

# **PUBLIC ACCOUNTS COMMITTEE** **(1974-75)**

(FIFTH LOK SABHA)

## **HUNDRED AND THIRTY-NINTH REPORT**

[Action Taken by Government on the recommendations contained in the 130th Report (Fifth Lok Sabha) relating to the Ministry of Commerce (Coffee Board)].

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**Public Accounts Committee  
(1974-75)**

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**Shri Jyotirmoy Bosu**

**MEMBERS**

2. Shri S. C. Besra
3. Shri C. D. Gautam
4. Shri Pampan Gowda
5. Shri Jagannathrao Joshi
6. Shrimati Parvathi Krishnan
7. Shri Y. S. Mahajan
8. Shri Bibhuti Mishra
9. Shri Paripoornanand Painuli
10. Shri Narain Chand Parashar
11. Shri H. M. Patel
12. Shri P. Antony Reddi
13. Shri Shibban Lal Saksena
14. Shri Biswanarayan Shastri
15. Shri Sunder Lal
16. Shrimati Pratibha Singh
17. Shri G. R. Patil
18. Shri V. B. Raju
19. Shri Mohammed Usman Arif
20. Shri T. N. Singh
21. Shri Sasankasekhar Sanyal
22. Shri A. K. A. Abdul Samad

**SECRETARIAT**

**Shri B. K. Mukerjee—Chief Legislative Committee Officer**  
**Shri N. Sunder Rajan—Senior Financial Committee Officer**

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, having been authorised by the Committee, do present on their behalf this Hundred and Thirty-Ninth Report of the Public Accounts Committee on Action Taken by Government on the recommendations contained in the 130th Report (Fifth Lok Sabha) relating to the Ministry of Commerce (Coffee Board).

2. On the 31st May, 1974 an 'Action Taken Sub-Committee' was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports. The Sub-Committee was constituted with the following Members:—

Shri H. M. Patel—*Convener*

2. Shri Sasankasekhar Sanyal
3. Shri Jagannathrao Joshi
4. Shri S. C. Besra
5. Shri V. B. Raju
6. Shri Mohammed Usman Arif
7. Shri P. Antony Reddi
8. Shri Narain Chand Parashar
9. Shri T. N. Singh

3. The Action Taken Sub-Committee of the Public Accounts Committee (1974-75) considered and adopted this Report at their sitting held on 28th February, 1975. The report was finally adopted by the Public Accounts Committee on 22nd March, 1975.

4. For facility of reference the main conclusions|recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations|observations of the Committee is appended to the Report.

(vi) \_ .

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

NEW DELHI;

March 24, 1975.

Chaitra 3, 1897 (S).

JYOTIRMOY BOSU,

Chairman,

Public Accounts Committee.

## CHAPTER I

### REPORT

1.1. This Report of the Committee deals with the action taken by Government on the recommendations contained in their 130th Report (5th Lok Sabha) on the Audit Report on the Accounts of the Coffee Board for the years 1965-66 to 1971-72, relating to the Ministry of Commerce, Coffee Board.

1.2. Action Taken Notes have been received in respect of all the 46 recommendations contained in the Report.

1.3. The Action Taken Notes on the recommendations of the Committee have been categorised under the following heads:

- (i) Recommendations|observations that have been accepted by Government.

Sl. Nos: 1—12, 15, 17, 18, 20-21, 23—31, and 33—45.

- (ii) Recommendations|observations which the Committee do not desire to pursue in the light of the replies of Government.

Sl. No. 32.

- (iii) Recommendations|observations replies to which have not been accepted by the Committee and which require reiteration.

Sl Nos. 19, 46.

- (iv) Recommendations|observations in respect of which Government have furnished interim replies.

Sl. Nos: 13, 14, 16, 22.

1.4. The Committee hope that final replies in regard to the recommendations to which only interim replies have been furnished, will be submitted to them expeditiously after getting them vetted by Audit.

*Expansion of Areas Under Coffee (Paragraph 2.8 S. No. 7)*

1.5. In paragraph 2.8 of their 130th Report (Fifth Lok Sabha) of the Committee had made the following observations regarding

drawing up of a time bound target plan for expansion of area under coffee.

"2.8. The Committee desire that the Coffee Board should immediately draw up a time target plan for expansion of area of coffee in consultation with the State Government concerned,"

1.6. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

"Field Surveys have been undertaken by the Coffee Board to select and identify areas suitable for coffee culture in the states of Assam, Andhra, Orissa and Maharashtra. Attempts are being made to obtain the collaboration of the Forest and the Horticultural Departments in those various States to set up exploratory and pilot project to encourage coffee cultivation and to include coffee into the local horticultural and farming systems obtaining in these areas. Recently, the Board have initiated surveys and comprehensive target plan will be drawn up by the Board for expansion of areas under Coffee."

1.7. The Committee note that the Coffee Board have recently initiated surveys and a comprehensive target plan will be drawn up for expansion of areas under coffee. Considering the fact that the scope for export of coffee has increased with the expiry of the agreement which had imposed restrictions on the member countries of the International Coffee Organisation and, that internal consumption of coffee has also gone up, the Committee trust that a realistic plan for the expansion of coffee in all the suitable regions would be finalised expeditiously on the basis of the findings of the surveys now in progress. The Committee would like to be informed of the outcome.

1.8. The concentration of coffee plantation in one or two regions is fraught with the risk of attack of pests and destruction of substantial portion of the crop, as had happened in Ceylon. In the opinion of the Committee, it is therefore necessary that coffee production should be distributed in all suitable areas like Andhra, Assam, West Bengal, Tripura, Andaman, etc. and the process should start immediately.

(Paragraph 2.9—S. No. 8)

1.9. In paragraph 2.9 the Committee had made the following



observations regarding development of coffee production in Andhra Pradesh:

"In Andhra Pradesh where the results of Coffee Production are encouraging and a survey undertaken by the Forest Department has indicated that about 15,000 to 16,000 acres are available in Vishakapatnam and East Godavari District for profitable introduction of Coffee, necessary steps should be taken to ensure that this area is brought under Coffee cultivation according to the plan and the State Government assisted financially to the extent necessary. This is more necessary for the reason that it will help extremely backward areas and tribals and other backward communities living on them. The Committee desire that the Ministry of Home Affairs (Tribal Welfare) should take advantage of Coffee development in the area to make a dent in the problems of high unemployment amongst the tribals, low wages and lack of medical, housing and other amenities."

1.10. In their reply dated the 16th November, 1974, the Ministry of Commerce have stated:

"Andhra Pradesh Government have forwarded for technical advice of the Coffee Board a scheme for expansion of coffee cultivation in Chintapalli Agency Forest area in Vizag District covering an area of 1,000 acres. Another scheme for bringing an additional area of 2,000 acres under the aegis of the Girijan Corporation is also being formulated by them. The project, covering the above mentioned schemes, is under preparation by the Coffee Board as part of Government of India's programmes of development of plantations in hilly areas for improving the economy of the tribal population during the Fifth Plan. *The Ministry of Home Affairs is also being requested to take advantage of the Schemes.*"

1.11. The Committee note that various schemes have been proposed for the development of coffee in Andhra Pradesh. The Committee trusts that in the new schemes that may be evolved for the expansion of coffee cultivation care would be taken to see that the small sector is given every encouragement, and indeed schemes are so geared as to make it possible for small holdings to develop and expand. The Committee would await a further report on the progress of the schemes proposed in Andhra Pradesh.

1.12. In this context, the Committee would also like to be apprised of the specific steps taken by the Ministry of Home Affairs to encourage (Workers Co-operative) coffee cultivation in the tribal areas. The Ministry would, no doubt, ensure that the tribals are not in any way allowed to be exploited by the traders and middle men. The Committee would suggest that coffee cultivation in such area should be entrusted to Workers Co-operatives.

*Coffee Production in Assam, Orissa and West Bengal (Para 2.10—S. No. 9)*

1.13. Observing that Coffee Production in Assam, Orissa and West Bengal was still in an experimental stage the Committee in para 2.10 had made the following observation:

“In the States of Assam, West Bengal and Orissa where Coffee production is still in a somewhat experimental stage, the Committee stress that research efforts should be intensified to make coffee production a success within the shortest possible time. Thereafter necessary steps should be taken to expand the area under production.”

1.14. In their reply dated the 16th April, 1974 the Ministry of Commerce have stated:

“The Government of Assam have formulated a Scheme for commercial cultivation of coffee on 2,300 hectares under the proposed Corporation for Development of Plantation Crops. The Government of Orissa have also informed Coffee Board that schemes are under preparation for cultivation of coffee on a sizeable area, during the Fifth Five Year Plan.

As mentioned earlier, the Coffee Board is preparing a comprehensive project for the expansion of coffee cultivation in Andhra Pradesh, Assam and Orissa, in consultation with the State Governments for implementation during the Fifth Five Year Plan.

The West Bengal Government authorities do not appear to be enthusiastic about introducing coffee into the State for commercial cultivation. However, the Coffee Board will be asked to conduct fresh survey and submit report on the suitability of land in West Bengal for Coffee cultivation so that efforts should be made to impress upon the

State Government and individuals about the availability of areas suitable for Coffee cultivation.”

1.15. While the Committee note the efforts being made to formulate schemes for coffee cultivation in Assam and Orissa, they are not happy about the lack of enthusiasm on the part of the West Bengal Government to introduce Coffee into the State for commercial cultivation. The Committee note that the Coffee Board would be conducting a fresh survey and submit a report on the suitability of land in West Bengal for Coffee cultivation so that the State Government could be persuaded to take up commercial cultivation of coffee. The Committee suggest that this fresh survey should be completed expeditiously and further vigorous steps taken in the light of the results of the survey.

*Working of Coffee Development Plan (Paragraphs 2.25 and 2.46—S. Nos. 13-14).*

1.16. Expressing regret that the Coffee Development Plan launched towards the close of 1956-57, with emphasis on bringing out the potentialities of small holdings, had not helped the small growers to the desired extent, the Committee, in paragraphs 2.45 and 2.46, had observed:

“2.45. The Committee regret to observe that the Coffee Development Plan launched towards the close of 1956-57 with emphasis on bringing out the potentialities of the small holdings has not helped small growers to the desired extent as will be seen from the following:

- (i) The facility of loans under the scheme of the hire purchase of equipment and replantation has been made available even to large growers who may not merit such assistance and who can afford to borrow from market at higher rates of interest.
- (ii) Out of total loan of Rs. 507.36 lakhs disbursed upto 1972-73 an amount of more than 50 per cent is accounted for by hire purchase of equipment and machinery scheme. Out of the amount of Rs. 261.95 lakhs (total 77892 hectares) given under this scheme, the small growers received only Rs. 159.95 lakhs whilst the large growers (58561 hectares) Rs. 102 lakhs. According to the Sub-Committee appointed by the Board to study the problems of small growers, more enlightened among the planters benefit more by such assistance, while those

in small growers category accounting for 97 per cent of the total registered growers have to carry on by and large on their own. It has been admitted by the Board that there has been difficulty even in organising co-operatives to provide custom service in equipment like sprinkler to the small growers who cannot themselves afford to go in for this comparatively costly item.

- (iii) Out of total area of 1,20,000 acres requiring replantation according to the Boards estimate in 1964, the replanting loan scheme covered only an area of 3,478 acres. According to the Board's estimate an area of 55,000 acres has been replanted so far by the growers themselves or with assistance from other sources.
- (iv) Out of the total amount of Rs. 53.57 lakhs sanctioned under replanting scheme started in 1968-69 the large growers received as much as Rs. 36.63 lakhs and small growers only 16.94 lakhs.
- (v) Under the Intensive Cultivation Scheme started in 1956-57 particularly for small growers, only loans of Rs. 100.68 lakhs have been disbursed during the period of 16 years. Out of total planted area of 1,47,260 acres, belonging to the registered small holders only area of 14,965 (10.8 per cent) acres has been covered under the scheme during the period of 16 years. The target proposed for the Fifth Plan is 5,000 acres, involving a total outlay of Rs. 91 lakhs. The slow progress of the schemes, the Committee understand, is due to the fact that these loans are advanced against the mortgage of immovable property. The handicap of the small growers is his prior indebtedness and difficulty in procuring documents to establish his legal title. The provision made by the Board to permit the borrower to utilise upto 30 per cent of the loan for discharge of prior debt has often proved inadequate.
- (vi) For repayment of loans, the small growers enjoy a meagre concession of only  $\frac{1}{2}$  per cent in the rate of interest as compared with large growers. The large growers are charged net rate of interest of  $7\frac{1}{2}$  per cent and the small growers  $7\frac{1}{2}$  per cent. It has been stated that it is not desirable to charge a higher rate of interest on the loans advanced to large growers on the

analogy of the approach adopted by commercial banks or other financial institutions as such an approach on the part of the Board is most likely to defeat the purpose for which the plan was launched. The Committee are unable to agree to this.

2.46. The Committee are dissatisfied with the working of the Coffee Development Plan. Although the area under cultivation of small growers (77,892 hectares) at present is larger than that of large growers (58,561 hectares) their total production of coffee is still less than that of large growers. It is possible that this is so because small growers have not received adequate attention. During the year 1970-71 average yield per hectare was as low as 64.42 kg. in case of small holdings, as against 1021.19 kg. in case of large holdings. In order that the Development Plan should have the desired impact on increasing the productivity of the small growers, the Committee strongly feel that the Development Plan needs reorientation. The Committee desire that action may be taken on the following lines:—

- (i) sufficient funds should be made available for assistance to the small growers at more liberal terms of repayment with higher percentage of subsidy.
- (ii) large growers who can afford to borrow from commercial banks should either be discouraged from the Development loan schemes or charged the market rate of interest.
- (iii) The Board should with active co-operation of the State Governments encourage setting up of co-operatives of small growers which has not been done very much so far as that they may have the benefit of machinery and equipment which individual small growers cannot afford to purchase.

1.17. In their reply dated 16th November, 1974 the Ministry of Commerce have stated:

“The Coffee Board has been asked to examine these recommendations thoroughly and submit proposals for incorporating certain changes in the Schemes, wherever necessary, so that these are made more attractive to the small growers. The proposals when received from the Board,

will be considered by the Government in order to see what changes in the Coffee Board Schemes are required to be made.

**1.18. The Committee very much regret that their recommendations or making the Coffee Development Plan attractive to small growers has not been acted upon with the necessary promptitude. In view of the fact that the small coffee growers suffer from a number of handicaps such as prohibitive cost of machinery and equipment lack of water resources on the plantation, difficulties often faced in obtaining institutional finance, his prior indebtedness, etc., the Committee would desire that their recommendations in this regard should be given effect to as expeditiously as possible.**

*Loans to Cooperative Societies (Para 2.54—S. No. 16)*

1.19. Referring to the dropping of a proposal to grant loans to 2 cooperative societies in 1973-74 due to lack of funds the Committee in para 2.54 had made the following observations:

“A loan of Rs. 1 lakh paid to a Coffee Processing and Cooperative Society during 1964-65 for expansion of its curing and other facilities was repaid by the society promptly. But proposal to grant similar loans to two cooperative societies during 1973-74 was dropped as a result of drastic cut in funds by Government on the Budget grant. The Committee are anxious that cooperative sector should be encouraged to undertake or expand processing and curing of coffee and should not be denied financial assistance by the Board. The Committee desire that the requests of the societies should be considered during the financial year 1974-75.”

1.20. The Ministry of Commerce, in their reply dated the 16th April, 1974 have stated:

“The Coffee Board has been asked to examine the matter and submit proposals for Government’s consideration immediately. The proposals when received from the Board, will be considered by Government.”

**1.21. Referring to the dropping of a proposal to grant loans to two cooperative societies during 1973-74 due to lack of funds, the Committee had observed that the cooperative sector should be encouraged to undertake or expand processing and curing of coffee and should not be denied financial assistance by the Board. The Committee note that the Coffee Board has been asked to examine**

**this recommendation and submit proposals. The Committee may be apprised in due course of the proposals and the specific steps taken to encourage the processing and curing of coffee in the co-operative sector.**

*Structure of Coffee Board (Paragraph 3.12—S. No. 17)*

1.22 In para 3.12 the Committee had made the following observation regarding the structure of Coffee Board:

“Although under the Coffee Act the production and distribution of coffee is controlled by the Coffee Board, the Committee find that in actual practice the interest of large growers is playing a decisive role in entire operation of the industry. According to information given to the Committee, out of 31 firms of pool agents and curers, 8 are owned by large growers; besides some of the directors and share-holders of companies and cooperatives may be large growers. Again the firms owned by or having interests of large growers purchase coffee in auctions for internal consumption and export. The Committee are of the opinion that as it is, the Board is serving the interests of the large growers and large traders. The Committee desire that Government should look into this vital aspect and ensure that the Board primarily serves the interest of public at large and consumers. With this end in view, Government should review the entire structure of the Board and its statutory committees which have overwhelming representation of large growers. The Committee strongly feel that the representation given to the consumers especially in deciding marketing and pricing policies should be at par with that of growers as otherwise the public interest will suffer.”

1.23. In their reply dated the 16th November, 1974 the Ministry of Commerce have stated:

“Suitable changes are being made in the structure of the Coffee Board and increase representation of consumers on the Board and its Committees is being provided by amending the Coffee Rules.”

1.24. While the Committee note that, in pursuance of their recommendation, suitable changes are being made in the structure of

**the Coffee Board and increased representation of consumers in the Board and its Committees being provided by amending the Coffee Rules, the Committee desire that this should be given effect to immediately under advice to the Committee. This should be reflected in the Annual Report of the Ministry.**

*Remuneration to Pool Agency (Para 3.13—S. No. 18)*

1.25 While examining the system of payment of remuneration to Pool Agency the Committee in para 3.13 had made the following observations:

“The functions of the pool agency and curing of coffee have been combined in the same firms. These firms therefore get remuneration for the agency and curing. Apart from agency remuneration at the rate of Rs. 27 per tonne 1 per cent on the total payments to the growers is paid to pool agents. It was admitted by the Commerce Secretary that the system of payment of 1 per cent on the sales was unsound as this did not correctly represent the return on the capital employed on the curing work. If so, the Committee are surprised how this defective system was adopted in the past and still being continued. The Committee were informed that the report of the Cost Accounts Officer who recently went into this question was under consideration. The Committee would like to be informed about the final decision in the matter.”

1.26. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

“A study was made earlier and the Report of the Cost Accounts Officer was considered by a Sub-Committee of the Coffee Board. It was *inter-alia* decided by the Board that instead of allowing 1 per cent remuneration on the ultimate return to the planters in each season, a provision might be made for this purpose for the two seasons 1972-73 and 1973-74 based on the average return paid to the curers during the previous three seasons, namely 1969-70, 1970-71 and 1971-72.

A new Cost Study is now being conducted by a Cost Accounts Officer of the Government for fixing the remuneration for 1974-75 onwards. The matter will be further examined by Government, after receipt of the report of the Cost Accounts officer.”



1.27. The Committee note that in respect of payment of remuneration to pool agents, it has been decided, on the basis of an earlier study made in this regard, to make a provision for 1972-73 and 1973-74 based on the average return paid to the curers during the previous three seasons (1969-70, 1970-71 and 1971-72) instead of allowing 1 per cent remuneration on the ultimate return to the planters in each season and that a new cost study is now in progress in regard to the fixation of remuneration from the 1974-75 season onwards. The Committee desire that the new cost study should be expedited and the Committee informed about the final decision taken by Government in this regard.

*Taking over of Pool agency and curing establishments (Paragraph 3.14—S. No. 19)*

1.28. In paragraph 3.14, the Committee had observed as follows:

“The Committee recommend that pool agency and curing establishments should be taken over forthwith and no labour saving devices like introduction of polishing machine should be allowed”.

1.29. The Ministry of Commerce, in their reply dated 16th November, 1974 have stated:

“It may not be advisable to separate curing and pool agency functions. Taking over of the curing establishments will amount to nationalisation of the coffee curing industry. Even if Government decides to nationalise, it will have to be done in a phased manner. The Coffee Board has no resources of its own, and the entire compensation will have to be met from out of the Consolidated Fund of India. Apart from the present economic situation of the country, whether the nationalisation is necessary has to be gone into. In view of the increasing production of coffee, there is scope for one or two additional coffee curing works to come up, and the Coffee Board is trying for the organisation of the curing works in the cooperative sector.”

1.30. The Committee reiterate that their recommendation to take over the pool agency and curing works should be examined expeditiously in all its aspects before arriving at a decision. The Committee would like this examination to be completed very expeditiously and would like to see the detailed report of the examination carried out.

**Coffee Exports: (Paragraph No. 3.48 S. No. 22)**

1.31. In paragraph 3.43, the Committee had made the following observations relating to the export of coffee through the Coffee Board:

"The present system of exporting coffee through private trade is fraught with manipulations by exporters by inter-locking capital with marketing and blending firms abroad. In case of exports to East European countries the Coffee Board have from 1972 made certain sales directly and going through State Trading Corporation. The Committee strongly recommend that the Board should canalise the entire export through the Coffee Board instead of private channels. Besides, they should also explore the possibilities of opening coffee depots for retail sale abroad. For propaganda purpose they should combine their efforts with that of Tea Board."

1.32. The Ministry of Commerce, in their reply dated the 16th November, 1974, have stated:

"The recommendation that the Coffee Board should canalise the entire exports through the Coffee Board instead of private channels will have to be examined in detail in order to see how far it can be implemented, especially in the context of the present economy of the country and also in the light of maximising utilisation of available agencies like the STC branch offices abroad. A cost project analysis of the proposal will have to be worked out and the Board will examine this question in depth. The market for Tea & Coffee overlap and they being rival beverages combined propaganda efforts will in the view of the Coffee Board be counter-productive. Government agree with this view."

1.33. The Committee are most unhappy that no concrete action appears to have taken so far on their recommendation to canalise the export of coffee through the Coffee Board instead of private channels, even though their Report had been presented as early as in April, 1974. The Committee insist that the recommendation be processed immediately and final outcome reported to the Committee within three months.

**Instant Coffee Industry**  
(Paragraph No. 4.10 Sl. No. 26)

1.34. Expressing regret over the unconcerned approach of the Coffee Board towards the activities of the instant coffee industry dominated by foreigners, the Committee in paragraph 4.10, had made the following observations:

"At present 4 plants in the country are producing instant coffee having an installed capacity of about 2,000 tonnes. It is regretted that almost all the four plants are controlled by Foreign Monopolists, and the Coffee Board has been concerned about this. The actual production of instant coffee had increased from 1361 tonnes in 1970 to 1847 tonnes in 1972. The quantity sold for internal consumption had increased from 1021 tonnes in 1970 to 1307 tonnes in 1972, but that sold for exports had only increased from 232 tonnes to 382 tonnes, in spite of the incentives given by Government. The bulk of the exports have been made to USSR and Yugoslavia. The general feeling of the manufacturers is that the ex-factory price of Indian instant coffee is high and that it is outpriced by Brazilian, East African and other coffees which sell at considerably cheaper rates. The ex-factory price of the instant coffee is stated to be Rs. 53 per Kg."

1.35. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

"The recommendation of the Public Accounts Committee that a cost analysis of the production cost of the instant coffee plants should be made early with a view to regulating internal price is noted. One of the four instant coffee plants, namely, 'United Coffee Supply Co., Coimbatore', has recently been closed down and disposed of. The other two Instant Coffee Manufacturers namely, M/s. Brooke Bond India Ltd., and M/s. Food Specialities Ltd., have agreed to their books being examined by a Government Cost Accounts Officer, who has been deputed to undertake the cost study."

1.36. The Committee desire that the proposed analysis of the cost of production of the four instant coffee factories should be conducted urgently and if the results of the analysis warrant it, steps should be taken without delay to regulate the prices accordingly. The Committee would await a further detailed report in this regard. This should be reflected in the Annual Report of the Ministry.

(Paragraph No. 4.17 Sl. No. 27)

1.37. In paragraph 4.17, the Committee had made the following observation regarding the proposal for setting up of an Instant Coffee Plant in the Joint Sector.

“The Committee regret that not much progress has been made in processing the proposal for setting up an instant coffee plant in the joint sector during the last 2 years. The Board has not even cared to consult Ministry of Commerce in this regard. This gives an impression that the Board wanted the business to remain in the hands of foreign companies. The Committee desire that the various issues arising out of the proposal should be settled early. The Committee are of the opinion that the instant coffee industry has great potentiality for export and the Board should therefore proceed in the matter without involving any private entrepreneur. The Committee would like to know the outcome of the proposal.”

1.38. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

“The Coffee Board has been asked to consider the question of setting up of an Instant Coffee plant in the joint sector.”

1.39. The Committee desire that the question of establishing an instant coffee plant in the joint sector should be decided without further loss of time.

### *Coffee Research*

(Paragraph No. 6.8 Sl. No. 33)

1.40. In paragraph 6.8 the Committee had made the following observations on coffee research:

“While the Committee appreciate the work done by the Research Department in the field of plant breeding, plant protection and plant nutrition they regret that the results of the research work have benefited only the large growers. The extension services of the Coffee Board till recently were engaged primarily in overall crop improvement on the larger and better organised units, to achieve quick increase in overall production. The Committee are anxious that some positive and effective measures should be taken to bring benefits of research work to the holdings of numerous small growers who constitute nearly 97 per cent of the total number of growers so as to increase their productivity and ensure profitability.”

1.41. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

"Although the crop improvement has been more in the case of large holdings than compared to the small holdings, there are certain areas particularly in Coorg where the small growers also maintain their holdings at very high productive level mainly on account of having organised themselves into cooperative societies for obtaining financial and material inputs. In a plantation crop like coffee, efficiency and competence is an important contributory factor for the maintenance of high productivity and fertility of coffee. While the large holdings have been able to maintain the high level of technical competence, the small growers have suffered severe handicaps as far as efficient management is concerned. The Research Department of the Board has therefore recently enlarged training programme at the Central Coffee Research Institute to step up and improve the management capacity and technical competence of the proprietary small holdings by training young farmers in commercial and technical aspects of coffee culture."

1.42. The Committee note that the Coffee Board has recently enlarged the scope of its training programmes at the Central Coffee Research Institute to step up and improve the management capacity and technical competence of the proprietary small holdings by training young farmers in commercial and technical aspects of coffee culture and would like to be apprised of the progress made in this regard.

(Paragraph No. 6.11 Sl. No. 36)

1.43. Observing that the officers of the Research Department have only occasionally rendered advice to the State Government authorities, the Committee, in paragraph 6.11, had made the following observations:

"The Committee have been informed that experiments are being conducted for cultivation of coffee in Assam, Orissa and Andamans since fifties under the supervision of State Government Departments. The officers of the Research Department have only occasionally rendered advice to the State Government authorities. The Committee desire that Research Department of the Coffee Board should seriously guide these experiments with a view to producing tangible results. The Board should establish their own demonstration farms or depute some research staff to these States like Andhra, Orissa etc."

1.44. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

"A Coffee Demonstration Farm of the Board has been functioning at Minimullur in Paderu area of Andhra Pradesh since 1971. A Coffee Specialist whose services have been lent by the Board to Andhra Pradesh Government and a Senior Liaison Officer of the Board who is in-charge of the Coffee Demonstration Farm at Minimullur are presently looking after the extension and cultivation of coffee in Andhra Pradesh. Research Personnel of the Board are being deputed periodically to the Coffee areas in Andhra Pradesh to tackle technical problems as and when they arise.

An officer of the Government of India with experience in Coffee cultivation and research, is in-charge of the coffee experimental areas, in Andamans and Nicobar Islands. The Head of the Division of Botany from the Board's Research Department, visited the coffee experimental plots in these Islands during the April, 1974 to follow up the progress and advice on further commercial expansion.

The Chairman of the Coffee Board and a Senior Scientific Officer visited the experimental coffee areas in Assam during May 1974. They were highly impressed with the growth and bearing of coffee, in the experimental plantations. They held discussions with the State Government Departments on the scope for planting coffee on a commercial scale. The State Government of Assam has drawn up plans for planting coffee on about 3,200 hectares in the Mikir and North Cachar Hill districts under the aegis of the proposed plantation corporation. The scheme prepared by the State Government for expansion of areas under coffee is now being studied by the Coffee Board for inclusion under the 'Schemes for development of Plantation in hill areas during the Fifth Five Year Plan'. The question of placing the services of a Coffee Specialist at the disposal of Government of Assam to assist them in the expansion programme is being considered by that Government.

The Director of Research undertook an extensive survey in May 1974 to locate areas suitable for coffee cultivation in Maharashtra and North Canara in Karnataka for extending the coffee belt along the west coast. He has estimated an area of about 10,000 acres of forest land with suitable rainfall, soil, climatic and irrigation facilities is available in this hilly tract for coffee cultivation. The survey was followed by a team of Senior Research and Extension Officers of the Board during June 1974. After on-the-spot discussions with the

officials of the Horticultural and Forest Departments and after a careful assessment of rainfall, climatic, edaphic, topographic and ecological conditions, the study-team has located certain areas suitable for commercial cultivation of Arabica and Robusta varieties along with local cash crops. Based on their recommendations, plans are being drawn up for pilot projects to be located on existing horticultural stations or University Farms under the technical guidance of Coffee Specialists proposed to be deputed by the Coffee Board. Two such projects are to be located, one at Dharwar (University of Agricultural Sciences), and one at Dapoli (Konkan Krishi Vidya Peeth). The Departments of Horticulture as also the Forest Departments of the concerned States have also indicated their willingness to collaborate by way of incorporating coffee cultivation into the existing horticultural and farming systems in these hilly tracts under the guidance and technical advice of the Board's Officials."

1.45. The Committee had expressed the view that research projects should be followed up vigorously so that the benefits accruing from such projects are not frittered away but channelised properly for commercial expansion. Since the potentiality for the commercial exploitation of coffee in the Andaman and Nicobar Islands has been established and development of coffee in the Islands would also help to develop the Islands and provide gainful employment for the tribals in the Islands, the Committee would urge Government to pursue the question of commercial expansion of coffee in the islands vigorously. The Committee would also like to be informed of the progress made and results achieved in this area. This should be reflected in the Annual Report of the Ministry.

#### *Land encroachment*

*(Paragraph No. 6.18 Sl. No. 39)*

1.46. Examining the purchase of land for the Research Station at Chetali, the Committee, in paragraph 6.18, had made the following observations:

"The Committee are disappointed at the manner in which the land for the Research Station, Chetali, was purchased in 1947. Ten years after the purchase, it came to notice that a part of the land (3.65 acres) was encroached upon by the original owners. But even at that late stage, no action appears to have been taken by the Board to vacate the encroachment although the legal adviser had advised that if the party retained the property for over 12 years it would be difficult to evict it due to the law of limitation. It was only in 1967 that

the State Government authorities were moved in the matter. The attempts of the Board to have the name of the owner deleted from records have not been successful and a civil suit is now proposed to be filed. The Committee hope that this will be done without delay. The Committee desire that it should be examined whether responsibility can be fixed for the failure of the officers in this case. The Committee would like to be informed about the action taken."

1.47. In their reply dated the 16th November, 1974, the Ministry of Commerce have stated:

"A civil suit has been filed by the Coffee Board at the Civil Court at Mercara. The Board has made a plea to the Court, *inter-alia*, for a declaration that the Board is the absolute owner of the suit properties and also to direct the encroachee to vacate the suit properties. In the meanwhile, it was reported, that an attempt was being made by the encroachee to get the land registered in her name, and notices have therefore been issued by the Board to the concerned Revenue authorities requesting them not to entertain any application from the encroachee for this purpose till the suit was finally disposed of. The Coffee Board has been asked to fix the responsibility for the failure of the concerned officers in this case."

1.48. The Committee regret to note that the responsibility for the failure of officers in not getting an encroachment on the land purchased for the Research Station, Chetali, vacated has not been fixed so far. This is a very old matter, the encroachment having taken place in 1957. The Ministry and Coffee Board should have pursued the matter with much greater vigour. The Committee desire that this should be finalised forthwith and a further report submitted to the Committee immediately. The question of disciplinary action should be pursued vigorously and finalised.

*Labour Welfare Measures and Amenities*

(Paragraph No. 7.11 Sl. No. 41)

1.49. Commenting on the inadequacy of the grants paid by the Coffee Board for labour welfare measures, the Committee, in paragraph 7.11, made the following observations:

"The Committee are thoroughly disappointed at the performance of the Board in regard to grants paid by the Board for labour welfare measures i.e. medical aid and educational stipend. The donation of the Board for medical aid decreased from Rs. 1,40,000 in 1964-65 to Rs. 80,000 in 1973-74, while that for educational stipends, decreased



from Rs. 2,96,301 in 1964-65 to Rs. 2,25,000 in 1973-74. In 1973-74 the Board had asked for an amount of Rs. 4 lakhs but only Rs. 2.25 lakhs were sanctioned by Government. The Committee feel that even a grant of Rs. 4 lakhs sanctioned for the purpose would hardly make any real impact on these two limited aspects of welfare considering that about 2.5 lakh workers are employed in the coffee industry. The Committee strongly recommend that Government should increase the grant substantially on a *per capita* basis."

1.50. The Ministry of Commerce in their reply dated the 66th November, 1974 have stated:—

"The amount mentioned with regard to the decrease in educational stipends should read as Rs. 1,56,301 in 1964-65 to Rs. 1,45,000 in 1973-74, as could be seen from the figures given under the column Educational Stipends at page 100, para 7.5 of the Report.

The recommendation is accepted and it will be implemented to the extent feasible."

1.51. Commenting on the very meagre grants paid by the Board for labour welfare measures, the Committee had recommended that Government should increase the grant substantially on a per capita basis. The Committee note that their recommendations for increasing the grant for labour welfare measures substantially on a per capita basis has been accepted by Government, and will be implemented to the extent feasible. The Committee would, however, like to know the extent to which such grants have been increased immediately.

(Paragraph No. 7.12 S. No. 42)

1.52. In respect of amenities and working conditions of workers, the Committee, had made the following observations:

"The Committee have been informed that under the Plantation Labour Act, it is obligatory on the part of planters to provide amenities to workers on Coffee Plantations and it was essentially a State subject. During their visit to some Coffee plantations and Curing works by the Study Group of the Committee, they were informed by workers about lack of amenities, poor wages and under-employment during off season. The Committee strongly feel that the Board cannot absolve themselves of the responsibility in this regard, as one

of the functions of the Board is to secure better working conditions and the provisions and improvements of amenities and incentives for workers. The Committee, therefore, suggest that the Board should pay serious attention to this matter."

1.53. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

"At present the two schemes viz. (a) Grant of donation for medical aid, (b) Grant of Stipends to the children/dependents of Coffee Plantation Workers whose salary is Rs. 300 and below per month are confined to workers in coffee plantations only. The question of extending these two schemes to workers in the Coffee Curing Works will be examined by Government in consultation with the Coffee Board and the State Governments concerned, as the Welfare of workers in Curing Works is a State subject. The Government of Karnataka constituted a Committee in March 1973 to consider whether the work performed in the Coffee Curing Establishments is "seasonal" or "non-seasonal". The Chairman, Coffee Board, is also a member of this Committee. The recommendations of this Committee are awaited."

1.54. While the Committee note the steps proposed to be taken for the improvement of the lot of the workers, they desire that these proposals should be processed very expeditiously. The Committee also note that the recommendations of a Committee constituted by the Karnataka Government to consider whether the work performed by the Coffee Curing Establishments is seasonal or not is also awaited. The Committee would like to be informed of the recommendations of this Committee and the action taken thereon as early as possible.

#### *Evaluation of the Coffee Board*

(Paragraph No. 7.16, Sl. No. 46)

1.55. In paragraph 7.16 the Committee had made the following observations regarding review of the working of the Coffee Board:

"Since its inception, no evaluation has been made of the working of the Coffee Board. It is desirable that the working of the Board should be evaluated by an independent expert commission to assess how far the Board has fulfilled the objectives and to suggest improvements for future."

1.56. The Ministry of Commerce in their reply dated the 16th November, 1974 have stated:

“The Government have had already an Official Committee to review the working. Government will take appropriate steps for a periodical appraisal of the working of the Coffee Board.”

1.57. The Committee are not happy with the reply of Government and desire that the working of the Coffee Board should be evaluated forthwith by an independent expert commission and suitable action taken to improve the working of the Coffee Board on the basis of the recommendations of the Commission.

## CHAPTER II

### RECOMMENDATIONS|OBSERVATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

#### Recommendation

The Committee note from the Accounts of the Coffee Board that the expenditure on Administration met from the General Fund (grants paid by Government from proceeds of excise duty) increased from Rs. 19.57 lakhs in 1963-64 to Rs. 22.64 lakhs in 1971-72 i.e. by 15.6 per cent. But the expenditure on the Administration on Marketing which is met from the Pool Fund (credited from transactions relating to marketing of coffee) increased from 17.02 lakhs in 1963-64 to Rs. 50.78 lakhs in 1971-72 i.e. by 198.3 per cent. The Committee feel that there is need to keep a close watch on the administrative expenditure met out of the pool fund. The Committee desire that the Board should take necessary measures to effect economy in expenditure on allowances and contingencies.

(S. No. 1 Para No. 1.4 of Appendix of 130th Report)

#### Action Taken

Noted. Coffee Board has been asked to take necessary steps to effect economies in expenditure met out of the Pool Fund.

[Ministry of Commerce O.M. No. LO(16)|74-Plant (B), dt. 16.11.74]

#### Recommendation

Section 32(2) of the Coffee Act permits the transfer of excess in the pool fund (left after meeting expenditure on payments to growers storage marketing etc.) to the General Fund. The Coffee Board has not yet considered it necessary to transfer excess amounts pertaining to the years 1964-65, 1965-66 and 1966-67. The Committee desire that an early decision in this regard should be taken by the Board.

(S. No. 2 para No. 1.8 of Appendix of 130th Report).

#### Action Taken

The Board has already taken steps to transfer the excess in the Pool Fund after meeting the expenditure on payment to growers.

storage, marketing etc., to the General Fund. The undisbursed pool payments of 1964-65 to 1966-67 had already been transferred by the Board to 1967-68 balance sheet and payments made to the planters accordingly. Whatever was left over as undisbursed in 1967-68 balance sheet is now transferred to the General Fund. Accordingly, a sum of Rs. 1,64,420.95 pertaining to 1967-68 and the previous years and a sum of Rs. 47,906.77 pertaining to 1968-69 have since been transferred to the General Fund by the Coffee Board.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B),  
dated 16-11-74].

### **Recommendation**

The Committee are concerned to note that the number of vehicles of the Coffee Board has increased from 25 in 1970-71 to 42 in 1972-73. The Committee feel the justification for the increase in number of vehicles needs examinations. The Board proposes to add more vehicles to the fleet by replacing motor cycles provided to the Junior Liaison Officers of the Research Department by jeeps gradually and by replacing jeeps provided to the Senior Liaison Officers with cars. In the context of the present need for economy in the consumption of petrol, the Committee desire that before adding new vehicles to the fleet, the Board should consider whether the actual requirement justifies the need. It should be carefully examined whether there is need for 4 cars for the Officers of the Board at Head Office and one car for the Special Officer (Promotion) in New Delhi. The Committee would like to be informed about the economy effected in reducing the number of vehicles. The Committee however feel that the field staff should get scooters or motor cycles so that they can undertake intensive touring.

(S. No. 3 Para No. 1.12 of Appendix of 130th Report)

### **Action Taken**

(These two paras are dealt with together).

In view of the expanding activities of the Board in the field of Research that and Extension, Marketing operations and Exports, Diversification Projects of ICO (Agency) Cell, etc. 5 vehicles were added during 1971-72 and another 12 vehicles during 1972-73 to cater to the needs of the different divisions of the Board.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B),  
dated 16-11-74].

### **Recommendation**

The Committee would like to be informed whether the expenditure on purchase and running of vehicles provided to the departments other than marketing is provided from General Fund. If the expenditure is met out of the Pool Fund, the justification therefor may be explained.

(S. No. 4 Para No. 1.13 of Appendix of 130th Report).

### **Action Taken**

The Board has already decided that the Junior Liaison Officers need not be provided with Jeeps in lieu of the existing Motor Cycles and that the existing Motor Cycles which are about 20 years old may be get replaced with new ones. As regards replacement of old Jeeps of Senior Liaison Officers with cars, the Board's experience shows that cars/station wagons are found to be more economical than Jeeps, not only in capital outlay but also in the matter of petrol consumption and maintenance costs, but it is felt that the question of replacement of these could be considered by the Board on a staggered basis.

Provision of 4 cars at the Head Quarters of the Board is considered necessary for the urgent tours of Chairman, Chief Coffee Marketing Officer and Chief Officers of the Board to plantation areas, curing works, etc., as also for use of dignitaries, VIPs and other visitors to the Board. The Special Officer (Promotion), New Delhi, is required to deal with different items of extension, liaison, public relations and promotional work, besides contacts with Trade Representatives of different countries in the matter of exports and the vehicle is considered very necessary for him at Delhi, which is also used by Chairman and other visiting Officers while at Delhi.

However, the Coffee Board at its 81st meeting held on 17-5-1974 decided on a suggestion made by the Chairman that the Board should not go in for any new vehicles for a period of at least 2 years more, as a measure of economy.

The Board has also effected considerable economy in the consumption of petrol in respect of all the vehicles in the Board. For example, the total consumption of petrol during January to June 1974 amounted to about 44,400 litres as against 69,000 litres during April to September 1973.

The expenditure on purchase and running of vehicles provided to the different Departments of the Board are normally met out of

the funds of the concerned Departments i.e. from General Fund in the case of Secretariat, Research and Propaganda Departments and from Pool Fund in the case of the Marketing Department. However, only one vehicle in the Research Department is financed from funds provided under PL-480 Scheme and another two vehicles in the ICO (Agency) Cell are financed from the Diversification Fund of ICO.

The Coffee Board at its 77th Meeting held on 28th and 29th July, 1972 decided that the vehicles in the departments, old and new, could be deployed in the best interests of the Coffee Board. Thereafter, some vehicles purchased out of Pool Fund have been deployed by the Board for use of the departments financed by the General Fund, like Research Department, and some vehicles of the Research Department (General fund) are being used by the Marketing Department (Pool Fund). Such deployment of vehicles between the different departments of the Board has been done for administrative convenience taking into consideration the type and nature of work for which the vehicle is required to be deployed. Though the running expenditure on the vehicle will be met by the department using the vehicle, the vehicle will continue to belong to the department which purchased it.

[Ministry of Commerce O.M. No. 10(16)]74—Plant (B),  
dated 16-11-74].

### Recommendation

The Committee are disappointed to know that there has been only marginal increase in the area under coffee cultivation since Independence. The area has increased from 88,562 hectares in 1947-48 to 1,39,478 hectares in 1971-72. The Committee understand that until recently there were limitations imposed on the member countries of the International Coffee Organisation on the expansion of area under coffee cultivation (The agreement expired on 1st October, 1973).

At present 61 per cent of the total area under coffee cultivation exists in Karnataka State, 22 per cent in Kerala and 16 per cent in Tamil Nadu and the balance of 1 per cent in other States like Andhra Pradesh, Orissa etc. In Andhra Pradesh, as a result of a scheme launched by the Forest Department in 1961 only 1200 acres have been opened to coffee cultivation. It is proposed to increase the area to 12,000 acres in that State by the end of the 5th Plan. Coffee cultivation has still been kept in an experimental stage in

Assam, Orissa and West Bengal. The Committee are not at all satisfied with the progress made so far to expand areas under coffee.

[S. No. 5 and 6, Para Nos. 2.6—2.7 of Appendix of 130th Report]

#### **Action Taken**

In the traditional coffee growing States of Karnataka, Kerala and Tamil Nadu, almost entire area suitable for Coffee cultivation of Robusta and Arabica has been exploited, with the result that there is some spilling-over of cultivation to marginal areas, which to a certain extent, has been responsible for increased pests and diseases and production of sub-standard coffees. The Coffee Board has been therefore aware of the risks involved in extending coffee cultivation to such areas, and has cautioned coffee growers not to embark on coffee cultivation in these marginal areas which might jeopardise the quality of Indian Coffee. The scope for expansion of acreage under coffee in non-traditional States in monoculture and incorporating it into the local farming and horticultural pattern in the hill tracts of Assam, Andhra, Orissa, Karnataka and Maharashtra, is being examined by the Board. Such attempts in the past have not been viable, mainly because of lack of adequate local interest both on the part of the State authorities as well as local farmers. Renewed attempts are, however, being made by the Coffee Board to obtain local co-operation for extension of areas under coffee to new regions. The surveys so far conducted by the Board reveal that there is response from the States of Andhra Pradesh, Assam and Orissa. But there is not much enthusiasm from West Bengal and other States. The Coffee Board is taking all necessary steps for extension of the areas suitable for coffee cultivation wherever possible.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B), dated 16-11-74].

#### **Recommendation**

The Committee desire that the Coffee Board should immediately draw up a time target plan for expansion of area of Coffee in consultation with the State Government concerned.

[S. No. 7, Para 2.8 of Appendix of 130th Report]

#### **Action Taken**

Field Surveys have been undertaken by the Coffee Board to select and identify areas suitable for coffee culture in the States of



Assam, Andhra, Orissa and Maharashtra, Attempts are being made to obtain the collaboration of the Forest and the Horticultural Departments in these various States to set up exploratory and pilot project to encourage coffee cultivation and to include coffee into the local horticultural and farming systems obtaining in these areas. Recently, the Board have initiated surveys and comprehensive target plan will be drawn up by the Board for expansion of area under Coffee.

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B),  
dated 16-11-74].

### **Recommendation**

In Andhra Pradesh where the results of Coffee Production are encouraging and a survey undertaken by the Forest Department has indicated that about 15,000 to 16,000 acres are available in Vishakapatnam and East Godavari District for profitable introduction of Coffee, necessary steps should be taken to ensure that this area is brought under Coffee cultivation according to the plan and the State Government assisted financially to the extent necessary. This is more necessary for the reason that it will help extremely backward areas and tribals and other backward communities living on them. The Committee desire that the Ministry of Home Affairs (Tribal Welfare) should take advantage of Coffee development in the area to make a dent in the problems of high unemployment amongst the tribals, low wages and lack of medical housing and other amenities.

[S. No. 8, Para No. 2.9 of Appendix of 130th Report]

### **Action Taken**

Andhra Pradesh Government have forwarded for technical advice of the Coffee Board a scheme for expansion of coffee cultivation in Chintapalli Agency Forest area in Vizag District covering an area of 1,000 acres. Another scheme for bringing an additional area of 2,000 acres under the aegis of the Girijan Corporation is also being formulated by them. The project, covering the above mentioned schemes, is under preparation by the Coffee Board as part of Government of India's programmes of development of plantations in hilly areas for improving the economy of the tribal population during the Fifth Plan. *The Ministry of Home Affairs is also being requested to take advantage of the Schemes.*

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B),  
dated 16-11-74].

### **Recommendation**

In the States of Assam, West Bengal and Orissa where Coffee production is still in a somewhat experimental stage, the Committee stress that research efforts should be intensified to make coffee production a success within the shortest possible time. Thereafter necessary steps should be taken to expand the area under production.

[S. No. 9, Para No. 2.10 of Appendix of 130th Report]

### **Action Taken**

The Government of Assam have formulated a Scheme for commercial cultivation of coffee on 2,300 hectares under the proposed Corporation for Development of Plantation Crop. The Government of Orissa have also informed Coffee Board that schemes are under preparation for cultivation of coffee on a sizeable area, during the Fifth Five Year Plan.

As mentioned earlier, the Coffee Board is preparing a comprehensive project for the expansion of coffee cultivation in Andhra Pradesh, Assam and Orissa, in consultation with the State Governments for implementation during the Fifth Five Year Plan.

The West Bengal Government authorities do not appear to be enthusiastic about introducing coffee into the State for commercial cultivation. However, the Coffee Board will be asked to conduct fresh survey and submit report on the suitability of land in West Bengal for Coffee cultivation so that efforts should be made to impress upon the State Government and individuals about the availability of areas suitable for Coffee cultivation.

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B),  
dated 16-11-74].

### **Recommendation**

The Committee stress that the Government should take note of the rise in price of Coffee in the World Market in the recent years. In view of the fact that the Coffee production is expected to be a profitable commercial proposition, adequate allocation should be made for the development of the Industry in the Five Year Plan.

[S. No. 10 Para No. 2.11 of Appendix of 130th Report].

### **Action Taken**

The proposals for the development of coffee plantations included.

in the Fifth Five Year Plan have been considered by Government and it has been decided to allocate around Rs. 4 crores for this purpose.

[Ministry of Commerce O.M. No. 10(16)/74 Plant (B),

### **Recommendation**

The Committee note that the total production of coffee increased from 16,054 tonnes in 1947-48 to 87,000 tonnes in 1972-73. The average yield per hectare has increased from 177 kg. in 1947-48 to 495 kg. in 1971-72. The production of coffee is, however, subject to wide fluctuation from year to year. The production which touched an all time record of 1,10,300 tonnes in 1970-71 declined to 69,000 tonnes in 1971-72. The Committee understand that the fluctuations could be regulated by installation of spinkler irrigation equipment to combat the failures of timely rains (blossom showers) and by larger inputs of fertilisers. The Committee find that out of an area 80,000 acres that is irrigable, the area benefited under the scheme is 42,991 acres (7,385 acres for small growers and 35,606 acres for large growers). The Committee stress that the Coffee Board should take necessary measures to bring the remaining 50 per cent or so of the irrigable area under the scheme, particularly that belonging to the small growers. The Board should also take steps to secure adequate supply of fertilisers and insecticides from the Ministry of Agriculture etc. with a view to increasing the inputs particularly by small growers. The Committee would like to know the action taken by the Board.

[S. No. 11, Para No. 2.27 of Appendix of 130th Report].

### **Action Taken**

Coffee Board is impressing upon the Coffee growers especially small and medium, through their extension services, the need for the installation of Overhead sprinkler units in their estates having adequate irrigation facilities. They are being encouraged to avail of the financial assistance available to them under Hire Purchase Scheme of the Board's Development Plan. Further, in order to encourage the Coffee grower to augment the water resources on the estate, a special purpose loan is also granted for the purpose of bunding, digging of wells, sinking of borewells etc. It is hoped that the remaining 50 per cent of the irrigable area will be brought under artificial irrigation as early as possible.

The Board is taking all possible steps to get adequate quantity of fertilisers allotted to the industry by the Ministry of Agriculture.

and arrange for its equitable distribution among the planting community.

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B), dt. 16-11-74].

### **Recommendation**

The Committee find that average annual rate of growth of 5.244 per cent estimated for the 5th Plan period by the Board is lower as compared with some other important coffee growing countries. The Committee stress that the Board should address themselves to the question of increasing the average rate of growth rate as well as the average yield per hectare which is much lower than that of some important countries like Costa Rica (1271.96 Kg.) El Salvador (970.07 Kg.). Guayana (975.00 Kg.) etc.

[S. No. 12, Para No. 2.28 of Appendix of 130th Report].

### **Action Taken**

It is true that the annual growth rate in India is lower as compared to some of the more important coffee growing countries of the world and that the growth rate of Indian Robustas during the last few years has been much more marked than the growth rate of Arabica. This is, however, due to the fact that Arabicas require more financial, technical and managerial inputs as compared to Robustas. New Soil Testing Units are being organised by the Coffee Board to make the small growers more fertiliser-conscious and the use of fertilisers in coffee plantations. Research and advisory programmes have been suitably oriented to improving fertiliser economy and efficiency through more intensive cultural and phytosanitary measures and with the use of more fertiliser efficient cultivars. Every possible effort is being made by the Coffee Board to arrange for coffee plantations timely and adequate quantity of supply of fertilisers.

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B), dt. 16-11-74].

### **Recommendation**

The Committee note that the principal sum amounting to Rs. 5.14 lakhs and interest amounting to Rs. 1.24 lakhs in respect of equipment loans and principal amounting to Rs. 2.01 lakhs and interest amounting to Rs. 0.62 lakhs in respect of intensive cultivation loans were over due as on 31st August, 1973. The Committee were informed that there was nothing like bad debts because the Board

has total grip over the crop of the individual planters. If so, the Committee are surprised how the amounts which became over due during the period as early as 1964-65 to 1969-70 are still to be recovered. The Committee stress that necessary steps should be taken to recover the over due amounts of principal and interest expeditiously.

[S. No. 15, Para No. 2.53 of Appendix of 130th Report].

#### **Action Taken**

The Coffee Board has been asked to recover the amount of principal and interest as expeditiously as possible and report the progress of recoveries every month to Government.

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B), dt. 16-11-74].

#### **Recommendation**

Although under the Coffee Act the production and distribution of coffee is controlled by the Coffee Board, the Committee find that in actual practice the interest of large growers is playing a decisive role in entire operation of the industry. According to information given to the Committee, out of 31 firms of pool agents and curers, 8 are owned by large growers; besides some of the directors and share-holders of companies and cooperatives may be large growers. Again the firms owned by or having interests of large growers purchase coffee in auctions for internal consumption and export. The Committee are of the opinion that as it is, the Board is serving the interests of large growers and large traders. The Committee desire that Government should look into this vital aspect and ensure that the Board primarily serves the interest of public at large and consumers. With this end in view, Government should review the entire structure of the Board and its statutory committees which have overwhelming representation of large growers. The Committee strongly feel that the representation given to the consumers especially in deciding marketing and pricing policies should be at par with that of grower as otherwise the public interest will suffer.

[S. No. 17 Para No. 3.12 of Appendix of 130th Report].

#### **Action Taken**

Suitable changes are being made in the structure of the Coffee Board and increase representation of consumers on the Board and its Committees is being provided by amending the Coffee Rules.

[Ministry of Commerce O.M. No. 10(16)|74—Plant (B), dt. 16-11-74].

#### **Recommendation**

The functions of the pool agency and curing of coffee have been combined in the same firms. These firms therefore get remunera-

tion for the agency and curing. Apart from agency remuneration at the rate of Rs. 27 per tonne 1 per cent on the total payments to the grower is paid to pool agents. It was admitted by the Commerce Secretary that the system of payment of 1 per cent on sales was unsound as this did not correctly represent the return on the capital employed on the curing work. If so, the Committee are surprised how this defective system was adopted in the last and still being continued. The Committee were informed that the report of the Cost Accounts Officer who recently went into this question was under consideration. The Committee would like to be informed about the final decision in the matter.

[S. No. 18, Para No. 3.13 of Appendix of 130th Report].

#### **Action Taken**

A study was made earlier and the Report of the Cost Accounts Officer was considered by a Sub-Committee of the Coffee Board. It was *inter alia* decided by the Board that instead of allowing 1 per cent remuneration on the ultimate return to the planters in each season, a provision might be made for this purpose for the two seasons 1972-73 and 1973-74 based on the average return paid to the curers during the previous three seasons, namely, 1969-70, 1970-71 and 1971-72.

A new Cost Study is now being conducted by a Cost Accounts Officer of the Government for fixing the remuneration for 1974-75 onwards. The matter will be further examined by Government, after receipt of the report of the Cost Accounts Officer.

[Ministry of Commerce O.M. No. 19(16)/74—Plant (B), dt. 16-11-74].

#### **Recommendation**

The Committee note that export of coffee increased from 25,071 tonnes in 1962-63 to 40,104 tonnes in 1971-72. According to the International Coffee Agreement which expired on 1st October, 1973 a quota was used to be fixed for export by the member country each year, the quota for India being 25,380 tonnes. The increase in the export in the recent years was due to the increased exports to non-quota countries under bilateral agreements. The Committee are of the view that the International Coffee Agreement was not at all favourable to India even in regard to exports, in as much as the exports to quota countries were limited to the quota fixed for each year. With the expiry of the agreement with effect from 1st October, 1973, the country is free to increase exports to erstwhile quota countries besides non-quota countries. In the world market, Indian Coffee which is graded as "other milds", quality only next

to 'Columbian milds'. In the group of 'other milds', Indian Coffee is on the top. In view of high quality of Indian Coffee, it should not be difficult to increase exports to the existing buyers and explore new markets. The Coffee Board should address themselves to the new situation.

From the figures furnished to them, the Committee find that the annual average of prices of coffee obtained in export auctions in early sixties were less than annual averages prices secured in internal auctions (excluding taxes), although the quality of coffee offered for export is of top quality. However, in the recent years the trend is that higher prices are secured in export auctions. It has been stated that the Coffee Board has some machinery to keep themselves abreast of the prices in world market and fix minimum release prices bids. The Committee are anxious that Indian Coffee should attract prices in the export market that is commensurate with its high quality. For this purpose it may be necessary to study the actual retail prices in the important consuming countries besides getting acquainted with the wholesale prices.

[S. No. 20-21, Para Nos. 3.41-3.42 of Appendix of 130th Report]

#### **Action Taken**

(i) Every effort will be made to increase exports to the existing buyers and explore new markets.

Exports during the fiscal year 1973-74 amount to 52,057 tonnes valued at Rs. 45.58 crores, as against 50,856 tonnes valued at Rs. 32.93 crores during 1972-73 and 35,695 tonnes valued at Rs. 22.01 crores during 1971-72.

The Coffee Board has already been making attempts to get retail prices and wholesale prices of coffee in some of the important consuming countries through the help of the Indian Representatives abroad. This matter is being actively pursued.

(ii) The recommendation that the Coffee Board should canalise the entire exports through the Coffee Board instead of private channels will have to be examined in detail in order to see how far it can be implemented, especially in the context of the present economy of the country and also in the light of maximising utilisation of available agencies like the STC branch offices abroad. A cost project analysis of the proposal will have to be worked out and the Board will examine this question in depth. The market for Tea & Coffee

over-lap and they being rival beverages combined propaganda efforts will in the view of the Coffee Board be counterproductives. Government agree with this view.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### Recommendation

The Committee note that under the system obtaining prior to 1967, out of the total quantity of coffee earmarked for the internal consumption, 15 per cent was set apart for cooperative societies and 10 per cent for the Indian Coffee Depots of the Propaganda Department of the Board. The allotments were made at the minimum release prices. The price at which the cooperative societies in turn sold coffee to consumers were regulated by the Board by adding handling expenses and a margin of profit found necessary, while in the case of India Coffee Depots, the sale prices to the consumers were fixed by adding to the minimum release prices the expenses incurred in running the depots. Under the revised system introduced in October 1967 the cooperative societies and the India Coffee Depots were allotted coffee at the average prices secured in open pool auctions in the preceding month less a discount of 2 and a half per cent instead of the minimum release prices. The object was to enable these agencies to distribute coffee to public at a little lower level of prices though not considerably lower as in the past. Although the allocation remained the same, the actual releases through these channels considerably decreased. In the year 1972, the quantity released through India Coffee Depots and Cooperative Societies was 6 per cent and 1 per cent respectively of the total quantity released in the internal market. The Committee regret that, the revised system has not helped to hold the price line and consequently interests of consumers suffered.

Owing to a fall in production in 1969-70 and a lesser release of coffee in the internal market, there was sharp rise in the average consumer retail price in 1970. The Board practically did nothing to hold the prices, although under Section 16 of the Coffee Act, the Government could fix the wholesale and retail prices. The Committee regret that the Board did not move in the matter at that time. The release of Coffee through the Propaganda Department and Cooperative Societies did not increase being only 6 per cent and 2 per cent respectively. The Committee desire that the Board should keep a close watch over the consumer retail prices in future and if necessary advise the Government to use the power under Section 16 of the Coffee Act.



The Committee note the Marketing Committee of the Board in October, 1971 considered the poor off-take of coffee from the Propaganda Department Deposits and decided to allot coffee powder to the Propaganda Department at minimum release price. But the Marketing Committee had not yet considered the question of allotment of raw coffee seeds to the Propaganda Department at the minimum release price. The Committee expect the Board to protect the interests of the consumer and minimise the exploitation by the big traders and middlemen. The Committee therefore strongly recommend that the system of release of coffee seeds to the Propaganda Department and Cooperative Societies at the minimum release price should be restored early. The Committee desire that the Board should ensure that out of the total quantity earmarked for internal consumption, the cooperative societies and India Coffee Depots do get their share of 15 per cent and 10 per cent respectively. They cannot hold feeling that the Marketing Committee as it is constituted today does not adequately safeguard the interests of the consumer. The Committee also recommend, considering many aspects, that net work Depots should be created all over the country by the Board.

[S. Nos. 23—25, Para Nos. 3.55—3.57 of Appendix of 130th Report]

#### **Action taken**

The Coffee Board has been asked to keep a close watch over the consumer retail prices of coffee in future, and as and when found necessary, advise the Government to enforce the provisions of Section 16 of the Coffee Act.

As regards release of coffee to the Propaganda Department and the Cooperative Societies, the Coffee Board will review its price policy and consider the question of restoring releases at the minimum release prices to these two channels of distribution.

The constitution of the Board has been revised giving adequate representation for consumers interests. The number of seats for consumer interests on the Coffee Board has been increased from three to five. In the marketing Committee also, it is proposed to increase the representation of consumer interest.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated 16-11-1974]

#### **Recommendation**

At present 4 plants in the country are producing instant coffee having an installed capacity of about 2,000 tonnes. It is regretted that almost all the four plants are controlled by Foreign Monopolists, and the Coffee Board has been unconcerned about this. The actual production of instant coffee had increased from 1361 tonnes in

1970 to 1847 tonnes in 1972. The quantity sold for internal consumption had increased from 1021 tonnes in 1970 to 1307 tonnes in 1972, but that sold for exports had only increased from 232 tonnes to 382 tonnes, in spite of the incentives given by Government. The bulk of the exports have been made to USSR and Yugoslavia. The general feeling of the manufacturers is that the ex-factory price of Indian instant coffee is high and that it is outpriced by Brazilian, East African and other coffees which sell at considerably cheaper rates. The ex-factory price of the instant coffee is stated to be Rs. 53 per kg. based on the export price of raw coffee. The Committee however find it difficult to accept this. In 1969 in connection with supply of soluble coffee for the defence requirements M/s. Nestles Products (an allied concern of M/s. Food Specialities had quoted price of Rs. 49.95 per kg. According to the Ministry of Commerce, the same firm had indicated a price of Rs. 55.83 per kg. for the quarter ended December 1969 and its ex-factory price was Rs. 38/- per kg. in 1969 based on the Export price of raw coffee. The question therefore arises how the firm could quote Rs. 34.95 per kg. in their tender. The Committee stress that a cost analysis of the production cost of the factories should be made early with a view to regulating internal prices. The retail price in June, 1973 seems to have been as high as Rs. 76.60 per kg. The Committee do not appreciate unconcerned approach of the Board towards the activities of the instant coffee industry dominated by foreigners.

(S. No. 26, Para No. 4.16 of Appendix of 130th Report)

#### **Action taken**

The recommendation of the Public Accounts Committee that a cost analysis of the production cost of the instant coffee plants should be made early with a view to regulating internal prices, is noted.

One of the four instant coffee plants, namely, "United Coffee Supply Co., Coimbatore", has recently been closed down and disposed of. The other two Instant Coffee Manufacturers namely, M/s. Brooke Bond India, Ltd., and M/s. Food specialities Ltd., have agreed to their books being examined by a Government Cost Accounts Officer, who has been deputed to undertake the cost study.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated 16-11-1974]

#### **Recommendation**

The Committee regret that not much progress has been made in processing the proposal for setting up an instant coffee plant in the joint sector during the last 2 years. The Board has not even cared

to consult Ministry of Commerce in this regard. This gives an impression that the Board wanted the business to remain in the hands of foreign companies. The Committee desire that the various issues arising out of the proposal should be settled early. The Committee are of the opinion that the instant coffee industry has great potentiality for export and the Board should therefore proceed in the matter without involving any private entrepreneur. The Committee would like to know the outcome of the proposal.

(S. No. 27, Para No. 4.17 of Appendix of 130th Report)

#### **Action taken**

The Coffee Board has been asked to consider the question of setting up of an Instant Coffee plant in the joint sector.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated 16-11-1974]

#### **Recommendation**

The Committee note that the Coffee Board are running 42 India Coffee Depots for retail sale of coffee seeds and powder, 2 Coffee Houses and 3 Coffee Vans as part of Prapaganda for increasing consumption of coffee in the internal market. Considering the projected increase in production in the coming years, the Board propose to intensify the propaganda efforts for internal consumption by increasing the number of coffee depots from 42 to 101, coffee houses from 9 to 31 and coffee vans from 3 to 21. The total expenditure on internal publicity is expected to increase from Rs. 24.90 lakhs in 1973-74 to Rs. 86.55 lakhs in 1978-79. The Committee are surprised that while the Board are alive to some extent to the problem of publicity and propaganda in the internal market they are not paying the same attention to the external publicity. The expenditure on external publicity is proposed to be increased from Rs. 4 lakhs in 1973-74 to Rs. 9 lakhs only in 1978-79. The Committee appreciate that in the past in view of limited quota for export fixed by the International Coffee Organisation, there was not much scope for external publicity. With the recent termination of quota system, the Committee feel that the situation requires greater attention to external publicity than internal publicity with a view to not only sustaining the present level of exports but increasing them substantially. The effort should be to substantially divert the surpluses of production expected in the future years to exports. With this end in view, the Committee desire that the Board should carefully examine what export promotional measures to boost exports of both raw and processed coffee are necessary. In the opinion of the Committee, considering the high quality of Indian Coffee, this task

should not be difficult. To begin with, proper marketing research in various coffee consuming countries may be undertaken.

(S. No. 28, Para No. 5.8 of Appendix of 130th Report)

#### **Action taken**

The Coffee Board has been asked to examine the matter and evolve proposals for undertaking market research in various coffee consuming countries.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

#### **Recommendation**

The Committee appreciate that the Board should step up its promotional measures for internal consumption of coffee. But, in the opinion of the Committee, such a high level of expenditure as is envisaged for the purpose may not be necessary. The Committee are however in favour of increasing the number of India Coffee Depots/Houses adequately both in the traditional and non-traditional regions both for the purpose of propaganda and holding the price line. As regards the coffee houses, the Committee have dealt with the question of losses suffered by the coffee Houses, in the succeeding section. The Committee are of the view that new units must be opened in big cities and tourists centres but these should be run on no profit and no loss basis as far as possible. To start with in all big cities with a population of 1 lakh and above and distt. towns, it should be done. The Coffee Board should have precedence over others in the matter of opening coffee buffets at Airports and important railway stations|dining cars and Government Establishments/Public sector Undertakings as may be necessary so as to ensure that coffee that is served is of good quality and is reasonably priced. Such a step would also serve to popularise coffee in the country. Further the purchases of coffee seed|powder should be through the Coffee Board.

(S. No. 29, Para No. 5.9 of Appendix of 130th Report)

#### **Action taken**

The Coffee Board has drawn up detailed Crash Promotional Programmes and comprehensive promotional schemes for starting additional India Coffee Depots and India Coffee Houses. A beginning has been made and negotiations are under way for opening a Coffee House in Tirupathi, a prominent pilgrim-cum-tourist centre, in collaboration with Tirumalai-Tirupathi Devasthanam Authorities. The

new India Coffee Depots and Coffee Houses will be started by the Board in both traditional and non-traditional areas. It may be mentioned that the Depots continue to serve the purpose of holding the price line. Thus, they have been making available a special blend of coffee powder to the public at the pegged price of Rs. 10 per kilo.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

The Coffee Board is working on the evolution of simple and standard sets of furniture and fittings for Coffee Houses. Different designs and types of tables, chairs and counters are being studied by the Board with a view to finally designing furniture that are functional, elegant and not costly. The Coffee Board will make efforts to bring down both capital and recurring costs. The standardised low cost furniture etc., will be used in all the new Coffee Houses of the Coffee Board.

(S. No. 30, Para No. 5.18 of Appendix of 130th Report)

### **Action taken**

The Committee note that some losses have been suffered by the Coffee Houses. The losses have increased from Rs. 1.87 lakhs in 1964-65 to Rs. 7.13 lakhs in 1971-72. The Committee accept the argument that the Coffee Houses being mainly meant for propaganda purpose need not make profits. The Committee are however anxious that the Coffee Houses should be run on 'no profit and no loss basis' as far as possible. The Committee therefore suggest that apart from periodically revising the price of coffee in cups, necessary economy should be effected in the overhead expenditure. It would be desirable that new units should be furnished at a modest scale strictly from the utility point of view and there should be no resort to luxurious items such as air-conditioning etc. The Committee desire that the Board should draw up a standard pattern of furniture etc. to be followed in future.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

The Committee are surprised that 27 workers are employed in Coffee Houses on daily wages. The Committee desire that prompt action should be taken to make them regular, and future appointments should only be on those lines.

(S. No. 31, Para No. 5.19 of Appendix of 130th Report)

### **Action taken**

All the workers on daily wages in different Coffee Houses of the Coffee Board have been regularised and future appointments will be on the basis of full time workers and not temporary workers.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

While the Committee appreciate the work done by the Research Department in the field of plant breeding, plant protection and plant nutrition they regret that the results of the research work have benefitted only the large growers. The extension services of the Coffee Board till recently were engaged primarily in overall crop improvement on the larger and better organised units, to achieve quick increase in overall production. The Committee are anxious that some positive and effective measures should be taken to bring benefits of research work to the holdings of numerous small growers who constitute nearly 97 per cent of the total number of growers so as to increase their productivity and ensure profitability.

(S. No. 33 Para No. 6.8 of Appendix of 130th Report)

### **Action Taken**

Although the crop improvement has been more in the case of large holdings than compared to the small holdings, there are certain areas particularly in Coorg where the small growers also maintain their holdings at every high productive level mainly on account of having organised themselves into cooperative societies for obtaining financial and material. In a plantation crop like coffee, efficiency and competence is an important contributory factor for the maintenance of high productivity and fertility of coffee. While the large holdings have been able to maintain the high level of technical competence, the small growers have suffered severe handicaps as far as efficient management is concerned.

The Research Department of the Board has therefore recently enlarged training programme at the Central Coffee Research Institute to step up and improve the management capacity and technical competence of the proprietary small holdings by training young farmers in commercial and technical aspects of coffee culture.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

The Committee find that in the past, the research and extension work was mainly directed to crop improvement in arabica production, as arabica was in greater demand in foreign markets as compared to robusta, which fetched lower prices. The position has changed during the last 2-3 years. A proposal to set up a research centre for robusta is awaiting approval of Government. The Committee are not satisfied with lack of attention to the research work on Robusta in the past merely because it fetched lower price in foreign markets. The Committee desire that the research effort towards Robusta should be intensified.

[S. No. 34, Para No. 6—9 of Appendix of 130th Report]

### **Action Taken**

The Coffee Board has initiated action to intensify research on Robusta along the following lines:—

- (a) to obtain suitable land for establishing Robusta Research Station in Kalpetta Wynaad.
- (b) A qualified and trained Robusta Specialist has been appointed with headquarters at Kalpetta, Wynaad, since 1973. He has already started conducting studies on nutrition, plant protection and diversification of Robusta holdings. A number of agronomical trails have also been initiated at Coffee Demonstration Farm, Kalpetta, Central Coffee Research Institute and on private Robusta holdings to study effect of manuring, specing and pruning to improve and stabilise production in small holdings.
- (c) A Mobile Soil Unit with qualified requisite staff has been instituted at Kalpetta for Soil Testing and for assessing the manurial requirements of Robusta holdings and to make Robusta growers in Wynaad area more fertiliser-conscious.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

The Committee find that there is need for new demonstration farms for the benefit of small growers and regional testing laboratories but it has not been possible to establish them because of

udget in the expenditure of the Research Department. The expenditure of the Research Department has increased from Rs. 15.69 lakhs in 1955-56 to Rs. 30.18 lakhs in 1972-73. The Committee stress that adequate funds should be provided to the Research Department to carry out its activities that are particularly helpful to the small growers.

[S. No. 35, Para No. 6.10 of Appendix of 130th Report].

#### **Action Taken**

Proposals have already been initiated by the Coffee Board to start a Coffee Demonstration Farm at Mudigere (Karnataka State) and action taken to obtain suitable land for locating this farm. The application for grant of 24.12 acres of land for this purpose is presently pending orders from the Government of Karnataka. It is also proposed to open similar demonstration farms in other areas where small growers are located in large numbers and also in non-traditional areas like Orissa and Assam.

Efforts for starting Coffee Testing Station as per the recommendations of the Evaluation Committee for field testing and commercial assessment of new promising disease-tolerant cultivars are under process and suitable venues are being explored and surveyed by the Board.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

#### **Recommendation**

The Committee have been informed that experiments are being conducted for cultivation of coffee in Assam, Orissa and Andamans since fifties under the supervision of State Government Departments. The officers of the Research Department have only occasionally rendered advice to the State Government authorities. The Committee desire that Research Department of the Coffee Board should seriously guide these experiments with a view to producing tangible results. The Board should establish their own demonstration farms or depute some research staff to these States like Andhra, Orissa etc.

[S. No. 36, Para No. 6—11 of Appendix of 130th Report]

#### **Action Taken**

A Coffee Demonstration Farm of the Board has been functioning at Manimullur in Paderu area of Andhra Pradesh since 1971. A Coffee Specialist whose services have been lent by the Board to Andhra Pradesh Government and a Senior Liaison Officer of the



Board who is in-charge of the Coffee Demonstration Farm at Minimullur are presently looking after the extension and cultivation of coffee in Andhra Pradesh. Research Personnel of the Board are being deputed periodically to the Coffee areas in Andhra Pradesh to tackle technical problems as and when they arise.

An Officer of the Government of India with experience in Coffee cultivation and research, is in-charge of the coffee experimental areas, in Andamans and Nicobar Islands. The Head of the Division of Botany from the Board's Research department, visited the coffee experimental plots in these Islands during April, 1974 to follow up the progress and advice on further commercial expansion.

The Chairman of the Coffee Board and a Senior Scientific Officer visited the experimental coffee areas in Assam during May, 1974. They were highly impressed with the growth and bearing of coffee, in the experimental plantations. They held discussions with the State Governments on the scope for planting coffee on a commercial scale. The State Government of Assam has drawn up plans for planting coffee on about 3,200 hectares in the Mikir and North Cachar Hill districts under the aegis of the proposed plantation corporation. The scheme prepared by the State Government for expansion of areas under coffee is now being studied by the Coffee Board for inclusion under the "Schemes for development of Plantation in hill areas during the Fifth Five Year Plan". The question of placing the services of a Coffee Specialist at the disposal of Government of Assam to assist them in the expansion programme is being considered by that Government.

The Director of Research undertook an extensive survey in May 1974 to locate areas suitable for Coffee cultivation in Maharashtra and North Canara in Karnataka for extending the coffee belt along the west coast. He has estimated an area of about 10,000 acres of forest land with suitable rainfall, soil, climatic and irrigation facilities is available in this hilly tract for coffee cultivation. The survey was followed by a team of Senior Research and Extension Officers of the Board during June 1974. After on-the-spot discussions with the officials of the Horticultural and Forest Departments and after a careful assessment of rainfall, climatic, edaphic, topographic and ecological conditions, the study-team has located certain areas suitable for commercial cultivation of Arabica and Robusta varieties along with local cash crop. Based on their recommendations, plans are being drawn up for pilot projects to be located on existing horticultural stations or University Farms under the technical

guidance of Coffee Specialists proposed to be deputed by the Coffee Board. Two such projects are to be located, one at Dharwar (University of Agricultural Sciences), and one at Dapoli (Konkan Krishi Vidya Peeth). The Departments of Horticulture as also the Forest Departments of the concerned States have also indicated their willingness to collaborate by way of incorporating coffee cultivation into the existing horticultural and farming systems in these hilly tracts under the guidance and technical advice of the Board's Officials.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

The Committee desire that the pay scales of scientists and research staff of the Coffee Board should be comparable with those in the other organisations like Indian Council of Agricultural Research.

[S. No. 37, Para No. 6—12 of Appendix of 130th Report]

### **Action Taken**

Government have since conveyed their approval for the rationalisation/revision of pay scales for various posts including the technical and scientific staff of the Coffee Board. While approving the scales of pay of the scientific and research staff of the Coffee Board, the scales of pay for similar staff obtaining in other scientific organisations were taken into account. In respect of the posts of Director of Research and the Chief Coordinator and Head of the ICO(A) Cell, for which revised scales have not yet been approved by the Government full justification for fixing higher scales of pay as applicable to the scientific posts and as proposed by the Board has been called for so that Government could consider the proposals further.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

### **Recommendation**

The Committee are dissatisfied with the non-utilisation of an equipment (Stigmatic grating spectrograph) for the last about 7 years for want of a trained hand who had been deputed for higher studies at I.A.R.I. While the Committee appreciate the difficulty in getting persons trained for the sophisticated equipment, this

position should not be allowed to continue for several years. It is no satisfaction that the equipment is still in working order, if the important research for which it was meant has suffered for a long period. The Committee suggest that in future at least two persons should be trained in handling such equipment, so that if one is away the work may not suffer.

[S. No. 38, Para 6—15 of Appendix of 130th Report]

#### **Action Taken**

Accepted. The Coffee Board has been asked to implement the recommendation.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated  
16-11-1974]

#### **Recommendation**

The Committee are disappointed at the manner in which the land for the Research Station, Chethali was purchased in 1947. Ten years after the purchase, it came to notice that a part of the land (3.65 acres) was encroached upon by the original owners. But even at that late stage, no action appears to have been taken by the Board to vacate the encroachment although the legal advisor had advised that if the party retained the property for over 12 years it would be difficult to evict it due to the law of limitation. It was only in 1967 that the State Government authorities were moved in the matter. The attempts of the Board to have the name of the owner deleted from records have not been successful and a civil suit is now proposed to be filed. The Committee hope that this will be done without delay. The Committee desire that it should be examined whether responsibility can be fixed for the failure of the officers in this case. The Committee would like to be informed about the action taken.

[S. No. 39, Para 6—18 of Appendix of 130th Report]

#### **Action Taken**

A civil suit has been filed by the Coffee Board at the Civil Court at Mercara. The Board has made a plea to the Court, *inter-alia*, for a declaration that the Board is the absolute owner of the suit pro-

erties and also to direct the encroachee to vacate the suit properties. In the meanwhile, it was reported, that an attempt was being made by the encroachee to get the land registered in her name, and notices have, therefore, been issued by the Board to the concerned Revenue authorities requesting them not to entertain any application from the encroachee for this purpose till the suit was finally disposed of. The Coffee Board has been asked to fix the responsibility for the failure of the concerned officers in this case.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated  
16-11-1974]

### **Recommendation**

The Committee are concerned over the delay in utilisation of the grants paid by the Board to the State Governments of Mysore and Kerala for construction of wards, supply of equipment and provision of additional beds in hospitals. In the case of grants paid during the years 1961-62 and 1964-65 to 1969-70 amounting to Rs. 1.38 lakhs, utilisation certificates are still awaited. It is stated that in 5 cases funds involving Rs. 35,038 have been fully utilised but the utilisation certificates are still awaited. The Committee desire that necessary steps should be taken to ensure in the remaining 12 cases that the funds are utilised early for the purpose intended and utilisation certificates in all cases rendered to the Board.

[S. No. 40, Para No. 7.10 of Appendix of 130th Report]

### **Action Taken**

The total number of cases in which utilisation certificates were awaited by the Coffee Board for the years 1961-62 and 1964-65 to 1969-70 amounting to Rs. 1,38,000/- were 15. Out of the 5 cases involving a sum of Rs. 35,038/- mentioned by the Committee, utilisation certificates have since been received by the Board in 3 cases, and in the other 2 cases utilisation certificates are still awaited, although the amounts donated by the Board have been fully utilised.

In the remaining 10 cases (instead of 12 cases as mentioned in the report) utilisation certificates have since been received by the Board in 5 cases after persistent efforts and personal contacts made by the Board with the concerned authorities of the State Govern-

ments. As on date, utilisation certificates have yet to be received only in 5 cases as detailed hereunder:—

Year	Details	Amount donated
		Rs.
1961-62	Construction of Ward at Government Hospital, Muugere, Chikmagalur District, Karnataka	25,000
1966-67	Construction of Primary Health Unit at Goniveed, Chikmagalur District, Karnataka	10,000
1967-68	Completion of construction of Primary Health Unit, Goniveed	5,000
1968-69	Construction of additional ward at the General Hospital, Chikmagalur, Karnataka	40,125
1969-70	Construction of hospital by the General Hospital Committee, Koppa—Kadur, Chikmagalur District, Karnataka	8,933

Continuous efforts are being made by the Coffee Board to obtain utilisation certificates in respect of above 5 cases from the Government of Karnataka.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated 16-11-1974]

### Recommendation

The Committee are thoroughly disappointed at the performance of the Board in regard to grants paid by the Board for labour welfare measures, i.e., medical aid and educational stipend. The donation of the Board for medical aid decreased from 1,40,000 in 1964-65 to Rs. 80,000 in 1973-74, while that for educational stipends, decreased from Rs. 2,96,301 in 1964-65 to Rs. 2,25,000 in 1973-74. In 1973-74 the Board had asked for an amount of Rs. 4 lakhs but only Rs. 2.25 lakhs was sanctioned by Government. The Committee feel that even a grant of Rs. 4 lakhs sanctioned for the purpose would hardly make any real impact on these two limited aspects of welfare considering that about 2.5 lakhs workers are employed in the coffee industry. The Committee strongly recommend that Government should increase the grant substantially on a *per capita* basis.

[S. No. 41, Para No. 7.11 of Appendix of 130th Report]

The amount mentioned with regard to the decrease in educational stipends should read as As. 1,56,301/- in 1964-65 to Rs. 1,45,000 in 1973-74, as could be seen from the figures given under the column Educational Stipends at page 100, para 7.5 of the Report.

The recommendation is accepted and it will be implemented to the extent feasible.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated  
16-11-1974]

### Recommendation

The Committee have been informed that under the Plantation Labour Act, it is obligatory on the part of planters to provide amenities to workers on Coffee Plantations and it was essentially a State subject. During their visit to some Coffee Plantations and Curing Works by the Study Group of the Committee, they were informed by workers about lack of amenities, poor wages and under-employment during off season. The Committee strongly feel that the Board cannot absolve themselves of the responsibility in this regard, as one of the functions of the Board is to secure better working conditions and the provisions and improvement of amenities and incentives for workers. The Committee, therefore, suggest that the Board should pay serious attention to this matter.

[S. No. 42, Para No. 7.12 of Appendix of 130th Report]

At present the two schemes, viz. (a) Grant of donation for medical aid, (b) Grant of Stipends to the children/dependents of Coffee Plantation Workers whose salary is Rs. 300/- and below per month are confined to workers in coffee plantations only. The question of extending these two schemes to workers in the Coffee Curing Works will be examined by Government in consultation with the Coffee Board and the State Governments concerned, as the welfare of workers in Curing Works is a State subject. The Government of Karnataka constituted a Committee in March 1973 to consider whether the work performed in the Coffee Curing Establishments is "seasonal" or "non-seasonal". The Chairman, Coffee Board, is also a member of this Committee. The recommendations of this Committee are awaited.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated  
16-11-1974]

### Recommendation

The Committee are distressed to note that even in the Board's own establishments the working conditions and amenities to workers and staff are not satisfactory. In a memorandum submitted to the Committee, the staff of the Central Coffee Research Institute, have brought to notice certain difficulties, such as:

- (i) lack of proper shopping facilities at the remote station;

- (ii) inadequacy of fringe benefits fixed for the staff long time back and need to extend these benefits to all the staff working in the Coffee Demonstration Farms situated in remote hilly areas;
- (iii) need to extend local compensatory allowance to class IV staff;
- (iv) Very much inadequate number of quarters available for this staff.

The Committee desire that these problems should be carefully examined and necessary steps should be taken to ameliorate the difficulties of the staff working in remote places.

[S. No. 43, Para No. 7.13 of Appendix of 130th Report]

#### **Action taken**

(i) Shopping facilities at the Central Coffee Research Institute are limited because of the remote location of the Research Institute. A Cooperative Society formed by the staff at CCRI has been functioning since 1966. Efforts are being made to enlarge the scope and activities of this Co-op. Society.

(ii) Proposals for extension of fringe benefits to all staff working at the Coffee Demonstration Farms, are already under consideration of the Government.

(iii) Proposal for extending local Compensatory Allowance to the Class IV staff at the two Research Stations is also already under consideration of the Government.

(iv) A new hostel building is under construction and it will soon be available for occupation by Research fellows and management trainees. Recently, 18 quarters for Officers were constructed and 4 more are under construction.

#### **Recommendation**

The Committee also suggest that the pay scale of the staff of the Coffee Board should be brought to the level of other such bodies through rationalisation of pay scales immediately. The Committee is unhappy to hear that it is pending since 1972.

[S. No. 44, Para No. 7.14 of Appendix of 130th Report]

**Action taken**

The Government have since conveyed their approval to the Coffee Board for rationalisation/revision of pay scales of the Board's staff.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

**Recommendation**

As it is constituted at present, the Coffee Board is serving the interest of large growers and big traders. The Board and its Statutory Committees have over-representation of large growers, some of whom have also interests in Pool Agencies-cum-Curing Works and the firms engaged in purchase of coffee in Pool auction for internal consumption and exports. The present structure of the Board and its Statutory Committees needs to be changed and the consumers should be given representation at par with the growers so that the Board serves the interest of the public at large and the consumers.

[S. No. 45, Para No. 7.15 of Appendix of 130th Report]

**Action taken**

Suitable changes are being made in the structure of the Coffee Board and increased representation of consumers on the Board and its Committees is being provided by amending the Coffee Rules.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]



## **CHAPTER III**

### **RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE REPLIES BY GOVERNMENT**

#### **Recommendation**

The Committee regret to note that coloured 35 MM film entitled "Coffee country" produced in September, 1966 for increasing sale of Indian Coffee within the country and abroad has not yet been reduced to 16 MM and dubbed in foreign languages for exhibition abroad. The Committee desire that necessary steps should be taken to have the reduction film prepared and dubbed expeditiously.

[S. No. 32, Para No. 5.23 of Appendix of 130th Report]

#### **Action taken**

This film has been used sufficiently to meet the ends of coffee promotion. It was produced by the Coffee Board at a cost of Rs. 30,000/-. It was included in the general circuit of the Films Division and exhibited throughout the country in all the major theatres of India. This would have otherwise costed the Board about 1.5 lakhs of rupees, which has been saved as a result of its inclusion in the general circuit of the Films Division. A print of the film has been presented to the International Coffee Organisation and the film has been shown through television at International Exhibitions in Delhi.

It is now felt that since the film made in 1966 has already been sufficiently used, and there have been several developments thereafter a new colour film with an export slant is proposed to be produced in foreign languages, mainly for exhibition abroad.

## **CHAPTER IV**

### **RECOMMENDATIONS/OBSERVATIONS REPLIES TO WHICH HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION**

#### **Recommendation**

The Committee recommend that pool agency and curing establishments should be taken over forthwith and no labour saving devices like introduction of polishing machine should be allowed.

[S. No. 19, Para No. 3.14 of Appendix of 130th Report]

#### **Action taken**

It may not be advisable to separate curing and pool agency functions. Taking over of the curing establishments will amount to nationalisation of the coffee curing industry. Even if Government decides to nationalise, it will have to be done in a phased manner. The Coffee Board has no resources of its own, and the entire compensation will have to be met from out of the C.F.T. Apart from the present economic situation of the country, whether the nationalisation is necessary has to be gone into. In view of the increasing production of coffee, there is scope for one or two additional coffee curing works to come up, and the Coffee Board is trying for the organisation of the curing works in the co-operative sector.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

#### **Recommendation**

Since its inception, no evaluation has been made of the working of the Coffee Board. It is desirable that the working of the Board should be evaluated by an independent expert commission to assess how far the Board has fulfilled the objectives and to suggest improvements for future.

[S. No. 46, Para No. 7.16 of Appendix of 130th Report]

#### **Action taken**

Government have had already an Official Committee to review the working. Government will take appropriate steps for a periodical appraisal of the working of the Coffee Board.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated  
16-11-1974]

## CHAPTER V

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH GOVERNMENT HAVE FURNISHED INTERIM REPLIES

2.45. The Committee regret to observe that the Coffee Development Plant launched towards the close of 1956-57 with emphasis on bringing out the potentialities of the small holdings has not helped small growers to the desired extent as will be seen from the following:—

- (i) The facility of loans under the scheme of the hire purchase of equipment and replantation has been made available even to large growers who may not merit such assistance and who can afford to borrow from market at higher rates of interest.
- (ii) Out of total loan of Rs. 507.36 lakhs disbursed upto 1972-73 an amount of more than 50 per cent is accounted for by hire purchase of equipment and machinery scheme. Out of the amount of Rs. 261.95 lakhs (total 77892 hectares) given under this scheme, the small growers received only Rs. 159.95 lakhs whilst the large growers (58561 hectares) Rs. 102 lakhs. According to the Sub-Committee appointed by the Board to study the problems of small growers more enlightened among the planters benefit more by such assistance, while those in small growers category accounting for 97 per cent of the total registered growers have to carry on by and large on their own. It has been admitted by the Board that there has been difficulty even in organising cooperatives to provide custom service in equipment like sprinkler to the small growers who cannot themselves afford to go in for this comparatively costly item.
- (iii) Out of total area of 1,20,000 acres requiring replantation according to the Board's estimate in 1964, the replanting loan scheme covered only an area of 3,478 acres. According to the Board's estimate an area of 55,000 acres has been replanted so far by the growers themselves or with assistance from other sources.

- (iv) Out of the total amount of Rs. 53.57 lakhs sanctioned under replanting scheme started in 1968-69 the large growers received as much as Rs. 36.63 lakhs and small growers only Rs. 16.94 lakhs.
- (v) Under the Intensive Cultivation Scheme started in 1956-57 particularly for small growers, only loans of Rs. 100.68 lakhs have been disbursed during the period of 16 years. Out of total planted area of 1,47,260 acres belonging to the registered small holders only area of 14,965 (10.8 per cent) acres has been covered under the scheme during the period of 16 years. The target proposed for the Fifth Plan is 5,000 acres involving a total outlay of Rs. 91 lakhs. The slow progress of the scheme, the Committee understand, is due to the fact that these loans are advanced against the mortgage of immovable property. The handicap of the small growers is his prior indebtedness and difficulty in producing documents to establish his legal title. The provision made by the Board to permit the borrower to utilise upto 30 per cent of the loan for discharge of prior debt has often proved inadequate.
- (vi) For repayment of loans, the small growers enjoy a meagre concession of only  $\frac{1}{2}$  per cent in the rate of interest as compared with large growers. The large growers are charged net rate of interest of  $7\frac{1}{4}$  per cent and the small growers  $7\frac{1}{4}$  per cent. It has been stated that it is not desirable to charge a higher rate of interest on the loans advanced to large growers on the analogy of the approach adopted by commercial banks or other financial institutions as such an approach on the part of the Board is most likely to defeat the purpose for which the plan was launched. The Committee are unable to agree to this.

[S. No. 13, Para No. 2.45 of Appendix of 130th Report]

#### Action Taken

The Coffee Board has been asked to examine these recommendations thoroughly and submit proposals for incorporating certain changes in the schemes, wherever necessary, so that these are made more attractive to the small growers. The proposals when received from the Board, will be considered by Government in order to see what changes in the Coffee Board Schemes are required to be made.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated 16-4-1974]

### **Recommendation**

The Committee are dissatisfied with the working of the Coffee Development Plan. Although the area under cultivation of small growers (77,892 hectares) at present is larger than that of large growers (58,561 hectares) their total production of coffee is still less than that of large growers. It is possible that this is so because small growers have not received adequate attention. During the year 1970-71 average yield per hectare was as low as 647.42 kg. in case of small holding as against 1021.19 kg. in case of large holdings. In order that the Development Plan should have the desired impact on increasing the productivity of the small growers, the Committee strongly feel that the Development Plan needs re-orientation. The Committee desire that action may be taken on the following lines:—

- (i) Sufficient funds should be made available for assistance to the small growers at more liberal terms of repayment with higher percentage of subsidy.
- (ii) Large growers who can afford to borrow from commercial banks should either be discouraged from the Development loan schemes or charged the market rate of interest.
- (iii) The Board should with active co-operation of the State Governments encourage setting up of co-operatives of small growers which has not been done very much so far as that they may have the benefit of machinery and equipment which individual small growers cannot afford to purchase.

[S. No. 14, Para No. 2.46 of Appendix of 130th Report]

### **Action Taken**

The Coffee Board has been asked to examine these recommendations thoroughly and submit proposals for incorporating certain changes in the Schemes, wherever necessary, so that these are made more attractive to the small growers. The proposals when received from the Board, will be considered by the Government in order to see what changes in the Coffee Board Schemes are required to be made.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated 26-4-1974]

### **Recommendation**

A loan of Rs. 1 lakh paid to a Coffee Processing and Co-operative Society during 1964-65 for expansion of its curing and other facilities was repaid by the society promptly. But proposal to grant similar loans to two cooperative societies during 1973-74 was dropped as a result of drastic cut in funds by Government on the Budget grant. The Committee are anxious that cooperative sector should be encouraged to undertake or expand processing and curing of coffee and should not be denied financial assistance by the Board. The Committee desire that the requests of the Societies should be considered during the financial year 1974-75.

[S. No. 16, Para No. 2.54 of Appendix of 130th Report]

### **Action Taken**

The Coffee Board has been asked to examine the matter and submit proposals for Government's consideration immediately. The proposals when received from the Board, will be considered by Government.

[Ministry of Commerce O.M. No. 10(16)/74—Plants (B) dated  
16-11-74]

### **Recommendation**

The present system of exporting coffee through private trade is fraught with manipulations by exporters by inter-locking capital with marketing and blending firms abroad. In case of exports to East European countries the Coffee Board have from 1972 made certain sales directly and going through State Trading Corporation. The Committee strongly recommend that the Board should canalise the entire export through the Coffee Board instead of private channels. Besides, they should also explore the possibilities of opening coffee depots for retail sale abroad. For propaganda purpose they should combine their efforts with that of Tea Board.

[S. No. 22, Para No. 343 of Appendix of 130th Report]

### **Action Taken**

- (i) Every efforts will be made to increase exports to the existing buyers and explore new markets.

Exports during the fiscal year 1973-74 amount to 52,057 tonnes valued at Rs. 45.58 crores, as against 50,856 tonnes valued at Rs. 32.93 crores during 1972-73 and 35,695 tonnes valued at Rs. 22.01 crores during 1971-72.

The Coffee Board has already been making attempts to get retail prices and wholesale prices of coffee in some of the important consuming countries through the help of the Indian Representatives abroad. This matter is being actively pursued.

- (ii) The recommendation that the Coffee Board should canalise the entire exports through the Coffee Board instead of private channels will have to be examined in detail in order to see how far it can be implemented, especially in the context of the present economy of the country and also in the light of maximising utilisation of available agencies like the STC branch offices abroad. A cost project analysis of the proposal will have to be worked out and the Board will examine this question in depth. The market for Tea & Coffee overlap and they being rival beverages combined propaganda efforts will in the view of the Coffee Board be counterproductive. Government agree with this view.

[Ministry of Commerce O.M. No. 10(16)/74—Plant (B) dated 16-4-1974]

NEW DELHI;

JYOTIRMOY BOSU

March 24, 1975

Chairman

Chaitra 3, 1897 (Saka)

Public Account Committee

**APPENDIX**  
**SUMMARY OF CONCLUSIONS/RECOMMENDATIONS**

S. No.	Para No.	Ministry/ Department Concerned	Conclusions/Recommendations
1	2	3	4
1	1.7	Commerce	<p>The Committee note that the Coffee Board have recently initiated surveys and a comprehensive target plan will be drawn up for expansion of areas under coffee. Considering the fact that the scope for export of coffee has increased with the expiry of the agreement which had imposed restrictions on the member countries of the international Coffee Organisation and, that internal consumption of coffee has also gone up, the Committee trust that a realistic plan for the expansion of coffee in all the suitable regions would be finalised expeditiously on the basis of the findings of the surveys now in progress. The Committee would like to be informed of the outcome.</p>
2	1.8	-do-	<p>The concentration of coffee plantation in one or two regions is fraught with the risk of attack of pests and destruction of substantial portion of the crop, as had happened in Ceylon. In the opinion of the Committee, it is therefore necessary that coffee production should be distributed in all suitable areas like Andhra, Assam, West Bengal, Tripura, Andaman, etc. and the process should start immediately.</p>



The Committee note that various schemes have been proposed for the development of coffee in Andhra Pradesh. The Committee trusts that in the new schemes that may be evolved for the expansion of coffee cultivation care would be taken to see that the small sector is given every encouragement, and indeed schemes are so geared as to make it possible for small holdings to develop and expand. The Committee would await a further report on the progress of the schemes proposed in Andhra Pradesh.

In this context, the Committee would also like to be apprised of the specific steps taken by the Ministry of Home Affairs to encourage (Workers Cooperatives) coffee cultivation in the tribal areas. The Ministry would, no doubt, ensure that the tribals are not in any way allowed to be exploited by the traders and middle men. The Committee would suggest that coffee cultivation in such area should be entrusted to Workers Cooperatives.

While the Committee note the efforts being made to formulate schemes for coffee cultivation in Assam and Orissa, they are not happy about the lack of enthusiasm on the part of the West Bengal Government to introduce coffee into the State for commercial cultivation. The Committee note that the Coffee Board would be conducting a fresh survey and submit a report on the suitability of land in West Bengal for Coffee cultivation so that the State Government could be persuaded to take up commercial cultivation of coffee. The Committee suggest that this fresh survey should be completed

expeditiously and further vigorous steps taken in the light of the results of the survey.

6 I.18

Commerce

The Committee very much regret that their recommendations for making the Coffee Development Plan attractive to small growers has not been acted upon with the necessary promptitude. In view of the fact that the small coffee growers suffer from a number of handicaps such as prohibitive cost of machinery and equipment, lack of water resources on the plantation, difficulties often faced in obtaining institutional finance, his prior indebtedness, etc., the Committee would desire that their recommendations in this regard should be given effect to as expeditiously as possible.

7 I.21

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Referring to the dropping of a proposal to grant loans to two cooperative societies during 1973-74 due to lack of funds, the Committee had observed that the cooperative sector should be encouraged to undertake or expand processing and curing of coffee and should not be denied financial assistance by the Board. The Committee note that the Coffee Board has been asked to examine this recommendation and submit proposals. The Committee may be apprised in due course of the proposals and the specific steps taken to encourage the processing and curing of coffee in the cooperative sector.

8 I.24

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While the Committee note that, in pursuance of their recom-

mentation, suitable changes are being made in the structure of the Coffee Board and increased representation of consumers in the Board and its Committees are being provided by amending the Coffee Rules, the Committee desire that this should be given effect to immediately under advice to the committee. This should be reflected in the Annual Report of the Ministry.

9 I.27

-do-

The Committee note that in respect of payment of remuneration to pool agents, it has been decided, on the basis of an earlier study made in this regard, to make a provision for 1972-73 and 1973-74 based on the average return paid to the curers during the previous three seasons (1969-70, 1970-71 and 1971-72) instead of allowing 1 per cent remuneration on the ultimate return to the planters in each season and that a new cost study is now in progress in regard to the fixation of remuneration from the 1974-75 season onwards. The Committee desire that the new cost study should be expedited and the Committee informed about the final decision taken by Government in this regard.

10 I.30

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The Committee reiterate that their recommendation to take over the pool agency and curing works should be examined expeditiously in all its aspects before arriving at a decision. The Committee would like this examination to be completed very expeditiously and would like to see the detailed report of the examination carried out.

11 I.33

-do-

The Committee are most unhappy that no concrete action appears to have been taken so far on their recommendation to canalise the export of coffee through the Coffee Board instead of private

channels, even though their Report had been presented as early as in April, 1974. The Committee insist that the recommendation be processed immediately and final outcome reported to the Committee within three months.

The Committee desire that the proposed analysis of the cost of production of the four instant coffee factories should be conducted urgently and if the results of the analysis warrant it, steps should be taken without delay to regulate the prices accordingly. The Committee would await a further detailed report in this regard. This should be reflected in this Annual Report of the Ministry.

The Committee desire that the question of establishing an instant coffee plant in the joint sector should be decided without further loss of time.

The Committee note that the Coffee Board has recently enlarged the scope of its training programmes at the Central Coffee Research Institute to step up and improve the management capacity and technical competence of the proprietary small holdings by training young farmers in commercial and technical aspects of coffee culture and would like to be apprised of the progress made in this regard.

The Committee had expressed the view that research projects should be followed up vigorously so that the benefits accruing from

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Commerce

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such projects are not frittered away but channelised properly for commercial expansion. Since the potentiality for the commercial exploitation of coffee in the Andaman and Nicobar Islands has been established and development of coffee in the Island would also help to develop the Islands and provide gainful employment for the tribals in the Islands, the Committee would urge Government to pursue the question of commercial expansion of coffee in the islands vigorously. This should be reflected in the Annual Report of the Ministry.

16 1.48

-do-

The Committee regret to note that the responsibility for the failure of officers in not getting an encroachment on the land purchased for the Research Station, Chetali, vacated has not been fixed so far. This is a very old matter, the encroachment having taken place in 1957. The Ministry and Coffee Board should have pursued the matter with much greater vigour. The Committee desire that this should be finalised forthwith and a further report submitted to the Committee immediately. The question of disciplinary action should be pursued vigorously and finalised.

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1.51

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Commenting on the very meagre grants paid by the Board for labour welfare measures, the Committee had recommended that Government should increase the grant substantially on a *per capita* basis. The Committee note that their recommendations for increasing the grant for labour welfare measures substantially on a *per capita* basis has been accepted by Government, and will be implemented to the extent feasible. The Committee would, however, like

to know the extent to which such grants have been increased immediately.

18

I. 54

Commerce

While the Committee note the steps proposed to be taken for the improvement of the lot of the workers, they desire that these proposals should be processed very expeditiously. The Committee also note that the recommendations of a Committee constituted by the Karnataka Government to consider whether the work performed by the Coffee curing Establishments is seasonal or not is also awaited. The Committee would like to be informed of the recommendations of this Committee and the action taken thereon as early as possible.

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I. 57

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The Committee are not happy with the reply of Government and desire that the working of the Coffee Board should be evaluated forthwith by an independent expert commission and suitable action taken to improve the working of the Coffee Board on the basis of the recommendations of the Commission.