

LOK SABHA DEBATES

LOK SABHA

Friday, May 18, 1990/Vaisakha 28, 1912
(Saka)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *in the Chair*]

[*Translation*]

SHRI KALP NATH RAI: Mr. Speaker, Sir, a candidate was brutally murdered at Meham. Democracy has been slaughtered there. (*Interruptions*)

MR. SPEAKER: Kalp Nath Rai ji, now it is Question Hour. Let the House continue with the Question Hour.

(*Interruptions*)

SHRI KALP NATH RAI: Mr. Speaker, Sir, there is no democracy in the State. Democracy has been strangled there. I would, therefore like to request you to adjourn the Question Hour and hold a discussion on this subject.

(*Interruptions*)

MR. SPEAKER: Kalp Nath Rai ji, please take your seat, and let the Question Hour continue now. (*Interruptions*)

ORAL ANSWERS TO QUESTIONS

[*English*]

Export of Basmati Rice to EEC countries

*880. SHRI MANORANJAN BHAKATA:
Will the Minister of COMMERCE be pleased to state:

(a) whether the European Economic Community has reduced or proposes to reduce the import levy on Basmati rice;

(b) if so, its impact on the import of Indian rice by the EEC countries; and

(c) the steps taken by Government to maintain the export of Indian rice to EEC countries?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI AR-ANGIL SHREEDHARAN): (a) *o (c). A Statement is laid on the Table of the House.

STATEMENT

(a) The European Economic Community (EEC) reduced the normal levy by 25% on import of a quantity of Basmati rice equivalent to 10,000 tonnes of husked rice per year for the period from 1.1.1987 to 30.6.1991.

(b) Import of Basmati rice by EEC from India has increased from 18,614 tonnes in 1986 to 20,546 tonnes in 1987, to 21,691 tonnes in the first 9 months of 1989.

This rise in exports of Basmati rice to EEC could, to some extent, be attributed to reduction in levy but the marketing efforts of the exporters and the quality of our Basmati rice are also equally important factors.

- (c) The exporters have been urged to step up their efforts particularly in promoting export of Basmati rice in consumer packs under Indian brand names.

SHRI MANORANJAN BHAKATA: Mr. Speaker, Sir, the foreign exchange earned by exporting Basmati rice is as follows:

1986-87	Rs. 193 crores
1987-88	Rs. 352 crores
1989-90	Rs. 354 crores

But if we look into the EEC countries, India in matters of export of Basmati rice would not make a big dent in the EEC countries. Even then it is heartening that the import of Basmati rice by EEC countries from India has increased from 18614 tonnes to 21981 tonnes during nine months of 1989. But there is enough scope to increase that quantity. Therefore, I would ask a pointed question: What are the constraints that the Government faces to increase the quantity of Basmati rice for import by EEC countries and what is the action that the Government contemplates to take? Secondly, what is the total surplus of Basmati rice available for export in order to earn valuable foreign exchange?

SHRI ARANGIL SHREEDHARAN: The first thing is the demand by the EEC countries. We can sell rice only to match their demands. Our Basmati rice is of a very high quality and fetches a high price. However, they do not make such a big demand now. Still we are trying our best to popularize this by various methods like increasing Basmati export by marketing through contacts in EEC, retail chains in hotels, aggressive publicity,

improvement of quality, superior packages, brand image etc. India has beaten Pakistan by getting ninety per cent share this way.

SHRI MANORANJAN BHAKATA: Sir, he has not replied second part of my question. Before I ask the second supplementary, I am entitled to get answer to the first question. I have not received reply from the Minister as to the exportable surplus available for Basmati rice.

SHRI ARANGIL SHREEDHARAN: It is 1446 tonnes.

SHRI MANORANJAN BHAKATA: There is a complaint all over about the quality of Indian Basmati rice sent abroad. And that is why are losing market. I would like to know specifically from the hon. Minister what are the steps taken for quality control, and whether he is going to declare the entire Basmati rice available for export only. What is the minimum export price fixed and what is the difference between the domestic market price and the minimum export price? Further, I would also like to know whether main export of Basmati rice of Gulf countries and the Soviet Union has also been taken care of.

SHRI ARANGIL SHREEDHARAN: We are producing Basmati rice in sufficient quality and are also doing all sorts of promotional activities for export of Basmati rice.

Another question was asked about the quality. We see that substandard rice is not exported. We have our inspection wings which inspect rice before it is exported. (*Interruptions*)

You asked as to what is its price. Sir, it is Rs. 9,500 per tonne.

SHRI MANORANJAN BHAKATA: Question regarding the quality control has not been answered.

SHRI ARANGIL SHREEDHARAN: I have already said that the quality of the

stocks of rice being exported to the other countries is inspected.

SHRI PURUSHOTTAM KAUSHIK: Sir, in the past also, basmati and other scented rice were exported to gulf and also to USSR. In the name of Basmati rice, some scented rice were exported. The quality of rice supplied to these countries were very *ghatiya*, i.e. they were adulterated. That is one of the reasons as to why demand of Indian Basmati in the foreign market is going down. Sir, it has not only affected our foreign exchange earnings but it has also brought a bad name to the country.

Firstly, I would like to know whether these allegations are true that in the past when the rice deal was made with the Gulf countries and also with the USSR there were some complaints, if so, who were the persons who transacted the export deal and whether any action has been taken against those persons. Secondly, whether those persons have black listed or not?

Now, the Government say that they have got ample quantity of rice available. From my own experience, I can say that there is no market for not only Basmati but other quality of rice also. I would like to know whether the Government is planning to export rice to other countries, keeping in mind the quantity required by them, in order to earn foreign exchange. While exporting may I know whether the Government is planning to export rice through cooperatives—through the State Marketing Federations or NAFED or the Apex cooperatives—and will they also ensure the margin that they get, i.e. the difference between the price for which it is available in the country, the increased price they get when they export? May I know whether the difference they get will be directly given to the cultivators who produce rice? Will the Government consider this?

SHRI ARANGIL SHREEDHARAN: As far as the rice which is being exported to the European Economic Community is concerned, we have not received any complaint from them.

As far as the rice exported to other countries is concerned, I cannot off-hand say whether we have received any complaint or not. It is because this question pertains to the export of rice to the European Economic Community. I do not know whether there has been any complaint about the rice exported to Russia and other countries. In case we receive any complaint, I assure the House that we will look into it. We will take it very seriously. Because we are not going to allow our country to be degraded by exporting the rice.

PROF. N.G. RANGA: He has put a question regarding cooperatives also.

SHRI ARANGIL SHREEDHARAN: A small quantity of rice is being exported through the cooperatives like the NAFED.

SHRI PURUSHOTTAM KAUSHIK: Will you export a large quantity of rice through the cooperatives?

SHRI ARANGIL SHREEDHARAN: I will consider that suggestion.

SHRI YADVENDRA DATT: Sir, I would like the hon. Minister to inform me, whether all these rice exports to different countries have been done through STC or through private agencies? Who are the owners and their names that I want to know. When complaints come, what action the Government has taken against them?

SHRI ARANGIL SHREEDHARAN: Rice is exported through STC. Some co-operatives are also doing it. We have not received any complaint about the rice being exported to the European Economic Community.

About other things, I must look into them. Because this question does not refer to them.

DR. ASIM BALA: I want to know from the hon. Minister as to what is the total amount of money which the Agriculture Ministry received in the year 1989-90 in exports and imports?

SHRI ARANGIL SHREEDHARAN: In 1989-90, the total quantity exported was 24,328 tonnes.

DR. ASIM BALA: You let me know in terms of rupees.

SHRI ARANGIL SHREEDHARAN: It is Rs. 2,126 lakhs.

SHRI SONTOSH MOHAN DEV: The question regarding quality control has not been answered. Even then I would like to know what is the domestic price of Basmati as against the export price? If domestic price is placed at a higher level, then there will be no tendency for giving it outside at a lesser price.

As far as I know, there is a vast difference between the export price and the domestic price. In view of this, will the Minister tell us, what is the present export rate, what is the present domestic rate and whether it is desirable to deprive the growers by selling it at a higher rate in the domestic market or the STC to subsidise the price and selling it at a loss to outside and thereby earning foreign exchange?

SHRI ARANGIL SHREEDHARAN: The domestic price is somewhere near Rs. 20 or Rs. 24 per kilo. The export price is Rs. 9500 per tonne. Our export policy is to earn more foreign exchange. In doing so, sometimes, we have to export commodities which are produced in this country at a lower price to other countries.

SHRI SONTOSH MOHAN DEV: What is STC subsidising? Between the market price at which you are purchasing, and the price for which you are selling—how are you countering the loss involved? Is STC subsidising it?

SHRI ARANGIL SHREEDHARAN: It is subsidized.

MR. SPEAKER: Now next question 881—Shri Ram Bahadur Singh and Shri Samarendra Kundu are not present. Ques-

tion 882 Shri Madhav Rao Scindia and Shri Sarju Prasad Saroj—also absent; Question 883 Shri B Rajaravi Varma—not present, and Question 884 Dr Laxminarayan Pandey is also not present.

Now question 885—Mr Mullappally Ramachandran.

NRI Investments In States

*885. SHRI MULLAPPALLY RAMACHANDRAN: Will the Minister of FINANCE be pleased to state:

(a) whether the State of Karnataka has reported offers of Non-Resident Indian loans to the State Government this year;

(b) if so, the details thereof and the response of Union Government thereto;

(c) the top three States which have the highest NRI investments; and

(d) the incentives offered by Union Government for encouraging NRI investments and deposits?

THE MINISTER OF FINANCE (PROF. MADHU DANDAVATE): (a) and (b). Information is being collected and would be laid on the Table of the House.

(c) Statewise figures of NRI are not available.

(d) NRIs have been extended various investment facilities such as direct investment in industrial projects, investment in Indian companies in the form of share capital, debenture or deposits, investment in Government securities, Units of UTI and Bank accounts, etc. They are also allowed various tax incentives.

SHRI MULLAPPALLY RAMACHANDRAN: The NRIs are a good source of foreign exchange for our country. But, unfortunately at present, this foreign exchange is not being properly utilized for constructive development of our country. NRIs mostly