

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:556

ANSWERED ON:03.12.2004

IMPORT OF SPICES

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Kerala Government has highlighted the problems being faced by the State due to excessive import of pepper tea and cardamom from other countries;

(b) if so, the details thereof;

(c) the details on the proposals made by Kerala Government to solve these problems and the response of the Union Government thereto; and

(d) the steps the Government propose to take so that Indo-Sri Lanka free trade agreement is not misused ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a) & (b): Yes, Sir. The Government of Kerala has, inter-alia, highlighted that import of agricultural commodities like pepper have increased considerably. It has been mentioned that increase in imports of pepper is also attributed to duty free import of pepper under India Sri Lanka Free Trade Agreement (ISLFTA). It has been felt that substantial increase in the imports has attributed to fall in prices. It has also been alleged that imported pepper and cardamom of inferior quality is mixed with Indian items of premium quality which might damage the reputation of Indian product in the international markets. It has also been stated that the products of other country origins are entering India under the guise of ISLFTA to take advantage of the concessional duty regime. Government of Kerala has also highlighted the issue relating to increase in tea imports for re-export.

c) Among other things, the proposals made by the Government of Kerala focussing on above highlighted problem are as follows:-

- Review of the concessional duty regime.
- Imposition of a quantity cap on import of pepper from Sri Lanka.
- Entry of pepper into India through selected ports having Plant Quarantine and quality control facilities.
- Strict implementation of the Rules of Origin. A Government authorised agency should be allowed to issue the Certificate of Origin.
- Review of the Policy of allowing free import of commodities for re-export.
- Import of tea be curbed.

Since India is a signatory to the Free Trade Agreement with Sri Lanka, trade between both the countries has to be carried out in terms of the provisions of this agreement. As a general policy of the Government to give thrust to the exports of value added products, imports are allowed duty free for the purposes of re-exports. Value added items realise better prices in the international market. In so far as fall in prices of pepper and cardamom is concerned, they are reflective of international prices.

(d) The Government took up the issue with Sri Lankan authorities at the last Commerce Secretary level talks in August 2004. The import of sensitive products is monitored by the Office of Directorate General of Foreign Trade.