

ESTIMATES COMMITTEE 1962-63

FIFTH REPORT

(THIRD LOK SABHA)

MINISTRY OF COMMERCE AND INDUSTRY

**Action taken by Government on the recommendations
contained in the Hundred and Twenty-First Report
of the Estimates Committee (Second Lok Sabha)**

COFFEE BOARD, BANGALORE



**LOK SABHA SECRETARIAT
NEW DELHI**

December, 1962/Agrahayana, 1884 (Saka)

Price : Re. 35 N.P.

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CORRIGENDA

to

Fifth Report of Estimates Committee (Third Lok Sabha) on action taken by Government on the recommendations contained in the Hundred and Twenty First Report of the Estimates Committee (Second Lok Sabha)-Coffee Board, Bangalore.

1. Page (ii) S.No.11 Read 'Joshi' for 'Josh'.
2. Page (2) Below column 1 insert '5' against '19' in Column 2.
3. Page (3) Below column 1 insert '6' against '20' and '7' against '22' in column 2.

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**ESTIMATES COMMITTEE
(1962-63)**

Shri H. C. Dasappa—Chairman

MEMBERS

2. Shri Joachim Alva
3. Shri D. Basumatari
4. Shri Shree Narayan Das
5. H. H. Maharaja Pratap Keshari Deo
6. Shri Govind Hari Deshpande
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11. Shri Anand Chandra Josh
12. Lt.-Col. H. H. Maharaja Manabendra Shah of Tehri Garhwal
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14. Shri N. Sreekantan Nair
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25. Shri Vidya Charan Shukla
26. Shri Braj Raj Singh**
27. Shri Tekur Subramanyam
28. Shri G. G. Swell
29. Shri K. K. Warior
30. Shri Balkrishna Wasnik

SECRETARIAT

Shri N. N. Mallya, Deputy Secretary.

*Elected w.e.f. 18 August, 1962 *vice* Shri Shivram Rango Rane resigned.

**Elected w.e.f. 15th November, 1962 *vice* Shri B. J. Singh died on 8th September, 1962.

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Fifth Report of the Estimates Committee on the action taken by Government on the recommendations contained in the Hundred and Twenty-First Report of the Estimates Committee (Second Lok Sabha) on the Ministry of Commerce and Industry—Coffee Board.

2. The Hundred and Twenty-First Report was presented to the Lok Sabha on the 4th April, 1961. Government furnished their replies indicating the action taken on the recommendations contained in this Report on the 7th June and 8th August, 1962. The replies were examined by the Study Group 'F' of the Estimates Committee (1962-63) at their sitting held on the 22nd August and the 5th September, 1962. The draft Report was adopted by the Committee on the 15th November 1962.

3. The Report has been divided into the following five Chapters:

I. Report.

II. Recommendations that have been accepted by Government.

III. Replies of Government that have been accepted by the Committee.

IV. Replies of Government that have been accepted by the Committee.

V. Recommendations in respect of which final replies of the Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Hundred and Twenty-First Report of the Estimates Committee (Second Lok Sabha) is given in Appendix I. It would be observed therefrom that out of 18 recommendations made in the Report 55·6% have been accepted by Government and replies in respect of 27·8% of the recommendations have been accepted by the Committee. Of the rest, replies of Government in respect of 5·5% of the recommendations have not been accepted by the Committee while final replies to 11·1% of the recommendations are still awaited.

H. C. DASAPPA,
Chairman,
Estimates Committee.

NEW DELHI;
The 4th December, 1962
The 13th Agrahayana, 1884 (S)

CHAPTER I

REPORT

In para 11 of their Hundred and Twenty-First Report (Second Lok Sabha) on Coffee Board, the Estimates Committee referred to the anomalous position in which the Chief Coffee Marketing Officer who was an employee and not even a member of the Board, was not only entrusted with the duties of the Chairman in the latter's absence but also presided over the Board in preference to the Vice-Chairman. They considered that in the absence of the Chairman, the Vice-Chairman or in the absence of the latter a member of the Board should have been called upon to perform the duties of the Chairman and that a suitable provision to this effect might be made in the Rules, if necessary. In *reply, Government have stated that the observations of the Committee have been noted and that the recommendation to amend the rules is being examined having regard to the similar difficulties that may arise in other Commodity Boards. *The Committee do not see why it should have taken the Government and the Board such a long time to examine their recommendation which is based on the practice generally followed in these matters. They hope that early action would be taken to implement their recommendation so as to avoid recurrence of such anomalous situations in future.*

*The Report was sent to the Ministry for factual verification on the 3rd November 1962. At the time of factual verification of the Report, the Ministry has intimated as follows :

"The recommendation is accepted. No change is called for in the existing rules for implementing the recommendation."

[Ministry of Commerce & Industry O.M, No. 14(20)6 Plant (B)61, dt. 1-12-1962]

CHAPTER II RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Serial No. of recommendation (as in the Appendix III of the 121st Report of the Estimates Committee)	Reference to paragraph No. of the Report	Summary of recommendations/conclusions	Reply of the Government
I	2	3	4

- 19 The targets of coffee production fixed under the Board's Development Plan would appear to have been not merely very conservative, but wholly unrelated to the possibilities. The Committee hope that adequate statistical data would be collected and current trends of production carefully analysed before revised targets under the Third Plan are fixed.
- Accepted.
[Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962.]

Encouraging as the progress has been in recent years, the yield per acre in India seems to be still 50 per cent of the world's average. There is, therefore, room for increasing per acre output. It would be interesting if the Board could give figures of increased production under the following heads in its reports :—

- (i) Increased yield from the existing acreage;
- (ii) Yield from the reclamation of abandoned tracts of established coffee; and
- (iii) Expansion by way of new clearings and plantations.

The Expert Committee on Coffee Marketing appointed by Government recommended a Marketing and Publicity Committee in lieu of the existing two Committees (Marketing Committee and Propaganda Committee) of the Coffee Board. The Committee endorse this recommendation and suggest that the feasibility of amalgamating the Marketing Department and the Propaganda Department of the Board also may be examined without delay.

The Board was not in favour of the Expert Committee's recommendation that there be a single Marketing and Publicity Committee in lieu of the existing two Committees. The Government of India had also agreed that *status quo* be continued. The Estimates Committee's suggestion regarding the merger of the Marketing and Propaganda Departments is accepted in principle and necessary steps are being taken.

[Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962].

The Committee are of the view that the export of coffee has to be specially encouraged to increase observations of the Estimates Committee.

[Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962].

earnings of foreign exchange. Indian coffee is now faced with keen competition in the world market and special measures are called for not only to increase our exports but even probably to retain them at the present level. The Committee feel that it may be desirable for this purpose to export Indian coffee at comparatively lower prices even though that may require pegging of domestic consumption.

The considerations set out in this recommendation will be kept constantly in mind.

[Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962].

Much has not been done for foreign propaganda and the emphasis has been on the internal market. In view of the imperative necessity of increasing exports of coffee, the Committee hope that prompt and adequate measures will be taken for making propaganda abroad. In case it is considered that the resources available at the disposal of the Coffee Board are not adequate, the feasibility of pooling the resources of a number of Commodity Boards/Committees for this purpose may be examined.

The recommendation has been noted.

[Ministry of Commerce & Industry O.M. No. 14 (20) Plant (B) 61, dated the 7th June, 1962].

The Committee hope that suitable action will be taken to see that the Research Stations do not suffer for want of necessary equipment.

Accepted and the recommendations are being implemented.

It would be desirable in the Committee's opinion to have a follow-up of the results of application

[Ministry of Commerce & Industry O.M. No. 14 (20) Plant (B) 61, dated the 7th June, 1962].

of the fruits of research conducted by the Coffee Board. The findings of such a follow-up could also be usefully mentioned in the Board's Annual Report.

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The Committee recommend that the Board should include the Income and Expenditure Account for each of its departments financed out of the General Fund as well as a consolidated Income and Expenditure for all the Departments in the Annual Report. Further, in order to have a complete picture of the financial position of the Board as a whole, it would be desirable if the Accounts of the Pool Fund are also included in the Annual Report.

Accepted; the recommendation will be implemented by the Board.

[*Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962.*]

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The Committee suggest that the Annual Report of the Board should be a comprehensive record of its programme-*cum*-performance. The Coffee Statistics which are hitherto published as Volume IV of the Annual Report may continue to be published separately.

The Board has noted the recommendation of the Estimates Committee.

[*Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962.*]

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Recent years have witnessed a phenomenal progress in the Coffee Industry. It is one of the main cash crops in the hilly tracts of the western Ghats. The Coffee Board has evidently been a stabilising factor. The Committee, however, feel that the trends need careful watching especially, with a falling international market. If, for any reason, coffee does not become paying, there is no alternate crop that can be raised on the small

Accepted.

[*Ministry of Commerce & Industry O.M. No. 14(20) Plant (B) 61, dated the 7th June, 1962.*]

1	2	3	4
<p data-bbox="305 752 470 1326">hill slopes. It is not only important to the economy of the areas, otherwise backward, but also it has been a consistent foreign exchange earner. Every effort should be made to foster the industry so that the objectives of the Board are fully realised.</p>			

CHAPTER III

REPLIES OF GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Serial No. of recommendation in the Appendix III of the 121st Report of the Estimates Committee)	Reference to paragraph No. of the Report	Summary of recommendations/conclusions	Reply of the Government
1	2	3	4
2, 3 & 4	15, 16 & 17	The Committee feel that adequate thought was not given to the different aspects of the Loan Scheme before it was put into operation. They trust that the remedial measures taken by modification of the terms and conditions of loans would prove	With the growing realisation on the part of the small growers of the benefits of the Loan Scheme and the procedural simplifications introduced in the working of the scheme, the tempo of its working is expected to improve considerably.

effective and the Board would be able to show a much better performance from 1960-61.

The scheme for the supply of fertilisers and pesticides to the small growers had to be abandoned by the Board after the very first year of its inception. Thus another of the major schemes under the Development Plan has not proved successful.

The Committee feel that the Development Department has hardly justified its existence. It is time that it is wound up and its work re-distributed suitably

This expectation is borne out by the upward trend already recorded in the size of the amount drawn by the Board during 1961-62 for disbursement among small growers.

After careful consideration, Government have come to the conclusion that it would not be desirable to wind up the Development Department whose activities both in the matter of scrutinising loan applications and actual disbursement of loans as well as of keeping an effective control over the recovery of the loans already disbursed will increase considerably in future years. It has therefore been decided to continue the Department provisionally upto the 28th February, 1963, but with a considerably reduced strength,—its further continuance depending on the results achieved in the meantime.

[Ministry of Commerce and Industry O.M. No. 14(20) Planu(B) 61, dated the 7th June, 1962].

The Committee feel that the performance of the Board in regard to the utilisation of funds provided for labour welfare measures needs to be improved considerably.

The Board has noted the recommendation of the Committee and will make every endeavour to utilise the amounts provided for this purpose in the annual budgets.

The Committee have no data to appreciate the adequacy or otherwise of the amenities provided to the workers by the planters themselves. It, however, seems to the Committee that very little has been done by the Board so far in this direction. They hope that the Board will take up the matter for consideration earnestly and be able to show better performance in future.

[Ministry of Commerce & Industry O.M.
14(20) Plant (B) 51, dated, the 7th June 1962]

CHAPTER IV

REPLIES OF GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial No. of recommendation in the Appendix III of the 121st Report of the Estimates Committee)	Reference to paragraph No. of the Report.	Summary of recommendations/conclusions	Reply of the Government	Comments by the Committee
1	2	3	4	5

- II The Chief Coffee Marketing Officer is an employee of the Board. The Committee consider it anomalous that he should have been entrusted with the duties of the Chairman of the Board inclusive that of presiding over the meetings of the Board, in the latter's absence in preference to in other Commodity Boards.
- The observations of the Estimates Committee have been noted. Their recommendation that the rules may be amended is being examined, having regard to similar difficulties that may arise in other Commodity Boards.
- Please see Chapter I.

the Vice-Chairman Normally, the Vice-Chairman of the Board should have been called upon to officiate for the Chairman in the circumstances. The fact that no powers had been prescribed for or delegated to the Vice-Chairman of the Board could not be any justification for bringing in an employee of the Board to be its head. What was worse, the Chief Coffee Marketing Officer was not even a member of the Board. The Committee consider that in the absence of the permanent Chairman of the Board or pending his appointment, it is the Vice-Chairman who should be called upon to perform the duties of the Chairman and in his absence any other member of the Board and in no case an employee of the Board, who is not a member thereof. If need be, suitable Provision to this effect may be made in the Rules.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT HAVE NOT BEEN RECEIVED

Serial No. of recommendation (as in the Appendix III of the 121st Report of the Estimates Committee)	Reference to paragraph No. of the Report	Summary of recommendations/conclusions	Reply of the Government
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1	2	3	4
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8	25	The Committee feel that the present pricing policy should be examined to see in what way it requires modification to give a fair return to the grower and to encourage exports while avoiding too high an internal price.	
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		The Coffee Board has been requested to examine what, if any, modifications in the pricing policy are required and are feasible.	
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[Ministry of Commerce & Industry O. M. No. 14 (20) Plan (B) 61 dated the 8th August, 1962]

17 43 The Committee recommend that a periodical assessment of the Working of the Coffee Board with reference to its prescribed objectives and functions should be undertaken by an agency independent of the Board, and its report presented to Parliament. They would further recommend that a similar assessment in respect of all the Commodity Boards/Committees under Government should also be undertaken.

The recommendation is being examined and a further communication will follow.

(Ministry of Commerce & Industry O.M. No. 14(20) Plant (B)/61, dated the 8th August 1962).

NEW DELHI;

The 4th December, 1962

The 13th Agrahayana 1884(S)

H. C. DASAPPA,

Chairman,

Estimates Committee.

*The Report was sent to the Ministry for factual verification on the 3rd November, 1962. At the time of factual verification of the Report, the Ministry has intimated as follows :

"The pricing policy for coffee is reviewed periodically and the considerations of giving a fair return to the grower and encouraging exports are duly taken into account while determining the policy."

[Ministry of Commerce & Industry O.M. No. 14(20) Plant (B)/61, dt. 1-12-1962].

APPENDIX I

(Vide Introduction)

Analysis of the action taken by Government on the recommendations contained in the 121st Report of the Estimates Committee (Second Lok Sabha).

1. Total Number of Recommendations made	18
2. Recommendations that have been accepted by Government (vide recommendations Nos. 5, 6, 7, 9, 10, 13, 14, 15, 16 and 18 referred to in Chapter II) :	
Number	10
Percentage to total	55.6%
3. Recommendations not accepted by Government but replies in respect of which have been accepted by the Committee (vide recommendations Nos. 2, 3, 4, 11 and 12 referred to in Chapter III) :	
Number	5
Percentage to total %	27.8%
4. Recommendations in respect of which replies of Government have not been accepted by the Committee (vide recommenda- tion No. 1 referred to in Chapter IV) :	
Number	1
Percentage to total	5.5%
5. Recommendations in respect of which final replies of the Government are still awaited (vide recommendations Nos. 8 and 17 referred to in Chapter V) :	
Number	2
Percentage to total	11.1%

