

BUSINESS ADVISORY COMMITTEE

Forty-seventh Report

Pandit Thakur Das Bhargava (Gurgaon): Sir, I beg to present the Forty-seventh Report of the Business Advisory Committee.

FLOOR AND CEILING PRICES OF
INDIAN COTTON

Mr. Speaker: There are a few minutes more.

Shri Kamath (Hoshangabad): If the hon. Minister is here, I shall take up this discussion straightaway.

Mr. Speaker: One hour is allotted for the discussion. How long would the Minister like to take?

The Minister of Finance and Iron and Steel (Shri T. T. Krishnamachari): I do not think that I would like to take more than ten minutes.

Mr. Speaker: All right. The hon. Members who want to take part in the discussion may rise in their seats—I find three.

Shri K. C. Sodhia (Sagar): My name may also be included.

Shri Kamath: I would take ten to fifteen minutes.

Mr. Speaker: The hon. Member may also continue to stand. All right. The time will be restricted accordingly.

Shri Kamath: Sir, By your leave, I am constrained to raise a discussion on a shady transaction which was indulged in by the Government with rather dubious motives—a transaction detrimental to the interest of India and detrimental to the large mass of our people. Sir, the discussion proceeds or arises immediately out of certain very unsatisfactory answers given by the Minister of Consumer Industries, Shri Kanungo, on the 5th of this month. He pleaded a uniformly negative answer while replying—a uniform no, an ignorant no—to the supplementary questions that I

put on that occasion, on the 5th December. He did not know whether the price ceilings fixed on cotton were altered last year. Nor did he know whether certain observations had been made by the former Commerce Minister's colleague in the other House—the Rajya Sabha—in the course of the discussion on the Indian Cotton Cess (Amendment) Bill, 1955.

17.57 hrs.

[**PANDIT THAKUR DAS BHARGAVA** in the Chair]

At the beginning of the cotton season, the ceiling was fixed at Rs. 840. Suddenly on the 23rd December, 1955, the Government closed the forward market against the unanimous advice of the trade represented by the East India Cotton Association and the market was reopened on the 7th of January, 1956. For two weeks the market remained closed and on the reopening of the market, the ceiling was reduced drastically from Rs. 840 to Rs. 700, when the prevailing ready price was much higher, was anything between Rs. 740 and Rs. 750.

There are two features to this incomprehensibly odious transaction. I use the word deliberately. One was that the ceiling once fixed was drastically reduced below the ready price on the reopening of the forward cotton market. Secondly, the ceiling was applied with retrospective effect, a thing which has never happened with any other commodity and perhaps in no other year. The Forward Market Commission issued an order to the East India Cotton Association President under the bye-laws to close out all forward contracts and further that the old contracts already made even at Rs. 745 or Rs. 750 should be regarded as having been made at Rs. 700 and settled at Rs. 700. Irrespective of the price at which the contracts were made, even if the contracts had taken place at a higher price, he was asked to treat it as having been made at a lower price. This is an arbitrary, wholly incomprehensible—I would not use the strong term villainous—and odious