

Mr. **SPEAKER** : I am the guardian of the democratic principles of this nation.

SHRI SAWAI SINGH SISODIA : Our party is committed for the betterment of all the weaker sections of society ; and, therefore, under the leadership of Shrimati Indira Gandhi we will not leave any stone unturned to better the lot of the weaker sections of society.

Continuance of Cotton Monopoly Purchases

*84. **SHRI UTTAM RATHOD** : Will the Minister of **COMMERCE** be pleased to state :

(a) whether it is a fact that Maharashtra Government wants to continue cotton monopoly purchases for another ten years ;

(b) whether it is a fact that cultivators all over Maharashtra have been convinced of the benefit of this scheme and want it to be continued; and

(c) what is the reaction of the Central Government in the matter ?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) :
(a) Yes, Sir.

(b) There is a mixed reaction to the continuance of cotton monopoly procurement scheme of Maharashtra. Representations have been received in this Ministry from Cotton growers of Maharashtra for and against the continuance of the scheme.

(c) After due consideration, the Central Government have given its consent for extension of the scheme for a further period of one year from 30th June, 1981. It has been proposed to review the working of the scheme towards the end of 1981-82 cotton season.

SHRI UTTAM RATHOD : Recently, the Government of Maharashtra has come out with an ordinance with the consent of the Central Government which envisages the procurement, processing and marketing Act of 1971 i.e. cotton monopoly purchase. It also envisages a Committee, known as Cotton Co-ordination Committee with four members from the Central Government and four members from the State Government. This particular Committee is expected to fix the guaranteed price of raw cotton and also the sale price of the cotton procured and ginned by the agencies. I would like to know :

1. Will the guaranteed price be decided only as per A.P.C's recommendation or will they go according to the prevalent market price?
2. Will the sale price also be fixed taking into consideration the market price or will this tactics be used to bring down the market price ?
3. There are ...

MR. SPEAKER : Only one supplementary. Please do not make it a catalogue of supplementaries.

SHRI UTTAM RATHOD : There are four representatives of the Central Government and four representatives of the State Government. If there is any dispute, may I know how and who will decide this issue?

SHRI PRANAB MUKHERJEE : So far as the determination of the guaranteed price is concerned, this is not the first time that we are having this type of scheme. There has been a system which has been prevalent for quite some time. I would not like to pass on the judgement of the Committee. Let them do it. In regard to the determination of the sale, they will have to take

into account the prevalent market forces. Therefore, these two questions to my mind are hypothetical. If there be a difference of opinion, definitely the decision is to be taken at the Government level.

SHRI UITAM RATHOD : This ordinance said that Government of Maharashtra will contribute not less than Rs. 25 crores upto 1985. Why did the Central Government consent to continue the scheme for one year? What is the harm to continue it till 1985?

SHRI PRANAB MUKHERJEE : We have not said that it will not continue. What we have suggested is, we will make a review at the end of the year. The Hon. Member is well aware that the scheme has been going on from 1972-73 onwards. Twice it was suspended. It was revived again. Because we are going to get some time, other factors are to be taken account of. That does not mean that it will not continue.

SHRI GHULAM NABI AZAD : Is the Government thinking to import cotton from the world market to meet the shortage of cotton at home?

(b) Have cotton mills demanded an import of 3 million bales of cotton?

(c) If it is a fact that the Government is satisfied that the scheme should continue, why not the Central Government give more extension than one year?

SHRI PRANAB MUKHERJEE : I have already replied to that question. We would like to make a review because we have made certain changes in institutional arrangements. Earlier, the practice was that the guaranteed price was determined in consultation with the CCI. But the CCI is a commercial organisation; the Maharashtra Marketing Federation is also a commercial organisation. The scheme did not work well.

I would not like to quote the figures, as to how the prices were distorted, what was the difference in prices between the Maharashtra Marketing Federation and the CCI. Therefore, we found that, at a reasonable level, the people who do not have a commercial interest should determine it, at the request of the Maharashtra Government, including the representatives of the Marketing Federation, the officers of the Government of India and the representatives of the CCI. We felt let them determine the price. That is why we have said that before the expiry of this scheme, we will make a review and, thereafter, we will take a decision.

With regard to import, the Hon. Member knows and, in reply to earlier question, I have already indicated that I am importing about 1 lakh bales of cotton from Pakistan. As regards the exact quantum, I would not like to disclose that information because it will reduce my manoeuvrability in the market.

SHRI A.T. PATIL : May I know the principle objections raised by different interests, which are those interests and whether any objection has been raised in respect of the guaranteed price that it is less?

SHRI PRANAB MUKHERJEE : Under no circumstances, the guaranteed price can be less than the minimum support price agreed to by the A.P.C. So far as cotton is concerned, the Hon. Member is aware that it is well over the minimum support price. No body can determine an unrealistic price at which anybody can sell cotton.

PROF. N. G. RANGA : Why should we go on indulging in this policy of importing cotton? Is it not possible for our farmers to produce just that much of long staple, medium staple and short staple cotton in our country provided we give proper incentives to

our cotton growers? Is it not a fact that the Government has been neglecting this aspect of it for many years?

SHRI PRANAB MUKHERJEE : So far as the import is concerned, the Hon. Member is well aware that we have not imported in the past for quite some time. Even last year, we had a production of about 80 lakh bales. But this year, the cotton production has been a little less, that is, 78.5 lakh bales. It is not a fact that we are only importing. We are exporting also. 7.86 lakh bales are being exported. We are exporting our cotton. Here, the question is that sometimes we have a variety imbalance in regard to long-staple variety, medium-staple variety and short-staple variety. We make an assessment as to what would be the actual requirement of the industry for a particular variety. If we have surplus in a particular variety, we export that and, if we have a shortage in a particular variety, we import it. So far as cotton importing is concerned, for the last three or four years, we have not done it.

DR. VASANT KUMAR PANDIT : Will the Hon. Minister please explain, since this scheme has been in operation for the last 8-10 years successfully in Maharashtra, where is need for its review again after one year? If the review proves to be fruitful, will such schemes be sponsored in other cotton growing States like Madhya Pradesh?

SHRI PRANAB MUKHERJEE : That is one of the reasons why the demand is there. There is a demand from U. P. Also, a demand has been registered by Gujarat, Punjab and Andhra Pradesh. Not only it is related to cotton but to other commodities also. It may be an ideal situation. But we do not have that much capability also. In regard to this scheme, there is no doubt that the scheme has provided some sort of stability so far as the growers are

concerned. But the Hon. Member is aware that at one point of time, we had to intervene because the earlier practice was just to give 50 per cent of the price at the initial stage. We had to intervene and tell them, "You cannot retain the growers' money. You have to give them 100 per cent." Thereafter, the scheme of sharing the profit has also been introduced. Side by side, if you make a comparison between Maharashtra and other areas, there are two aspects as to why the scheme has not produced desired results, firstly, in regard to the yield per hectare and, secondly, in regard to the quality. Those two aspects will have to be locked into.

WRITTEN ANSWERS TO QUESTIONS

South Korea to set up Industries in India

*85. **SHRI HIRALAL, R. PARMAR :** Will the Minister of COMMERCE be pleased to state :

(a) whether during his recent visit to South Korea discussion took place regarding the possibilities of that country setting up industries in India under the 100 per cent export oriented scheme buy-back arrangements ;

(b) whether the possibilities of industrial collaboration for third country markets also came up for discussion ;

(c) if so, the details thereof ; and

(d) the result thereof ?

THE MINISTER OF COMMERCE AND STEEL AND MINES (SHRI PRANAB MUKHERJEE) : (a) Yes, Sir.