

12.52 hrs.

SPICES BOARD BILL*

[English]

THE MINISTER OF COMMERCE
AND FOOD AND CIVIL SUPPLIES (SHRI
P. SHIV SHANKER) : I beg to move :

“That the Bill to provide for the constitution of a Board for the development of export of spices and for the control of cardamom industry including the control of cultivation of cardamom and matters connected therewith, be taken into consideration.”

— — —

MOTION RE : SUSPENSION OF PROVISIO
TO RULE 66

THE MINISTER OF COMMERCE
AND FOOD AND CIVIL SUPPLIES (SHRI
P. SHIV SHANKER) : I beg to move :

“That this House do suspend the proviso to Rule 66 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motions for taking into consideration and passing of the Spices Cess Bill, 1985 inasmuch as it is dependent upon the Spices Board Bill, 1985.”

MR. SPEAKER : The question is :

“That this House do suspend the proviso to Rule 66 of the Rules of Procedure and Conduct of Business in Lok Sabha in its application to the motions for taking into consideration and passing of the Spices Cess Bill, 1985 inasmuch as it is dependent upon the Spices Board Bill, 1985.”

The motion was adopted

— — —

*Moved with the recommendation of the President.

12.53 hrs.

SPICES BOARD BILL AND
SPICES CESS BILL*

[English]

THE MINISTER OF COMMERCE
AND FOOD AND CIVIL SUPPLIES (SHRI
P. SHIV SHANKER) : I beg to move :

“That the Bill to provide for imposition of cess on all spices which are exported for the purposes of carrying out measures for the development of export of spices be taken into consideration.”

It is proposed to establish a Board for the development and promotion of exports of spices. Indian has been a traditional exporter of spices. Though exports of spices from India have shown marginal increases over the last few years, the proportionate share of India in the total world trade has declined.

The Spices Export Promotion Council at present looks after the exports of spices while the development of production and exports of cardamom is being taken care of by the Cardamom Board. Due to lack of a cohesive organisation as well as financial constraints, India has not been able to undertake systematic development of products and export of spices. As a result, there has been limited product development and our spices are being exported largely in bulk and unprocessed form. Concentrated effort to promote exports in value added form and consumer packages are required to be made. Markets for spices as also the prices have been fluctuating from year to year causing fluctuations in the production pattern. The uneven production pattern has, in turn, its effect on exports. There is need for bringing about stabilisation in the export business of spices. Similarly, there is need to bring about constant improvement in quality of our products and in productivity to improve competitiveness of Indian spices.

There are a number of institutions and research bodies operating in the spices sector. It has been considered necessary that the activities of these organisations should be

*Moved with the recommendation of the President.

coordinated through a Central body like the Spices Board.

In view of the problems affecting the spices trade and industry, it has been considered that the future export policy should concentrate on increasing production and productivity of spices, development of spice exports in value-added form and initiating production of new spices and spice products for the international market. For this purpose, it is proposed to set up a Spices Board replacing the Cardamom Board and the Spices Export Promotion Council. While absorbing the present assets and staff of these two organisations, the proposed Spices Board will be responsible for the entire range of functions of production, marketing, exports and export promotion with regard to cardamom and export promotion for all other spices. The new Board would have representatives of growers, Central and State Governments, research institutions, traders and exporters.

In order that the Spices Board has necessary resources to discharge its functions, a levy by way of a cess or a duty of customs on all the spices specified in the Schedule to the Spices Board Bill which are exported is proposed at a rate not exceeding five per cent *ad valorem*. The actual rate of cess on each scheduled product will, however, vary depending on the nature of the product.

The two Bills before the House seek to achieve the above objects.

With these words, Sir, I commend the Spices Board Bill and the Spices Cess Bill for the consideration of the House.

MR. SPEAKER : Now we adjourn for lunch to meet again at 2.00 P. M.

*The Lok Sabha then adjourned for
Lunch till Fourteen of the Clock*

*The Lok Sabha re-assembled after
lunch at six minutes past fourteen
of the clock*

14.06 hrs.

[SHRI VAKKOM PURUSHOTHAMAN *in the Chair*]

SPICES BOARD BILL
AND
SPICES CESS BILL

[*English*]

MR. CHAIRMAN : Motions moved :

“That the Bill to provide for the constitution of a Board for the development of export of spices and for the control of cardamom industry including the control of cultivation of cardamom and matters connected therewith, be taken into consideration.”
“That the Bill to provide for imposition of cess on all spices which are exported for the purposes of carrying out measures for the development of export of spices be taken into consideration.”

Shri Thampan Thomas.

SHRI THAMPAN THOMAS (Mavelikara) : Sir, this Bill seeking to consolidate the Cardamom Board and the Export Promotion Council may have wide repercussions on the Kerala economy as Kerala produces maximum spices and its economy is by and large based on the export of these items. Out of the total world production 75 per cent of cardamom is produced in Kerala. But unfortunately the present experience of cardamom cultivators is that the price has gone down without any proportion to the previous years. About three years back the price of cardamom was Rs. 450/- k.g. Now it has come down to Rs. 120/- per k.g. There was a stage between 1967 to 1969 when the price of cardamom had gone down but at that stage the Central Government came forward with a formula of fixing the floor price for cardamom and also made arrangements to procure cardamom and store it with the Warehousing Corporation with the result that the cultivators at that time could get a price which was at least necessary for production. After 1969 till date the production cost has increased very much. Between 1967-1969 the price was near about Rs. 80 to Rs. 90. Now the price is Rs. 120/-. It means that the cardamom cultivators are not getting the actual production price for what they do. There is no increase in the area under

[Shri Thampan Thomas]

cardamom cultivation, namely, the area which could have been brought under cardamom cultivation has not been utilised. This requires an earnest attempt on the part of the Government to promote cardamom cultivation.

Our country is facing competition now from Guetamala. Guetamala is competing in the international market with India and most of the countries which imported from India are now switching over to Guetamala. Even then they could cater only 25 per cent requirements and, as such, the major exporting country in respect of cardamom is still India. Therefore, an earnest attempt is to be made to increase the exports and also cultivation in India.

Of course, new areas in other States have been brought under cardamom cultivation. This has created certain other problems. The new areas are Sikkim, some parts of Karnataka, Orissa and Assam but the quality of cardamom produced there is not of the same quality as in Kerala. The best quality of cardamom which is known as 'Allepey Bold' once attracted people from Far East countries like Japan and also in the ancient times from Greece. So this cardamom which was available in Alleppy and which had the name 'Alleppy Board Cardamom' was the best available in the world. But now that quality has gone down. Here, I would like to submit that the quality control and also the performance of the Export Promotion Council and the export promotion agencies are far from satisfactory. It is quite unsatisfactory. Necessary promotional activities have not been taken up by the Export Promotion Council. Of course, the attempt of the Government to amalgamate both the Promotion Council as well as the Cardamom Board is in a way good. But at the same time I fear whether the importance of the cardamom will be reduced by the amalgamation of these two. Now, they are functioning separately, one for the promotion of the export and the other for the promotion of the cultivation. When these two are brought together, I fear the importance of cardamom will be lost. Of course, I am not against their amalgamation. But what I want is that necessary safeguards should be there to see that the cultivation is promoted.

Here, I would like to point out another important thing. Sir, in these areas, deforestation is taking place and because of that there is no sufficient shade available for the purpose of cardamom cultivation. This problem is faced now by the cultivators. Moreover, the land where cardamom is cultivated mostly belongs to the Forest Department and in these lands trees are felled for other purposes. But unfortunately, there has been a widespread deforestation in these areas. This has affected cardamom cultivation. Therefore, strict action should be taken against those who indulge in felling of trees indiscriminately in these areas. Sir, I may also suggest that the forest should be demarcated for this purpose, that is, for the purpose of cardamom cultivation. This is the peculiar situation in which Kerala State is placed. Kerala is in such a geographical situation. Therefore, my submission is that by all means this has to be promoted.

Sir, apart from presenting this position, I would also like to bring to the notice of the Hon. Minister and also the Government that the marketing side for this item is not sufficiently take care of either by the Cardamom Board or by the Export Promotion Council. The cultivators get lesser price, the middlemen who are coming in their way, who are known as cardamom dealers are given all sorts of encouragement in the name of export. Whereas actually the cultivators who possess land less than 2 acres or 3 acres or 4 acres, are put to very great difficulties. The only people who get the real benefit through the Government proposals and Government's participation are the dealers. The dealers are really exploiting the cultivators. Therefore, I would like to suggest that the Government should take appropriate steps to improve agricultural cooperatives in this side also and also involve the cooperative societies for marketing these items and also for the purpose of export, cooperative sector should be utilised and the middlemen should be eliminated.

Apart from cardamom, there are other items which are considered as spices. There are two types of spices which come in the way. One type of spices is cardamom, cloves and nutmeg. These are the items which are grown on a long term basis. Sir, you have given definition for the spices. I think there

should be a sub-division for that which will distinguish very clearly about the long term agricultural activities involved for certain items of spices and short-term agricultural activities involved for certain other items of spices. Now, ginger is an yearly crop which is a spice. Turmeric is also a spice and it is an yearly crop. Therefore, what happens is that turmeric and ginger, when they are put in the category of spices, cannot be treated in the same way as cardamom, nutmeg and cloves which are also spices. There is also another type of spice, that is, pepper. Now, cultivation of pepper stands on a different footing. For cardamom, nutmeg and cloves, a different system of cultivation is necessary. For pepper and such other items another type of cultivation is necessary. Naturally, a different type of cultivation is required in the matter of turmeric and ginger. In this context, I would suggest that when you define these spices under this legislation, you should take care of distinguishing these things in a distinct manner so that proper encouragement is given to their cultivation.

The plight of the ginger cultivators is also very alarming. The ginger which was priced at Rs. 45 per kg is now priced at Rs. 9 per kg. The poor man who cultivates the lands gets the land assigned either from a landlord or the Government. His income has come down considerably. The price now offered to him is Rs. 9 instead of Rs. 45 per kg. earlier.

Further, turmeric, ginger and such other items are required by other countries and, therefore, we will have to see that such cultivation is encouraged and promoted.

In this context, I would also like to point out that in the matter of export of these items it had happened that things were mixed from other States. Kerala has the best varieties of these items. But unfortunately, when the export is made from Cochin, that being the port, products of inferior quality produced in other parts are mixed up and then exported. Consequently, we are bound to get a bad name. Naturally, sometimes these things may be returned also by the importing countries. This has to be avoided by quality control. There should be proper check and control for this purpose. This was with regard to the cultivation and export.

Now, about the authority that you are going to have. It appears that there would be 34 or so Members in the Board. What is the representation given to the trade unions, cooperatives and non-official leadership? Earlier in the Cardamom Board, the trade unions were very well represented. The Central Trade Unions were to nominate their representatives to the Board. But now it is the Government and the bureaucrats mostly in the Board. There are only two Members from Lok Sabha and two Members from Rajya Sabha. I propose that there should be proper representation for non-official leadership by inclusion of representatives of cooperatives, trade unions and such other organizations, so that they could ventilate the grievances of cultivators and others. Necessary steps should, therefore, be taken to include these persons in the Board.

With these words I conclude, and, of course, as I said, I welcome these Bills, because these are meant to consolidate the working of the Cardamom Board and the Spices Export Promotion Council, but at the same time necessary precautions may be taken as suggested by me.

PROF. P. J. KURIEN (Idukki) :
Mr. Chairman, Sir. I rise to welcome this Bill. The Bill is to consolidate the working of Cardamom Board and Spices Export Promotion Council.

As I said, I welcome this Bill since in addition to the marketing, the Spices Board will take care of the production and development sides of spices.

In this context, I would like to inform the Hon. Minister that for the last so many years, we had been neglecting the development of spices. At the time of independence our export of spices was quite considerable. However, during the last 37 years, there has been no increase in the export of spices. Due to the unit value rate increase in prices we have been able to earn more, but quantity-wise our exports have not increased. Let us take for example pepper. At the time of independence, we were the major exporters of pepper in the world. Of the total world export our contribution was nearly eighty per cent. Now our contribution is only twenty per cent.

SHRI P. SHIV SHANKER : It is only fifteen per cent.

PROF. P. J. KURIEN : All right, I stand corrected. So, what does it mean? This only means that we do not pay sufficient attention to the production of pepper. You invest a lot of money for other commodities which are exported. Of course, they do yield results. But if you invest even one per cent of that money on pepper, our export would have increased three or four times and our foreign exchange would have increased because of this one spice alone.

SHRI P. SHIV SHANKER : Your constituency is a pepper constituency.

PROF. P. J. KURIEN : No, Sir. We have both pepper and cardamom. But I would like to give some pepper!

SHRI P. SHIV SHANKER : You kindly give a little pep!

PROF. P. J. KURIEN : So, we have neglected this spice though we are giving a lot of importance to export oriented industries and export earning commodities. I do not understand why pepper is neglected. I hope the new Commerce Minister, with his dynamism will specially look into this aspect and concentrate on the production of pepper. But I am sorry to see in this new Bill which is presented here, that the production aspect and the development aspect of pepper are not taken care of. On the lines of cardamom and rubber, the production aspect of pepper should also be brought under the purview of your Ministry and I request that the Ministry of Commerce should take care of this also.

SHRI P. SHIV SHANKER : It is there.

PROF. P. J. KURIEN : No Sir. It is not there. Production and development aspect is with some other Ministry. Pepper being an export-earning commodity, I want that its production and development aspect should be under your Ministry. This is my one suggestion and I request that the necessary amendment may be brought forward and administrative orders be issued to this effect.

I would also like to inform you that our production of pepper per acre is only 325 kilos on an average. Whereas in Brazil it is 4,000 kilos and even in Malaysia it is more than 4,000 kilos, we are producing only about 300 kilos per acre. It is not necessary for going in for extensive cultivation of pepper. Instead, we should only devise schemes for increasing the productivity. This is what I want to underline and I request you to take steps to increase the production of pepper.

Now I come to cardamom. A major portion of cardamom produced in this country is from my constituency. We produce 4,500 tonnes of small grade cardamom and nearly 1,000 tonnes of big size cardamom which comes from the North East. Out of the 4500 tonnes of small grade cardamom produced, 2,500 tonnes come from my constituency. But what is the position of cardamom today? Unfortunately, the price has been crippled to such an extent that the farmers are not able to sell their produce at any price and they have to part with it at throw away prices. There are not even proper buyers for cardamom. Last year the price of cardamom was Rs. 250 per kilo. This year it is less than Rs. 125. The year before last year the price of cardamom was more than Rs. 400. I am not saying that we should get Rs. 400 because I know that the production was very much low that year and hence that price has increased to Rs. 400. We do not want that price. But last year, the production was reasonable, 4,500 tonnes of cardamom was produced last year, out of which 2,500 tonnes was exported and the price was also reasonable at Rs. 250 per kilo. But this year the price is less than Rs. 125 per kilo. The Cardamom Board, i. e. your own institution has worked out the cost of cardamom at Rs. 150 per kilo. Of course, I personally do not agree with that figure also. Cardamom growers are marginal and small farmers and they are not able to use techniques and devices which would reduce the cost of investment. For them, the actual cost of production comes to Rs. 200 per kilo. But even if the Cardamom Board's estimate of Rs. 150/- as cost of production, is accepted, the price now available is less than Rs. 125/-. The Cardamom people are forced to throw away their produce.

Therefore my complaint is that, although there are number of concrete proposals for

assisting these farmers nothing concrete has been done from your Ministry. The prices have declined due to international pressures because Guatemala is our competitor in the Cardamom exports.

Guatemala has also produced cardamom and their production is also very high. So they are dumping Cardamom into the international market. That is one reason for reduction in the price of Cardamom. What we have to do at this juncture, is that we have to go to the assistance of the farmers.

One point I have to mention here is, that we have a Cardamom Trading Corporation whose head office is at Bangalore. This Cardamom Trading Corporation, was set up by the Central Government for procuring and exporting Cardamom. This year, we have exported nearly 2500 tonnes of Cardamom. Out of this, how much Cardamom Trading Corporation has exported? I am sorry to say that this organisation of the Central Government which is set up for buying and exporting Cardamom, is keeping away from the market and I allege, in collusion with the private traders. Out of 2500 tonnes of Cardamom exported from our country; almost the entire quantity have been exported by the private traders. There are only handful of private exporters. These private exporters go to the Cardamom Auction Centres. They work out an understanding and they undercut the prices. Already the price is low and still they undercut the prices. The Cardamom Trading Corporation which is meant for going and purchasing and exporting Cardamom, keep away from auction. They have not done their duty and I allege that this is in collusion with the private traders. I want the Minister to take action on this and do something. So, my request is, I don't want any big operation from the Government, but the Cardamom Trading Corporation or any other agency of the State Government—STC—should go to the Auction Centres, buy Cardamom and export it.

Sir, for your information, what is the price of Cardamom in the international market. In the international market, even now the

price is 14 to 16 dollars. It means nearly more than Rs. 170/-. Whereas the price of Cardamom—domestic price—is less than Rs. 125/-. So the difference is already by Rs. 50/-. There was always a difference of more than Rs. 50/- from the international market and the domestic price.

SHRI MOOL CHAND DAGA (Pali) : May be in your constituency but what about Delhi ?

PROF. P. J. KURIEN : That is what I am saying. I am coming to that. The Cardamom is produced in Idukki, Kerala or in Tamil Nadu. There the price is only Rs. 125/-.

SHRI SURESH KURUP (Kottayam) : He does not know anything about Cardamom.

PROF. P. J. KURIEN : The difference from the international market and the domestic purchasing price of cardamom was always more than Rs. 50/- and in addition, you are giving 10 per cent C. C. S. for Cardamom exporters. Therefore, the private exporters this year, have gained huge profit. Even then the Cardamom Trading Corporation did not do anything. The Government kept away from doing anything for the Cardamom Corporation. So what I want to say is, you don't give any price support operation. But let them go to the market, but cardamom and export at no loss or no profit basis. I have no objection. But I should say, that they are keeping away from their duties.

MR. CHAIRMAN : In fact I want to give you more time. But we have got only one hour at our disposal for this Bill.

PROF. P. J. KURIEN : Sir, I want to say one more point. Shri Dagaji has pointed out about the Delhi price. That is what I am saying. Throughout this year, I was watching the Delhi price. The consumer price of cardamom for 1 kg. was never less than Rs. 300/-, in Delhi. I have purchased Cardamom. Always it was Rs. 300/-. The wholesale prices was always more than Rs. 200 in Delhi. But the price at the producing centre within this country has always been less than Rs. 125/-. Where does

[Shri P. J. Kurien]

the margin go? The entire margin goes to the private traders. So, I have to make a request to the Minister of Commerce. He is not here. Only Mr. Poojary is here.

In the case of coffee, sometime back you had brought in a system of pooling and giving assistance to coffee growers, whereby you export coffee, and whatever profit margin is there, is given to the growers. Likewise, in the case of cardamom also, you should devise a scheme whereby the Cardamom Trading Corporation buys Cardamom, exports it, and the profit margin is given back to the growers. Cardamom should be exported by this agency.

In the Commerce Ministry, there is a proposal put up by the Cardamom Board for exporting cardamom. It is pending. It has not been cleared by that Ministry. I request that it should be cleared soon.

I have to speak about other spices also, but for lack of time I am unable to do so. Cardamom, pepper and cloves are plantation crops. These take years to grow. But there are minor spices like ginger, turmeric etc. There should be separate schemes for each of them. For each spice there should be a provision in the budget. Otherwise the major spices will take away the bulk of the allocations, and the minor ones will not get anything.

Coming to the constitution of the Spices Board, I suggest that there should be sufficient representation given to the growers, and labour unions also. There should not be over-representation to traders and exporters.

With these suggestions, I thank you and support the Bills.

SHRI SURESH KURUP (Kottayam) : Sir, the Commerce Minister is not here.

MR. CHAIRMAN : Mr. Poojary is here.

SHRI SURESH KURUP : I welcome these Bills. They fulfil a long-felt need in

this country. Twentysix varieties of spices come under the purview of this Board. After the constitution of the Spices Board, the Cardamom Board will cease to exist.

The most important spice among all these 26 varieties is, of course, cardamom. Two of my esteemed colleagues who spoke earlier had mentioned the importance that cardamom occupies in the economy of Kerala. Even though statistics have already been mentioned, allow me to mention some more of them.

The total area where cardamom is cultivated in India is 9,394 hectares. Of this, some 56,376 hectares are in Kerala, and roughly 65 per cent to 70 per cent of the total production. This has been mentioned already here. So, I am not going into details.

In 1984-85, some 2,367 tonnes of cardamom were exported from India, of the value of Rs. 65 crores. The total value amounted to Rs. 65 crores, and of this about Rs. 60 crores worth was exported from Kerala. It was a major chunk.

That means more than 95 per cent of cardamom comes from Kerala. The majority of the cardamom producers are small holders. The major problem faced by cardamom producers is shortfall in prices. My colleague, Prof. Kurien, has already mentioned about it. Last year, cardamom price went upto Rs. 200 and two years ago, it went upto Rs. 450. Now it has come down to Rs. 120. A farmer gets only Rs. 110 or something like that after giving sales tax, commission, godown charges and so on. The actual amount which comes to the pocket of a farmer is only Rs. 110.

I am sorry to say that the Cardamom Board which is supposed to promote the export programme of cardamom; they are supposed to help the farmers, especially the small farmers is not doing that. That was exactly the aim of the Cardamom Board just as the Spices Board is being formed. The Cardamom Board is supposed to do all these things, but it is not giving any aid, any help to the farmers in this sorry state of affairs. We could not even face the challenge of

Guatemala which is competing with our product in the foreign market. I am not repeating all those points which were mentioned here, but the most important things which the Commerce Minister should do or the Spices Board should do is that remunerative prices should be given to the cardamom producers. This is a serious problem in Kerala. The whole economy, especially of the high ranges, is dependent on the cardamom product.

Fortunately, good price is there for pepper. But, now, on the export side, we are facing a stiff competition from Brazil and then Indonesia; we could not face their challenge also.

Another important spice which is of importance to Kerala is ginger. Last year, the price of one kilo of ginger was Rs. 42-47. This year, it has gone down by Rs. 9 per kilo. In Kerala, the major portion of the land is under cultivation. In India, Kerala occupies the most important place. Upto last year, the mechanism was there. The State Marketing Federation used to take ginger and then export it. But there was some problem in the quality of the ginger exported last year. The ginger export from our country was rejected by the importer. After that, the Kerala State Marketing Federation, which is supposed to take this ginger, has been withdrawn from the market; and now the poor farmers, most of them, 95 per cent of them, small farmers, they are at the mercy of this monopoly trader. Government is doing nothing. Both the State Government and the Central Government and then the Spices Export Promotion Council Board, all these boards are keeping mum at this sorry state of affairs.

So, this must be the most important task of the Board. And, I would like to request the Minister, through you Mr. Chairman, that the Commerce Ministry should devise urgent methods to get remunerative prices for the farmers, who cultivate ginger. These are all the main points I would like to mention.

Regarding the constitution of the Board, it is mentioned here that there will be six members on the Board representing the spices growers. But there should be sufficient repre-

sentation for the small farmers also; otherwise, the normal practice is that only the big growers and the big estate owners will get representation.

I also fully join the former speakers that the representatives of the labour unions should be represented on this Board.

MR. CHAIRMAN : Mr. Daga, have you got any spices in your State.

SHRI MOOL CHAND DAGA (Pali) : What for has this Bill come ?

[*Translation*]

The strength of the Board provided in the Bill is equal to the strength of the Meghalaya or Manipur Assembly. There will be 32 members in the Board. I have observed that heavy expenditure is incurred on the Boards constituted by the Commerce Department and the funds are grossly misused. Also, the Boards thus constituted, do not function properly. There will be 32 Members in the Board and what will be their contribution ? How much amount will be spent on T. A. and D. A. of the members. You have provided that Rs 20 lakhs will be spent. On the one hand you want to increase exports and on the other hand you are increasing your expenditure. The aim of the Board should be to promote production of spices so as to benefit the people as well as to increase the availability. The old people do not consume spices. The people of Kerala consume more spices and as such they are hot tempered. Now you see what the Bill provides :

[*English*]

“.....to increase the consumption of Cardamom.” I do not understand this. “To increase the consumption of Cardamom.” What does it mean.

[*Translation*]

You have said that its consumption should increase. Do you want to increase the export of Cardamom or want to increase its consumption. What object have you given in it.

[*English*]

Kindly see this Clause 7.

[Shri Mool Chand Daga]

[*Translation*]

You have said that the cost of production of cardamom has increased... (*Interruptions*). If you consume more spices then you will find it difficult to sit here (*Interruptions*).

[*English*]

Do not try to take too much *Garam Masala*. The Board will appoint a Secretary. What will the Board do? "The Board may appoint the Secretary and such other officers .." and so on. So, all the thirty-two Members will sit and then they will appoint a Secretary and then the other officers will be appointed.

[*Translation*]

What kind of Bill has been formulated? You have not formulated the Bill, Shri Arjun Singh has formulated it. You are simply introducing the Bill.

[*English*]

For what purpose is this Clause 4 there?

"The Board may appoint the Secretary and such other officers"
It should be, "The Chairman can appoint..."

The Board shall consist of thirty-two members and they will appoint a Secretary.

And then, Clause 4 further says:

"(2) The terms and conditions of service of the Secretary and other officers and employees of the Board shall be such as may be determined by regulations."

Who will frame those regulations?

"... as may be determined by regulations"

Are they to be framed by the Board and approved by the Central Board?

But you have not said anything about the regulations. By whom will the regulations be framed? Who will frame those regulations? Who will frame those rules?

The Board Members should take care of the interests of the farmers also.

[*Translation*]

No powers have been given to them under this Act.

AN HON. MEMBER: They will give their powers.

SHRI MOOL CHAND DAGA: Who will give? Wherefrom will he give?

You have shown in it an expenditure of Rs. 20 lakhs during the first year. It is nowhere mentioned as to how much will be spent on the Board.

There are innumerable Boards in the Commerce Ministry e. g. Jute Board, Coir Board, Rubber Board, Coconut Board. When you function through the Boards, where then is the necessity of the Ministry. All the Boards are in Kerala.

[*English*]

Then you say that the Board will be superseded. How will that be superseded without giving any notice? You are not serving a notice upon them.

[*Translation*]

When you are going to formulate this Act, at least formulate in the proper manner. You have brought it so quickly. We did not know that this Bill will be presented today.

[*English*]

Then it is said that it can be superseded for six months and within six months it can be revived again.

[*Translation*]

The constitution of any Board after the formulation of all the rules and regulations, is a method to increase the expenditure. This will result in the imposition of more taxes

and thereby export will cost more. The method of direct export was correct.

There are no rules and regulations in this respect and you are going to constitute a Board.

[English]

This Act can become operational only when the rules are framed.

[Translation]

AN HON. MEMBER : People from Kerala are supporting it.

SHRI MOOL CHAND DAGA : They will, of course, support it.

[English]

Why Kerala Members are supporting this Bill without reading it? Because they will become members of this Board.

[Translation]

It is not proper to pass a legislation in such a haste.

[English]

SHRI BRAJAMOHAN MOHANTY : His remarks that 'Kerala Members have supported this Bill without reading it' may be deleted.

MR. CHAIRMAN : If there is any allegation, that may be deleted.

DR. K. G. ADIYODI (Calicut) : I welcome the Spices Board Bill. I also welcome the setting up of Spices Board replacing the Cardamon Board and the Spices Export Promotion Council.

Regarding cultivation of cardamom, nearly 80 per cent cultivation of cardamom is done in Kerala and the export earning on this score from Kerala is also 80 per cent.

As stated by other Hon. Members, the productivity of cardamom is dwindling and

the price of it is also coming down because in the international market our harvest reaches a little later than the Gautemala harvest. So, our main concentration should be to export our products earlier than the Gautemala crop reaches in the market.

We are aiming at exporting value added products whereas we are exporting spices in bulk quantities. If we can export value added products after processing and grading in consumer packets, local employment can be enhanced. Especially in a place like Kerala, a network of cooperative system is there, agricultural marketing societies and cooperative institutions are there. Each and every village is covered with cooperative societies. If we can entrust this work with this sort of institutions, the product cost of exporting, marketing and grading can be reduced and in the market we may get a better price.

There are short-term and long-term crops. Pepper, cardamom, nutmag, are long-term crops whereas ginger, turmeric are short-term crops which require 6 or 8 months for cultivation and harvesting. Every year it is cultivated by different category of people in different areas. So, we must consider how best we can provide them with better seedling, fertiliser, pesticides. Even though a lot of research is being carried out in spices research centres, cardamon research centres, the end results are not being transferred to the grassroot level. Transfer of technology to the grassroot level is not upto the standard. Even research on pepper wine was conducted. And throughout the year we can produce pepper. But seedlings are not sent to the agriculturists for productivity and more production.

We had a discussion in the last session on coconut regarding its unprecedented price fall. Neither the Ministry of Agriculture nor the Ministry of Commerce is doing anything for giving coconut growers a remunerative price. Even though special orders were issued and so many agencies are in the field, poor agriculturists are not getting even Rs. 1000 per thousand nuts whereas the price was Rs. 4000 per 1000 nuts a year before.

MR. CHAIRMAN : This is not the subject to speak on coconut.

DR. K. G. ADIYODI : It is easy to constitute boards. Unless proper follow up is there, the agriculturists are not going to get the benefits of the productivity as well as the price increase.

SHRI GEORGE JOSEPH MUNDACKAL (Muvattupuzha) : I am professionally a cultivator and I am cultivating spices mostly. So, I know the difficulties of farmers who grow spices. That is why, I want to put forth before this august House the difficulties faced by the farmers who grow spices.

For centuries, people from Arab countries used to come to our country for purchasing spices. Now, almost the entire trade is controlled by middle-men.

The price of big cardamom in Kerala is Rs. 100 whereas it is more than Rs. 200 in Delhi. The Government should, either through STC or some other agency, study the price, behaviour. If the prices fall below a level, it puts farmers in a lot of difficulty. Cardamom is a long-term cultivation. Making a single Board for all the spices will not be convenient because long-term cultivations like pepper, cardamom, nutmeg and clove require replanting. Replanting subsidy is given for rubber. So, like the Rubber Board, the Cardamom Board must also be retained otherwise it will be difficult for the cardamom cultivators to continue in the other Board. Nutmeg and turmeric are short-term cultivations. After six months if they are not paying, the cultivation can be changed. But cardamom is a long-term cultivation. Similarly, pepper is also a long-term cultivation. But nutmeg will take eight years for yielding and clove will take even more than that. Now you are importing nutmeg and cloves from Ceylon, thus losing our foreign valuable foreign exchange. By protecting the interests of nutmeg and clove cultivator, you can avoid imports and save foreign exchange.

The price of ginger was Rs. 47 last year and now it is Rs. 9. That means even the harvesting cost we cannot get. Ginger is cultivated by poor people. What happened was that last year the price of ginger had shot up. The Shimoga ginger and Assam ginger are not suitable for drying but it was

dried up and sent to Cochin harbour with the help of the quality controller. The quality controller was bribed by the merchants and all the dried ginger was exported to USA and to the European countries. The quality of this ginger was very poor. After finding that it is fungus-attacked and disease-attacked, it is being sent back to India. What will happen to our future trade? How will the foreign countries have faith in us? Our exporting things of bad quality means nobody will purchase from us. Our reputation in international market is being spoiled. So, the Minister must find out what is the cause for returning that exported ginger back to India and who is responsible for exporting that bad quality ginger. He must take action and punish those who are responsible. What was the reason for exporting the non-standard quality of ginger to foreign countries?

The minor spices are turmeric and ginger. I think you can create two Boards although Daga Ji was saying about so many Boards. We are struggling for foreign exchange. If we create two Boards, we will not only earn foreign exchange but will also provide more work to our people. Now lot of people are struggling to get work. If we are producing and exporting these things, we will earn foreign exchange and, at the same time, give them work also. So, I request the Hon. Minister to give more consideration to the Spices Board and also to give more representation to small farmers and cultivators and save the poor ginger and pepper cultivators of Kerala and stop import of nutmeg and cloves.

14.50 hrs.

[SHRI SHARAD DIGHE *in the Chair*]

[*Translation*]

SHRI GIRDHARI LAL VYAS (Bhilwara) : Mr. Chairman, Sir, I support the Spices Cess Bill, 1985, presented here. I want to submit that you have mentioned that some difference should be maintained between the long term cultivation plants or varieties and short term plants. But you must consider as to what arrangements will have to be made for their development. The second submission is that you have provided for appointment of brokers also in the export trade. I shall read out section 7

to you :

[English]

“Grant certificate for export of spices and register brokers thereof ”

[Translation]

When you have brought in the broker, it is difficult to get justice. When you bring in the broker, how will the agriculturist get the payment ? You must keep in mind the fact that wherever broker system is in existence, how it leads to profiteering and whose interest is served. The role of broker should be clearly defined. Otherwise this trade will get a big setback.

15.00 hrs.

The third point I want to raise is that in this field where brokers and traders handle the entire trade, it will be better if the entire work is entrusted to marketing societies and cooperative societies. You have, of course, provided for it in the Bill but the moot point is whether it will be implemented properly or not. If the marketing societies and cooperative societies take over this trade fully, it will definitely benefit the cultivators and agriculturists in a big way. The reason is that the brokers and traders purchase at their own price and it goes on reducing every time. Therefore, this aspect also requires to be taken care of.

I want to make one more submission. You have stated that maximum 5 per cent ad valorem cess will be levied but from this it is not clear how much cess you will realise. In this connection you have not made any provision in the Bill. You should give full information in this respect.

Moreover, you are charging ad valorem cess on export. In such a situation what will happen to the spices left in the country ? It is not clear whether cess will be levied on this production also or not ? It should also be made clear how it is proposed to make good the amount which will not be realised on account of non levy of cess on the quantity consumed within the country, because it will be required for the development of these 22 or 23 spices ? All these should be made clear.

So far you have said that cess will be charged upto 5 per cent on export but it is not clear whether cess will be levied on the spices which are consumed within the country or not ? Moreover, what provision has been made to ensure realisation of cess from the traders who carry on trade in these spices in order to augment the cess so that you are able to spend that money on the development of all these spices. Special attention is required to be paid in this direction also.

Now I want to draw the attention of the Hon. Minister towards the fact that production of those commodities is decreasing day by day which are available here but are scarce in other countries and which can help in increasing our foreign trade by increasing their export. This aspect also needs special attention. The Board should be entrusted special responsibility to ensure increase in the production of these spices so that we may be able to earn foreign exchange by exporting more quantities. This system needs to be strengthened. Otherwise, even if you appoint 20 Members or high officers in the Board that is not going to deliver the goods because they are interested only in their D. A , T. A. They neither do any work nor do they allow anyone else to do any work. It is no use appointing such people on the Board. You should include such people in the Board as are interested in doing work. In the Board on sick industries, you have appointed people from the Finance Department as Directors but to date they have not submitted any report informing that such and such industry is going sick or so and so industrialist is misappropriating the funds or is diverting the money to some other concern. Those Government officials have not submitted any report to you to this effect. Rather, they keep you in dark. You should, in their place, appoint those people as Directors who may take more interest in their work. You should appoint agriculturists and workers' representatives in it. People who represent export sector and people who can help in increasing the production, trade and exports should be included in the Board. That way we shall earn more foreign exchange. The need of the hour is to introduce this system. I hope that attention will be paid on the points raised by me, Thanks.

15.05 hrs.

[English]

THE MINISTER OF COMMERCE AND FOOD AND CIVIL SUPPLIES (SHRI P. SHIV SHANKER) : Mr. Chairman, Sir, I am grateful to the Members for the participation in the debate on these Bills. In fact, some valuable suggestions have been made by various Hon. Members. Though of course, quite a lot has been said about the problems that are confronted by the growers, instead of going through each and every point that has been adverted to, I would like to answer and try to throw some light on the main points that have been taken up by the Hon. Members. Many Hon. Member had adverted themselves on the question of the fixation of the price. I might submit at this stage itself that most of the exportable production has already been exported. This cardamom which has been exported by now to the tune of 2,400 tonnes is more than the whole year's exports for the last five years.

On the question of the price I must submit that the price that was fetched in the auction was at the rate of Rs. 140 per tonne. In fact the research of the costs and analysis shows that this price is more than the cost of production which varies between Rs. 90 to Rs. 125 as per the estimates of the Cardamom Board.

SHRI THAMPAN THOMAS : The cultivators get less than Rs. 120.

SHRI P. SHIV SHANKER : That is a case where perhaps we should take care of the middlemen. That part of it could be looked into. In fact, I must bring to the notice of the House that the real problem is as to how we further reduce the costs of production. Actually in Guatemala the position is that they produce at the rate of Rs 60 to Rs. 70 per tonnes. This is far less as compared to ours, about which I have referred that it varies between Rs. 90 to Rs. 125.

Sir, the question of the price mechanism is a matter which we could go into in a discussion meant for some other aspect at a

later stage. I am concerned for the present with reference to this Spices Board and cess that is sought to be imposed with reference to the export of these spices.

Certain points have been raised with reference to the clauses that are incorporated in the Spices Board. Without going into each and every thing I would like to just submit some of them. Some of the Hon. Members were referring to the fact that there should be a clear demarcation of the definition between pepper and cardamom etc. etc. when, of course, it comes to the question of defining spices. If the Hon. Members would be pleased to see clause 2(n) whereunder 'spices' itself has been defined, it says that it 'means the spices specified in the Schedule.' Therefore, each spice by its nomenclature is dealt with separately by reference to the Schedule itself. Therefore, there should be no difficulty about mixing up one with the other, the apprehension that was expressed.

Sir, quite a lot has been said with reference to clause 3. Particularly some of the Members said that this is an unmanageable type of Board. I would rather submit that there are inbuilt cushions. In the very clause itself there are inbuilt cushions. If you kindly read clause 3, it says : "...not exceeding thirty-two, as may be prescribed." Therefore, the rules can take care in scuttling the strength if it becomes necessary and unless the rules in this behalf otherwise provide that the Board shall consist of the following Members. Therefore, by virtue of this Act, the rule-making authority can take care for a smaller number as well. Therefore, I shall certainly keep in my mind the observations that have been made by the Hon. Members so that at the time when the rules are framed and consequent thereto when a Board itself is constituted, I will see what best could be done. When I say, 'what best could be done', it is based on the observations that have been made by the Hon. Members. Some of them have said that the trade unions must be given representation. Some of them have said that small growers must be given better representation and so on and so forth. These aspects could be taken care of at a later stage when the rules are framed. After all, clause 3 (d) as it stands does not say about the big cultivators, small cultivators or anything of that type. Then,

it is a question of administrative action that has to be taken in pursuance of the law itself. When we constitute the Board, we will certainly take into consideration the sentiments that have been expressed by the Hon. Members.

PROF. P. J. KURIEN : In the plantations, there are lakhs of workers, and, therefore, trade unions should be given representations.

SHRI P. SHIV SHANKER : Mr. Kurien, when I was trying to make observations, I am certainly trying to respect the sentiments that have been expressed by the Hon. Members. When you observe about the trade unions, we will take care of that. Still the leverage is left in the clause itself. This is what I thought, I should bring to the notice of the Hon. House.

Then, some of the Hon. Members have been criticising the appointment of Secretary. I do not see any reason as to why there should be criticism on the appointment of secretary. Somebody will be selected and ultimately the Board approves it. After all, if the entire Board sits and approves it, it gives greater credibility to the Secretary himself. Therefore, I do not think that there is anything, wrong in it. But some difficulty seems to have been found by the Hon. Member which I do not foresee at all.

Then, most of the Hon. Members have been pleased to make observations with reference to clause 7, i.e. functioning of the Board. The primary position, so far as the Board is concerned, it will not take care of the very growing of the spices but it will certainly take care about, say, the research activities so that the seed could be improved so that in the ultimate analysis, the crops could be good. In fact, many a thing has been said here when it comes to the question of functioning. Short of taking care of cultivation *per se*, all the functions have been incorporated in the various clauses of the Bill.

AN HON. MEMBER : What about cultivation ?

SHRI P. SHIV SHANKER : In that case, I will be taking over the powers of the Agriculture Ministry, which will be very difficult. There is a very clear demarcation of powers which we have got to follow. I am not going into the details of them. But it is necessary for me to make a mention of some of the functions It undertakes programmes and projects for promotion of export of spices. It assists and encourages studies and research for improvement of processing, quality, techniques of grading and packaging of spices. It evolves suitable quality standards for marketing these spieces. When it comes to the question of various powers of the Board, it ensures remunerative returns to the growers, promotes cooperative efforts and regulates the sale of cardamom. All these aspects have been taken care of.

One of the Hon. Members has, of course, raised an issue with reference to the brokers. I do not know what impelled him to take this objection. But the point is, the concept of brokers is only for the purpose of export part of it. All these growers *per se* do not export it.

SHRI GIRDHARI LAL VYAS : It is the middleman who is the broker.

SHRI P. SHIV SHANKER : What I was trying to bring to the notice of this House is, it is the case of export only. If you would kindly see clause 7 (2) (vii), it says about the registered and licensed brokers (including the auctioners). Of course, one of Hon. Members who was trying to advert himself with reference to brokers was not objecting to it. But then, it is a case where the licences have to be obtained and those licences will be issued under certain conditions. If those conditions are violated, then those licences will be forfeited. I do not see any reason why people who have expertise should not be given a certificate or licence for the purpose of carrying out export. Otherwise, the whole concept gets deflated.

Yet another point is with reference to finances for the Board and it is in Chapter 6. It takes care of the finances, how the finances of the Board would be taken care of.

Lastly, I would advert to two aspects, namely rules and regulations. Some doubts

[Shri P. Shiv Shanker]

have been expressed. I could not really measure the criticism that has been directed but the fact of the matter is that the regulations are to be framed by the Board with the prior approval of the Central Government. What is wrong in it? It is there in Clause 39 itself.

SHRI GIRDHARI LAL VYAS : Later on.

SHRI P. SHIV SHANKER : But without the Central Government later on, it does not become the regulation. It is a statutory precondition, a condition precedent that has got to be observed. It is a clear concept that has been put forth according to the rules. Without going into the other aspects of it, one of the Hon. Members Prof. P. J. Kurien has raised the question about the activity of the Trading Corporation in Bangalore. If there is any irregularity, in the working of this Corporation, I will certainly look into it. If there are specific instances that are brought, I will look into them. In fact, the position is that it acts as a commercial agency.

SHRI GIRDHARI LAL VYAS : It is not acting.

SHRI P. SHIV SHANKER : If it has not acted, I will go into it. But the instructions that I am having is that it is only acting as a commercial agency.

PROF P. J. KURIEN : We exported more than 500 tonnes of cardamom this year. What percentage CTC has done? What percentage the Cardamom Board has done? All these have been exported by private agencies. This Government is keeping quiet.

SHRI P. SHIV SHANKER : If it is indulging in any of the irregularities, I assure the Hon. Members that I will take necessary action. If I find on an evaluation of the situation that it has got to be totally abolished, I will also do that. But the point is let me go into it. What you say, whether it is correct or not, let me go into it. Whether it is really playing ducks and drakes or, whether it is really discharging its functions or not, I will certainly go into it.

I would not like to go further into the aspects because I thought that broadly I must go into the Clauses about which certain observations have been made with respect to the cess that is contemplated that this is on the exported value of the commodity and that too, it has been pegged at 5 per cent. It does not mean that we are going to fix the cess at 5 per cent, not more than 5 per cent. It could be anything below 5 per cent. That could be taken into consideration having regard to the various guidelines that are set forth.

SHRI GEORGE JOSEPH MUNDACKAL : What about quality control which is under your Ministry?

SHRI P. SHIV SHANKER : With these words, I commend these two Bills for the consideration of the House.

SHRI MOOL CHAND DAGA : I want to draw the attention of the Hon. Minister to Clause 7, sub-clause (2), increase in the consumption of cardamom. What is the activity of the Board? Please see p. 5. What is that?

SHRI P. SHIV SHANKER : If it is increased, it is not for the purgative that you are speaking of!

MR. CHAIRMAN : The question is :

“That the Bill to provide for the constitution of a Board for the development of export of spices and for the control of cardamom industry including the control of cultivation of cardamom and matters connected therewith, be taken into consideration.

The motion was adopted.

MR. CHAIRMAN : We now take up Clause-by-Clause consideration of the Bill. There is no amendment to Clause 2.

The question is :

“That Clause 2 stand part of the Bill.”

The motion was adopted.

Clauses 2 was added to the Bill

Clause 3

MR. CHAIRMAN : There are the amendments of Shri Mool Chand Daga. Are you moving ?

SHRI MOOL CHAND DAGA : I beg to move.

Page 2, line 40,—
for "thirty-two" substitute...

"twenty-four" (1)

Page 3, line 6,—

for "six" substitute "three" (2)

Page 3, line 7—

for "eleven substitute "six" (3)

Sir, I have moved my amendments because he said one thing that the number can be decreased. But it cannot be because there are 32 members there already. They cannot decrease three Members as the representatives of the Commerce, Agriculture, Finance and the other six Members. If you count them, there are 32 in number. How can be do that ?

SHRI P. SHIV SHANKER : It shall consist of such number of members not exceeding 32 as might be prescribed. I might prescribe it only 16 even. I do not know whether my friend has understood.

MR. CHAIRMAN : Now I will put the amendments moved by Mr. Mool Chand Daga to vote.

Amendment Nos. 1, 2 and 3 were put and negatived

MR. CHAIRMAN : Now the question is :

"That clause 3 stand part of the Bill."

The motion was adopted

Clause 3 was added to the Bill

Clause 4 was added to the Bill

Clauses 5 to 42 were added to the Bill

The Schedule was added to the Bill

Clause 1

SHRI P. SHIV SHANKER : I beg to move :

Page 1, line 5,—

for "1985" substitute "1986" (7)

MR. CHAIRMAN : The question is :

Page 1, line 5,—

for "1985" substitute "1986" (7)

The motion was adopted

MR. CHAIRMAN : The question is :

"That clause 1, as amended, stand part of the Bill."

The motion was adopted

Clause 1, as amended, was added to the Bill

ENACTING FORMULA

Amendment made :

Page 1, line 1,—

for "Thirty-sixth" substitute—

"Thirty-seventh" (6)

(Shri P. Shiv Shanker).

MR. CHAIRMAN : The question is :

"That the Enacting Formula, as amended, stand part of to the Bill.

The motion was adopted

Enacting Formula, as amendment, was added to the Bill

Title was added to the Bill

SHRI P. SHIV SHANKER : I beg to move :

"That the Bill, as amended, be passed."

MR. CHAIRMAN : The question is :

“That the Bill, as amended, be passed.”

The motion was adopted

SPICES CESS BILL

[English]

MR. CHAIRMAN : Now we take up the Spices Cess Bill. The question is :

“That the Bill to provide for imposition of cess on all spices which are exported for the purposes of carrying out measures for the development of export of spices be taken into consideration.”

The motion was adopted

MR. CHAIRMAN : Now we take up the clause-by-clause consideration.

Clause 2

Amendment made :

Page 1, line 9,—

for “1985” substitute “1986” (3)

Page 1, line 13,—

for “1985” substitute “1986” (4)

(Shri P. Shiv Shankar).

MR. CHAIRMAN : The question is :

“That Clause 2 as amended, stand part of the Bill.”

The motion was adopted

Clause 2, as amended, was added to the Bill

Clause 3

Amendment made :

Page 2, line 2,—

for ‘1985’ substitute “1986” (5)

Page 2, line 19,—

for “1985” substitute “1986” (6)

(Shri P. Shiv Shanker).

MR. CHAIRMAN : The question is :

“That clause 3, as amended, stand part of the Bill.”

The motion was adopted

Clause 3, as amended, was added to the Bill

Clauses 4 and 5 were added to the Bill

Clause 1

Amendment made :

Page 1, line 3,—

for “1985” substitute “1986” (2)

(Shri P. Shiv Shanker).

MR. CHAIRMAN : The question is :

“That Clause 1, as amended, stand part of the Bill.”

The motion was adopted

Clause 1, as amended, was added to the Bill

ENACTING FORMULA

Amendment made :

Page 1, line 1, —

for “Thirty-sixth substitute —

“Thirty-seventh”

(Shri P. Shiv Shanker).

MR. CHAIRMAN : The question is :

“That the Enacting Formula, as amended, stand part of the Bill.”

The motion was adopted

The Enacting Formula, as amended, was added to the Bill

The Title was added to the Bill

SHRI P. SHIV SHANKER : Sir, I beg to move :

“That the Bill, as amended, be passed.”

MR. CHAIRMAN : The question is :

“That the Bill, as amended, be passed.”

The motion was adopted

— — — —

15.20 hrs.

INDUSTRIAL DEVELOPMENT BANK OF INDIA (AMENDMENT) BILL*

[English]

MR. CHAIRMAN : The House will now take up the next item, namely, the Industrial Development Bank of India (Amendment) Bill. The Minister.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHANA POOJARY) : On behalf of Shri Vishwanath Pratap Singh, I beg to move :

“That the Bill further to amend the Industrial Development Bank of India Act, 1964, be taken into consideration.”

The House is aware that the Industrial Development Bank of India which was set up in 1964 is the principal financial institution of the country for providing credit and other facilities for the development of industry and for coordinating the work of different institutions engaged in financing, promoting or developing industries. Besides providing credit to the medium-large and large scale industrial units, the IDBI also gives refinance assistance to the State Financial Corporations and banks for promoting small-scale industries. The cumulative sanctions and disbursements of the IDBI since its inception upto the end of June 1985 amounted to Rs. 15,993 crores and 11,566 crores; respectively. The IDBI has been acting as a catalyst for industrial growth in the country and thereby opening avenues for employment.

*Moved with the recommendation of the President.

The total investment catalysed and likely to be catalysed by the IDBI's cumulative sanctions upto the end of June 1985 is estimated at Rs. 35,100 crores and the employment generated and expected to be generated through assisted projects is for 45 lakh persons.

In the light of the experience gained over the years, it has become necessary to effect certain amendments in the statute of IDBI. The proposed amendments are aimed at removing certain restrictions and to provide operational flexibility to the IDBI.

The underlying objects and reasons for bringing this legislation have been set out in the Statement of Objects and Reasons appended to the Bill.

The IDBI provides various types of assistance to industrial concerns. The definition of 'industrial concern' as contained in the Act is sought to be enlarged by inclusion of some activities which were not hitherto covered. These include storage of energy, development of mines, medical, health or allied services, leasing and sub-leasing activities, information technology, telecommunications and electronics, etc. The definition as amended would enlarge the scope of availability of financial assistance to new activities keeping in view the scientific and technological developments that are taking place in the country.

It is necessary to expand the financial base of the IDBI considering the increasing size of volume of its business and also considering the commitments which the IDBI would have to fulfil during the Seventh Five-Year Plan. The present authorised capital of the IDBI stands at Rs. 500 crores and the paid-up capital is Rs. 445 crores. It is proposed to fix the authorised capital at Rs. 1000 crores with an enabling provision to increase it further upto Rs. 2000 crores.

The scope of business which IDBI can undertake is proposed to be expanded so that IDBI can discharge its role as the principal financial institution. With this object, it has been proposed to empower IDBI to grant lines of credit or loans and advances, otherwise than by way of subscription to shares/debentures, to Industrial Finance Corporation of India, State Financial Corporations, etc.