

MR. CHAIRMAN: The House shall now take up clause by clause consideration of the Bill.

The question is:

"That clause 2 to 6 stand part of the Bill"

The motion was adopted.

Clauses 2 to 6 were added to the Bill.

MR. CHAIRMAN: The question is:

"That clause-1, the Enacting Formula and the Long Title stand part of the Bill."

The motion was adopted.

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

DR. ABRAR AHMED: I beg to move:

"That the Bill be passed."

MR. CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

16.19 hrs

STATEMENT BY MINISTER

Import of Sugar

[English]

THE MINISTER OF STATE OF THE MINISTRY OF FOOD (SHRI KALP NATH RAJ): Government has been keeping

continued vigil on the Sugar Prices in the open market. The tendency of increase in prices which was noticed during the early part of the current sugar season from October, 1993 onwards, could be contained by February, 1994. The sugar production during the current season is expected to fall from the last season's level of 106 lakh tonnes to about 104 lakh tonnes. To contain the prices of sugar and ensure adequate availability during the remaining part of the current season and the early part of the next season, it has been decided to allow import of sugar under O.G.L. No duty of customs and no additional duty of customs would be levied on this import. It is expected that this measure would help augment domestic supply and keep the open market prices of sugar under check.

16.20 hrs.

STATUTORY RESOLUTION RE: DISAPPROVAL OF COFFEE (AMENDMENT) ORDINANCE AND COFFEE (AMENDMENT) BILL

[English]

MR. CHAIRMAN: The House shall now take up Items No.17 and 18 in today's Agenda Paper together.

SHRI NITISH KUMAR (Barh): I beg to move:

"That this House disapproves of the Coffee (Amendment) Ordinance, 1994 (No. 1 of 1994) promulgated by the President on January 14, 1994."

[Shri Nitish Kumar]

[Translation]

Mr. Chairman, Sir, we have put forth the Motion of Disapproval since we are against the practice of promulgating the ordinance. The Government can promulgate ordinance only under some special circumstances but now by doing so time and again it is taking the shape of a disease and that is why we have brought the Motion of disapproval regarding this ordinance in the House. As far as the objects and seasons mentioned by the Government to bring this Bill are concerned, broadly none can disagree to these but there are many doubts in our minds about it, which I would like to mention through you in the House and before the Government.

The Government has brought this Bill, keeping in view the long standing demand of the coffee growers. To increase the quota of free sale was one of their demands which has now been fixed at 50 per cent by the Government. Earlier they were allowed to sell it in the domestic market but now the coffee growers are allowed to export it. Though, it sounds good and when the coffee growers have demanded for it and welcomed this provision, being habitual coffee takers we do not want to say anything against their wishes. Though it sounds good that it will enable coffee growers to export their product directly but I have certain apprehensions in this regard. Will the Minister of Commerce, who is also present here, enlighten me as to how these coffee growers will be able to establish their access to international market directly? There must be some agency assigned with the job of export. Earlier, Coffee Board was responsible for all this work. Its objective was not to earn profit, but to popularise coffee, promoting its export

and to explore and develop the potentialities of research work in the field of coffee. Till now Coffee Board had been responsible for all these tasks which are working as a Public Sector Undertaking in the country but gradually, it will reach on the verge of closure because it will have to face stiff competition now onward. Competition is not a bad thing, especially when the Government is promoting open trade system now a days. We have taken up the policy of liberalisation and competition is an essential part of it. Now who would save these organisations when the Government itself has decided to abolish them? No one can save a child if mother herself is bent upon killing him. The Government has decided to do away with all its undertakings gradually. As a result of this, two-third of the Coffee Board employees will face retrenchment. They will be given compensation at the time of retrenchment and coffee growers will also contribute towards amount to be paid to them. It means that gradually all the employees will be removed from service.

The price of coffee has already increased consequent upon the promulgation of the ordinance by the Government. Hon. Minister please listen to me carefully (*Interruptions*)... I have spiritual relations with the Minister, so let me speak. Sir, through you I would like to apprise the House about the apprehensions of both the coffee growers and coffee users. Hon. Minister, I know that you are not a coffee grower as you belong to Eastern Uttar Pradesh. You may be a coffee user and in future you may suffer from diabetes by taking more sugar in coffee, so try to reduce your weight.

Mr. Chairman, Sir, at present coffee growers are happy and they could get more prices due to free trade but I doubt whether they will be able to export coffee directly. Some agency will be engaged in

this field. My basic apprehension is that some multinational may enter in the field of export of coffee and that company might establish monopoly and Coffee Board will almost be finished. After the monopoly of that company, the future of coffee growers, which presently seems to be very bright, will become gloomy again. They even won't get the prices of coffee which they are getting at present. Therefore through you I would like to suggest to the Government that some arrangements should be made for regulating coffee prices. In regard to the domestic market, I would like to state that when coffee prices increases in international market and people start exporting coffee in large quantity, then it would affect domestic market also and prices of coffee will also increase in the country. Therefore, some regulatory mechanism must be there. With regards to this Bill, I would like to suggest that some mechanism should be devised for regulating coffee prices. It is experienced that open sale of any commodity will remove control on prices of that commodity at once and in this case coffee growers will incur losses. Therefore, through you I urge upon the Government to make regulatory provision in this regard.

The second thing is that when prices of coffee fall in international market, people will not prefer to sell coffee outside the country and in such a situation, they will look towards Coffee Board. It means that if the rates of coffee are at lower side Coffee Board will have to come forward for incurring losses and if it is on higher side, Coffee Board will again incur losses because people will not sell their coffee through it. It will be disadvantageous for Coffee Board and ultimately for the Government. The Government will harm itself, if it allows free trade of coffee and make no regulatory provision in this regard.

Therefore, I urge upon the Government that there should be some regulatory provision. On one hand, coffee growers should be given higher prices and should be allowed to export as well as sell coffee within the country also. In addition, use of coffee and its development should be propagated without harming the interests of consumers. In principle, I am against this ordinance so I disapprove it.

[English]

THE MINISTER OF COMMERCE
(SHRI PRANAB MUKHERJEE): I beg to move:

"That the Bill further to amend the Coffee Act, 1942, be taken into consideration."

Sir, I would not like to make any long speech at introductory stage. Simply, I would like to point out, as it has been referred to in this statement and in the Bill itself, the situation in which the Ordinance was brought forward.

I do agree with the hon. Member who have given notice to move the Statutory Resolution for disapproval of the Ordinance and who have said that normally such pieces of legislation where there are not much urgency and immediacy should not be brought forward through the Ordinance route and that it should come through the normal process of legislation. There is no two opinion in this aspect, I would have been happy if I could have avoided to do it through the Ordinance route. But, there was a reason why we had to do it.

As the hon. Members are fully aware, we introduced the official quota for the year 1992-93. The long history of coffee and how the trade is regulated are too well known to the hon. Members. The

[Shri Pranab Mukherjee]

first Ordinance was passed sometimes in 1940; in the first two years—1940-41 and 1941-42—there was some official quota of about 40 per cent. Thereafter, in 1942-43, it was around 10 per cent. After that, the internal sale quota was totally abolished and upto 1990-91, it was totally under the control of the Coffee Board. We will go into this aspect, a little later, as and when the demands come. In the year 1992-93, we started with the experiment of leasing about 30 per cent free sale quota; the market responded well; and the coffee growers demanded it. Thereafter, this issue was also examined by the Parliamentary Standing Committee under the Chairmanship of Shri I.K. Gujral: they have also made the recommendation that this should be brought forward; and if necessary, it can be brought through the Ordinance also. Moreover, the season has started, I had to go through the Ordinance route because if I did not go through the Ordinance route and if I would have waited for the normal legislation route, then, this season would have gone. Of course, in that case, the argument would be that we should have taken sufficient action ahead of time. But, we have been examining it from various angles and particularly from the full report of how the release of 30 per cent official quota responded, how it got reflected in the market, how it was accepted in the system, how the growers and various sectors responded to it, etc. We studied all these things; we watched the development; and thereafter, the time frame was such that the option before us was either to lose one season or major part of the season or to go through the Ordinance route. I expected that I can have the indulgence of the hon. Members of the House to go through the Ordinance route as it will give some relief to the growers.

Shri Nitish Kumarji has raised certain other issues. I think, while replying to the debate, it would be appropriate for me to respond to some of the issues.

With these words, I would request that the Bill further to amend the Coffee Act, 1942, be taken into consideration.

MR. CHAIRMAN: Motions moved:

"That this House disapproves of the Coffee (Amendment) Ordinance, 1994 (No.1 of 1994) promulgated by the President on January 14, 1994."

"That the Bill further to amend the Coffee Act, 1942, be taken into consideration".

Shri V. Dhananjaya Kumar to speak.

SHRI V. DHANANJAYA KUMAR (Mangalore): Mr. Chairman, Sir, I rise to welcome the proposed amendments brought before this House by introduction of this Bill. Though I am not fully satisfied with the proposals made, still I would welcome it. In the course of the discussions. I would try to persuade the hon. Minister how he should have given the full liberty for the growers to sell the coffee on their own. As all of us know, the entire scheme of the Coffee Act makes a provision not only for marketing the coffee scheme but also to undertake many other functions, like research and development, quality control, pest control and in furtherance of marketing propaganda of coffee, etc., etc.

To understand my plea for more liberalisation. It would be necessary to know a little background of the whole coffee industry. On an average, we grow about two lakh tonnes of coffee per year. The world production today is about 60 lakh tonnes. The major coffee growing

States are Karnataka, Kerala and Tamil Nadu. Seventy per cent of the coffee is grown in Karnataka, 20 per cent in Kerala and 10 per cent in Tamil Nadu. The internal consumption is of the order of about 50-60,000 tonnes a year. So, we have to find a market outside the country for the remaining 1.4 lakh tonnes or 1.5 lakh tonnes of coffee grown in this country.

In the international market also, since we are small players, it is not within our realm to bargain for a better price. The countries like Brazil and Argentina, which are very large growers, grow something like 30 lakh tonnes and 10 lakh tonnes per year, respectively. They are the major players in the international market. To avoid all sorts of conflicts and unhealthy competition, International Coffee Organisation was constituted. We have been one of its members. Even today, we are members of the International Coffee Organisation. There has been a practice of arriving at a common agreement so that in the international market, the price could be stabilised, unhealthy competition could be avoided and every growing country will have equal participation in the marketing of coffee in the international market so that every grower down to the smallest grower would get a reasonable and fair price for the coffee produced by him.

Unfortunately, for the last three or four years in the international arena, the International Coffee Organisation could not arrive at a common agreement. So, the unhealthy competition got inroad. The coffee grown in our country was not getting the fair treatment, so to say, the fair and reasonable price.

Sir a little while ago, Mr. Nitish Kumar had been arguing that we must try to get good prices for the growers and at

the same time, we must be just and fair to the consumers also. Keeping in view the welfare of the Coffee Board, which is an organisation set up for marketing coffee side by side the welfare of the employees who are working in the Coffee Board should also be given care. Some solution will have to be arrived at as far as those employees are concerned. But I would say that it is not because of the functioning of the Coffee Board that the growers have been denied the fair price. To this extent the acts of the Central Government as well as the State Governments have contributed much in denying a fair or reasonable price for the growers. Today the Government of Karnataka is levying purchase tax to the tune of 8 per cent. Added to that, 2.5 per cent of turnover tax is also charged. The entire tax is collected from the coffee Board. It has been very easy for the Government of Karnataka to collect this money from the Coffee Board which would get the money pooled as what is called the pool fund by auctioning the coffee which is surrendered by the Coffee growers to the Coffee Board as per the scheme of the Act. Added to that, between 1978 and 1982, there had been a boom in the prices in the international market due to severe frost in Brazil and the coffee production in the entire globe had fallen considerably. At the time, there was a great demand for the Indian Coffee in the international market. At that point of time, the growers were able to get Rs. 46 to Rs. 48 per kilogram of coffee grown which was the highest ever possible. At that time, Government of India thought it fit that a portion of that will have to be taken away and should be received by the Government. They levied very heavy customs and excise duties. I understand that the Government of India, at that time, had collected something like Rs. 600 to Rs. 800 crore by way of these two duties from the coffee growers. Otherwise, the

[Shri V. Dhananjaya Kumar]

coffee growers would have got the benefit at that point of time. Today, the number of small coffee growers are very large. Out of the total of 1.20 lakhs growers, more than 95,000 are small growers who are growing coffee in a very small area ranging from two acres to five acres and only a very small percentage of growers are large growers. Both these sections are disillusioned with the whole scheme of the Coffee Act. Without knowing the proper functioning of the Coffee Board and without knowing the duties cast on the Coffee Board, they have started blaming the Coffee Board. They feel that they are denied reasonable price, leave alone remunerative price, due to the functioning of the Coffee Board. As I was saying a little while ago, it is not because of the functioning of the Coffee Board but because of the taxes levied by the Central and State Governments that the growers are denied of the benefit. As on date, after allowing this free sale quota at 50 per cent of the total coffee grown, today the grower is getting something like Rs. 1600 per tonne in the market whereas the Coffee Board would be in a position to pay something like Rs. 1200 and not more because the Coffee Board will have to suffer these taxes and have to meet the expenditure like propaganda and marketing.

Today, Coffee Board has 3000 employees working and the Government has thought it fit to bring this amendment to the Act without thinking for a moment the way to deal with these employees who would be naturally in excess. There is no doubt that the Coffee Board had made a proposal for making such an amendment. Side by side, Coffee Board had also made a proposal to the Government that a proper voluntary retirement scheme will have to be prepared so that the emplo-

yees who are found excess could be paid due compensation or they can find alternative employment or get themselves self-employed. I am sorry to bring it to the notice of this august House one point. Though the Government was all in a hurry to bring this amendment, they have not yet approved a voluntary retirement scheme. It is very strange on the part of the Government that though the growers have come forward to bear the money which will have to be paid to employees under the voluntary retirement scheme to the extent of 50 per cent, I understand that the proposed voluntary retirement scheme envisages payment of compensation at the rate of three months wages per year of service. The coffee growers have agreed that they would bear 50 per cent of the expenses out of the pool fund and the Government is made to pay only the remaining compensation at the rate of one and a half months wages per year of service which is normally accepted while implementing such a voluntary retirement scheme.

Still, the Government is developing cold feet over this matter. I don't know why this scheme is not approved. This has created panic. As it is, after the free sale quota is introduced, as per the scheme of the Act, section 17 makes it mandatory that every grower should estimate the total production in a season and he must furnish that information to the Coffee Board and apply for a licence and then pool 50 per cent of the coffee grown by him with the Coffee Board. Then only, the grower will be permitted to sell the remaining 50 per cent under free sale quota. He can sell it internally or in the international market.

Due to the vast difference in price, we have landed in a situation today wherein the growers are not coming forward to pool their produce with the

Coffee Board. On the other hand, growers feel that the Coffee Board or the Government indirectly through the Coffee Board, is pressurizing the growers to part with their produce at a cheaper and a throw away price. Naturally, a question arises as to why the coffee grower should suffer for the acts of the Government of India as well as the State Governments who levy such a kind of heavy taxation. I would make an earnest request to the Government of India to bring coffee under the purview of the Central Sales Tax so that the sales tax will not exceed four per cent. This can be done because it concerns more than one State. Coffee is grown in three States and efforts are made to grow it in other areas also. Mr. Chairman, Sir, you come from the North Eastern part of our country and you are aware that there have been attempts to grow coffee in the hill regions of North East as well. Efforts are being made to popularize coffee. I am very glad to bring to the notice of the House that though India is a small player and though we grow a very small quantity of coffee compared to the quantity produced internationally, yet Indian coffee is known as the best in the international market. There is a great demand for Indian coffee but we are not in a position to exploit the situation and see that the benefits reach our growers.

What is more important is the quality control. We are required to produce a high quality coffee. Then we will naturally find a market elsewhere. As Nitishji has been pointing out, the question that is uppermost in our mind is whether every grower will have access to the international market and whether a small grower will be able to sell his produce which constitutes very tiny quantity in the international market. Over the years, we have got the experience of getting the coffee collected at a particular place and then finding a good price for it in the

international market. I don't think the grower would suffer on this count. If he is at liberty to sell the coffee produced by him on his own without going through the scheme of the Coffee Act, he will not be put to any disadvantage. At the same time, I would also like to assure Nitish Kumarji that the Coffee Board need not be dissolved once for all. I say this because the Coffee Board has better functions such as undertaking research and development work to maintain quality, to deal with pest control, to carry on publicity work and so on.

SHRI NIRMAL KANTI CHATTERJEE (Dumdum): Coffee Board has to act like an umbrella to protect small growers.

MR. CHAIRMAN: May I remind the House that the agreed allotted time for this subject is one hour? I will be very happy if you try to be as brief as possible.

SHRI V. DHANANJAYA KUMAR: The hon. Minister would agree with me that coffee is a commodity which earns Rs. 400 crore worth of foreign exchange a year. Though we produce a small quantity of about two lakh tonnes, we earn a very huge amount of foreign exchange annually and hence it is a very important crop for us. As far as the other cash crops such as tobacco and tea are concerned, they are having Tobacco Board and Tea Board respectively which play a very vital role in promoting the produce in the market. Through the system of auctioning, Tea Board and Tobacco Board supervise the auctioning of these produces at the auctioning centres and they play a very vital role in getting a fair and reasonable price to the growers. I would suggest that the Coffee Board should also play a similar role. Let us try to evolve a new system like auction centres wherein the growers can pool their coffee. Then, the Coffee Board can play the pivotal role

[Shri V. Dhananjaya Kumar]

of supervising the auction thereby eliminating the traditional role played by middlemen and traders. In this way, the fear that the grower will be exploited will also be minimized.

The Coffee Board can definitely play a vital role in getting a reasonable price to the grower. At the same time, we can earn more foreign exchange by finding a good market for our coffee in the international field.

SHRI NIRMAL KANTI CHATTERJEE: There is no distinction between tea curing and coffee curing.

SHRI V. DHANANJAYA KUMAR: Coffee has to undergo curing process whereas in the case of tea you just pick the tea leaves, blend and sell them. Tea curing process is not that cumbersome. Coffee curing and coffee blending is a big process but preparing liquid coffee is yet another big process. This is an art. Many of our North Indian friends like to drink coffee but they do not know how to prepare good coffee. I was just trying to put before you the difficulties faced by the coffee growers.

I would plead with the hon. Minister that because of the peculiar situation in which the Coffee Board is placed, it is very difficult to operate the dual marketing system. The Coffee Board is hard pressed to get the coffee pooled, which is its bounden duty under the Coffee Act as it exists today. But, at the same time it would be very difficult for the Coffee Board to enforce these provisions because it has no enforcement machinery. It cannot go in search of each and every grower. The Coffee Board has got power under the existing law to seize coffee or to withhold permission for exporting the coffee. They can go to the dealer or to

any other trader, make search and seize coffee. But, all this would ultimately amount to harrassment of the growers.

The only alternative is to remove this 50 per cent barrier and make everything free. Let the growers get a reasonable price. At the same time the Coffee Board can also remain vibrant by doing this kind of service to the coffee industry. This would encourage the coffee growers to grow more coffee which will in turn means more foreign exchange for our country.

So, I would earnestly request the Minister to kindly accept the amendment proposed by me. This is a very small amendment which proposes to remove this 50 per cent barrier so that the coffee grower will get more freedom and this will also help our country to earn more foreign exchange.

STATEMENT BY MINISTER—Contd.

Deaths in Rajashtan due to use of suspected contaminated Kerosene

17.00 hrs

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATRUAL GAS (CAPT. SATISH KUMAR SHARMA): With great sorrow, I wish to inform the House of the unfortunate incident in certain parts of Rajasthan in which 27 persons so far have lost their lives and a number of persons injured, as a result of the use of contaminated kerosene.

An intimation was received from the State Government of Rajasthan telephonically in the evening of 9th March, 1994, informing about some deaths in Jhalawar and Baran districts of Rajasthan on account of accidents occurring due to the