

MR. SPEAKER: I find no bar under art. 117.

श्री अटल बिहारी वाजपेयी : उस दिन आप ने जो कहा वह मैं आप की नोटिस में लाना चाहता हूँ ।

अध्यक्ष महोदय : मैं ने सब कुछ देख कर कहा है ।

श्री अटल बिहारी वाजपेयी : आपकी दो हॉलिंग परस्पर-विरोधी हैं ।

MR. SPEAKER: I had told them then that I would find a way out. I still hold it as taxation Bill under art. 117.

श्री अटल बिहारी वाजपेयी आप कह रहे हैं मनी बिल नहीं है ।

MR. SPEAKER: This is not a Money Bill. It is not a Money Bill under art. 110.

श्री अटल बिहारी वाजपेयी : फिर तो मैं विन की नयी परिभाषा लानी पड़ेगी ।

श्री मधु लिमये आप ने संविधान और पार्लमेंटरी प्रणाली को खत्म किया है इसलिए मैं सदन का त्याग करता हूँ ।

[SHRI MADHU LIMAYE then left the HOUSE]

MR. SPEAKER: I do not accept this position. I can call any Member or any Minister, including the Law Minister, to my chamber.

Next item. Prof. D. P. Chattopadhyaya.

13.20 hrs.

#### STATEMENT Re EXPORT DUTY ON JUTE GOODS

THE MINISTER OF COMMERCE (PROF. D. P. CHATTOPADHYAYA: Sir, Hon. hon. Member, Shri Madhu Limaye, had drawn Government's attention . . .

1724 LS.—9.

MR. SPEAKER: It seems to be a lengthy statement. You may lay it on the Table of the House.

PROF. D. P. CHATTOPADHYAYA: As advised by you, Sir, I beg to lay on the Table a statement on adjustments of export duty on jute goods.

#### Statement

Mr. Speaker, Sir, Honourable Member, Shri Madhu Limaye, had drawn Government's attention to the adjustments in the export duty structure on jute goods made in August, 1973, and March, 1974. He had stated that these adjustments had a connection with the elections in U.P., and were not related to the prices of jute goods as such. According to the Hon'ble Member, prices of jute goods had been rising for well over 1½ years, and not from the date of imposition of the new duties in March, 1974.

2. I shall endeavour to show that we have been keeping the export duties on jute goods under constant review to ensure that they remain competitive in international markets. We have also tried to ensure that when market conditions result in unexpectedly high profits to the industry, Government is able to siphon off a part of this gain for the exchequer. The House is, no doubt, aware that jute goods have been facing, for quite some time now, a serious threat from synthetic substitutes. In fact, our total exports in this field recorded a continuous and substantial decline from 1964 to 1971-72. There was a mild revival in our exports of jute goods in 1971-72, because of the inability of Bangladesh to cater to international markets at that time. This diversion of demand in our favour brought about a substantial rise in price of the jute goods as well as an increase in the quantity exported. It was in this context that Government introduced export duties in December, 1971.

The statement at Annexure I would show the significant increase in the average prices of jute goods in 1971-72 as compared to the two previous years.

With the re-emergence of Bangladesh as a competitor to India, there was a sharp fall in our exports of jute goods in 1972-73. The disruption of supplies in 1971-72, despite the best efforts of the Indian Jute industry as well as the sharp rise in prices, were fully utilised by the manufacturers of synthetics, who concentrated heavily in the U.S. and West European markets. Our jute exports to these traditional markets were thus considerably eroded. A delegation which visited the United States in 1972 to study market conditions there recommended the reduction of the export prices of jute goods, to improve their competitiveness vis-a-vis synthetics. Accordingly, Government decided in November, 1972 to reduce the export duty on primary carpet backing from Rs. 700 to Rs. 300 per tonne. This measure was widely welcomed by importers abroad, as well as the jute industry, and in June, 1973, the export duty on primary carpet backing was further reduced to Rs. 200 per tonne, and the duty on secondary carpet backing was reduced from Rs. 700 to Rs. 300 per tonne. In August, 1973, the duty on hessian was reduced from Rs. 600 to Rs. 200 per tonne, and the duty on sacking was totally removed. These decisions were taken after a careful study of export and price trends in international markets. The adjustment of export duty rates was considered essential to keep our jute goods competitive in these markets.

3. From September, 1973, with the on-set of the energy crisis, there was again revival of demand for jute goods. At this time, the industry was facing a different situation on account of power shortages, and production was at relatively low levels compared to the international demand. An upward trend in prices, therefore, emerged creating a situation similar to that in December, 1971, and January, 1972. The industry was found to be taking advantage of this situation and earning disproportionate profits. Government felt it necessary to draw out the windfall element in these

profits, and a decision was taken to enhance the export duties again in March, 1974.

The statement at Annexure II would show the series of adjustments in the export duty structure on jute goods.

4. It would not be correct to say that prices of jute goods have been showing a continuous upward trend for more than a year and half. Our main export commodity in this sector is carpet backing, and exports of this item are operated on a fixed price formula, determined by Government on the basis of the prevailing cost of production, ruling international prices, and such other factors. This is a principle which has been accepted by the industry, and no export contracts for carpet backing are registered if they do not conform to the prevailing fixed price. The price for carpet backing was maintained at Rs. 4,550 per tonne throughout 1973. In January, 1974, in view of the pressure of demand from markets other than the U.S.A. and to increase our export earnings, the price was marked up to Rs. 5,000 per tonne. A further review was made in March, 1974 when the price was re-fixed at Rs. 5,200 per tonne. At that time the demand situation was such that even a higher price could be sustained. It was felt that a sizeable portion of the profits generated thereby should be mopped up by Government. This was the logic for increasing the export duty on primary and secondary carpet backing on the 24th March, 1974.

5. As regards other jute goods, sacking is produced mainly for the internal market. Since November, 1973, some overseas demand for sacking has been building up. This, combined with cut-backs in production, caused by power shortage, resulted in higher sacking prices. Sacking prices, however, showed an upward trend only in the last quarter of 1973, whereas upto August, 1973, there was actually a decline in the prices of sacking.

6. In respect of hessian, which is exported in substantial quantities, once again there was actually a decline in prices upto August, 1973 from a level of Rs. 101 per 100 yards to around Rs. 90 per 100 yards. Thereafter, hessian prices have risen sharply, both on account of the shortfall of production and the market reaction occasioned by the energy crisis. We have tried to bring about a moderating influence on hessian prices by regulating 'ready delivery' contracts, and reintroducing export duty at a relatively high level.

The statement at Annexure III would show the monthly average prices of hessian/B-Twills during the relevant period.

7. It is expected that once the imbalance between supply and demand for jute goods is corrected, prices of all categories would stabilise considerably. In the long run, it is obviously in our interest that the competitiveness of jute goods in international markets is maintained. There is good

reason to apprehend that, even with the higher prices of oil and oil products, synthetic substitutes would continue to be priced well below jute goods, and would erode the hard-earned markets for jute goods. Government, therefore, have to keep the export duties on jute goods under constant and continuous review, and periodic duty adjustments, in response to the changing circumstances in this sector, cannot be avoided.

ANNEXURE I

AVERAGE PRICE OF JUTE GOODS AT CALCUTTA

Year	Hessian 40" x 10 oz per 100 Yards,	B- Twil per 100 bags,
1969-70	86.05	195.80
1970-71	88.80	265.30
1971-72	108.02	273.80
1972-73	101.01	258.19

ANNEXURE II

CHANGES IN THE RATES OF EXPORT DUTY

(Rs. per tonnes)

Sl. No.	Description of Jute goods	Prior to Nov. 72	From Nov. 72	From June 73	From Aug. 73	From March 74
		Rs.	Rs.	Rs.	Rs.	Rs.
1.	Primary Carpet Backing.	700/-	308/-	200/-	200/-	650/-
2.	Secondary Carpet Backing .	700/-	700/-	300/-	300/-	750/-
3.	Hessian . . . . .	600/-	600/-	600/-	200/-	600/-
4.	Sacking . . . . .	150/-	150/-	150/-	Nil	150/-

## ANNEXURE III

Statement showing average prices of hessian 40" x 10 oz and B-twin, at Calcutta from January 1973 to January, 1974.

Month	Hessian 40" x 10 oz (per 100 yards)	B. Twil (per 100 bags)
January, 1973	101.00	263.50
February, 1973	103.38	264.25
March, 1973	101.13	261.63
April, 1973	104.88	265.00
May, 1973	102.63	258.63
June, 1973	97.75	247.25
July, 1973	90.25	240.38
August, 1973	97.50	247.75
September, 1973	104.63	263.50
October, 1973	108.77	271.26
November, 1973	115.16	275.73
December, 1973	122.38	270.73
January, 1974	136.40	288.32

13.21 hrs.

ADDITIONAL EMOLUMENTS  
(COMPULSORY DEPOSIT)  
BILL\*—Contd.

MR. SPEAKER: Now, we resume the discussion on Item No. 7—Additional Emoluments (Compulsory Deposit) Bill. Some gentlemen have already spoken. Some others want to speak. I would request them to take as short a time as possible.

SHRI H. N. MUKERJEE (Calcutta-North-East): I would like to exercise my right.

MR. SPEAKER: Did you not speak the other day?

SHRI H. N. MUKERJEE: No.

SHRI DINESH CHANDRA GO-SWAMI (Gauhati): We have also intimated you from this side that we also would like to make submissions

MR. SPEAKER: Yes, I have received that. Shri Atal Bihari Vajpayee Shri Samar Guha, Shri Shyamnandan Mishra, Shri Goswami, Shri Salve and Shri Banerjee—I have their names to-day. Your submission should be very short.

SHRI SEZHIYAN (Kumbakonam): On the day I spoke, I have spoken only on the points of order and the legislative competence is yet to be covered....

MR. SPEAKER: You are raising some procedural point?

SHRI SEZHIYAN: Yes.

MR. SPEAKER: These are in the shape of points of order?

SHRI SEZHIYAN: Yes.

MR. SPEAKER: You are opposing at the stage of introduction?

SHRI SEZHIYAN: Yes, Sir. Before I come to the main point, on that day I raised two points of order on which the Speaker has to give a ruling. One is the corrigendum and the other is the expenditure on the new schemes. I have also written a letter to you.....

MR. SPEAKER: I have received it.

SHRI SEZHIYAN: There is a previous Bill on which I mentioned what is the object of the corrigendum. The Deputy Speaker was pleased to say:

"The only thing here is that the Government has chosen to correct itself and sent that correction to us and the Bill, as corrected by the Government, is now before all of us. We should take it that way.

The only point that Shri Sezhiyan has raised is a very technical point, that these corrigenda also should be circulated to us two days in advance....

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