

[*Shri Dharam Pal Singh Malik*]

[*Translation*]

But I believe that the deadline to dig the canal and supply water is 15th August 1986.

Shri Barnala has categorically stated that as there is no water there is no need to construct the Canal. This clearly indicates that the construction work on the Canal can start only when the share of our State is determined. When the hon. Minister was replying to the debate, some hon. Members of Akali Party were saying that it has to be ascertained whether Haryana at all has any share in the waters. Therefore, I request that in the terms of reference of the Tribunal a three month period for submitting its findings should also be fixed.

[*English*]

SHRI B. SHANKARANAND : I have already explained everything in detail. I am not accepting it.

MR. CHAIRMAN : Are you pressing your amendments?

SHRI. DHARAM PAL SINGH MALIK : I want to withdraw my amendment.

MR. CHAIRMAN : Has the hon. member leave of the House to withdraw his amendments?

SEVERAL HON. MEMBERS : Yes.

Amendment Nos. 2 and 3 were, by leave, withdrawn.

MR. CHAIRMAN : The question is :

“That Clause 2 stand part of the Bill.”

The motion was adopted. Clause 2 was added to the Bill.

MR. CHAIRMAN : There is no amendment to Clause 3. The question is :

“That Clause 3 stand part of the Bill.”

*The motion was adopted,
Clause 3 was added to the Bill.*

MR. CHAIRMAN : The question is :

“That Clause 1, Enacting Formula and Title stand part of the Bill.”

The motion was adopted.

Clause 1, Enacting Formula and Title were added to the Bill.

SHRI B. SHANKARANAND : I beg to move :

“That the Bill be passed.”

MR. CHAIRMAN : The question is :

“That the Bill be passed.”

The motion was adopted.

16.28 hrs.

DEMANDS FOR GRANTS (GENERAL)
1986-87 *Contd.*

MINISTRY OF COMMERCE

[*English*]

MR. CHAIRMAN : The House will now take up discussion and voting on Demand Nos. 10 to 17 relating to the Ministry of Commerce for which 6 hours have been allotted.

Hon. Members present in the House whose cut motions to the Demands for Grants have been circulated may, if they desire to move their cut motions, send slips to the Table within 15 minutes indicating the serial numbers of the cut motions they would like to move. Those cut motions only will be treated as moved.

A list showing the serial number of cut motions treated as moved will be put up in the Notice Board shortly. In case any member finds any discrepancy in the list he may kindly bring it to the notice of the Officer at the Table without delay. Motion moved :

"That the respective sums not exceeding the amounts on Revenue Account and Capital Account shown in the Fourth column of the Order Paper be granted to the President out of the Consolidated Fund of India to complete the sums necessary to defray the chagres that will

come in course of payment during the year ending 31st day of March, 1987 in respect of the heads of Demands entered in the second column thereof against Demands Nos. 10, 11 & 12 relating to the Ministry of Commerce,"

Demand for Grants (General). 1989-87 in respect of Ministry of Commerce submitted to vote of Lok Sabha.

No. of Demand	Name of Demand	Amount of Demand for Grant on account voted by the House on 13th March, 1986		Amount of Demand for Grant submitted to the vote of the House	
		Revenue Rs.	Capital Rs.	Revenue Rs.	Capital Rs.
10.	Ministry of Commerce.	53,64,000	..	2,68,17,000	
11.	Foreign Trade and Export Production.	1,47,25,84,000	15,06,86,000	5,51,09,22,000	77,84,28,000
12.	Supplies and Disposals	2,58,47,000		12,92,37,000	

DR. CHINTA MOHAN (Tirupati) : Mr. Chairman, at the outset, I would like to say that the Government of India has failed to reach the expectations of the poor people in the country. The budget presented by the Finance Minister has not fulfilled the expectations of the poor people and we find a lot of agony, anguish, discontent and disappointment among the people. I would also like to say that the present Finance Minister's and point is that the present growth rate of the export has steeply gone down.

I quote from the *Economic Survey* of our country. It says as follows :

"The foreign trade trends in the first six months (April-September) of 1985-86 have caused concern. While exports showed a marginal fall, the value of imports spurted by as much as 25 per cent over the same period in 1984-85. The trade deficit in the first six months 1985-86 has touched a staggering figure of Rs. 4,124 crores. Keeping in view the likely deceleration in imports in the

second half, and some improvement in export earnings, the trade deficit will far exceed Rs. 6,000 crores compared with Rs. 5,587 crores in 1984-85."

It shows the confession of the Government's failure in the export promotion. The trade deficit for 1985-86 would be in the neighbourhood of Rs. 7,500 crores.

In the year 1985-86 the trade deficit was about Rs. 7,500 crores. That is stated categorically in the annual report that Rs. 7,500 crores is the trade deficit. Not only this : If you look at the first six months of 1985-86 of the Seventh Five Year Plan, there is a steep fall in the growth rate of exports. Also, the wrong figures were given here ; no statistical figures are given categorically in the economic survey of the Government of India.

Also, no monthly reports were shown and we hope that by the end of the twenty-first century we will get at least computerised trade data from Government of India.

[*Shri Chinta Mohan*]

Coming to the Budget presented by the Finance Minister, he had shown his complacency, his silence, and he has not given any incentive to the trade.

Actually, our Commerce Minister has recently started his innings rather unconcerned, and possibly he is expecting a change-over to some other portfolio, or whatever it is ..(*Interruptions*).

THE MINISTER OF COMMERCE AND FOOD AND CIVIL SUPPLIES (SHRI P. SHIV SHANKER): I never knew that he is an astrologer.

DR. CHINTA MOHAN: Within the last fifteen months, after the new Lok Sabha was elected, we have seen three to four Commerce Ministers, and none of the Ministers was interested in this Ministry; they were otherwise busy or otherwise engaged in work connected with other things than the commerce portfolio.

Next coming to the Reports, I can quote from the reports of the PC Alexander Committee, Tandon Committee, Abid Hussain Committee and so on. The Abid Hussain Committee had expressed an opinion that the Commerce Ministry will have to be strengthened, and its administration has to be strengthened. It said, 'the administration should become strong', and that goes to show that the present administration is weak, and also it will have to work as responsible body but it has a responsibility to discharge, that it has got a responsibility for the activities as suggested by a Committee of experts and also the Planning Commission. The fact that the committee has opined so, shows that the present body, or the Ministry is dormant. Now, look at the benefits that are given to the exporters, they are given green cards, for 100 per cent reports. Even after installation of the project we are not even able to give a small telephone connection. This goes to show how much the Ministry is doing for the exporters.

PROF. N. G. RANGA (Guntur): Telephone connection for whom?

DR. CHINTA MOHAN: I can give you the details, Sir. Now coming to the cash compensation support given by the Government there are inordinate delays for people are not happy, and this goes to show that there is demoralisation of democracy. When we look at the Seventh Five Year Plan figures, the Government have envisaged a growth rate of 6.8 per cent of exports, but even with this, we find that the steep downfall in the growth of exports over the last four and a half years has been increasing and during the Seventh Five Year Plan we cannot envisage this 6.8 per cent of growth of exports.

Coming to the exports of engineering products, there is a steep downfall. But if we again look at the production aspects, there is lot of deficit of even of cow hypes, Also, I appreciate the Minister for having increased the export of tea and tobacco. But we have also got lot of people in our country who are depending or exporting of gems and jewellery. And when we look at the foreign trade, and the world trade market, there about 40 billion dollars worth gems and and jewellery is being exported, Though we have a lot of skilled people in our country, we are able to export these items worth \$ 70 million only.

Ours is an agricultural-oriented country. When we look at Andhra Pradesh, the farmers there are producing lots of grapes. When you compare our production figures with that of other countries, you will find that Andhra Pradesh farmers are able to produce much better than any other farmer in the world. We must congratulate the Andhra Pradesh farmers for this. But unfortunately, they are not able to get air-freight subsidy. People are transporting these grapes to Bombay and from there they are air-lifted. They have to pay Rs.10 to Rs. 11 per kg. for air-freight charges. With the result, they are not getting remunerative prices in the world market. If you see the airfreight charges between Karachi and Abu Dhabi, you will find that they are paying only Rs. 4 per kg. and between Nairobi and London people are paying even less than Rs. per kg. Will the Minister look into it and try to help them by giving airfreight subsidy?

We export basmati rice. For a long time, the rate fixed has been Rs. 7.50 per kg. I have received reports that in the deal between Abu Dhabi Government and the STC there were lots of bunglings. Before you took over the charge of the Ministry, there were lots of bunglings. What action Government proposed to take against STC officials for these bunglings?

SHRI P. SHIV SHANKER : If you give any specific instance I assure you that I will get it investigated.

DR. CHINTA MOHAN : Coming to mangoes, there are mangoe trees on 10 lakh acres of land in Andhra Pradesh State. In order to get remunerative prices, the farmers are planning to export mangoes. But they are not able to get facilities for export from Andhra Pradesh. I would like to request the Minister to provide them export facilities so that they can get better price and live happily.

Coming to imports, we are mainly importing a lot of fertiliser, crude oil, edible oil and sugar. We cannot avoid this because we have to supply these to poor people at cheaper rates. With all the above background, we cannot envisage 6.8 per cent export growth rate in the Seventh Five Year Plan.

Coming to the thrust items, the Minister of Commerce apprised Lok Sabha in answer to Unstarred Question No. 1028 dated 22 November, 1985 which I quote :

“The following sectors have been identified for promotion which offer significant scope for export growth in the medium term : Tea, especially in packaged and value-added forms ; cereals, processed foods, including fruits and juices ; meat and meat products, fresh fruits and vegetables, marine products, especially in value-added forms ; iron-ore, leather and leather products, handicrafts and jewellery ; capital goods and consumer durables, electronics goods and computer software, basic chemicals, fabrics, piece goods and madeups ; readymade garments ; woollen fabrics and knitwear, and projects and services.”

I would like to know what action he has taken in this period of three months. I would also like to know the thrust action proposed to be taken by the Government.

I would like to say that the thrust items of export should be publicised. Instead of keeping them in the Red Book or the Green Book, he should publicise them in the newspapers or on the T.V. and the All-India Radio so that all the export promoters will know about these things and they can come forward and get the benefit out of it.

We have other organisations also like the Trade Development Authority and the Trade fair Authority of India. I would like to say they are not actually working. Everybody notices that these organisations have become sick. They are very nominal and also protocol-oriented. They are actually not doing anything. They are not bothered about promoting the exports or anything. In the answer given recently by the hon. Minister to the Unstarred Question on the State Trading Corporation, he said that within ten years nine Chairmen of the State Trading Corporation have been changed. May I ask him why it is happening like that ? Can't the Chairman be continued for some time ? Probably, as the Ministers are changing frequently, in the same way the Government wants to change the Chairmen of the State Trading Corporation. Recently, last year on July 8, 1985, they had appointed Mr. Raghavan, Chariman of MMTC, as the in-charge of State Trading Corporation but after seven months-I do not know what happened in between-he was shifted from there. It appeared in the Press that he had done a lot of good work-I heard that he had actually stopped the bogus exports of more than Rs. 400 crores out of the exports of Rs. 720 crores and that he also developed the counter trade between the countries. I also heard that he brought coordination between the State Trading Corporation and the MMTC. After seven months, one Mr. Dang was appointed as the Chairman of the State Trading Corporation. I do not know why the Government of India is not able to appoint a regular Chairman for the State Trading Corporation. Is there any logic behind that or do you want to continue

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like that, or you want that the State Trading Corporation and the MMTTC should be joined together, or you want to make one Chairman for both the organisations? I would like to know the answer from the Minister.

Sir, I am happy that the Government has recently taken a decision to set up an Agricultural Processed Food Development Authority. It is a welcome decision and we are glad to know about this. At this juncture, I would like to suggest a few points. There should be a Cabinet Committee on Exports and Imports under the Chairmanship of the Prime Minister. Secondly, there should be an Export Wing in the Cabinet Secretariat under the control of the Cabinet Secretary so that there will be immediate implementation of the export programmes. Also there should be single-window clearance between the Department and the Ministry so that the exporters may not find it difficult to export their products. The Government should also come out with a White Paper on Export strategy, if possible very soon. They should also come out with a new export policy and plan. In 1970, the Parliament passed a Resolution and a Bill about exports but after that the Government has not been able to come forward with any new legislation. Now there is a lot of change in the international situation. The international market has changed but the Government has not been able to bring forward a new legislation on exports.

Finally, I would like to say that the thrust items should be advertised properly so that the promoters can know much better. With these words, I thank you.

SHRI K. RAMACHANDRA REDDY
(Hindupur) : I beg to move :

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Allotment of at least Rs. 555 crores for export promotion and market development assistance.] (11)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Need for vigorous efforts to increase the exports of rubber, tea, coffee and tobacco.] (12)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs 100.”

[Need to improve the exports of Marine Products such as Shrimps, fish and frogs.] (13)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Provision to Rs. 60 crores for technical credits to foreign Governments without interest.] (14)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Need to improve the efficiency of Directorate of Inspection in ensuring the right quality of exported goods.] (15)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Need to set up a free trade zone at Vizad port immediately.] (16)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Disturbing trend of increasing imports and declining exports] (17)

“That the demand under the head Foreign Trade and Export Production be reduced by Rs. 100.”

[Need to ban imports of agricultural products and to encourage exports of agricultural products.] (18)

“That the demand under the head ‘Foreign Trade and Export Production’ be reduced by Rs. 100.”

[Need to promote export of rice by Government agencies instead of private traders.] (19)

"That the demand under the head 'Foreign Trade and Export Production' be reduced by Rs. 100."

[Need to increase exports of fruits and iron from the port of Vizag.] (20)

"That the demand under the head 'Foreign Trade and Export Production' be reduced by Rs. 100."

[Neglecting of export of fish from Andhra Pradesh.] (21)

SHRI GOPAL KRISHNA THOTA
(Kakinada) : I beg to move-

"That the demand under the head 'Foreign Trade and Export Production' be reduced by Rs. 100."

[Need to export rice and rice bran oil from Kakinada port.] (22)

"That the demand under the head 'Foreign Trade and Export Production' be reduced by Rs. 100."

[Need to improve the export of coconut and jaggery from Kakinada port.] (23)

"That the demand under the head 'Foreign Trade and Export Production' be reduced by Rs. 100."

[Need to initiate steps to improve the exports of fish and prawns from Kakinada port.] (24)

PROF. P.J. KURIEN (Idukki); Sir, I rise to... (Interruptions).

SHRI P. SHIV SHANKER : Cardamom.

PROF. P.J. KURIEN : Not only cardamom but everything is there.

Sir, I rise to support the Demands put forward by the Ministry of Commerce, and while supporting, I have to make certain points. I was going through the Report of the Ministry of Commerce. In that Report it has been said that in the current year our export performance is not satisfactory.

My previous speaker was saying that the Commerce Ministry has not been functioning well; he was saying, it was irresponsible and all that. But I would like to tell him that he should go through this report well. Regarding our performance in the year 1984-85 it is stated that our exports during 1984-85 amounted to Rs. 11,656.93 crores showing a rise of 18.1 per cent over the previous year. This is the report of the Commerce Ministry at page 11. In that year the total imports declined by 8.4% over the previous year. So, my point is this. It is the same Ministry which has made this remarkable achievement. Again our trade deficit declined in that period. Sir, it is true that in the current financial year our export performance is not satisfactory. I agree that it is not to the extent that we wanted it to be. But there are certain factors which have to be noted. Since my previous speaker mentioned this, I am saying all these things; Otherwise I did not want to say all these things. Number one, you see what happened to world trade. That is also given in this Book. It declined from 9 per cent to 3 per cent in the year 1984-85. Naturally it will have an impact on our trade as well. There will be more and more protectionist tendencies on the part of those countries; naturally our trade deficit will increase. This is one of the reasons why our export performance is not satisfactory to the extent that we wanted it. One more point which my friend perhaps has ignored is this. Last year we exported crude oil to the extent of Rs. 1500 crores. But this year we are not exporting that. For that the credit goes to the Government because we have refined it here itself; we have increased our own refining capacity. Because we increased our refining capacity that export figure is not coming here. Therefore, even though numerically there is a decline in exports, in actual terms, the economy is on a sound basis. It is because instead of exporting it, we refined it here itself. That shows how our economy is on a sound footing. I am saying all these things because my previous speaker just ignored all these factors. But at the same time I don't say that I am fully satisfied. We want to increase our exports further. But there are various constraints. It is also admitted that because of these various factors, because of the increased protectionist tendencies in those

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countries, because of the total world trade decline and glut in the world market, our export has decreased. Our balance of trade deficit has increased. It is given here in this book. This year, in the first 6 months, our balance of trade deficit is more than Rs. 4,000 crores, which is to be compared with Rs. 2290 crores of last year. I admit This position has to be improved. What should we do for that? It is very simple. How can we export? We can export only if we produce more. The simple thing is, we have to produce more. And what is the main constraint with regard to the cost of our production. Our cost of production with regard to many items of our produce is more than that of many other countries, particularly the importing countries. Therefore, naturally when those countries impose protectionist barriers, we will find a glut in our market. This is an inevitable phenomenon. But we have to come out of this. So, I have to make certain suggestions. I will be confining only to a few commodities which are of special interest to Kerala. There is a saying, 'Industrialise or perish'. I would like to modify it as, 'Export or perish.' We have to export whatever is available and not only that, we have to produce more for exporting. That is what we have to do. Production should be export oriented in the field where export can be encouraged. My suggestion is that the Commerce Ministry should identify areas where production can be export oriented, and in those areas the Commerce Ministry should concentrate on increasing production. I shall quote some examples. One item is pepper. Going through this item of pepper, I find that for last nearly 10 years the production of pepper is stagnating in the country—no increase at all—and incidentally I would like to mention that 96 per cent of the area of pepper cultivation is in Kerala and 94 per cent of that produce is also in Kerala. But for the last 10 years there is no increase in the production. It is almost stagnating at nearly 25,000 tonnes and 90 per cent of the pepper produce is exported. (*Interruptions*). I want the hon. Minister to hear.

MR. CHAIRMAN: Mr. Chatterjee, let the Member have the satisfaction of being heard.

SHRI P. SHIV SHANKER : Actually we are discussing this.

PROF. P. J. KURIEN : Sir, 90 per cent of the pepper produce is exported. For the last 10 years the production of pepper is stagnating because nothing is done by the Government to increase the production. And if I speak to the Commerce Ministry officials, they will say that it is the responsibility of the Agriculture Ministry. Whether it is the responsibility of the Agriculture Ministry or the Commerce Ministry, this is an item which should be identified for export only and therefore, the Commerce Ministry should take this production aspect and do the necessary developmental work with regard to production of pepper I would suggest that if something is done, you can increase production. A few crores of rupees will be enough. In 1973 our production of pepper was 31,000 tonnes. Today, it is less than 31,000 tonnes, it is nearly 22,000 tonnes. In 1973 we exported 30,000 tonnes of pepper. If we were keeping that up for the last 13 years, every year we would have earned additional Rs. 20 crores in foreign exchange. But we did not do anything. Our productivity per acre production of pepper is only 200 kg. whereas in our competing countries like Malaysia, it is 1100 kg, in Brazil it is 3,400 kg. per hectare.

Ours is 200 k.g. only. Therefore, it is very easy to increase the productivity in the existing area. Is it difficult? It is not a difficult task. We have to give only high quality planting material, high quality seedlings as these pepper growers are of marginal and small growers. They are having only one or two acres of land and therefore they have no financial resources of their own to implement it. So, they should be given financial assistance for planting, replanting and also for scientific maintenance, manuring and for protection measures. No additional land is required at all for increasing the production. For each pepper-vine, a supporting tree is required. When you try to increase the productivity, naturally more trees have to be planted and that would mean afforestation also. So, without any additional land

by spending a few crores of rupees, you can increase the productivity and you can double the earning from pepper-another Rs. 40 crores per year. I would suggest that the Commerce Ministry should chalk out certain programmes for increasing the productivity of pepper and implement it so that by the end of this Plan period, you can double the export earnings from pepper.

Coming to marine products, again a similar area, the export of marine products is on the decline for the last few years. Here also, the production aspect is dealt with by the Agriculture Ministry. There are certain constraints in the production and catches of marine products. You have fixed a target of Rs. 700 crores of export earning by the end of this Plan. But it is not going to materialise. The reason is simple: In the Western coast, the landing is either static or declining because the main item we export is shrimp. But shrimp landing is static and declining. I do not know the reason. Some fishery scientists say, the reason is over-exploitation. If it is so, a scientific study should be conducted. If it is due to over-exploitation, conservation measures should be taken. Otherwise, you find out the reason. There should be better resource management. Otherwise, our catches will not increase. Again there is a paradoxical situation. If the on-shore area is over-exploited the deep sea area is not at all exploited. It is estimated that at least 4.5 million tonnes of deep sea is available from the deep sea area. But we have not even touched the fringe of that. We have certain deep sea vessels. But they are not even catching a percentage of what could be otherwise exploited. So, if we want increase the export, the Commerce Ministry should chalk out special projects. I would suggest 100% export oriented projects for catching the deep sea potential. Deep sea vessels are very big and for one deep sea vessel, you have to invest more than a crore of rupee. Therefore, only some business house who have nothing to do with fishing are coming for purchasing or procuring deep sea vessels. We are having only a handful of vessels. So, we should do away with this. We should devise medium size or small size vessels which our people in the fishing industry can afford. which costs Rs.30 lakhs to Rs.40 lakhs. Only such vessels should be designed. We are already having some of them. But you should encourage it so that

by the end of this Plan, we have at least 500 vessels of medium size to exploit the deep sea potential so that your target will be achieved. Otherwise you are not going to achieve.

17.00 hrs.

One more field is, we have not exploited this prawn farming. I have already told you prawn catch is on the decline. The earning on the marine products will be on the decline. You are not going to achieve the target. But we have in this country, 7 lakh hectares of brackish water potential, which can be used for prawn forming. Do you know that even 5% of that is not used.? I know in some areas of Kerala, it is used. Shri Vakkom Purushothaman, our Chairman. was the Minister there and so he knows it very well. Similarly, in some areas of West Bengal, it is used. Some efforts are being done in Andhra Pradesh also. But even 5% is not used. All this 7 lakh hectares of land of brackish water can be used for extensive as well as intensive prawn farming. So, my suggestion is that the Commerce Ministry should chalk out 100% export-oriented units for prawn farming. Why I say Commerce Ministry is because already the Agriculture Ministry says they are doing it but they are not doing anything. I do not want to criticise.

MR. CHAIRMAN: I know that you are making very important points but I cannot allow you more time.

PROF. P. J. KURIEN: Therefore, you take up with Agriculture Ministry and State Government and see that within a period of five years, the entire area is cultivated. That is possible. We have the expertise. If there is no expertise for this, you should import technical know-how and expertise for this. This will give employment also in the rural areas.

Coming to cardamom, there is a feeling here that the growers are demanding high prices on a notional concept that they are getting less price when compared with the drought period when you got a very high price. It is not so. I am giving the prices for the last four years.

In 1983-84 when there was a drought, our production was only 1,600 tonnes and

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the average auction price was Rs. 379 per Kg.

But in the previous year, 1982-83, normal production was 3,900 tonnes. The price was Rs. 153.29 average auction price.

In the last year 1984-85, production was 4,000 tonnes. Price was Rs. 202.79.

But in the current year when the production is 4,000 tonnes, the average price is only Rs.120 per Kg.

During the last four years, never the price has come down like that. According to the Cardamom Board estimate, the cost of production is Rs.145/- per Kg. So, for every Kg of cardamom sold, the grower is losing Rs.25 per head. Let it be on record that the entire cardamom produced in the country this year is sold by the grower at a price lower than the cost price. That is why something has to be done. We could not do this year. But I suggest that something should be done next year. I am happy that the hon. Minister has already said that proposals from Cardamom Board will be welcomed and he will take action on it. I hope he will stick on to that and something should be done next year for saving Cardamom Board.

Regarding rubber production, as I understand, I am very happy with the performance of the Rubber Board. They are doing well. Like the Cardamom Board, Rubber Board is doing well. But the point is that the expansion programme which they have suggested is not being accepted by the Ministry. Unless you go in for the expansion programme suggested by the Rubber Board by 1990, you will have to import treble time you are importing now at the expense of foreign exchange. You have to plan for the future. Therefore, the Commerce Ministry should take up with the Planning Commission and make available sufficient quantity so that the proposal of the Rubber Board for extensive cultivation is accepted.

With these words, I support the Bill.

SHRI C.D PATEL (Surat) : I rise support the Demands for Grants of the Commerce Ministry.

At the very outset I would like to submit that so far as the trade deficit and the balance of payments position is concerned, it is really a situation where great efforts are to be made. So far as the balance of payments position is concerned, I would not like to deal with the statistics in detail. So far as our imports are concerned, it has increased by 24%. So far as exports are concerned, there is no increase. So the situation is—I would not use the word 'alarming'—but the situation is such that it requires a very serious consideration.

So far as our exports are concerned, our trade deficit is likely to be about Rs. 6000 crores and very rightly our hon Finance Ministry in his budget speech said that the foreign exchange outlay is likely to be Rs.4500 crores while it was Rs.3600 crores last year. So the question posed by him was: 'Can we afford it?' Rather we should pose a question to him and I think the answer may be a big 'No'. My respectful submission is that a very serious consideration is required on this issue.

Secondly, so far as the exports are concerned, there are not one but there are 18 Export Promotion Councils and over and above these councils there is one Export Inspection Council. We are spending crores of rupees on these councils. I would not comment on each one of them but my only submissions would be that there are many Councils wherein serious efforts should be made to improve their performance. Otherwise the old concept of export that whatever is surplus is to be exported out of the country will have to be discarded as early as possible and we plan our exports, we plan our production and we plan the items and this scheme has to be chalked out at a very early stage. What we call positive thrust so far as export is concerned is to be made in areas like agriculture and marine products which should be explored very seriously and these export promotion councils will have to be geared up in such a way that the machinery is functioning to the extent of our expectation.

So far as the balance of payments position is concerned, one point I would like to touch is the inflow of foreign exchange from the non-resident Indians. Last year it was Rs. 700 crores and now it

has gone above Rs. 1000 crores. But a smaller difficulty is the red-tapism or the bureaucratic approach. Even a small difficulty is not solved for months together and for years together. To illustrate my point I would cite one instance. These people are dealing their affairs through some of their friends who are holding power of attorney. Our Department here require that every power of attorney, though duly authenticated by the Indian authorities, is to be re-authenticated every six months. They say that a non-revocation certificate that it has not been revoked is to be brought. The same procedure will have to be followed so far as the non-revocation certificate is concerned. This is a very small snag. It has to be removed immediately. The power of attorney is a document. Unless it is revoked it is valid. That document has to be treated as a valid document unless something comes from the person who has given the power. That sort of situation is prevailing and for a number of months those persons are experiencing a lot of difficulties so far as the revocation certificate is concerned. This small thing creates a lot of difficulty. That difficulty can be removed by immediately issuing necessary instructions to the department concerned.

Another item with which my constituency of Surat in Gujarat is concerned is diamonds. The performance of this particular industry is rather miraculous. Somewhere in 1966-67 the export was to the tune of Rs. 10-15 crores. Now we have reached more than Rs. 1000 crores and we are going to reach Rs. 1500 crores very soon. Now the only point which I would like to urge before the hon Minister because many of my learned friends have said that proper attention is required to be paid because this is a very serious area. I feel that the Ministry at present is in competent hands and I request the hon Minister because this is an area wherein we can do a lot. Not only that when one carat is exported by us lot of employment is generated. So far as our country is concerned here in this case three and a half lakh people are working in this industry and our export is to the tune of crores of rupees. When we look to the figures we find that our production of rough diamonds is less than 1 per cent where as we deal with more than 50

per cent diamonds. Now, we are the first in the world followed by Belgium and Israel. But my only apprehension is that this industry has not been dealt with as it ought to have been dealt with. For the procurement of rough diamonds we are dealing through MMTC and Hindustan Diamond Trading Corporation. The idea behind was that these organisations will procure from primary source, say Zaire and Ghana, where gems are produced but here in this case, they are dealing with the dealers. So catering of rough diamonds through these two organisations to the small units is not proper. We must make a sincere effort to see that rough diamonds are procured by these institutions and supplied to the persons who do the cutting and polishing. We are the first country where diamonds are cut, polished and exported to other countries. So, whatever we do the real gain is to the other countries. The only and the best alternative before us is that high value added gems or diamonds are to be studded in jewellery and the jewellery is required to be exported.

According to the Gems and Jewellery Export organisation, they think they are likely to achieve the target of Rs. 4500 crores by the end of the Plan. I do not think we will be able to achieve this, unless we resort to this high value added jewellery export. So concrete step needs to be taken.

Now, I come to another important item. Although it is a small item yet is it a very important item, viz., zari manufacturing in Surat. There are very few places in India, like Tamil Nadu, Varanasi and Surat where zari is manufactured. It is the oldest handicraft that is there. It is a small industry and practically a cottage industry where all the family members are doing the job. That industry also faces lot of difficulties for the procurement of gold, for the prices of gold, for the compensatory support scheme, etc. It is gathered that Government is thinking of importing zari from other countries like Pakistan. I am told that there is representation from this industry that it should not be done. Whatever we are producing, we are not consuming here we are also exporting. That has to be borne in mind so far as this industry is concerned.

[Shri C. D. Patel]

Sir, so far as textiles, zari and diamonds are concerned, Surat is the biggest centre. I am requesting this Ministry to take up the matter regarding foreign post office at Surat, Zari is being exported through post office. Diamonds can be exported also through post office. Now, the Surat people have to go to Bombay. Whenever in the past I had raised this question, I was told this that matter was dealt with by the other Ministry. So, my request is that this may be taken up along with the Finance and Communications Ministry and a foreign post office be set up at Surat.

Sir, so far as our export of engineering items is concerned, it is not a happy situation. The statistics show that it is declining as compared to the last year. Last year it was somewhere Rs. 93,800 crores.

Now, this year, it is going to be Rs. 738 crores. So far as the engineering goods are concerned, proper attention may kindly be paid because whatever advantage we get by way of cheap labour and other facilities, they are being taken away by the use of obsolete technology machinery and production method. So far as Diamond industry is concerned, certain difficulties have been experienced by them and those difficulties are due to inadequate Bank finance linked to export performance.

Secondly, Sir, there is another major obstacle, that is, non-availability of interest subsidy of 1.5% which is normally available on rupee finance. The third point is that the industry wants that the Government should allow tax exemption to all on interest payable to foreign banks. My fourth suggestion is that the Government give exemption of import duty on machines, equipments and tools used for manufacture of gem and jewellery. My last suggestion is that the Government should ensure adequate supply of rough diamond. This is most important which the Government should consider. Sir, with these words, I conclude and once again I support these Demands for Grants for the Ministry of Commerce.

SHRI ANANDA PATHAK (Darjeeling): Sir, last year, participating in the discussion on the Demands for Grants of the Ministry of Commerce, I had raised certain basic

questions as to why the balance of payment of our country was increasing year after year, as to why the country's debt burden and consequential debt servicing charges were also increasing day by day and as to why our country has become more and more dependent on the crisis-ridden global-capitalist system and as to why our export is not registering appreciable increase and why we are failing to fulfil the targets. I raised these basic questions. In summing up the debate, the then Minister of Commerce had admitted that our export was facing discriminatory and discretionary protectionist measures adopted by the developed countries and the Government was considering ways and means to overcome this problem.

But since then have you changed your policy? Is there any appreciable change in the situation? No, not at all. No change has taken place. On the country, the trade gap is widening and the balance of payment position is worsening as is apparent from the following figures. India's share in the world trade is miserably negligible and the trade deficit in 1982-83 was Rs 5448 crores; in 1983-84 it rose to Rs. 898. crores; in 1984-85, it was Rs. 5537 crores and it is predicted that it would reach to Rs. 900 crores in 1985-86. However, Government has not yet been able to say what would be the actual position in 1985-86 and in the following years when the repayment schedule for the various IMF loans would begin. The peak period for repayment will be during 1988-89 when the repayment liability is expected to be over \$900 million. So, what do you propose to do? You will be compelled to go in for greater commercial borrowing. Over and above this, the debt servicing ratio is estimated at an average of 17.6 per cent during the 7th Plan which is expected to touch a level of 28 per cent by the end of the 8th Plan period.

We had severely criticised the IMF loan deal and warned about its consequences, but the Government stoutly defended it and tried to pose it as a panacea for all the economic maladies created by the capitalist path of development pursued by this bourgeois-landlord Government. Now, you will feel the pinch.

I had warned you last year in my speech that your policy would lead the country to the debt trap of the imperialist and you can never get out of it. But you had then stated that the Government had taken steps to ensure that the country would not be allowed to fall in the debt trap. But now, what is happening? Your hands are tied; you cannot pursue your own policy in the interest of the country. You cannot decide what to export and what to import. It is decided by them.

The developed capitalist countries would never like to see India pursuing a policy of self-reliance. They want to keep our country dependent on them for solving their own crisis at the cost of our country as well as other developing countries. The pace of much claimed economic recovery in the crisis ridden capitalist world is very slow and it is not expected to go on rising as in 1984. It was claimed that it had fully recovered from the recession. There has been a near stagnation in the international trade flow and there is serious recessionary condition in the world economy. In such a situation, can you expect to boost your export to these countries and reduce your trade deficit? No, you cannot. It is impossible.

In your pursuit to take the country to the 21st century, you announced your new economic policy, you declared new export-import policy, you decided to delicense many of the items and all of these were mainly directed towards the import liberalisation.

This policy has opened the door wide for multinationals who have been flooding our market with their outmoded technology, computers and their products at the cost of indigenous products and frittering away the scarce foreign exchange and fleecing our people.

This policy has only been helpful for a handful of capitalists to amass high profits at the cost of consumers. This policy is destroying the indigenous technology base and nullifying whatever small advance the country has made.

This policy would cause closure of many indigenous industries, mills and fac-

ories and add to the number of already closed industries numbering more than eighty thousand.

This policy would also cause further brain drain and take away the jobs from Indian workers and add to the number of already unemployed persons numbering more than ten crores.

Your policy has been ruining the Small Scale Sector and now they are agitating for relief and fair deal. Then, what have you achieved with your new economic policy and with your disastrous import liberalisation policy?

You are simply helping to increase imports which registered an increase of 24.5 per cent from Rs. 7344.84 crores in April-September 1984 to Rs. 9141.63 crores in the same period in 1985.

The export has further declined by 3.4 per cent in 1984-85 and by 0.7 per cent during April-September 1985 which stood at Rs. 5017.63 crores as compared to Rs. 5054.26 crores during the same period in 1984.

The import bill was to the tune of Rs. 15,600 crores in 1984-85 which is likely to go up sharply during the current financial year.

The spokesman of the Government has come out with an explanation that the widening of trade deficit was due to heavy oil imports. But this explanation does not hold water as the trade deficit in April-August 1985 excluding the figure of oil was Rs. 2722.7 crores as compared to the total deficit of Rs. 2158 crores, when we combine oil plus non-oil in April-August 1984. It clearly shows that the trade deficit was precisely on account of non-oil items. This proves that your explanation does not hold water.

But in spite of all these debacles, the Government is pursuing the same suicidal policy and instead of curbing such disadvantageous imports even at this late hour, it is proposing to devalue the rupee. As a matter of fact, depreciation of the external value of rupee by 15 per cent has already taken place. This was done to pave the way for approaching the IMF and the International

[*Shri Anand Pathak*]

Bank for loans with a view to tide over the payment crisis. This is the bankruptcy of your policy and this is the shameful outcome of binding oneself with the imperialist-led multinational bank and the IMF.

It is utterly absurd to expect that the position of trade balance would improve by such a devaluation.

Instead, its real impact would be on the rate of inflation and hence on the living standards of the people. It would push up the entire price level and prices of all the commodities will increase with this devaluation. In effect, the devaluation squeezes the wages and earnings of the workers and put more profit in the hands of capitalists. This is the outcome of your new economic policy which would ultimately cripple the economy of our country totally.

So, if you are really serious about your prophesy of socialism as enshrined in the Constitution and incorporated in the political resolution of the Centenary Session of the Congress held at Bombay, you must change your policy. You must discard your capitalist path of development and adopt a new path and a new economic order. Then only, you can come over out of this crisis.

Now, coming to the exportable items, I should say that excepting an impressive export performance in gems and jewellery, no other item has registered good performance either in volume or in foreign exchange earnings. But gems and jewellery also have suffered some set-back during 1984-85. Tea is another item which earns highest foreign exchange for the country. But it appears that the export earning is likely to fall short during 1985-86 due to declining prices in the world tea market. It is the only commodity which has firm expanding domestic as well as foreign market. But due to your unrealistic policy, sometimes you fail to supply required quantity of tea in the domestic market and some-times supply less tea in the export market. Some time back, you banned the export of CTC and created scarcity of Indian tea in the foreign market and thus we lost our market and the tea from other countries took our place; and sometimes you impose minimum export price and then withdrew it subsequently.

That is your policy. There is no firm policy. That is why our export is suffering.

In my opinion we must create our firm international market with the best quality and value added tea and withstand all sorts of competitions.

If you go through the Report you will find that the export of all the exportable items are declining like tea, jute, engineering goods and everything is declining. It is not because there is no market but the very policy pursued by this government is creating this havoc. I demand that the whole policy should be reviewed so that we can export more and earn more foreign exchange which is much required for our country to tide over the crisis. Unless you change the whole policy, your basic policy, you cannot do anything in the international market where the imperialist power has dominated. There is no scope for exporting more. The basic policy is to be changed. Only then we can advance.

[*Translation*]

SHRI JAI PRAKASH AGARWAL (Chandhi Chowk): Mr. Chairman Sir, I rise to support the Demands for Grants of the the Commerce Ministry. Besides this, I would like to draw the attention of the hon. Minister to the hardships faced by ready-made garment exporters and small textile manufacturers.

The biggest problem that the small exporters face is that neither the Trade Development Authority nor the Trade Fair Authority provides them with substantial assistance whenever they go abroad to participate in any exhibition. When these exporters are sponsored by these agencies to go abroad to participate in the exhibitions, they spend lakhs of rupees but they are not sure whether they will get orders for heir product or not. The officials who accompany these exporters do not provide them any assistance in selling their goods. The result is even after participating in three exhibitions, orders worth only Rs. 12 crores could be secured, as is evident from your report. It is a matter of shame that even after spending so much on those exporters by way of sponsorship we have been able to

secure orders worth Rs. 12 crores only. Secondly, the circulars issued by these organisations should be sent to all members and exporters. The references given by the exporters regarding importers of their goods should be verified because it is generally found that most of these names are fake or the firms have either closed down or do not deal in the items mentioned by the exporter. The small exporters have to spend huge amounts to contact them or to meet the parties and thus they face great hardship.

Now, I would draw your attention to export of readymade garments. If we look at the old statistics we find that it has made remarkable progress during the past few years. During 1983-84 the export was worth Rs. 610 crores. From 1984 to 1986 it registered an increase of 40.6% and shot up to Rs. 860 crores. There is no doubt that if the Government provides more facilities to small exporters they can boost the export of all the three items from Rs. 1200 crores at present to Rs. 2500 crores. If the Government gives incentives to them or provides bank loans, the situation can improve. The small exporters in the country face a lot of difficulties because of competition in the international market from Korea, China, Pakistan and Sri Lanka who manage to undersell India. In the absence of incentives and facilities the exporters have to face a lot of difficulties. That is why they are not able to boost their exports and their position remains unchanged.

Besides, I would like to draw your attention to the flaws in the quota system for readymade garments, which helps in generating black money. The quota for readymade garments is generally issued to big exporters and they are allowed to transfer it to small exporter. As a result of this when there is shortage in any country the premium for transfer goes up from Rs. 10 per piece to Rs. 30 per piece and in this way lakhs of rupees flow into the black market. A small exporter whose goods are ready and who does not have any other alternative but to export, is forced to pay the premium for transfer quota at Rs. 30 per piece and only then he is allowed to export his goods, otherwise he may lose lakhs of rupees and become bankrupt. I, therefore, demand

that the Government should abolish this quota system in order to curb blackmarketing and generation of black money.

Now I draw your attention to textiles which is causing grave concern to the exporters. Whenever a particular type of cloth is in demand in the international market, its price shoots up by Rs. 2 to Rs. 4. As a result of this either the exporter is not in a position to meet the order or if he manufactures the garments and meets the order he has to bear huge loss. Therefore, I demand that the hon. Minister may constitute a body comprising officers and experts of NTC, APC and Trade Fair Authority, so that whenever there is a demand for a particular type of cloth, the committee may direct NTC to manufacture the particular variety of cloth and supply it to the exporters so that they may be able to make supply against their orders.

Besides, I would urge the hon. Minister to revive the incentives that were given to the readymade garment exporters earlier. When the garment export was launched in the country, cash incentive of 40 per cent and licence incentive of 25 per cent was given on the FOB value but today there is no such incentive on the goods that are exported. They merely get 5 per cent licence incentive and 5 per cent draw-back—which has been probably increased to 7.5 per cent—thereby causing losses to the exporters. If these exporters are given more incentive they can export more but due to these impediments there is decline in exports.

Today the small exporters are facing a lot of difficulties. Several small factories are located in the areas where they do not even get a licence. They do not get facilities as available to small scale industries. The small exporter is helpless. He has to face frequent strikes. The manufacturers and exporters have to face great hardships.

Last year there was a big problem. Garments worth about Rs. 70 crores were blocked in New York. They had demanded handloom cloth and it was inspected and passed by the concerned authorities and Customs in India but they refused to accept it as handloom. The cloth remained at the

[Shri Jai Prakash Agarwal]

New York Port for about four months. Later the Government of India intervened in the matter and it was cleared. exporters had to suffer huge losses as a result of delay in payments. These exporters have to face such difficulties frequently and, therefore, I would like to suggest to the hon. Minister that whenever they face any difficulty, the Export Promotion Council, the Trade Development Authority or the Ministry should intervene and come to their assistance so that the matter is settled at the earliest so that the exporters do not face any hardship.

I would like to present my demands briefly as follows :

1. I demand that a better way of issuing quota should be devised.
2. Cloth should be made available at a reasonable price and in time.
3. The difficulties in transportation of goods by railways should be removed.
4. Interest on Pre-Shipment Credit should not be charged from exporters in India, as is the practice in other countries.
5. The exporters should be granted exemption from income tax for at least 10 years during infancy so that they can export more.

SHRI P. SHIV SHANKER: Aggarwalji, it would be better if you give these suggestions while speaking on Demands for Textile Ministry.

SHRI JAI PRAKASH AGGARWAL ; I am speaking about the problems of the exporters and exporters fall under your Ministry.

6. The exporters should be given drawback, cash incentive and licence facility at the earliest.

I hope the hon. Minister will pay attention to these demands and with these words, I support the Demands for Grants.

[English]

SHRI H. N. NANJE GOWDA (Hassan) : While rising to support the Demands under discussion, I would like to draw the attention of the hon. Minister as well as this august House to certain things.

SHRI P. SHIV SHANKER : I was

thinking that the hon. Members would plead for the increase in budgetary allocations. I was thinking on those lines.

MR. CHAIRMAN : They may do so ; it is just the beginning.

SHRI H. N. NANJE GOWDA : I was wondering who are the greatest beneficiaries in this country after independence. I think, in this country, the greatest beneficiaries are the bureaucrats and some business men supported by bureaucrats.

Take for example the State Trading Corporation under the Commerce Ministry. The bureaucrats in STC have connived with one monopoly contractor. They have caused Rs. 18 crores loss to the State exchequer. Not only this, but also they have helped the illegal outflow of foreign exchange to the tune of 8 million U. S. dollars.

As you are aware, the STC is the canalising agency for the export of molasses but unfortunately the export of molasses, for the last fifteen years, is monopolised by a single company and their sister concerns .. (Interruptions).

SHRI P. SHIV SHANKER : What is the name of that company?

SHRI H. N. NANJE GOWDA : Indian Molasses Company and their sister concerns...(Interruptions),

SHRI SOMNATH CHATTERJEE : Which house?

SHRI H. N. NANJE GOWDA : I do not know.

SHRI P. SHIV SHANKER : Somnath's house(Interruptions)

SHRI H. N. NANJE GOWDA : Two august bodies of this House have taken objection to this. The Public Accounts Committee and the Committee on Public Undertakings have taken objection and this wanted to broad-base this competition and avoid monopoly. Consequently, the STC invited tenders in 1979. The hon. Minister was pleased to answer my question No. 826 on 28th of February 1986. According to his answer, only this company is there since the

inception of export of molasses. I do not want to read the details but the Minister admitted that it is only this company and their sister concerns which are dealing with the export of molasses. To another question of Mr. Basavaraju and mine, he has given the details of the tenders...*(Interruptions)*.

SHRI P. SHIV SHANKER : May I have the number again please?

SHRI H. N. NANJE GOWDA : Question No. 885 dated 28th February, 1986.

There he said, eleven parties quoted against the tender for export of molasses, the lowest being at Rs. 223 per metric tonne and the second lowest at Rs. 250 per metric tonne. This Indian Molasses Company and their sister concerns have quoted at Rs.275 and since there was ban on export of molasses, the STC wanted the contractors to extend the validity of the tender. They went on extending the time at the same rate. Up to what time ; Up to March-April 1982 when the ban on export of molasses was lifted. And what happened afterwards...*(Interruptions)*.

SHRI P. SHIV SHANKER : Do you mean to say from 1979 up to 1982?

SHRI H. N. NANJE GOWDA : Yes. They went on extending the validity with the same rates. But when the export of molasses was restored, these tenders were ignored. Jolly well, on one day they called this person and gave the contract, that is, on 10.9.1982. This is the copy of the agreement that the STC has signed for export of molasses. The agreement was signed on 10.9.1982. The contract was signed for a period of five years to be effective from 1.6.1982—with retrospective effect. The rate quoted by them was Rs. 275 per metric tonne and they kept on extending the validity up to March-April, 1982. Now jolly well, the STC gives him what rate ; The rate given to him is Rs. 360. The matter does not end there. There are still other things. The STC after a year in June, 1983, entered into a supplementary agreement ...*(Interruptions)*.

SHRI P. SHIV SHANKAR : I am sorry, may I just get one point clarified? Is it your case that against the 1979 tender,

what they had quoted was Rs. 275 and the time for this tender was extended up to 1982, and on 10th September 1982 the contract was signed for Rs. 360, that is, for a higher rate than what they had quoted against the tender? Am I right in my assumption?

SHRI H. N. NANJE GOWDA : please repeat, Sir.

SHRI SOMNATH CHATTERJEE : Give a Summary please.

SHRI P. SHIV SHANKER : I am only trying to understand you so that I can also properly look into the whole record. You said, the tenders were invited some time in 1979 and this party quoted the tender at the rate of Rs. 275 per metric tonne. Now, these tenders were extended from time to time and they were asked to extend the validity.

They had been extended right upto 1982. When it came to 10th September, 1982, when the agreement has been entered into by the STC with this party, you say that in the agreement it is at the rate of Rs. 360 per metric tonne. Am I right?

SHRI H. N. NANJE GOWDA : Yes, yes.

SHRI P. SHIV SHANKER : It is okay.

(Interruptions)

SHRI H. N. NANJE GOWDA : After this thing, the STC found it very convenient to sign a supplementary agreement on June 21, 1983. It is just after an year. What is the rate offered? The rate offered is Rs. 595 per metric tonne. This is the agreement letter written to J R Enterprises on June 21, 1983. Again they say, it will be enforced for 3 years with effect from 1-6-83.

SHRI P. SHIV SHANKER : I understood you to say 5 years.

SHRI H. N. NANJE GOWDA : Now in the supplementary letter they have said 3 years with the increased rate of Rs. 595 per metric tonne. If you calculate the difference between the rate paid to him and the lowest tenderer it would come to Rs. 18 crore for

[*Shri H. N. Nanje Gowda*]

the quantity he has exported. (*Interruptions*). when the tenders were invited, they never told that the contractor would have the premium benefit of the sugar content. Sugar content premium would be there. The molasses are exported with a minimum sugar percentage of 48%. Above that it is called premium. It will be paid to the STC as per the tender notification. But here the premium benefit is given to the contractor to collect it in the foreign countries. You enquire with our STC how many sugar factories have complained that he is not lifting low content sugar molasses. He has always lifted more than 50% sugar content molasses only. As per the experts who discussed with me towards the premium of, sugar content alone which he has received outside the country in dollar is minimum eight million dollars.

SHRI SOMNATH CHATTERJEE : Unaccounted.

SHRI H. N. NANJE GOWDA : Unaccounted, of course. And one of his men is staying in Switzerland after the STC helped them with these rates!

SHRI SOMNATH CHATTERJEE (Bolpur) : We are wasting our time here.

SHRI S. JAIPAL REDDY (Mahbubnagar) : It might have come back to India as NRJ investment.

SHRI H. N. NANJE GOWDA : Now, Sir, what is the procedure? (*Interruptions*). Some hon. Members who are well-versed with the accounting procedure and export of these things must advise me. I was told, when a canalising agency fixes an agent they will open an internal letter of credit. That is, back-to-back account, they call. I don't know the details. But here in this case, the agreement says this. I quote :—

“Assignment of letter of credit :

STC will assign in favour of the Agents letters of credit established by foreign buyers in favour of STC on the under mentioned terms and conditions.”

That is under some terms and conditions. Now what will happen? He will receive back

the money and he will deduct in dollars his portion. The rest will go to STC. SO, STC is no more a canalising agent. He himself is the canalising agent and the exporter. I don't know how the Finance Ministry permitted it. Somebody who is a Finance man was wondering how the Finance Ministry permitted this irregularity to happen. Fortunately people have invented the photostat copying machines. The Finance Minister's office makes the photostat copy and stamps 'Received Original : Finance Minister, Govt. of India'. We don't know what will happen to our original letter. It would not have gone to the notice of the Minister even.

SHRI SOMNATH CHATTERJEE : After that if you say 'Zinadbad', then we cannot do anything.

SHRI H. N. NANJE GOWDA : What is the latest attempt of this Company? To establish monopoly over the import of edible oil. How? With the help of the Shipping—Ministry the Shipping Ministry to allot land. Your STC also has to give a firm traffic. But what is happening is that the STC will give firm traffic in favour of some contractor, but the Shipping Ministry says, 'we have given land to this fellow. Don't give firm traffic to others' So on edible oil also he wants to establish monopoly.

PROF. N. G. RANGA (Guntur) : Who is that fellow?

(*Interruptions*)

SHRI SOMNATH CHATTERJEE : It is a pertinent question. (*Interruptions*). He cannot divulge that. He will be in trouble.

SHRI H. N. NANJE GOWDA : So, I would request the Minister—I had already written to the Prime Minister also and to the Finance Minister to look into these irregularities and if possible to have an inquiry by the CBI. So, I would request the Minister to look into these matters. (*Interruptions*).

Sir, from 24th of this month the coffee growers are on an indefinite strike. They are sitting in front of my house also as M. P. of the coffee growing area in Karnataka. They have got certain genuine demands, I

request the Minister to look into these because for coffee cultivators...*(Interruptions)*.

SHRI SOMNATH CHATTERJEE : What are you doing here sitting all the time when somebody is making 8 million dollars?

(Interruptions)

SHRI H.N. NANJE GOWDA : This is the minimum relief price-like this you have to take a decision immediately to revise it. I learn the recommendation in this regard is pending at your end. And the cost of cultivation per kg of coffee because the other day while replying to our question you were telling that they are getting profit, but not substantially. That is not the case. In Karnataka average coffee produce means 2 tonnes for 5 acres we get. The per kg. cost of cultivation, if it is efficiently managed, will be Rs. 10/- otherwise it will go up to Rs. 12/-. So, at least the minimum relief price should be Rs. 10/; and it must be given immediately, that is, at least within a week when they pool the coffee and give to the Board agents.

Your Coffee Board Act of 1942 is outmoded; it is not suitable to the present day. The Government should make immediate efforts to amend this Act. Now, out of 30-32 Members, the growers, representative are only 10. They are all nominated by the Government. They are not answerable to the growers. The number of growers' representatives should be increased at least to 15 and they must be elected from the growers so that they will be answerable to the growers. And let there not be a retired IAS officer as the Chairman. At least let a person from the growers become the Chairman of the Coffee Board. That is one suggestion which I am giving.

About export duty, I would say that out of 100 coffee growers, 10 are the big growers and 90 are small growers. But these 10 people, that is 10 per cent of the growers are holding 50 per cent of the holdings and the other 90 per cent of the small

growers are having 50 per cent of holdings. You must remove the export duty because it is a pool commodity. You may collect from the rich growers in another way, that is, in the form of income-tax and other things. But the poor farmers will be benefited.

About Cardamom.. ..

(Interruptions)

MR. CHAIRMAN : How long will you take ?

SHRI H. N. NANJE GOWDA : Only one point about cardamom. My friend was telling that in Kerala it is Rs. 125 per kg., but in Karnataka it is Rs. 60 per kg. So, the cardamom Corporation of India should enter into the trade. They must give an assured price. Let them directly export, whether it is cardamom or tobacco.

18.00 hrs.

In the case of tobacco also, your Tobacco Board must be in a position to export it to various countries. Why should they go to private parties for export?

With these words, I thank you for the opportunity given to me.

MR. CHAIRMAN: Next is, Shri Thampam Thomas.

SHRI THAMPAN THOMAS (Mavelikara): Sir, I rise to speak on the Demands for Grants. May I continue tomorrow ?

MR. CHAIRMAN : All right. You are on your legs. You will continue tomorrow.

The House stands adjourned to reassemble tomorrow at 11.00 a.m.

18.01 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Tuesday, April 1, 1986/ Chaitra 11, 1908 (Saka)