

MR. CHAIRMAN : Now I am putting amendment No. 3 by Dr. Ram Subhag Singh and five others, to the vote of the House. The question is :

"That in the motion,—

for "committed to jail custody for a week"

substitute "summoned before the bar of the House and be reprimanded and the House do further recommend that the Government in the light of gravity of the offence administer to Shri S. C. Mukherjee maximum punishment under the law and report the same to this House." (3)

*The motion was adopted*

MR. CHAIRMAN : Now, there are two other amendments, one of them standing in the name of Shri Shiva Chandra Jha. I am putting it to the vote of the House.

The question is :

"That at the end, after "week"

insert—"and be fined Rs. 5,000."

Those in favour may please say "Aye".

SOME HON. MEMBERS : "Aye".

MR. CHAIRMAN : Those against may please say "No."

SOMS HON. MEMBERS : No.

MR. CHAIRMAN : I think, the "Noes" have it.

SHRI SHIVA CHANDRA JHA : The "Ayes" have it.

MR. CHAIRMAN : Let the lobbies be cleared....Order, order. The lobbies have been cleared.

SHRI RAGHU RAMAIAH : As the motion now stands there is no word as "week". How can there be an amendment to it then ?

SHRI NATH PAI : This amendment cannot be put to vote. After the amendment

standing in the name of Dr. Ram Subhag Singh, Shri Atal Bihari Vajpayee and others is adopted, this amendment cannot be connected with the motion. We are making ourselves a laughing stock ; the records will make us a but of laughter for everybody.

MR. CHAIRMAN : Quite right. Now Shri Shiva Chandra Jha will realise the development that has taken place. The amendment moved by Dr. Ram Subhag Singh has been adopted by the House, with the result that some words which were there in the original Motion are no more there. His amendment says :—

"That at the end, after "week".

That word is no more there ; therefore, this amendment is declared out of order.

Mr. Kalita, the same is the position with regard to your amendment. That is also declared out of order. Now, I put the Motion, as amended, to the vote of the House. The question is :

"That this House having considered the Twelfth Report of the Committee of Privileges presented to the House on the 24th November, 1970, in which Shri S. C. Mukherjee, the then Deputy Iron and Steel Controller, has been held to have deliberately misrepresented facts and given false evidence before the Committee on Public Accounts and committed contempt of this House, do resolve that he be summoned before the bar of the House and be reprimanded and the House do further recommend that the Government in the light of gravity of the offence administer to Shri S. C. Mukherjee maximum punishment under the law and report the same to this House."

*The motion was adopted.*

16.52 hrs.

DISCUSSION RE : ESTABLISHMENT OF COTTON CORPORATION OF INDIA

—Contd.

MR. CHAIRMAN : The House will now take up further discussion on the statement laid

[Mr. Chairman]

on the Table by the Minister of Foreign Trade on the 31st July, 1970 regarding establishment of Cotton Corporation of India.

Shri Kamalnayan Bajaj to continue his speech.

श्री शिव चन्द्र झा (मधुबनी) : प्वाइन्ट आफ आर्डर। यह जो नियम 163 के अन्तर्गत चर्चा है इसके लिये आर्डर पेपर में दिया हुआ है कि चार बजकर 15 मिनट पर ली जायेगी लेकिन आपने इसको न तो उस टाइम पर लिया और न कोई एनाउन्समेंट ही किया ..

MR. CHAIRMAN: No announcement is needed. Because earlier item took more time, we are taking up this item now.

श्री शिव चन्द्र झा : मैं चाहता हूँ कि आप यह निर्णय करें कि इस पर कितना समय लगायेंगे और जो दूसरा आधे घंटे का डिस्कशन साढ़े 5 बजे से है वह होगा या नहीं होगा ?

समापति महोदय : वह भी होगा ।

SHRI KAMALNAYAN BAJAJ (Wardha) : Mr. Chairman, Sir, during the last session, when the discussion on this subject was going on, your goodself and Mr. Masani very ably put forward the case of cotton growers about the difficulties which may arise because of the establishment of the Cotton Corporation, I agree with most of the arguments put forward by you and Mr. Masani. So, I do not want to take much time of the House by repeating those arguments.

The hon. Minister said that the Cotton Corporation of India was established because of the recommendation made in the Report of the Agricultural Prices Commission. I tried to locate that. I would like to know from the hon. Minister as to whether the Report has been laid on the Table of the House and, if it was laid, when ?

Generally, the best Government is one which governs the least. But we are seeing that in

most of the matters where the people are able to function themselves, where the decentralisation is already there, the Government is trying to centralise every activity, even trade and industrial activity, so that the concentration of power goes to the bureaucrats and, because of that, many unhealthy practices start and many difficulties not only for the trader but even for the public arise. I would like to mention here with your permission that the cotton traders among the many raw material traders in the country are one of the foremost traders who have taken probably the best part in the struggle for freedom during the Satyagraha movements. They have contributed proportionately more than any other trade and have also sacrificed greatly and went to jail and in spite of that to-day, that is the class of the society among the traders which has to suffer the most.

The cotton traders, you know, Sir, have an expertise and special knowledge which they acquire over generations. The East India Cotton Association in 1947 had a membership of nearly 1100 and to-day their membership has gone down to 400, nearly one-third of the membership which existed at that time. Why has this membership gone down ? Although the cotton trade has increased and even the value of cotton has gone up so much after 1947, the membership of the Association has gone down purely for the simple reason that no new traders have come into this business. If it was a lucrative business, many people would have come into it. As a matter of fact, people have walked out of this business even though they were in the business for centuries. Why have they gone out of it ? Why has this happened ? I want to know. I would have been surprised if even a single new firm has been added in the cotton trade except for the fact that there may be partitions because partners have divided or the father and son have separated. But no new firms have come into the cotton trade. That shows as to how much expertise is necessary and how much little income is there for temptation. And all those who were in this trade have gone into industries and other business. Gradually their cotton department has gone down or it has ceased or they are run by somebody who really has expertise and knowledge to run it.

These are some of the difficulties of the cotton trade. Now other raw material needs such an expertise knowledge as cotton and it is for that reason that if the cotton trade is taken over in the public sector or in the Cotton Corporation of India, many difficulties will arise and for that reason we have to give a considered thought for that purpose.

I am not against the formation of the Cotton Corporation of India. But what does it want to do? If it wants to take away the trade, I am certainly against it because if there are any wrong practices in the trade, they should be removed. I don't mind if the Cotton Corporation also comes in as a healthy competitor along with the other trade and wherever the other traders are not doing the proper job, they should do it for the development of cotton trade and it will contribute positively for the betterment of the country. Whatever the support price or the floor price has been fixed so far has been so low that in the past 18—20 years the prices have never crossed the low level of the floor price. It is no use fixing of a price which is really not the fair price. The support or the floor price should be realistic and the Government, I would request, look to the interests of the growers. The floor price should be really the fair price and if nobody comes forward to buy it at that price because of any reason, then the Cotton Corporation should come and buy the cotton at that support price so that the economy can be sustained in the country and the growers' interests can also safeguarded. In this trade there are nearly 3 lakhs of people who are employed directly throughout the year and if they go out of employment, nearly 3 lakhs of their families will be directly hit. Already there is literate unemployment in this country. By this, you will be adding more unemployment in the country. I do not know what benefit will accrue by this method.

17.00 hrs.

Of course, the hon. Minister said that they are not taking the internal trade immediately. But their intention is gradually to take away this trade also and to monopolise it. Today, they are concentrating only on the imports. Even in respect of imports, expertise and

expert knowledge is necessary. And, today, in regard to what they have done, I am really very much surprised. They were negotiating with the traders of import trade, and they have lost 2/3 months for no reason whatsoever. They have exacted a part of the commission. These people hardly get one per cent. Out of that you get quarter per cent now, it may be half a per cent later on. For what service? All the import licences given to the consumers before, after the formation of this Corporation, they will get it for the mills, or on behalf of the mills, to be imported by the traders and for this, they are charging some fee, from out of the meagre commission which is given to the traders. In that negotiation, I am glad—and I really congratulate the traders, that nobody was induced or persuaded by the Government so that there could be any unhealthy competition. They stood unitedly under the leadership of Shri Madan Mohan Ruia—this is the first time any trading community all over India had organised a hartal. The hon. Minister is my friend. But it is said generally that his talks to them is not the same what he says in the Lok Sabha, that he does something contrary to that. They are not able to trust the words of the Minister. This is not a healthy practice. This misunderstanding should be removed. I am saying this because, although they are in the Government and we are in the Opposition, even then, Minister's reputation should be there and what he says should have weight among the people.

Among the traders, nearly 80 per cent of them cannot, by any stretch of imagination, be called capitalists or rich people. Even then why such a thing has been done? Take the case of bulk buying for imports. I will take one example. It is said that the Corporation will buy in bulk while importing. We have the experience of bulk buying by Russia. When Russia buy in bulk, what happens? The sources of supply of cotton very few., United States, Sudan, Egypt and few other countries. Nearly 95 or 90 per cent of such cotton comes from Egypt, Sudan, United States etc. and they buy them in bulk and Russia gets the bad cotton, because others will get the preference and so Russia gets bad cotton at a comparatively higher price. That is one of

[Shri Kamalnayan Bajaj]

the main reason why Russia is not able to export its textiles outside the Iron Curtain. Bulk buying was tried during the last war by the United Kingdom, and they lost nearly Rs. 150 crores. France and Spain also tried it and miserably failed. I would submit that if we do bulk buying and we get cotton of bad quality, then we would not be able to compete in the international market in regard to the exports of textiles which is one of our traditional items of export and earns a lot of foreign exchange for us. So, I would submit that we would be ill-advised to resort to bulk buying.

Cost of the services which has been provided by the cotton traders for import is hardly one per cent. It is in the Government report also that this is given at a very cheap cost, and probably nowhere in the world is such service provided at such low cost. For that reason also, I would submit that this kind of thing should not be done.

I would also request Government to consider a Vaida (hedge) market in a controlled and reasonable way and in a scientific way so as to give support not only to the growers and the traders but also to the mills to buy or sell cotton and whosoever wants to do it. If that is done, it will be very helpful for the traders, the millowners and the growers, and the speculative elements which may like to corner cotton and try to raise the prices will be eliminated, as they were eliminated in the past.

Even the Reserve Bank had reduced at one time the amount of advances to 25 per cent, but now I am told they have raised it to about 60 per cent for cotton to the small traders. I do not understand why even the small traders could not be provided with sufficient amount of money, say, to the extent of 75 or 80 per cent, because these people are not able to finance it properly. This was done to control the prices, but the prices have shot up by 50 or 60 per cent during the last two months. So, the banks should be advised to finance liberally, of course, with safety and security for bank finance. Otherwise, we should not risk this money.

I would like to congratulate the president

of the Indian Cotton Mills' Federation which has a department of cotton development and research. They have spent nearly Rs. 80 lakhs, and five lakhs acres have been developed, where 40 to 80 per cent of cotton in irrigated and non-irrigated fields has increased in quantity, and at some places, the quality also has improved.

When Shri Morarji Desai presented the last budget, he gave some concessions for donations and gifts by mills to research associations. I would say that Government should spend at least Rs. 10 crores annually. But in the Five Year Plan, only Rs. 3½ crores have been allotted for the five years. I would submit that more funds should be provided, because that will not only save us a lot of foreign exchange, but we shall get more yield. If Government gives assistance to research agencies, I am sure that much of our problems in regard to cotton could be eradicated.

17.10 hrs.

[SHRI K. N. TIWARY *in the Chair*]

SHRI S. A. DANGE (Bombay Central South): The subject is formally limited to the floating of the Cotton Corporation. But then it involves larger considerations and some which might call for certain events which will not be very healthy for the economy of the country, nor will it be very healthy for the Government which is in power, and that is the threatened closure by all the 600 mills in the country for a whole fortnight under the excuse that there is shortage of supply of cotton and that the prices are beyond their control. If this closure comes about, and if 800,000 workers in the textile mills are forced into idleness, then they will be getting busy with something else. That busy-ness will be to teach Government as well as the millowners some lessons about the running of the economy and the kind of behaviour they are adopting towards the workers.

Therefore, this is not so innocent as it looks. Why did the Cotton Corporation come into existence? Because there is a perpetual civil war between the millowners and the cotton trade. When the Government prescribed the floor and the ceiling, at a certain period the

mills would not be able to get their stock of cotton below the ceiling. Three years ago there was a regular war between the mills and the trade: the trade would not sell below the ceiling and the mills would not buy above the ceiling. There was a deadlock until the Textile Commissioner came forward and seized stocks for the mills, and then order was restored.

Another element in this whole mess is the cotton trade. The most speculative, the most anarchic and the most anti-national trade is the cotton trade along with the mills trade. Shri Bajaj is saying that the cotton traders have been patriotic. I am not talking about patriotic individuals; I am talking about the trade. The House of Bajajs itself is a cotton trade house which built its fortunes on buying and selling cotton from the Berar peasants. I am not discussing their behaviour or conduct. What I am speaking about is concerning the most speculative trade.

Even today we are getting trouble between the mills and the trade, for what? They do not want the Cotton Corporation. Supposing the Corporation is not there, is peace in the trade? Will Shri Bajaj and the Ministry tell me how many times the transactions of the East India Cotton Association have been jammed by hedge contracts in the cotton market? Let them please give statistics. Every time there is a certain movement of the cotton crop, the EICA gets into jitters; because of all sorts of speculation, most of the cotton trade is jammed. Therefore, let them tell us.

He says that the number of 5,000 traders has fallen to 400. That is concentration of monopoly and not due to the fact that the prices in the mills trade or the cotton trade have gone down. The whole East India Cotton Association is controlled by a few hands. Therefore, he need bring in this number of 500 or 400. They are all his people. The whole thing should be taken over by the Cotton Corporation.

SHRI KAMALNAYAN BAJAJ: Any firm can become a member. There is no bar against anybody.

SHRI S. A. DANGE: The firms should be blasted out of existence and direct purchase

from the peasants and sale should be carried on by the Corporation by taking over and engaging over all the smaller traders. We know these firms in Bombay City.

He mentioned about Madan Mohan Ruia leading a hartal. In their hundred years they never led a hartal. When the call for non-cooperation came in 1920 and 1930, they never responded.

SHRI KAMALNAYAN BAJAJ: Not right. The traders have participated.

SHRI S. A. DANGE: During the civil disobedience movement, Mahatma Gandhi had to issue a statement against the Millowners' Association in Bombay and other places that taking advantage of the movement, they were charging higher prices and making profits. That statement is on record in the works of Mahatma Gandhi.

SHRI KAMALNAYAN BAJAJ: I did not say about textile mills; I said about the traders.

SHRI S. A. DANGE: The two are the same.

SHRI KAMALNAYAN BAJAJ: Madan Mohan Ruia may be a textile owner, but he was the Chairman of the East India Cotton Association and as Chairman of the traders, he led the hartal which was a success.

THE MINISTER OF FOREIGN TRADE  
(SHRI L. N. MISHRA): Where was the hartal?

SHRI S. A. DANGE: I say the biggest mills are the biggest cotton traders. There is a practice in the Bombay textile industry as well as the trade that when they make a loss in the cotton trade, they transfer it to the mill account, and when they make a profit, they transfer it to the trade account. This is the practice indulged in by the Cotton Millowners' Association and the cotton trade together.

SHRI KAMALNAYAN BAJAJ: They should be punished.

SHRI S. A. DANGE: I know his industry from A to Z. The Millowners' Association

[Shri S. A. Dange]

and the cotton trade are engaged in a conspiracy to uproot the policy taking these things under the State sector and the Government of India are also partly abetting it. Many of the Ministries do not know what is happening in the trade or in the banks or anywhere. Because of their ignorance, the country has to suffer. The Mill Owners' Association and the cotton trade are now joining hands to pull down production, raise prices and make super profits. An increase of 25 per cent has taken place in prices in the last one year. What is the Ministry doing? They are saying that they are controlling speculation by taking over the cotton market. Nothing is going to be controlled like that. Do they know how much money is given by the Banks? The Banks have been nationalised by your Ministry. What is the use of nationalising them? The Reserve Bank has put in Rs. 150 crores in speculative transactions and nobody is controlling it. The sugar trade is holding stocks and it wants Rs. 200 crores as buffer stock money, and the Government of India is ready to give them this amount. Why is it necessary to give them Rs. 200 crores? Put the stocks on the market and sell the sugar at a cheaper rate and produce more sugar. So, the Government of India also is a party to it. It has no policy, it has only brain waves from time to time, of a good kind I agree.

SHRI KAMALNAYAN BAJAJ : Give them brain wash, what is done in Russia.

SHRI S. A. DANGE : Your England also has done it, don't worry about it.

SHRI KAMALNAYAN BAJAJ : I am not in favour of that also.

SHRI S. A. DANGE : There is a State sector in England with an investment of £5,000 million. Do you know that? There is a state sector in America. You do not know anything. You perhaps know only the cotton trade.

SHRI KAMALNAYAN BAJAJ : Do you know anything about it?

SHRI S. A. DANGE : Tell me how many times the East India Cotton Association got jammed because of your speculation.

SHRI KAMALNAYAN BAJAJ : Not once because of my firm and no more speculation is permitted now.

SHRI S. A. DANGE : Parshottamdas Thakurdas tried several times. He pretends that he knows. He knows nothing about patriotism also.

What I am putting before you is that it is a very serious subject which is being dealt with in a careless fashion and put before Parliament. Therefore, what I am proposing is this that the mills must not be allowed to close. The stocks of cotton are available. The speculative market floats wrong rumours about the availability of cotton. Now the speculators and also the President of the East India Cotton Association have come out with a statement that 61 lakh bales of cotton are available. The consumption is only 56 lakh bales of Deshi cotton. But then, the Government of India has no policy because it allows export of Bengal Deshi cotton outside the country. Why should it?

Therefore, there is a complete mess in the policy of Government, though it has good intentions to control monopoly but intention do not help. The monopolies are strong enough. How did the Reserve Bank give Rs. 150 crores for the speculative market? Did the Finance Minister pull up the Reserve Bank? And they go round in America buying SDR, without knowing what they are buying.

The simple point is that these mills must not close, and if they close, we are going to take our own measures. We are going to occupy the mills, and if there is any firing or any fighting, then the Government of India will be responsible for whatever happens. And we are not going to allow also closure once every fortnight or anything like that because it is going to reduce production and raise prices without charging any condition. Therefore, my submission is to withdraw speculative credit from the Banks to the trade and the mills. On the 24th or 25th October control was relaxed and more credit was pumped into the mills against stocks. Why was it done?

Therefore, this subject has come before us. There is dynamite loaded in the subject. If the closures are going to come, then the Government of India will have to repent about it. So, my second suggestion is to freeze the stocks of cotton that are there. They are not putting the cotton bales into the centres of production, they are holding them back in the country side, and they are pretending that there is no cotton in the market. Only yesterday the Association President said that they are now asking the peasants to bring the cotton on the market. Why did they not ask before? Mr. Bajaj is talking about the subject. He does not know what is happening there, the House does not know because it is a funny subject. Who knows what is cotton speculation and all that? It is the business of the Government to put proper proposals before the House, but they have not done so because they are totally ignorant on the one side and in the hands of the speculators and the mill owners on the other.

Between these two, ignorance and sell-out to monopolists; the Government is not able to act. Therefore, we on the workers' side, say, firstly, we are not going to support any closure, one day in the fortnight or a block closure. Secondly, cotton is available; seize the stocks. Thirdly, we are prepared to show you which mill has got what stock; we know. We are in the Mills. Some of the mills never are in trouble about profit, bonus or cotton trade. Mafatlals continuously give bonus. Why are they not in trouble? The Tatas are in trouble, and when they are in trouble, when Naval Tata was *gheraoed* in the Tata Mills the other day, he said he would not pay more than four per cent, and when 2,000 workers *gheraoed* him, he said, "All right, I will make a compromise. Take six per cent." They do not run in losses. And when four per cent was not accepted by the workers, and when they were *gheraoed*, they produced six percent. Where did it come from? Therefore, the mills' issue of bonus shares has also got to be controlled. When the mills are going into liquidation and running away with our wages, and when mills have closed down and the mill owners have run away with wages, the Government of India take over some mills and do not take some others, and the Corporation which is

formed is a a bogus Corporation; it carries on its own trade.

AN HON. MEMBER : Are they bogus?

SHRI S. A. DANGE : I mean the National Cotton Textile Corporation. It is a bogus Corporation. I know it. (*Interruption*) It is yours. (*Interruption*) The best mill that has to run is closed and some mill is taken over for political reasons. Therefore, Sir, my submission is, this is a political war. It has nothing to do with the actual supply or sales or anything. This war is being launched against the the Government's policy of developing the State sector. In that war, some of the Government sectors themselves are party with the monopolists and if the two together force a closure on the mill worker, then, you will be seeing something in the textile centres. That something will be a virulent agitation to take possession of the mills and to surround the houses of all speculators, to dig out the cotton or the black profit or bonus whatever is there. The workers are fed up; the middle classes are fed up, the one side, you are shedding tears over unemployment; on the other side, you allow the closure of 600 textile mills, throwing out eight lakh workers in the streets. What a policy? Have you got no policy in labour matters, in economic matters, in banking matters..

SHRI KANWAR LAL GUPTA (Delhi Sadar) : Why do you support them?

SHRI S. A. DANGE : Who?

SHRI KANWAR LAL GUPTA : You.

SHRI S. A. DANGE : I support them so that you may come there.

SHRI KANWAR LAL GUPTA : What is the harm? (*Interruption*) In spite of you, we will come.

SHRI S. A. DANGE : You would not come. They at least nominally nationalised the banks and nominally abolished the privy purses. You would not even do that. You run after the Maharajas; they run differently. (*Interruption*)

[Shri S. A. Dange]

So, my position is very clear. In answer to you, I can say, for fear of worst things coming in, I have to support what is less worse.

SHRI PILOO MODY (Godhra) : Which is no policy, by his own admission.

SHRI S. A. DANGE : We would not hide policies like you, do. That is the position. Therefore, I request the Ministry to pay more serious attention to this, because the situation is not so innocent and quiet as it looks. It is full of dangers, and so before the dangers break out into more violent forms and lead to greater troubles, they should take measures to stop this crisis and stop these closures.

SHRI S. R. DAMANI (Sholapur) : Sir, I very carefully and attentively listened to my hon. friend Shri Dange. I think on many point—(Interruption)

MR. CHAIRMAN : Order, order. There are about, or rather more than 10 speakers and we will not be in a position to finish it today. So, I will take up the half-hour discussion at 5.30 and this will be continued on some other day.

SHRI S. R. DAMANI : He criticised the Ministry and others. The position is this. The Government fixed the target of cotton production at 72 lakh bales to be achieved by 1965. Now, by the end of the fourth five year Plan, the target cotton production to be achieved is 80 lakh bales. If we see the actual production, from 1960 onwards, it has never gone beyond 60 lakh bales. Consumption has increased and that has created shortage and necessitated import of cotton from other countries. Due to non-achievement of the targets for cotton production, shortage has arisen. That is why the industry is suffering and many mills have closed down in small towns. Fortunately the Minister of Agriculture and the Minister of Foreign Trade are both present. They should find out what are the difficulties when the target for cotton production will be achieved and how the country can save foreign exchange.

SHRI DEORAO PATIL (Ycetmal) : Unless a fair price is given to cultivators, the target will not be achieved.

SHRI S. R. DAMANI : The per-acre yield of cotton is very low in our country. It is only 120 to 125 lbs as compared to 550 lbs in Egypt, 500 lbs in Africa, about 600 lbs in Sudan, etc. Farmers will be benefited only when productivity increases in the larger context. Without increasing Productivity, neither the farmers nor the country will be benefited. Government should try its best to fulfil the targets fixed for cotton production.

During the last two months, the price of cotton has gone up by 20 to 25 per cent. The Minister has agreed and he said he is arranging for imports of cotton to meet the shortage. Today cotton is not available and cotton prices are going up. Therefore, many mills may close down. There should be some way by which the situation can be avoided. The Government should advise us what to do, whether the industry should close down for a fortnight and conserve the cotton or the consumption should be reduced by 10 to 15 per cent. Government should tell us which suggestion is acceptable to them, so that no unit may have to close down and no unemployment may be created and our exports may not be hit. Some members said, the industry is holding big stocks. That can be checked up very easily. The fact is that production is less than consumption and that has created the problem. The minister should look after the production and see that the target fixed by them for cotton production is fulfilled, so that the country can save foreign exchange, farmers may get better prices and the industry may expand.

I hope the minister will consider these points.

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#### COMMITTEE ON PRIVATE MEMBER'S BILLS AND RESOLUTIONS SIXTY-NINTH REPORT

SHRI P. G. SEN (Purnea) : I beg to present the Sixty-ninth Report of the Committee on Private Members' Bills and Resolutions.

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