption.*) I am prepared to take a vow from today that I shall not take white sugar from today if all the Members join with me.

**Mr. Chairman:** The hon. Member's time is up.

**Shri B. P. Jhunjhunwala:** I am sorry but there were so many interruptions. My hon. friend, Mr. Ramnath Goenka is also very much in favour of austerity. If we are going to show any austerity, let us be prepared to have *gur*, at least the minimum that we need in place of sugar. What I said was that if you are all prepared, I also join you from today. Sir, I had to speak on decontrol and I want to take that up.

**Mr. Chairman:** Order, order, please. Before I call upon other Members to speak, I would like to know if the House would like to sit till six o'clock.

**Several Honourable Members:** Yes, Sir,

**Mr. Chairman:** I have got still nearly eight or nine names on the list. If the House wants to sit up to five o'clock, then I have to call upon the hon. Minister to reply before then.

**Shri R. K. Sidhva:** The hon. Speaker has already announced that we shall be sitting up to six o'clock.

**Mr. Chairman:** I take it that the House is willing to sit till six o'clock.

**Pandit Balkrishna Sharma:** Sir, I was told by the hon. the Speaker that the House will sit today till six o'clock and to that effect an announcement has already been made by him. I therefore beseech you not to kindly upset that announcement by again putting it to the vote of the House.

**Shri R. K. Sidhva:** The hon. Speaker said last time also that the House will sit till six o'clock.

**Mr. Chairman:** The House will sit till six o'clock.

**Shri H. V. Patilkar (Bombay: General):** I do not propose to take even the fifteen minutes that are usually allowed to speakers as there are so many hon. Members who want to speak. So far as this question is concerned, there are two aspects. One is as to what has happened. The other is as to what is to be done in future. So far as the first is concerned, it is clear from the speeches which have been made in the House and the information supplied not only by Government but by the Sugar Syndicate and other associations

and bodies that there are five or six parties in this question and every one of them has profited by this industry. The price of sugar that is imported from outside is much lower. It is at the most Rs. 14 or 16, whereas the minimum price that is being paid in the country at control rate is Rs. 28-8-0. Therefore, the Central Government is realising profit by excise revenue. My hon. friend Mr. Tyagi was frank and he said that the U. P. Government have realised about Rs. ten crores by way of cess and out of that amount they have hardly spent ten per cent. for improving and developing sugarcane. To that extent, the Provincial Government of U. P. also has profited at the cost of the consumer. Similar is the case with regard to cane growers. I am told they are paid more than what should ordinarily be paid to them. Similar is the case with manufacturers.

It is clear from the facts narrated to us that in November 1949 the carry-over stock was somewhere between 1;25 lakh tons according to Shri Jhunjhunwala and 2 lakh tons according to other estimates. Therefore, taking the additional production of nearly ten lakhs, it was enough for the whole year taking the normal consumption of sugar into consideration. It appears that all these various interests have been trying to throw the blame one on the other. We do not know what would be the result of the enquiry, but from what I have heard, I am convinced that everyone has bungled. Everyone has had his own axe to grind and there was no co-ordination. The result is that, despite the fact that there was no deficit, we have had to pass through the present ordeal. As we find not only from criticisms outside but from the speeches made in the House, our Government have lost immensely in credit and reputation on account of this 'sugar muddle'.

Coming to the question as to what is to be done so far as the future is concerned, I would like to point out that the provinces of U. P. and Bihar must remember that a province like Bombay has suffered the most on account of the sugar shortage. In Bombay the urban population is 26 per cent. of the total population according to 1941 census. From the two per cent. in Assam of urban population, nowhere else is it so high as 26 per cent. The result is that the urban population require more sugar and naturally there is greater suffering and discontent. I do not grudge people coming to Bombay province from all over India, because it is a highly industrialised province; but, on the one side, we allow people to come in and on the other side we find that when sugar or food has to come from outside there are restrictions on its so coming from other provinces. We are always told that Bombay is a deficit province in the matter of food and sugar. So long as you go on increasing the population of the province by allowing free import of men but restrict import of food or sugar, it can never become self-sufficient in food or sugar. I do not want to be provincial, but this is the state of affairs. Bombay has suffered the worst on account of this muddle. When I go back from this place to my place, I find that whereas you can get sugar for Rs. two a seer here, you will have to pay much more than that in my province, say as much as Rs. five a seer. Why is it so? Why should we pay through our nose? I think the time has come when it is impossible for this Government to control sugar effectively. There is conflict between the cultivator of the U. P. and the manufacturers in that Province. There is conflict between the interests and objectives of the Government of India and the Provincial Governments of U. P. and Bihar. It is impossible, in the face of these things, that any Government—whether it is this Government or any other Government—will be able to carry on this control effectively. If you wish to effect an equitable kind of distribution, the question will arise as to how it is to be done: is it to be done on the basis of requirements or on the basis of population? In the former case, there may be certain provinces which claim more than they may be entitled to on the basis of population. To my mind, whether you blame

(Shri H. V. Pataskar)

the Central Government, the U. P. Government, the millowners or the dealers, it is impossible that the control on sugar can hereafter be effectively exercised. Therefore my submission is that sugar must be decontrolled. Sugar is not an essential article of life like food. We know that even by controlling, we cannot do its distribution properly; so the best thing would be to remove this control. It may be argued that, after all, if we support sugar, the industry which has been maintained in the country ever since 1832 will go down and be ultimately destroyed. So I would suggest that we may keep the price at Rs. 28/8/0, but there should be no restriction whatsoever on the selling or movement of sugar from one province to another. Otherwise, I am sure a province like Bombay will always remain a deficit province. From the points of view of Government, of the convenience of the public and also of the difficulty of maintaining this control, it is best that sugar should be decontrolled. At the most, we may fix the price at Rs. 28/8/0. All these Syndicates, Cartels and Trusts must be abolished. The ordinary law of supply and demand should be allowed to operate. In the beginning there may be some trouble, but that does not matter. If there was not this Syndicate, ordinarily the price may have increased by an anna or two, but now we find that although there was enough sugar to last the whole year, an artificial scarcity was created and it has caused so much hardship and misery to the public. I will cite a simple example. In Poona town, the black market price of sugar is Rs. five, I am told. What happened was this. A particular man who had an ample stock when the trouble arose, sold half of it at the black market price and the other half he had kept aside. When the police came to enquire, he threw it into the drain lest he may be detected. All that sugar was washed away. What is the good of such things? I am told that although the stocks with the mills were frozen in U. P., the stocks with the dealers were not frozen. They said they had no powers. Then the powers had to come from the Centre. The Centre had to consult the provinces. And among the provinces themselves there was no co-ordination. There was delay in several provinces issuing their own order. The result was that not only the manufacturer but the dealer who had some stock with him made a fortune out of this scarcity. I ask a simple question. Why is there this black market? It is because the controls are ineffective. Many people ask why the Government should not stop the black market. I ask you, in a vast country like this, how many prosecutions are you going to launch? The best thing would be to decontrol sugar. Whether you blame this Government or that Government, whether you blame the manufacturer or you blame the dealer, it has been proved beyond doubt, in my opinion, that sugar should be decontrolled. It has been proved beyond the scope of any enquiry that decontrol is the only solution. There must be free flow of sugar from one province to another. I warn my U. P. friends that if they stop sugar from being freely sent to other parts of the country where it is so badly required, the result would be that they would lose the sympathy of those people after some time. Therefore, that is the only thing that should be done. I say that sugar should be decontrolled with a determination that there should be no control again. If you want to decontrol now let us not even imagine of controlling it again. In the case of food, we cannot take any risk, because in the absence of it people may starve and die. But not so in the case of sugar. Therefore, if you want to maintain this national industry, that is my humble suggestion.

**Mr. Chairman:** I want to announce that a further restriction of time has to be imposed as there are still seven or eight Members who are anxious to speak. We have got only one hour and ten minutes. I would request hon. Members to restrict their speeches to ten minutes, to enable as many Members as possible to speak.

**Shri Sarangdhar Das:** Sir, it was announced by the hon. the Speaker that those who have moved amendments will have a right to speak first, and then the others will take their chance. According to this arrangement, we are deprived of an opportunity of speaking after having tabled amendments.

**Mr. Chairman:** The hon. Member may wait for his chance.

**Pandit Thakur Das Bhargava:** Is it absolutely necessary for a Member to send a note for him to get a chance to speak?

**Mr. Chairman:** No, it is not necessary.

**Mr. Hossain Imam (Bihar: Muslim):** Sir, I do not wish to fake up the time of the House on discussing, or making a *post mortem* examination, of the past. It is a common ground between the Government and the House that there has been something wrong in the past. They have agreed to have an examination. Therefore to confuse ourselves to the past mistakes is like beating a dead horse.

I would only suggest that the Committee which the hon. the Food Minister proposed to form should be presided over by a Judge of the calibre of either Justice Rajadhyaksha or Justice Varadachari, so that its recommendations may command respect. I would also suggest, that the Committee, when it is formed, should work consistently and be able to submit its report as soon as possible, so that we may not be wise after another event.

Thirdly, Sir, I should like to urge that it is wrong of the House to condemn a Government which is not present in the House to defend itself. What reasons and what difficulties prompted the United Provinces Government to take this action, we do not know. We have got no official papers circulated to us on behalf of the United Provinces Government to express their point of view. Therefore, I do not think that it would be just and fair on our part to condemn them outright without hearing their case.

I should concentrate mostly on the present. What should be the policy now? I am definitely of the opinion, Sir, that rationing is an encouragement for the black market. If you do not give full ration—and it is not possible for you to give full ration—then decontrol is the only thing open to you. But the price of the mill stock must be controlled. We may take powers under the Essential Supplies Act to restrict the retail prices of the district retailers also. Prices had been controlled during the war without rationing and they can today be controlled without rationing. But I have to blame the Government—especially the Finance Ministry—on one matter. We find from the notes circulated by the Food Ministry that they recommended the import of 50,000 tons of sugar costing anything between two to three crores and the Finance Ministry did not agree to it. It seems somewhat strange that a country with an import trade of about four hundred crores of rupees cannot find three crores in four months. We could have reduced some of the motor cars and luxury articles which we are now importing from other countries in favour of this very essential commodity.

Sir, I should like to stress that I do not hold any brief for the Government or for the capitalists. But I do feel that the Government erred grievously when they did not compensate the sugar mills for the decreased price paid on their stocks. If they had any justification to take away from the mills the excess in prices which was fixed in 1947-48, there was absolute justice on the part of the mills to get some compensation from the Government. But unfortunately this was denied to them. That was the wind which you sowed, with the result that you now have to reap the whirlwind. They, therefore, took advantage of the position and their rights under the law to increase the prices and to recompensate themselves for the losses which they had incurred,



[Mr. Hossain Imam]

It is very essential that in order to control the supply, we should take into account what is the potential capacity of consumption. Some of my hon. colleagues will not agree with the Government's view that there has been increased consumption. It is necessary that we should look to the papers and find out what the conditions were in 1947. The price then was Rs. 20 per maund and it was increased to Rs. 35. Therefore, the demand after the first decontrol was not increased in the same proportion, because prices went up by 75 to 80 per cent. The other factor was that *gur* prices were Rs. 15 a maund in place of Rs. 13 in 1946. Therefore, there was no competition between the two.

Now in the current year the sugar prices rose up to Rs. 28 a maund, as compared to Rs. 20 in the previous year. So the difference between the two prices was responsible for the larger consumption of fine sugar by the general public. It is, therefore, necessary, in my humble judgment, that we should allow import of refined sugar of a small quantity in order to supply all the requirements of the Greater Calcutta and Greater Bombay. In the meantime, rationing should be abolished from these two areas. Sugar should be allowed to be sold for a specific period of a month and a half or two months at the utmost to the general public, to anyone, as they like and at whatever prices offered, but on this definite understanding that from 1st February the Government will ration it, give one pound of sugar per week for each individual in Calcutta and Bombay. This quantity can be imported and profitably sold by Government through registered shops on their own or through the ration supply offices. These are the people who use the maximum quantity of sugar and are prepared to pay the highest prices. We will thus be able to relieve the pressure on supply. In future there will not be a shortage, provided we are prepared to bring foreign sugar whenever there is a necessity.

I may mention, Sir, that I have heard it definitely from the Government authorities that during the period of rationing, the Sugar Syndicate really did not function. We had the control of production and distribution. Similarly I do not want to have rationing. But I want this control to be maintained. It was initially wrong of the Syndicate to have set destination quotas for 40 per cent. in the first three months of the year and after that ten per cent. every month. Ordinary arithmetic will convince you that the whole stock would be exhausted in about nine months, as it has happened. Therefore, it is necessary that there must be destination control by the Government. The Government must watch not afterwards, but as the thing goes on, how things are moving and as soon as they find that there is scarcity or high prices they must be able to import. I may mention that in the long run, it would be more advantageous to the Finance Department to have imports and thereby a good income from customs rather than be stingy about foreign exchange and allow black-market to prosper. Their giving small rations to the public means direct encouragement to black-marketing. You lose your Income-tax also on the black-market profit. After all is said and done, it is the black-market money which is playing all this havoc and until you free it and allow it to be invested, you will have no peace in this country.

**Dr. P. S. Deshmukh:** Sir, it has been pointed out by a number of speakers in this House that the whole scarcity is more the result of manipulation than any real deficiency in sugar. In this amazingly unconvincing note circulated by Government, effort has been made to show that consumption has suddenly gone up. My hon. friend Prof. Shibban Lal Saksena has quoted certain figures to show how hopelessly unsound this contention is. I will give you a few further figures from which it will be apparent that, in spite of the fact, that we

are going to appoint an Enquiry Committee, the main blame for this muddle will have to be placed at the door of none else, but on the Central Government.

Many hon. Members have blamed the Syndicate. I have no doubt, Sir, that the Syndicate has played its own part; so have the mill-owners, as well as the merchants and traders in the country. But, Sir, after all, the Syndicate is more or less a creature of the Government, whether it is Central or the United Provinces or Bihar Government. In any case, any reasonable person must expect that the Central Government would keep itself duly informed of the doings of the Syndicate. The sugar that was sent out from the mills was sent out with the consent of the Syndicate.

**Shri Ajit Prasad Jain:** Not always.

**Dr. P. S. Deshmukh:** So far as those mills which are members are concerned, I am sure, at any rate, they are kept informed.

**Shri Ajit Prasad Jain:** No.

**Dr. P. S. Deshmukh:** I have here figures that have been provided, so far as despatches from Member factories during this period are concerned. They show quite clearly that, as a matter of fact, since the year 1944, there has been a decline in consumption rather than a rise. In 1944, we consumed 8,43,000 tons out of the sugar produced by these factories which are members of the Syndicate. In 1945, it went down to 7,89,000 tons; in 1946, it went further down to 6,61,000 tons; in 1947, it went further down to 5,76,000 tons. In 1948, it showed a slight increase and went up to 6,82,000 tons. The average per month of despatches from these mills works out in 1944 to 70,000 tons a month, in 1945 to 65,000 tons; in 1946 it works out at 58,000 tons and in 1947 it works at only 48,000 tons. There is a slight recovery in the year 1948 and we have a figure of 56,000 tons. All the arguments, that have been brought together in this note to show that all of a sudden the average has gone up to 100,000 tons per month are, I think, an exaggeration which can have no basis, no justification whatsoever. The argument that there has been an increase in population also is a fallacious argument because, as can be seen, population does not increase in one year; if there is an increase, it is an increase everywhere. In spite of this increase, in spite of the increase in wages, in spite of the fictitious rise in the standard of living which the hon. Minister thinks there is in the country, which I do not believe, I cannot accept that the average consumption has risen to 1 lakh tons a month. All these arguments are quoted to show that there is basis for the contention that consumption has gone up so much that in the year 1949, we shall require not less than 13 lakhs of tons of sugar, which would be twice as much as 1948. This would be, even taking the most popular year, a year in which there was the greatest consumption, at any rate from these factories, one and a half times as much. That is the calculation you will find in the note also. The average that was taken away from the mills per month was in the neighbourhood of 97,000 tons to 100,000 tons, because during the first nine months, more than nine lakhs were consumed. Even with whatever there was from the previous year, there could have been left three lakh tons which was hardly sufficient for three months. It was from these figures that the hon. Minister has tried to argue that there is scarcity, that there is a larger demand and a shorter supply. My contention is that this is absolutely untrue. It has not only been proved by the figures quoted by Prof. Shibhan Lal Sakseena; it is absolutely borne out by these figures. If this was the position, the Central Government should not have allowed itself first of all, to agree on the one hand, in the month of June to allow any export, which, of course, did not take place, of two lakhs of tons, and on the other hand, in a few months time or in a few weeks time to be convinced that the consumption has increased so much that there is scarcity and therefore we will have to take some steps to stop it. The whole thing has been

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[Dr. P. S. Deshmukh]

so utterly mismanaged probably because the hon. Minister was misled by the information given by the Syndicate.

**The Honourable Shri Jai Ramdas Doulatram:** I do not like to interrupt my hon. friend. But, he has forgotten that he is giving figures for control years, when there was low consumption, when the production was also less. These figures relate to these control years, when very limited sugar rations were issued. They are not figures of normal demand and normal consumption.

**Dr. P. S. Deshmukh:** I would have been very glad to correct myself; but I am unable to do so, because the lifting of control was not a matter of yesterday. I am sure control over sugar was lifted at least about one year and ten months back.

**An Honourable Member:** Eighth December, 1947.

**Dr. P. S. Deshmukh:** The figures can speak for themselves. Secondly, all these figures are for un-partitioned India, when India was not partitioned. There is also another factor to justify that consumption could not have possibly increased to this extent and in allowing himself to be convinced to the contrary that there is real deficiency, I think the hon. Minister has fallen into an error and it is that error that is responsible for the whole muddle. The second thing is—I must conclude, I have no other alternative, I have hardly begun—unfortunately, the blame which can be placed on the shoulders of the Central Government does not end there. What has the Central Government done during the last four months. There has been no improvement whatever in the condition of things in regard to the supply of sugar. The Government which has brought about this scarcity, have at least saved two lakhs of tons of sugar from being consumed by the people. From October to the end of January, they are going to give only two lakhs of tons, and if there is a consumption of at least 90,000 tons per month, there has been a saving of two and a half lakhs of tons and there can be no possibility of scarcity hereafter. My submission is that there has been great bungling in many parts of the Government; it has been a case of the blind leading the blind, with the result that we are left face to face with this situation and the whole country has suffered innumerable hardships, which, one of these days is not only bound to recoil on the heads of the Government themselves, but on every one of us. I therefore think that at the earliest possible moment, if this Government possesses any foresight, if this Government is clothed with any authority at all, this whole muddle should come to an end, within the next fortnight or so, and the people should be able to get sugar, if necessary, at even a slightly higher price. But sugar must be decontrolled. That is the only solution. The enquiry should be public as well as judicial so that all those responsible shall be punished.

**पंडित ठाकूर दाम भार्गव :** जनार्दन चेरमेन माहब, इस मामले में जो हाउस (House) के सामने दरपेश है, ज्यादा सोच विचार का तो सवाल इस में पैदा ही नहीं होता। जिस गवर्नमेंट (Government) ने प्रोटेक्शन (Protection) दी थी, जिन बजटान की बिना पर प्रोटेक्शन दी थी, देवना यह है कि बाया वह प्रोटेक्शन किसी हद तक कामयाब हुआ या नहीं। एक सवाल तो हाउस के सामने यह है कि इस वक्त यह झगड़ा हो गया, शुगर मडल (Sugar muddle) हो गया, उसके असरदार क्या हैं। मुझे कहने में जरा भी ताम्मुल नहीं है कि इस सारे झगड़े में अगर कोई शक्त्स कोई अथोरिटी (authority) जिम्मेदार

है इस मडल के वास्ते, यह प्रोटेक्शन अगर नाकामयाब हुआ है, तो वह सिर्फ गवर्नमेंट आफ इंडिया (Government of India) है। एक हिन्दी में मिसाल मग़ाहूर है। चोर को क्या मारें, चोर की मां को मारें। जिस गवर्नमेंट ने यह प्रोटेक्शन दिया था, उस गवर्नमेंट का यह फ़र्ज था इस प्रोटेक्शन को कामयाब बनाती, यह प्रोटेक्शन सारे मुल्क की कोस्ट (Cost) पर दिया जाता है, किसी खास प्राविन्स (Province) की कोस्ट पर नहीं दिया जाता है, हिन्दुस्तान के हर एक आदमी को सैक्रिफ़ाईस (Sacrifice) करनी पड़ती है। जब कोई प्रोटेक्शन दिया जाता है, उस सूरत में उस गवर्नमेंट का यह फ़र्ज था कि जो सारे देश के ऊपर अपना तसल्लुत रखती है फूड (Food) प्राविन्सल सब्जेक्ट (Provincial subject) है तो भी आज हम किसी प्राविन्सल गवर्नमेंट (Provincial Government) को शकर की कमी के वास्ते जिम्मेदार करार नहीं दे सकते। क्योंकि वह जाहिर सबूत है। लेकिन इस की जिम्मेदारी अब गवर्नमेंट आफ इंडिया ने ली है। लेकिन यह चीज साफ़ नहीं है। अब यू० पी० के सन् १९३८ के ऐक्ट (Act) के मातहत यह सिन्डीकेट (Syndicate) बना है और यू० पी० गवर्नमेंट (U.P. Government) का ही उस पर इन्तज़ाम है। उस की दफा ११ ए० के मातहत शुगर की कीमत मुकर्रर की जा सकती है। लेकिन २८ रू० ८ आ० की कीमत जो मुकर्रर की गई है वह मिनिमम (minimum) कीमत है। लेकिन मैक्सिमम (maximum) कीमत मुकर्रर नहीं की गई है। मैं पूछना चाहता हूँ कि क्यों मैक्सिमम कीमत मुकर्रर नहीं की गई। आज किसी के यह कहने का सवाल ही पैदा नहीं होता है कि कंट्रोल (Control) से ज़्यादा कीमत लेते हैं क्योंकि गवर्नमेंट आफ इंडिया ने या गवर्नमेंट आफ यू० पी० (Government of U. P.) ने कोई सीलिंग प्राइस (Ceiling price) मुकर्रर नहीं की है।

**Shri Krishna Chandra Sharma:** It was agreed between the industry and the Government.

पण्डित ठाकुर दास भार्गव : मैं पूछना चाहता हूँ कि सारे देश के मामले में जहाँ हरेक कन्स्यूमर (consumer) का इंटरेस्ट (interest) मौजूद है। What is the gentlemen's agreement, and where are the gentlemen who made the agreement? हमको मालूम है कि पिछले साल जबकि डि-कण्ट्रोल (de-control) हुआ, उस वक्त क्या सूरत हुई थी। गवर्नमेंट आफ इण्डिया और मि० श्यामाप्रसाद मुखर्जी यहाँ बैठे रहे और यू० पी० गवर्नमेंट ने एक फैट अकम्प्लि (fait accompli) गवर्नमेंट के सामने पेश कर दिया और गवर्नमेंट आफ इण्डिया मजबूर हो गई कि उसके मुताबिक काम करे। अभी मिस्टर हुसैन इमाम साहब ने फरमाया है कि किसी गवर्नमेंट के खिलाफ़ कुछ कहना जो

[पण्डित ठाकुर दास भागंब]

यहां रिप्रेजेंटेट (represented) नहीं है, मुनासिब नहीं है। मैं बहुत अदब से अर्ज करना चाहता हूँ कि इस तरह से तो सिन्डीकेट के खिलाफ भी कुछ कहना नहीं चाहिये। लेकिन कुछ चीजें होती हैं जो लाजिमी व मुसल्लमा होती हैं। मसलन यह चीज मुसल्लिमा है कि अभी तक गवर्नमेण्ट आफ इण्डिया ने कोई फैसला नहीं किया था कि क्या पालिसी (policy) अख्तियार की जाय, इससे पहले फ्रीजिंग (freezing) यू० पी० में हो गई। मुझे नहीं मालूम.....

श्री महावीर त्यागी: अगर उसने ऐसा न किया होता तो हिन्दुस्तान में इतनी चीनी भी न मिलती जो आज मिल रही है।

पण्डित ठाकुर दास भागंब: मैं इसके लिये यू० पी० गवर्नमेण्ट को उसकी बैक (back) पर नहीं कंडेम (condemn) करना चाहता लेकिन मैं जानता हूँ कि गवर्नमेण्ट आफ इण्डिया के हुकम के बगैर, और हुकम बढ़ी आसानी से लिया जा सकता था, मिल स्टॉक (Mill stock) क्यों फ्रीज (freeze) कर दिया गया। अगर यू० पी० गवर्नमेण्ट इसका जवाब न दे, क्योंकि वह यहां ट्रायल (trial) पर नहीं है, लेकिन हमारी गवर्नमेण्ट को जवाब देना होगा कि उन्होंने उसके खिलाफ क्या ऐक्शन (action) लिया, क्या गवर्नमेण्ट ने कोई कम्यूनिके (communiqué) निकाला कि क्यों चूँकि यू० पी० गवर्नमेण्ट ने ऐसा कर दिया है इस लिये हमारी गवर्नमेण्ट भी मजबूर हो गई। मैं इसमें यू० पी० गवर्नमेण्ट को कंडेम नहीं करना चाहता लेकिन एक सवाल पूछना चाहता हूँ.....

श्री अजित प्रसाद जैन: आप सवाल यह पूछिये कि सेण्ट्रल गवर्नमेण्ट ने क्यों फ्रीज नहीं किया।

पण्डित ठाकुर दास भागंब: मुझे कोई गरज नहीं है कि क्यों नहीं किया, लेकिन मैं अदब से यह पूछना चाहता हूँ कि इस देश के अन्दर जिसका यह क्लेम (claim) है कि यहां पर इतनी धुमर पैदा होती है जितनी देश के लिये काफी है फिर मुझे बतलाये कि क्या बजह है कि यहां पर कण्ट्रोल किया जाय। यहां पर कण्ट्रोल करने के यह माने हैं कि गवर्नमेण्ट ठीक तौर पर इन्तजाम नहीं करती बरना कण्ट्रोल के मानी क्या है? कण्ट्रोल के मानी मैं समझ सकता हूँ उस मुल्क में जहां किसी चीज की कमी हो, ताकि हर एक को वह चीज मिल जाय। लेकिन इस देश के अन्दर यह चीज इफ़रात में मौजूद थी। फिर इस कण्ट्रोल का क्या मतलब है? इस तरह क्या आप हर चीज को फ्रीज करते जायेंगे। २७ तारीख को वहां पर फ्रीज होती है, और ३० तारीख को यहां मीटिंग होती है और फिर फ्रीजिंग का हुकम होता

है। क्या कोई इतना बेवकूफ शल्स है कि यह यह भी नहीं समझेगा कि कीमत में शुगर महंगी बिकेगी। फिर अगर यह अण्डर ग्राउण्ड (underground) नहीं जायेगी तो क्या होगा? क्या आप इसकी उम्मीद कर सकते हैं? नतीजा यह हुआ कि जैसा शिड्यूल ४ (Schedule 4) में दिया हुआ है बहुत जगह स्टॉक्स (stocks) नहीं मिले। कहां से मिलते? जब लोगों को यह मालूम हुआ कि इतना रुपया अब ब्लैक मार्केट से पैदा होगा तो आप यह उम्मीद नहीं कर सकते कि यह पैट्रियाटिक (patriotic) होंगे। जनाबवाला, यहां पर सिन्डीकेट की बहुत बुराई की गई है। मैं सिन्डीकेट का वकील नहीं हूँ। लेकिन जो कुछ उन्होंने किया अपने मेम्बर साहबान के फायदे के लिये किया, न किया हो उन लोगों ने तो न किया होगा। मैं झगड़े में पड़ना नहीं चाहता क्योंकि इन्क्वायरी होने वाली है। मेरे पास ऐसे बहुत से कागजात मौजूद हैं जिनको पढ़ कर मैं कह सकता हूँ कि इस नतीजे पर पहुंचना मुश्किल है कि किसका कितना कसूर है, मैं बिल्कुल इस झगड़े में पड़ना नहीं चाहता न मैं किसी को कंडेम (condemn) करता हूँ। लेकिन मैं एक बात जानता हूँ कि अगर सिन्डीकेट ने यह किया तो अपने मेम्बर्स (members) के लिये किया और सिन्डीकेट की कोई जिम्मेदारी नहीं है कि कोई पैट्रियाटिक काम करती और देश के लोगों का भला करती। यह फर्ज है गवर्नमेण्ट आफ इण्डिया (Government of India) का। मैं अदब से पूछना चाहता हूँ कि गवर्नमेण्ट आफ इण्डिया ने क्या कार्रवाई की। अगर सिन्डीकेट ने उनको धोखा दिया अगर यू० पी० गवर्नमेण्ट ने उनको धोखा दिया तब उन्होंने क्या किया और क्यों धोखे में आये। गवर्नमेण्ट आफ इण्डिया कैसे अपनी पोजीशन (position) जस्टीफाई (justify) कर सकती है। मैं कहना चाहता हूँ कि जब मैं सारी बातें देखता हूँ तो मुझे समझ में आता है कि गवर्नमेण्ट आफ इण्डिया ने अपने कई चीजों के अख्तियारात प्राविन्शियल गवर्नमेण्ट्स को दे रखे हैं। और वह अपने काम से अच्छी तरह वाकिफ नहीं हैं। मैं पूछना चाहता हूँ कि क्या यह ३ आने का सेस (cess) जो है जिससे दश वर्ष में आठ करोड़ अड़तालिस लाख रुपया आता है जिसका बड़ा हिस्सा जनरल रेवेन्यूज (general revenues) में जाता है और वह यू० पी० गवर्नमेण्ट को क्यों देना चाहिये। मुझे आप बतलायें कि जब कि दुनिया की गन्ना पैदा करने की ताकत बढ़ गई है तब आपकी क्यों घट गई है? मुझे यह बतलाया जाय कि जब हर एक मुल्क में एक एकड़ में ४० टन पैदावार है तो क्यों यहां १५ टन ही है? जितना रुपया इस मुल्क के लोगों से लिया गया वह जनरल रेवेन्यूज में चला गया और जिस गरज के वास्ते लिया गया था उस पर अच्छी तरह नहीं खर्च किया गया। मिलों के बारे में मैं कुछ नहीं कहना चाहता। आप जानते हैं कि मिलों को मजदूरों को ७० रुपया देना पड़ता है, सेस देना पड़ता है और गन्ने की कीमत चार आने मन से एक रुपया दस आना मन हो गई है।



[पंडित ठाकुर दास भागव]

इससे उन लोगों का भला होता है जो मिलों में काम करते हैं और जिनका उनसे ताल्लुक है। मैं भी चाहता हूँ कि उनकी भलाई हो, लेकिन मैं यह नहीं चाहता कि उनको जस्ट ड्यूज (just dues) से ज्यादा देकर उनको सारे मुल्क के कास्ट पर पैम्पर (pamper) किया जाय। यह जितनी भी चीजें हैं वह सारे मुल्क के फायदे के लिये हैं, किसी खास कम्युनिटी (community) के फायदे के लिये नहीं। सन् ३० में इसी जगह से हम उस वक्त की गवर्नमेण्ट से प्रोटेक्शन के लिये भगड़ने थे और उस गवर्नमेण्ट को हमने मजबूर कर दिया कि प्रोटेक्शन दे। लेकिन हमको देखना चाहिये या कि हर एक कन्स्यूमर को इस देश में सस्ती और अच्छी चीनी मिले। क्या हमने इस पर अमल किया? ३१ से १३४ मिलें हो गईं ताहम इसका क्या किया जाय कि यहां पांच रुपये और चार रुपये सेर चीनी मिलती है? मैं जानता हूँ कि इस इन्क्वायरी (inquiry) से कोई फायदा नहीं होगा और इसकी कोई जरूरत नहीं है। इसमें यही कहा जायगा कि फलां की एरर आफ जजमेण्ट (error of judgement) है, फलां की एरर आफ जजमेण्ट है। अगर आप कुछ करना चाहते हैं तो इस कण्ट्रोल का खात्मा कीजिये और इसको देश में एने न दीजिये।

मेरे बन्द दोस्तों में इम्पोर्ट (import) का जिक्र किया है। मैं समझता हूँ कि अगर किसी भी मुल्क से एक टन भी इम्पोर्ट किया गया तो वह इस बात की निशानी होगी और इस बात का सबूत होगा कि गवर्नमेण्ट आफ इण्डिया इन्तजाम नहीं कर सकती और हम लोगों की नाक कट जायगी कि हम protection को कामयाब न बना सके और ठीक इन्तजाम करने के काबिल नहीं हैं। मैं इस लिये इम्पोर्ट के सस्त खिलाफ हूँ और इसको निराशा की बात (argument of despair) समझता हूँ।

(English translation of the above speech)

**Pandit Thakur Das Bhargava:** Sir, the matter, that is before the House, does not at all warrant a lengthy consideration. After taking into consideration the attitude of the then Government that granted protection and the reasons for granting such protection we have to see whether the protection given to this industry has proved successful to some extent or not. The first question before the House is to ascertain the reasons of this present sugar muddle. Without the least possible hesitation I can say that if any person or authority is solely responsible for this muddle and if the protection has failed then that authority or person is none else than the Government of India. In Hindi there goes a proverb that catch the evil at its source. It was the duty of that Government, which had granted protection, to make protection successful. Such protections are given at the cost of the whole country and not at the cost of a certain province. Every person in India has to make some sacrifice. Whenever any protections are given then the Central Government becomes duty bound to see that they become successful. Food is a provincial subject even when we cannot hold any Provincial Government responsible for this sugar

shortage. Because it is self-evident. But now the responsibility has been taken over by the Government of India. But the affair is not above board. The Sugar Syndicate was constituted under an Act passed by the United Provinces Government in 1938, and the same United Provinces Government control and supervise it. Under section 11A of that Act the price of sugar can be fixed. But the price, Rs. Twenty-eight annas Eight, that has been fixed denotes the minimum price. The maximum price has not been fixed. I want to enquire why the maximum price was not fixed? Today it does not lie in anybody's mouth to say that prices far higher than the controlled rates are being charged, because neither the Central Government nor the Government of the United Provinces have fixed any ceiling price.

**Shri Krishna Chandra Sharma:** It was agreed between the Industry and the Government.

**Pandit Thakur Das Bhargava:** I want to ask that in a country wide problem involving the interest of each and every consumer what is a gentleman's agreement, and where are the gentlemen who made the agreement? We know what had happened last year when sugar was decontrolled. The Government of India and Shri Syama Prasad Mookerjee kept standing like mere spectators and the Government of the United Provinces created a *fait accompli* and the Government of India was obliged to fall in line with it. Just now Mr. Hossain Imam has said that it is not at all proper to say anything against any Government which is not represented here. Very humbly I beg to say that similarly we should not say anything against the Syndicate also. But there are certain established and accomplished facts also. For instance it is an established fact that the Government of India had not yet come to any decisions regarding its policy in this matter that the freezing of sugar stocks took place in the United Provinces. I do not know . . .

**Shri Mahavir Tyagi:** Had this step not been taken then even this much sugar that we are getting to-day would not have been available.

**Pandit Thakur Das Bhargava:** For this action I do not want to condemn the United Provinces Government behind its back, but I want to know why the stocks in mills were frozen without the permission of the Government of India and when such permission could have been easily obtained. The United Provinces Government may not give any explanation because it is not on trial here, but our Central Government will have to give an answer as to what action did it take against the said Provincial Government. Did the Central Government issue any communique to the effect that the Central Government was obliged to do so as it had already been done by the United Provinces Government. I do not want to condemn the United Provinces Government for this action but I want to ask a question . . .

**Shri Ajit Prasad Jain:** You better ask why the Central Government did not freeze the stocks?

**Pandit Thakur Das Bhargava:** I am not at all interested to know why it was not done, but very humbly I beg to request you to tell me why sugar was made a controlled commodity in a country which claims to produce so much sugar that would suffice for the needs of the whole of the country. Here the controlling of this commodity means that the Government do not manage the matter properly, otherwise what else does controlling mean? I can understand the reasonability of imposing control in those countries where there is a deficiency of a certain commodity so that this particular commodity may become available to every person. But in this country this commodity was in abundance. Then what does this control mean? Would you go on freezing each and every commodity in this manner? There in the United Provinces the stocks are frozen on the 27th and on the 30th a meeting is convened here

[Shri Bhatkarm: 1-a.]

and then afterwards orders are passed for freezing the stocks. Is there any such fool who would not comprehend even so much that sugar would sell at a decidedly higher price? Then if the stock would not go underground then what else would happen? Can you hope for anything other than this? The result was that, as mentioned in schedule 4, stocks were not forthcoming in several places. Where could they be found? When people came to know they were going to make so much profit from the black market you could not expect them to act in a patriotic manner. Sir, the Syndicate has come in for a severe censure. I hold no brief for the Syndicate, but then, whatever they did they did for the benefit of their members. May be they did not do anything. I do not want to enter into that controversy as an inquiry is going to be started. I have a number of documents with me by a perusal of which I can say that it is difficult to apportion the blame. I would in no case enter into that controversy, nor would I condemn anybody. But one thing I know that if the Syndicate did it they did it for their members. No responsibility rests on the shoulders of the Syndicate to engage in patriotic activities and thereby benefit the people of this country. This is a duty of the Government of India. I would respectfully enquire, what action did the Government of India take? If the Syndicate played foul with them, if the U. P. Government betrayed them, what action did they take? And, why did they let themselves be betrayed? How is the Government of India going to justify its position? I want to say that when I examine all aspects of the affair I find that the Government of India have delegated their powers in several fields to the Provincial Governments, who, however, are not fully conversant with their job. I want to ask why should the U. P. Government have the three anna cess which yields eight crores and forty-eight lakhs of rupees in ten years, the major portion of which belongs to the general revenues? Could you tell me why is it that whereas in other countries there is improvement in the capacity for production of sugar-cane in our case there is deterioration? I should like to be told why is it that when in every other country there is a yield of 40 tons per acre here it is only 15 tons. All the money that was exacted from the people of this country came to be included in the general revenues and was not spent properly for the purpose for which it was got. I do not wish to say anything with regard to the mills. You know the mills have to pay the labourers at the rate of seventy rupees and they also have to pay the cess. Besides, the price of sugar-cane has risen from four annas per maund to one rupee and ten annas per maund. This works to the benefit of those people who work in the mills and are connected with them. I too want that they should be benefited but I do not want that by payment of more than their just dues they should be pampered at the cost of the whole country. All these provisions are for the benefit of the entire country and not for the benefit of any one community. In 1930, in this very House, we used to quarrel with the then Government over protection and we compelled them to grant protection. But we should have seen to it that good and cheap sugar was made available to each and every consumer in this country. Did we act on that principle? From 31 the number of mills rose to 184 but what is the good of it when sugar is sold at four to five rupees a seer? I know this inquiry is not going to yield any good and that it is not at all called for. All that will be said at this inquiry will be that so-and-so and so-and-so made an error of judgment. If you want to do anything you should end this 'control'; there should be no place for it in this country.

Some of my friends have touched on the question of import. I feel that even if a single ton is imported from any country it would be an indication and proof of the fact that the Government of India cannot manage things and we would be humiliated by the fact that we could not make a success of protection and that we are incapable of good administration. Hence, I am bitterly opposed to import and regard it as an argument of despair.

**Shri Sarangdhar Das:** There is a portion in my amendment in which I have said that Government failed in their duty to protect the consumer. As regards other matters, sufficient has been said already by the previous speakers and I do not wish to repeat them, although in the matter of seeing where the blame is and asking for an enquiry, I repeat that it should be done within, at the most, one month and it should be presided over by a High Court Judge and I wish to add that there should be no person connected with the sugar industry, on this committee. However, my point is that the Government failed to protect the interests of the consumer. I wish to point out that the consumer during the last eighteen years of the protection period, has paid somewhere near Rs. 350 crores to establish this industry in this country so that he can obtain cheap sugar and also that there may be the other benefits that come to a country when such an industry gets established. With this purpose the consumer has paid this amount, and it is the duty of the Government to see to it that the price of sugar does not go up enormously, but it has gone up enormously.

There are various figures from various sources, about the stocks and the despatches from the mills; but I will take the figures from the note circulated by the Government, and I find therein that although there was a carry-over from the beginning of the year, that is, from November, the despatches were anywhere between 50 per cent. and 200 per cent. more than what they used to be in the previous year. And I find from another source—also a Government source—the Director of the Institute of Sugar Technology, Kanpur, who issues during the season a fortnightly report, and I believe it must be coming to the Government also, I find from this source that in the month of March, the despatches shot up from somewhere about 30 lakh maunds—it is all expressed in maunds—to nearly 45 lakh maunds. Therefore, I want to know how the Government did not know, that such abnormal despatches were being made from the mills. And then, in the month of June, the same Syndicate comes forward to the Government with a request to export 50,000 tons of sugar. It should have been the duty of the Government to find out why, if so much increased despatches had been made, 50,000 tons should be exported again to Pakistan. From all these things I can see that this powerful body, the Sugar Syndicate, had become a very powerful influence in the country, at least with the Government. This powerful body, having always objected to the sugar cane prices fixed by the U. P. and Bihar Governments, started this year a very nice conspiracy from the beginning of the season, so that the Government might be embarrassed, there might be scarcity of sugar and the Government might beg the sugar manufacturers to increase production and then they might claim that the price of sugar must be raised from Rs. 28/8 and the price of sugar cane should be reduced. This, to my mind, was absolutely a conspiracy, and they have succeeded in it.

In this connection I want to point out something that the other speakers have not touched upon. I have understood from the various sources, and from the Government also, that in December, 1948, the Syndicate had agreed to keep the price at Rs. 28/8/- per maund; but in March, April, May, the mills were charging anywhere from Rs. five to Rs. eight per bag over the sum of Rs. 28/8/- and there was a circular issued from the syndicate to the mills that nothing prevents them from charging this premium. I wish to know from the Government why these people who had entered into an agreement to keep the price at Rs. 28/8/- should not be punished—no matter how big they are—why they should not be punished for having broken that agreement. Now, this is one point that the previous speakers have not dealt with, but I think it is a very pertinent point. Unless you punish people for having broken agreements as you do with the poor people who, if they break any contract, are punished; unless you punish these big people also, how are you going to remove scarcity of sugar or scarcity of anything?

**Pandit Lakshmi Kanta Mahtta:** Punishments are for small people, not for big people.

**Shri Sarangdhar Das:** No, it is for big people also. That is why I say Members of Government go on telling the people to tighten their belt, and to talk of big things and not of small things, while millions are suffering in this manner. After paying Rs. 350 crores in 18 years for establishing this industry, if they are not getting sugar, then the Government must be held responsible.

As Acharya Kripjalani said, if the Government cannot govern, then it has no business to stay there.

I want to say a little bit about protection. Many of the speakers have said about the industry not having progressed. I can tell you that the industry will never progress as long as most of the factories are situated in the sub-tropical belt of U.P., Bihar and Punjab. Most of the factories must be removed to tropical belts of Bengal, Orissa, Madras and Bombay—Maharashtra and sugarcane should be grown there where it is yielding 50 tons per acre while the maximum in U. P. is about 15 tons. You can't decrease the price of sugarcane unless the yield goes up as it will in the tropical belt only. When the matter of protection comes, I will have a say.

**Shri Krishna Chandra Sharma:** I have given notice of an amendment to appoint a Committee under the presidentship of a High Court Judge, representing the industry, cane-growers and members of the Parliament to go into the details of this question of muddle and the general situation of the sugar industry and report thereon.

As I read through the amendment and I listened attentively to the speech of the hon. Members, I am reminded of what Washington said in 1784:

"What of this Government, half-starved, limping, on the stretcher, tumbling down at every step."

This was the description of American Government given by Washington in 1784 and it is completely true of the present Government. The painful story is that while the American Government had not the sanction behind it because there were so many States jumbled together and the Central power could not depend on the allegiance of the people as a whole, this Government is so powerful as no other Government has ever been so far in the history of the world and yet things have happened which could not be imagined to have happened. There is a man who raises a finger and the whole Nation obeys him. It is a story that in the future generations nobody would ever be ready to believe. I don't take sugar as a separate item. It is a question of how you move the whole machinery. I cite the instance of what happened after the Revolution in Russia. There was something round about the city. 50,000 ordinary men assembled together to move about the thing and the Minister and the high officials were working along with the people but the subordinate services—the clerks and assistants in the office and the Assistant Engineer were sleeping all right. So it is the story whenever a revolution comes, whenever a change comes, the men on the top are anxious to lead it and the man below is anxious to do the job but the men in between sleep all right. He has no sense of social conscience and this is the present story, whether you take the mill hand, the sugar magnate or anybody else. It is no use to say that the Sugar Syndicate is not doing its job. You say you decontrol the sugar and let the things go the natural course. Then you should be prepared for another question. Abolish the military and police and let things go the natural course. Then not a single sugar factory will exist and not a single millowner will exist tomorrow. Are you prepared for that. No man is entitled to the protection of the State unless he is socially conscious. Anybody who is doing otherwise is a criminal

before the people and he is a sinner. Why not the man who exercises take the *danda* in the hand and teach a lesson? What happened during the riots? These people were trembling. Who saved them? The man who was getting Rs. 30 as a Police Constable was the man on the spot and you asked him to stand at the gate of the criminal and, save his family and now you say decontrol. Is there any sense of justice or commonsense?

Then I say a word to the Government. The situation demands quick decision and strong action. As Acharya Kripalani said there is no way out. Either you control or import sugar from outside. You can't import—you have no means to import. What is the other way open? Ration sugar and control it and fix prices and take the strongest action. Put in the jail people who break the law and take the strongest action. No Government in a change-over has ever run efficiently without strong action. You say that you will talk to them. I have read the Chairman's address. He said the Deputy Prime Minister has done this and has given this concession or that but concessions do not produce a social conscience. It is necessary to have a sense of duty in the people and it is necessary to consider yourself as an organic part of the people as a whole and to realize that you can't exist if the people do not like you. If you say natural economics shall take natural courses, you must be ready to say that natural justice shall have its play. This Government may go but you will be wiped out too and so it is no use saying we have invested so much.

**Pandit Lakshmi Kanta Maitra:** I am sorry to interrupt my hon. friend. Certainly the whole speech is directed against us. What have we done?

**Shri Krishna Chandra Sharma:** I am referring to the industry. The only course open now is to increase production of sugarcane and realize whatever amount is available and take to task people concerned with production. The second course to take is to see that whatever is produced comes into your hand, control its price, ration it and if anybody breaks the law, take the strongest possible action against him and things will go well.

**Mr. Chairman:** Pandit Balkrishna Sharma.

**Shri B. K. Sidhva:** I have got my amendment. All the amendments are over and I don't know why I should not have any chance.

**Mr. Chairman:** You will get your chance.

**Pandit Balkrishna Sharma:** Sir, for nearly the whole of the day, I was in vain trying to catch your or your predecessor's eye and I didn't get that chance. At long last, I have got these ten minutes and I don't know if I shall be able to do justice to the subject which is under discussion.

At the outset, I wish to say that as I participate in this debate, I feel sad at heart, and naturally enough. Anyone may ask the reasons for this feeling of sadness. (*An hon. Member:* No, no, we won't ask). If you don't, then you are very unimaginative. You must. Well, Sir, sugar has left a very bitter taste in my mouth, and I am sad because I feel that one more blow has been dealt towards shattering our dream, a dream which we all cherished. The dream which our Government, and with them we, wanted to realise was to establish a new economic order in our society without any violent, cataclysmic change in our social set-up. We desired sincerely and in all good faith to build a half-way house between capitalism and socialism, a house where capital, labour, consumer, all may find a welcome shelter. But where are we today? I am very sorry to say that this inhuman, monstrous, greedy, gruesome, mean and murky manipulation of sugar prices by the *thugs* of the sugar industry has scorched my dreams. Was it out of pusillanimity that our Government cherished such a dream? No. The Father of our Nation taught us to secure co-operation of the capitalists in building our economy. Have we succeeded?

[P'andit Balkrishna Sharma]

Do we not see that our loans remain unsubscribed, do we not see that a loaded pistol is always held at our heads? Is there any wonder then, Sir, if I begin to lose faith in the humanity of the capitalists? If such continues to be their attitude, then let me tell them that the day is not far off when doom and utter doom will overtake them. Some of them may be chuckling when I say so. The Fundamental Rights in our Constitution have assured them the right to own property. Let them know that our Constitution is not an unchangeable, inexorable edict of Nantes, that the people of this country have a right to change it. Let them know that by their own actions they are putting the whole country in a vicious mood. I am reminded of the teachings of the *Gita*. At one place the author of the *Gita* says:

आत्मैव ह्यात्मनो बंधुरात्मैव रिपुरात्मनः

The *Gitakar* says that the self is the friend of the self and the self also is the enemy of the self. And these, our capitalist friends, today are the greatest enemies of their self because they have not learnt that great art which the *Gitakar* in the very next *stoku* says:

बन्धुरात्मात्मनस्तस्य येनात्मैवात्मनाजितः

The *atma*, the self, is the friend of him who has conquered the self. And they have not been able till today, even after having seen the whole country in utter misery, to conquer their wretched greed and their wretched lust for the filthy lucre. That is where we are. They are mercilessly driving us to the conclusion that in this Gandhi-forsaken land no half-way house shall be built, that it is impossible to resolve the inherent contradictions between capitalism and a happy, contented society, and that in the very near future we will have to destroy this system root and branch. It is to this conclusion that they are driving our country.

What is the sugar scandal? It is chicanery, it is fraud, it is dirty dishonesty in *excelsis*. Let the House not go with the idea that the sugar crisis came upon us suddenly or as a matter of course. No, Sir. It was a well-planned, well-thought-out, premeditated affair. The sugar magnates had planned to create a crisis. There was a well-laid conspiracy and in order to prove that well-laid conspiracy, I will try to place before this House certain figures. As early as the month of February this year, the offtake from the mills was so inordinately large that it defies any other conclusion except that the capitalists wanted to create a crisis in this country. Sir, in February, 1948, the despatch in the month of February from the mills was 7,68,180 maunds, but this year, in the month of February, the offtake was 91,65,030 maunds. What possible rationale can be given for this huge offtake from the mills in one month except that in the near future they had an eye on creating a scare in the market and a trumped up abotage?

To take another point, there are three questions before us, and those three questions as the hon. the Food Minister pointed out are: Firstly, enquiry, secondly the fate of the Syndicate and thirdly control or decontrol. He has very kindly agreed to an inquiry being held in this affair; secondly, we have to see what should be the fate of the so-called Syndicate; thirdly, the question of control or decontrol. These are the three questions before us. So far as the inquiry part of it is concerned, I think the Government has done well in deciding upon an inquiry. That an inquiry is called for is eminently clear from the information which has been supplied to this House today. As the House already knows, on the 1st of August, we were told, there was a stock of 280,000 tons of sugar in the factories, but when the freezing order came

it was found that only 106,000 tons of sugar were seized which means that 174,000 tons were left to be accounted for. Out of this 174,000 tons only 104,000 tons was shown to have left the mills during that period. Still, 70,000 tons remain to be accounted for and they have not been accounted for till today. Then, in the United Provinces the mills reported at the time that there were 92,000 tons. But when freezing came 9,000 tons were missing. If you take the price at Rs. 40 a maund, then it will come to something between six and seven cross of rupees which the mills, the Syndicate or the trade have made out that amount for which no account has so far been given by anybody.

I would like to place before the House some information.

Sir, the way in which this monopoly is worked is abundantly clear from the fact that the mill-owners have got their own agencies and *benami* transactions take place and the poor trader and the stockists and the wholesaler come in for a lot of criticism from us for little fault of theirs. I do not say that there is no fault on their part also, but I can tell you that wherever there is black-marketing, please take it from me, because I have got personal experience, it is only the mills that are responsible. I have got here names of certain firms, certain agencies which are nothing except the big mill-owners themselves and they receive the full produce of those mills. For instance, the Sugar Agents Limited and the Moon Corporation, these are the two institutions which belong to one particular group, I am told, the Birla Group, and the whole sugar produce of this group goes to them. Then again, there is the Thapar group which has got five mills. He has got his own "produce exchange", that is his own concern and everything comes to it. We are accusing the poor wholesaler here. It is these people. Then there are the Bharat Traders, the Asok Marketing Corporation and the Vyaparas Limited of the Dalmiyas and seven mills are under them and they pocket the whole amount. Then there are the Anand Ram Puranmal of Jaipurias and they have two mills under them. Then there is Surajmal Hariram of the Khaitans and Indrachand Vijaya Kumar belonging to Kejriwals. This is the information that I am giving to the House.

**Shri B. K. Sidhva:** Sir, I am very glad that the Government have taken a decision to appoint a Committee. I only hope, Sir, that the personnel of the committee will be persons of integrity, independent, impartial and honest.

**Mr. Chairman:** The hon. Member will have to finish before 5-30 p.m.

**Shri B. K. Sidhva:** I hope I will be given some consideration as others had been.

I only want to state that the Government of U. P. and Bihar had issued an order freezing the sugar stocks on the 26th of August and the Central Government on the second of September. I am surprised and amazed at the system of issuing the freezing order. Whenever any such action had to be taken, it should have been issued simultaneously all throughout India; and what has happened, Sir? Even though the order of the U. P. Government for freezing was issued on the 26th of August, on the 28th of August 600 bags were despatched from Seora in U. P. to Carnac Bunder in Bombay. Then 600 bags were despatched on the 30th August and again 200 bags were despatched from the same station to Carnac Bunder. Thus so many sugar bags have gone underground. Now coming to the rate, the rate of standard sugar is at Rs. 28-8-0. I have got in my possession original bills which indicate that they have charged the price of Rs. 35-8-4. There is a firm called Sugar Agents Limited in Seora in the U. P. who have sent to the Bombay Sugar Trading Company 220 bags, 600 bags of standard sugar at Rs. 35-8-4. This matter was brought to the notice of the hon. Minister by well-known responsible person. I also made a reference the other day in the question-hour and the hon. Minister stated that he had no recollection. I now give him



[Shri R. K. Sidhva]

these details and when this responsible person went to him, he said: "Now let us talk of the future and past is past". I am now telling this to recollect his memory. These are the facts I have got before me and the attention of the Government was also drawn by a responsible person, and yet no steps were taken by the Central Government. This was somewhere in the month of October. This is the position under which this racket has taken place. I do not know who is responsible really. The responsibility is either on the one or the other, but ultimately, it is the Centre's responsibility, no matter whether orders have been issued by the U. P. Government or the Bihar Government.

Then, I do not understand, Sir, when 41 factories in the other parts of the country excepting Bihar and U. P. can be managed without a syndicate why a syndicate should be imposed on these two provinces. These 41 factories have managed their movement very well. I cannot understand why this syndicate should be entrusted with the particular purpose of movement. If there is no alternative, then my conclusion is it is nothing but the industrialists' own concern, they are all mixed up in this and amongst themselves. They plan out, conspire and allow the extra price, the corruption and the black-marketing fall on the shoulders of consumers. Government have come into unnecessary criticism for the sins of these industrialists. The other day when we were discussing a measure against corruption, I brought in an amendment which purported to state that seven years rigorous imprisonment should be inserted instead of three years. The hon. Minister of Food did not accept my amendment. If he had accepted my amendment, Sir, then these people would not say that Government is weak. He did not accept my amendment suggesting seven years. The West Bengal Government have moved a Bill for seven years rigorous imprisonment. This is a matter on which I wish to draw the attention of Government. That on account of Government's weakness, the people outside who are dealing in this trade say that Government is luke-warm, it will do nothing to us and we will make profit at the cost of the consumers and bring the Government to disrepute. The C. P. Government are also thinking of taking very drastic measures. Unless Government takes drastic measures and takes some definite action against these people, Sir, you may do what you like, they are going to flout you, because they know that you are not going to do anything. I was very glad to note that this committee is to be appointed but this committee should submit its report within one month and within one week after the submission of the report, Government must take a decision. As the maxim goes 'Strike the iron when it is hot'. Similarly, you should take immediate action. Tomorrow the personnel should be announced and within one month the report should be out. We want at least some action and very severe action should be taken.

Then as regards punishment whenever a person is found guilty of bribery and corruption his goods must be confiscated. This is the best remedy and unless you confiscate the goods, they will not come to their senses because they will cease to exist. They are now prepared even to go to jails also, but when it affects their pockets, they fear. Unless drastic action is taken such as confiscation of property against persons who commit these crimes, Government's name will come into disrepute.

As to what control should be imposed is not a simple matter. From the very inception of control, when it was introduced, I have always been for control, because in principle it is very good. Under control every person gets some quantity at the fixed price and in my view, the principle is very good, but in our administration we have failed to give that control.

I have come to the conclusion that the control must go. There is no other alternative. At the same time the prices should be fixed; I leave that detail

to Government but immediate steps should be taken to de-control. Under control people are put to harassment, black-marketing goes on, no stocks are available; let us have de-control; we have experience of decontrol also but it is the lesser of the two evils. In these circumstances, I submit that de-control should be adopted.

**The Honourable Shri Jairamdas Doulatram:** I have listened to the debate with very great attention, and I am grateful to the House as a whole for the very constructive and helpful criticism that it has made of all that has happened in the course of the last six months. I, however, feel that sometimes the Central Government is criticised for things which it would be fair to criticise them for if they had been in charge of affairs for a long number of years. It was said that the production of cane per acre in U.P. and Bihar was only round about 15 tons all these years and there has been no progress and Government is blamed for this. I think it will be fair only to comment on the progress or lack of progress in the course of the last two years only. It is when a new Central Government is placed in power that it can effect changes even in matters which are within a sphere which may be provincial. So also in regard to a few other aspects of today's criticism, I feel that it would be fair to have this point in the background that the Central Government has been in charge only for these two years. Therefore, with regard to the more basic and fundamental aspects of the sugar industry and the progress or the lack of progress made therein I think it will be desirable to wait for future action.

With regard to the recent developments, all that I want to say is that, much as I would wish that the Central Government had been in a position to act, because sugar had been decontrolled, the power to deal with sugar industry was derived from the Provincial Acts of U.P. and Bihar. Under those Acts, there are bodies set up by the two Provincial Governments—the Sugar Commission and the Joint Sugar Control Board—and the sugar problem largely is controlled by those bodies. Obviously, with a large measure of provincial autonomy conceded to provinces, it is not possible for the Central Government to intervene in the provincial sphere from day to day, until a situation arises which needs handling by the Central Government. I must venture to state that, as soon as the Central Government began to feel that the prices of sugar were rising, they decided that they must intervene even though it was a provincial sphere. The price of sugar also was not fixed by Government as the statutory price. The price of sugar during the decontrol period was fixed by the Sugar Syndicate. There was discussion in Joint Sugar Control Board where the U.P. and Bihar Governments are represented, and as a result, a certain price was framed and more or less fixed. That price had not the effect of a statutory price. Any breach of that understanding was not a legal offence. We found that prices had been rising and somewhere in the middle or third week of July we felt that the Central Government must intervene.

**Pandit Hirday Nath Kunzru (U.P.: General):** Will the hon. Minister be agreeable to answer a question? Will he say whether it is a fact, as alleged by the Sugar Syndicate, that the release of sugar quotas made was with the approval and even at the instance of the U.P. Government?

**The Honourable Shri Jairamdas Doulatram:** I will not be able to reply with regard to what the U.P. Government did, because these facts are within the knowledge of the U.P. Government. All that came before the Central Government was that there was a rise in prices.

**Pandit Hirday Nath Kunzru:** Did the Central Government come to know at any time up to the month of June 1949 that the stocks of sugar were getting rapidly depleted at the instance of the U.P. Government?

**The Honourable Shri Jairamdas Doulatram:** We did not know that it was at the instance of the U.P. Government.

**Pandit Hriday Nath Kunzru:** Or because of the action taken by the Sugar Syndicate?

**The Honourable Shri Jairamdas Doulatram:** We did not know at whose instance it was, but when we did discover that the sugar stocks were being depleted and we found that the prices were rising beyond a certain limit.....

**Pandit Thakur Das Bhargava:** When was it discovered for the first time by the Central Government—in what month and on what date?

**The Honourable Shri Jairamdas Doulatram:** I said, round about the second or third week of July.

**Pandit Thakur Das Bhargava:** And before that did the figures come to the Central Government or not? Did they know or not know that sugar was being sent out?

**Shri R. K. Sidhva:** The figures came. There are the monthly returns.

**The Honourable Shri Jairamdas Doulatram:** The figures did come, but I am talking of the price. The stocks were there in the country. They were not only in the factories. Large stocks were also with the trade.

**Shri Ajit Prasad Jain:** May I know whether the Central Government did or did not come to know before the 15th July 1949 that the stocks of sugar had been depleted, no matter whoever may have been responsible for the depletion?

**The Honourable Shri Jairamdas Doulatram:** What I am stating is that the stocks in the factories had been depleted in the sense that the stocks in the factories were not adequate, in my opinion, for the rest of the year, unless the stocks with the trade also became available to supply the needs of the consumers.

**Shri R. K. Sidhva:** Is there any check-up in the Centre of the despatches made? Are there not monthly returns?

**The Honourable Shri Jairamdas Doulatram:** As I said just now, the whole thing was being handled by the U.P. and Bihar Governments Sugar Commission and Control Board.

**Shri Ramnath Goenka (Madras : General):** At the time the decision was taken by the Government of India for the export of sugar, what was the stock and did the Government of India realise at that time that the stocks had actually depleted, at least with the mills?

**The Honourable Shri Jairamdas Doulatram:** As I said, the stocks in the factories were not adequate to allow any export. That is also one reason ultimately why export was not possible.

**Shri Jaspal Roy Kapoor:** May I ask whether it is a fact that actually exports were allowed?

**The Honourable Shri Jairamdas Doulatram:** No licences were issued for export.

**Shri Jaspal Roy Kapoor:** Is it a fact or not that the Joint Secretary or Secretary of the Agriculture Ministry kept on sending repeated reminders to the Sugar Syndicate to despatch large quantities of sugar from the mills even up to the middle of August, and telegrams after telegrams were sent by the Agriculture Ministry to the Syndicate asking them to despatch as soon as possible and as much as possible out of the mills making full use of the railway wagons available?

**The Honourable Shri Jairamdas Doulatram:** I am not aware of that. I do not believe it, because I was myself opposed to any kind of export of sugar outside. (Interruption.)

**Mr. Chairman:** I think there must be an end to these questions. Let the hon. Minister proceed with his speech.

**Mr. Naziruddin Ahmad:** I would ask only one question.

**Mr. Chairman:** I am sorry. Order, order.

**The Honourable Shri Jairamdas Doulatram:** As I was explaining, when the prices began to rise, the Central Government felt that they must intervene. It is not every rise in the price of a commodity that must make the Central Government to intervene. (*Interruption.*)

**Pandit Hirday Nath Kunzru:** The hon. Minister said a little while ago that he was not in favour of exports of sugar to Pakistan, but the memorandum supplied to us by the Ministry of Agriculture says:

"Government decided, from the point of view of the balance of payment with Pakistan, that 50,000 tons of sugar out of the current year's production should be released for export by the Ministry of Agriculture."

**The Honourable Shri Jairamdas Doulatram:** As I said, no licences were issued at all and there was no export from the factories even after that decision.

Now, as I was stating, when certain commodities are decontrolled, Government does not intervene the moment prices rise if Government's policy in respect of that or those commodities has been one of decontrol. It is only when prices rise to a level where people begin to feel about it keenly that the policy of decontrol gets changed and Government intervenes. That is why the Government did not intervene at the very earliest occasion. When Government did intervene, obviously, the only way in which it wanted to intervene was to see that the price which had been fixed became statutory price and no factory was able to sell sugar at a higher price. Selling it at a higher price was to be an offence. That was the proposal which the Government of India wanted to implement. But as I have explained in my note, other developments took place and Government decided to freeze the stocks all over the country. In freezing the stocks all over the country, the first step that had to be taken was to see how we could allocate adequate sugar to the provinces. It is only when the Central Government gets information as to how much stock is available in each factory, that it can make proper allocations to the provinces. The Central Government cannot make an *ad hoc* allocation of a certain number of thousand tons to Bombay or Bengal, because the Bombay and the Bengal Governments must know from which factories they have to secure that quantity of sugar. Therefore, it became inevitable that that information should first be secured with regard to the stocks in each factory in the country and having secured that information Government had to make allocations to the provinces and each province was asked to take certain quotas from the factories allotted to it.

We had also to see that the transport arrangements were such as to enable the movement of sugar in the shortest possible time. That also meant that a certain kind of zonal system had to be evolved, so that each area was able to receive sugar speedily. Government went out of its way and arranged for specials to be run to those areas where there was the greatest need, as in the case of Bombay, Saurashtra and later on to some other parts of the country. Every effort was made to see that sugar reached the deficit areas within the shortest possible time.

Considerable discussion has taken place with regard to the actual consumption of sugar in the country. I do not want to go into details; nor do I want to weary the House with elaborate figures. But I will just try to illustrate the point from the figures which have been supplied by the Central Board of Revenue with regard to areas with which the United Provinces and Bihar are not concerned, which would indicate that consumption has been increasing.

[Shri Jairamdas Doulatram]

These are returns from the factories of Madras and Bombay. The Central Board of Revenue reported that while in 1947-48 throughout the whole year 60,000 tons of sugar was sold by the Madras factories (that was the previous year when there was no abnormal situation) in the year 1948-49 from the month of December to June (when there was no abnormal situation in the country) during those seven months as much as 40,000 tons had been sold by those factories.

So also in the case of Bombay. The Bombay factories in the whole of the preceding year 1947-48 sold as much as 92,000 tons, whereas in the months of December to April this year the Bombay factories sold 65,000 tons.

That means in regions which have nothing to do with the Syndicate (that is the United Provinces and Bihar) consumption had increased and I think it will be a little risky to suggest....

**Shri Ramnath Goenka:** They were the figures of delivery and not consumption.

**The Honourable Shri Jairamdas Doulatram:** These are the figures when there was no abnormal feature of exports. Those were the sales when there was normal demand and normal supply.

As a matter of fact a committee of specialists which sat sometime soon after the war and went into the whole question of the development of the sugar industry, made certain recommendations which are most illuminating. I will just read that portion to show how consumption has increased. This is what that Committee said in 1946, dealing with the growth of consumption in the country as a result of the war and other factors:

"Before the war India had become self-sufficient in respect of its sugar requirements. Indeed in certain areas production was in excess of this. Imports were small and were mainly confined to maritime States. The average annual demand for internal consumption was 10,80,000 tons. (This was, of course, for United India.) It has since grown considerably owing to the general growth of population, the increase in industrial and urban population and improvement during war-time in the purchasing power of at least a section of the population with consequent changes in their standards of living and habits. To these causes will soon be added the general impact of the habits of two million soldiers who returned from the war.

The estimates made by the Governments of provinces and States and the Sugar Controller for India show that the present effective demand for sugar is about 50 per cent. higher than in 1939 (That means in five years it had increased by 50 per cent.)

This is further substantiated by certain figures supplied by the Director of Cost of Living Index of the Labour Department of the Government of India about family budgets of working classes in urban areas. These indicate that the *per capita* consumption of sugar by these classes has during the war time increased by about 50 per cent."

What I was suggesting was that, apart from the situation in the country...

**Some Honourable Members:** From which report is the hon. Minister reading?

**The Honourable Shri Jairamdas Doulatram:** This is from the report of the Sugar Panel.

**Shri B. K. Sarda:** Who were the members of that Committee?

**The Honourable Shri Jairamdas Doulatram:** The members consist of representatives of industry as well as others. They were Sir Sri Ram, Mr. R. C. Srivastava of the Sugar Syndicate, Mr. Vishnu Sahai, Mr. S. M. Dhar (an official), Dr. B. C. Guba, Mr. Latchand Hirachand, Mr. M. B. Amin, Mr. Webb and Dr. M. K. Maitra.

They were people from different sections—consumers, government officials, representatives of industry, etc. But these are also facts which the report of the Director of Cost of living Index supported.

**Pandit Lakshmi Kanta Maitra:** I was not there.

**The Honourable Shri Jairamdas Doulatram:** Not you.

Whatever were the actual facts during the past six months, the trend of discussion today indicated that our consumption is not very high. Personally I regard that as a dangerous sign, because if our production is not adequate, and we live in the complacent hope that our consumption is not high, then many complications are bound to arise. We must face the actual facts. If we see the actual life round about us—leave aside these books and statistics—we are bound to have the conviction that the tea habit, the habit of other drinks and the habit of sugar is increasing. Larger and larger number of people are taking to sugar. Whatever may be the actual figure of consumption this year is a matter which can by all means be investigated later.

As I have suggested in my introductory remarks, as soon as the Tariff Board report is available (which would be in the course of the next two or three weeks) and we find how much of the ground covered by the discussion today is also covered by the Tariff Board, then we shall decide what remaining matters have to be enquired into. As I have already indicated, and I am saying this in consultation with the Prime Minister, we will have the matter inquired into, fixing the personnel, and procedure later on, in consultation with our colleagues.

With regard to the other suggestions made, namely, control and decontrol and central control of the sugar industry, I shall take the latter first. As I have indicated, for reasons arising from decontrol of sugar, the Centre removed its hand as it were from the helm, but it has had to put its hand again. I feel strongly that sugar is an industry which must be guided, supervised and controlled by the Centre, not only because it is one of the major industries, the second biggest industry, but because it caters to the needs of the people of the whole country. With regard to central control, under the new Constitution, sugar is already included among the industries which, with the sanction of the legislature, can be a central industry. But, looking to the trend of feeling, I believe that steps can be taken even before the Constitution comes into operation, which will enable the Centre to control the sugar industry much more actively and directly than has been possible. In regard to that, the position of the Syndicate is an important factor. If any arrangement is arrived at which is dependent upon the Indian Sugar Syndicate, obviously the control of the Centre to that extent is restricted, because the Indian Sugar Syndicate is at present an organ of a provincial Government or rather two provincial Governments. This is also one of the matters which is being examined by the Tariff Board. I expect that the Tariff Board will have something to say on the matter and its recommendations are bound to lead to certain decisions in the direction which you desire. I would not now be able to anticipate the report of the Tariff Board in this regard.

Then remains the question of control and decontrol. I do not think it is possible for Government to make any statement in regard to its policy, whether it is going to control or decontrol, until we have re-examined the whole matter, appreciated all that you have said, and discussed it in the cabinet. Then only we will be able to come to a decision on that vital issue. I will be able to say nothing at present. All that I would say, however, is that those who are in favour of control should be prepared for the inherent consequences of control and those who are in favour of decontrol should also be prepared for the inherent consequences of decontrol. What happens is.....

**Shri R. K. Sidhva:** What is the alternative left? What is the remedy?

**The Honourable Shri Jairamdas Doulatram:** What happens is that when Government controls any commodity, after a certain time, dissatisfaction starts.

**Mr. Naziruddin Ahmad:** There is bad management.

**The Honourable Shri Jitramdas Doulatram:** I know there is a certain amount of dissatisfaction with regard to the control of foodstuffs also in spite of the fact that food is a vital commodity and has had to be controlled. As a result of public agitation, a year or two ago, food was decontrolled. After some time there was again an out-cry that food must be controlled, with the result that we had to re-impose control. I would really say that we should educate public opinion. On the people also lies some responsibility, and we should educate them to adjust themselves to the consequences of either decision. I heard with great attention some of the speeches which were made, and which referred to the action which Government should take. I felt that there was considerable truth in what they were saying that Government had a duty to perform and there is no doubt that wherever Government is not able to perform its duty, it must come in for legitimate criticism. But, I feel that there are certain spheres in which Government is able to function effectively only when there is maximum co-operation from the rest of the nation. It may be said that it makes me sad.....

**An Honourable Member:** The co-operation is there.

**The Honourable Shri Jitramdas Doulatram:** I was not speaking of the entire public. It made me feel sad when, listening to some of the speeches, I contrasted the state of our country with some other countries. We have controls here; there are controls in some other countries also. In those countries, the commodities are not being distributed by the Government ration shops. The commodities are being distributed by ordinary trade. Trade accepts the decision of the Government that a certain quantity only is to be given to an individual and only at a certain price. And with the co-operation of that section of the public, a large amount of rationing, over a long number of years has been rendered possible. Similarly also, other sections of the public. The attitude of the people towards black-marketing in certain countries is different from the attitude towards black-marketing in our country. It is possible for the Government to punish heavily as the Government has done in Bombay city. In Bombay city, black-marketeers have received very heavy punishments. Whether the law provides for three years or seven years, it can be equally effective.

**Shri B. K. Sridhva:** One day's imprisonment and a fine of one thousand rupees.

**The Honourable Shri Jitramdas Doulatram:** It may be so in one case. I know the Bombay Government wishes to excuse or pardon nobody where the truth is found. I also believe that after the last amendment of the Essential Supplies Act, hundreds of cases have occurred in which black-marketeers have been punished, though I am not prepared to say that the punishment has been adequate in all cases. I have no doubt that a heavier punishment ought to be given. Whoever commits a breach of the law, ought to get the maximum penalty so far as control of commodities is concerned. But, I also feel that it will be a great help if public opinion also gets educated with regard to black-markets.

**Shri Bannath Gopal:** May I ask one question, Sir? Will the Government of India at least stop inviting opinion from black-marketeers, whom they know to be black-marketeers, and consult them in season and out of season?

**The Honourable Shri Jitramdas Doulatram:** I certainly feel that we should not give encouragement to the black-marketeers in any manner. (*Interruption*). It may be that opinion may be invited from a party because he is a party concerned in the decision. After all, we cannot say that we shall not consult any of the interests concerned before dealing with those interests and before taking any action with regard to those interests. There has to be a certain amount of ascertaining.....

**Shri B. K. Sidhva:** We do not say, don't consult; do not take their orders.

**The Honourable Shri Jairamdas Doulatram:** We are not taking their orders. It will be one thing to ascertain the opinion of the parties affected; it is entirely a different thing to follow the advice of those people. In matters which affect the general public and in which their own interests may be affected, that advice has to be accepted, not because they have given the advice, but only when the advice is in the public interest. Therefore, what I suggest is, if public opinion is educated to help the administration in the same way as public opinion is educated in some other countries, the task of the National Government is easier. I do not want to suggest anything more with regard to the development of social consciousness; but I do feel that the difficulties of the Government are very much reduced when that measure of social consciousness is available. When that kind of social consciousness and educated public opinion is available, it should be impossible for a black-marketeer to be able to live comfortably in his neighbourhood, if he is cutting the throat of the people. That is the kind of consciousness which was referred to in the case of China yesterday at another place. It is that kind of consciousness of the average citizens which helps Government to deal with a situation even though there are defects with regard to administration.

**Shri Ramnath Goenka:** One question, Sir. There is a news item from Calcutta...

**An Honourable Member:** It is already six o'clock.

**Shri Ramnath Goenka:** One small question. There is a news item from Calcutta, attributed to the U. P. I. that sugar control is going. Will the hon. Minister categorically deny this?

**The Honourable Shri Jairamdas Doulatram:** Government have come to no decision with regard to its policy about control and decontrol. I have just now said that Government will go into the whole matter from all points of view and then come to a decision.

**Shri Jaspal Roy Kapoor:** One question, Sir.

**Mr. Chairman:** Order, order.

**Shri Ajit Prasad Jain:** In the statement circulated to the Members of the House, I find that out of the 15 provinces and States, no less than eight had not frozen even one grain of sugar with traders. Among those provinces is Delhi. What steps did you take to freeze the stocks in Delhi? Why was not any stock frozen? Did you ask the provincial Governments why they have not frozen any stocks with traders?

**The Honourable Shri Jairamdas Doulatram:** As was illustrated in the case of West Bengal, wherever the provincial Governments or local Governments, who were given permission to deal with the local situation, felt that any particular step with regard to freezing would worsen the situation, and drive away the sugar underground and so make the situation worse, they did not take that action. In every case where trade co-operated with the Government, freezing did not take place, as in West Bengal, where for five weeks after the freezing order, the merchants sold sugar at fifteen annas a seer as a result of arrangement with the Government. We naturally had to leave to the provincial Governments who are in charge of the local situation and who were responsible for dealing with the local situation, to deal with it in the manner they thought would be in the interests of the people, and would not worsen the situation.

**Shri B. K. Sidhva:** May I make one suggestion, Sir?

**Mr. Chairman:** Order, order. Now, what about the amendments?



**Shri Ajit Prasad Jain:** In view of the statement of the hon. Minister that a Committee is going to be appointed which will investigate into the whole question of the sugar industry and also the present muddle, I do not propose to press my amendment.

**Mr. Chairman:** Does any other hon. Member wish to press his amendment?

**Mr. Naziruddin Ahmad:** I would press my amendment (No. 13), though it is an unlucky number.

**Shri Sarangdhar Das:** I would like to press my amendment (No. 15).

**Mr. Chairman:** The question is:

"That at the end of the motion, the following be added:

'and that having considered the same this Assembly is of opinion that the sugar situation has not been properly handled by the Government.'"

*The motion was negatived.*

**Mr. Chairman:** The question is:

"That at the end of the motion, the following be added:

'and that having considered the same, this Assembly is of the opinion that the Government have failed in their duty to protect the consumer, and that with a view to bring the guilty party or parties, implicated in this artificially created scarcity and in the consequent blackmarket prices, and with a view to prevent the recurrence of such a situation in future, the Government do appoint forthwith a Committee of three with a High Court Judge or one qualified to be a Judge of a High Court as Chairman to make a thorough inquiry into all aspects of the situation and to report within one month with recommendations for dealing with the guilty party or parties?'"

*The motion was negatived.*

**Mr. Chairman:** The House now stands adjourned *sine die*,

*The Assembly then adjourned sine die.*