

(Interruptions)

[Translation]

SHRI GEORGE FERNANDES : We have not received its report as yet.

[English]

MR. SPEAKER : The Report is already circulated.

SHRI VIDYACHARAN SHUKLA : The report has already been circulated.

[Translation]

SHRI NITISH KUMAR (Barh) : Mr. Speaker, Sir, this is the report of joint Select Committee and there will be lot of problems in the presentation of report today. Had it been included in the List of Business and proper notice was given, Members might have come with full preparation.

[English]

SHRI ANNA JOSHI : The House should not be taken so lightly.

MR. SPEAKER : It is just putting that before you. It is for the confidence of the House.

SHRI VIDYACHARAN SHUKLA : In case the Members feel so strongly that the Rubber (Amendment) Bill should be taken first, then let it be taken as the second item after the Rubber (Amendment) Bill.

[Translation]

SHRI GEORGE FERNANDES : This should be scheduled for tomorrow so that we may come with full preparation... (Interruptions)

MR. SPEAKER : My endeavour is to introduce other important matter in the House on which you may be able to discuss. In case you feel so strongly that the Rubber (Amendment) Bill should be taken first, then we will take their Bill. This Bill was referred to the Joint Select Committee but you have enough time to discuss it.

[English]

We will take it up tomorrow and we will try to sit late in the night, if it is necessary, and take up that Bill.

[Translation]

SHRI NITISH KUMAR : What is problem in taking it up tomorrow ?

SHRI GEORGE FERNANDES : We do not raise objection to the time limit. We can sit late in the night.

[English]

MR. SPEAKER : We will take it up tomorrow. We will now take up item number 11.

12.48 hrs.

RUBBER (AMENDMENT) BILL

[English]

THE MINISTER OF COMMERCE (SHRI PRNAB MUKHERJEE) : .Sir, I beg to move:

"That the Bill further of amend the Rubber Act, 1947 , be taken into consideration."

This Bill was examined by the Parliamentary Standing Committee attached to the Ministry of Commerce. They have also

gone into the proposed amendment. The amendment is very simple and innocuous one and that is regarding amending section 12 wherein we are suggesting that the rubber cess which in being collected at the rate of 50 paise should be raised to Rs. 2/ per Kg.

As the hon. Members are aware, activities of the Rubber Board have increased substantially. This Act was enacted in 1947 and from 1947 onwards, there has been some enhancement of the cess per Kg of rubber. But for quite some time, practically from the mid-50s, there has not been any step up. On the other hand, the activities of the Rubber Board have expanded very vastly. The acreage under rubber cultivation has also increased substantially. The production has gone from 15000 tonnes to almost more than 400 thousand tonnes. In fact, in 1950-51, the total acreage was 74915 hectare and the total production was 15830 tonnes. The productivity per hectare was 284 Kg. In 1993-94 the acreage has gone upto 510 thousand hectare, the production has gone upto 435 thousand tonnes and productivity has also increased from 284 Kg per hectare to 1200 kg. A lot of developmental research work including support to the exporters who are using the natural rubber are also being provided through this fund, deducting two per cent of the cost of collection and the balance is credited to the Consolidated Fund of India. From there, we are supporting it. Upto early 80s, the amount which was realised from the cess was enough to meet the expenditure of the Rubber Board. But of late, there has been a serious gap between the amount which we are realising. In fact, now, 50 per cent of the cost is being borne by this cess. That is why it was thought if could enhance from 50 paise per kg to Rs. 2/-per Kg.

The Standing Committee have examined

this and they have suggested that instead of two rupees, it should be taken as one rupee. Accepting that, I have also requested you, through my letter, that instead of bringing the formal amendment, I would not like to take this opportunity to assure the House that I would not like to increase the cess beyond rupee one, in deference to the wishes expressed by the Parliamentary Standing Committee. In other respects, they have all agreed that there is need for stepping up the resources.

One more interesting point is that in some of the non-conventional areas like the North - Eastern and certain other areas, we have expanded. Some of the World Bank projects are also being taken up to expand the rubber cultivation. All these things that is replantation cost and the research and development cost would require that the activities of the Rubber Board ought to be supported with larger funds. Keeping that in view, I would seek the indulgence of the House to support this Bill. It is innocuous and there is no basic difference between the recommendations of the Parliamentary Standing Committee and what I am seeking for.

MR. SPEAKER: I think is a very simple Bill. From "fifty naye paise the Government is seeking to get up to "two rupees" in the Bill .

SHRI PRANAB MUKHERJEE: That is the upper ceiling Sir,

MR. SPEAKER: Yes. But through the letter written to me by the hon. Minister to which he made a reference just now, he has said that it may be raised up to rupee one, not beyond rupee one. This is a simple Bill. So, we shall allow the Members to speak on this Bill, but on this point only when there is an amending Bill we do not speak on

[Sh. Pranab Mukherjee]

the entire subject as such but we speak on the entire subject as such but we speak on the amendment only. So, if we follow that method, than we would be able to pass this Bill before Lunch.

Now Motion moved:

"That the Bill further to amend the Rubber Act, 1947 be taken into consideration.

SHRI KABINDRA PURKAYASTHA (Silchar) : Mr. Speaker, Sir, the hon. Minister was just telling that there is no necessity ... (*Interruptions*).

MR. SPEAKER: You do not have to cover the entire rubber plantation, research, marketing and all that; you have to speak only on excise duty.

SHRI KABINDRA PURKAYASTHA: Yes, I am making my speech short.

MR. SPEAKER.: Not short, but pertinent.

SHRI KABINDRA PURKAYASTHA: Sir this Bill is brought before the House for substitution of words "fifty naye paise" with the words "Two rupees" in sub-section (1) of section 12 of the Rubber Act, 1947 As mentioned in the statement of Objects and Reasons, this substitution has been necessitated as the expenses of the Rubber Board have increased considerably due to increase in its activities in the plan and non-plan areas. As mentioned the Board has taken up a number of new plans and schemes such as rubber plantation development programme, rubber development in the Eastern and the Western regions, and research programme to expand rubber pro-

duction, etc., and hence the proposal for this higher ceiling from fifty paise to Rs. 2 per kilogram of rubber has been made.

12.54 hrs.

(MR. DEPUTY SPEAKER *in the Chair*)

In this connection, I have to say that this amendment is necessary. I do not say that there should not be any increase, when it is said that many plans and programmes have been taken up by the Government and, as a result the expenditure of the Board has increased so many times, I have to say that the rubber industry in our country is now practically progressing.

From the statistics it is revealed that the growth of production and the growth of import, everything has gone up and that has been there and as per the Government liberalised policy, this may pick up further more. For the purpose of this development and growth in production etc. the Government has taken so many schemes and the Rubber Board is trying to monitor them. In this connection, I must say that there are many points which can be raised in this Bill. But I am not going to just say all these things.

In the Bill, on the rubber production, the question of land is there. Particularly in the non-traditional areas like the North-East States, it has also been stated that this is being expanded. We are very happy. But in case of expansion, I simply like to mention here and also request the hon. Minister to look into the facts, that there is enough vacant land which is useful for rubber production. But in many cases attempts are not made to entrust it to those who produce rubber. They do not get chances of rubber production. Hence, some factors play their role and as a result, sometimes we see that

the Government machinery also does not do justice to the agency. And this also acts just like an obstruction on the growth of rubber production.

In this matter, I request the hon. Minister to see that the rubber production throughout the country is picked up and for this the essential help and Government assistance should be given in a proper manner. Government also should see that real agencies are not deprived of getting chances to go in the field of rubber production.

While speaking regarding this increased cess, I am to say that when I told that rubber industry is on the progress, I think the hon. Minister will also admit that this has not taken a very solid stand yet. It is on the path of progress. Still we have to import rubber for creation of export production in the country. In the years 1992 and 1993 some import was there of natural rubber from outside and it was said that for the growth of export production that rubber was imported. It is also to be seen that this import from outside should not go on a rise and we should create our potentiality inside the country so that the import is not necessitated.

In this regard I have to say one thing that from 50 paise, just a jump to Rs.2 is too much. When it is on the stage of growth, when it is on the stage of growing up, this increase, I think, will be too much. Therefore, if it is done naturally the burden of this cess is to be borne by the manufacturers and they might feel some uneasiness or they might feel disappointed and, therefore, this may hamper the production of rubber in the country.

Therefore, I request that this cess should not be increased to Rs.2 from 50 paise, by a jump.

13.00 hrs.

The hon. Minister also has just stated that he has written a letter to the hon. Speaker that it is to be made Re.1/- now. We are not opposing the increase in the cess. But this has to be done taking into consideration the present position of the rubber industry. The Government has to see how the persons involved in the rubber industry feel about this increase and whether it will be beneficial to them and also to the Government. Considering all these aspects, this has to be done.

SHRI THAYIL JOHN ANJALOSE (Alleppey): Mr. Deputy Speaker, Sir I oppose the Bill to amend the Rubber Act of 1947. The Minister has introduced this Bill to hike the case on rubber to Re. 1/- from 50 paise per Kilogram. The reason shown by the Minister for this is that the increased amount will be used for the activities of the Rubber Board. The cess of Re. 1/- is to be imposed on the manufacturers and the Minister may claim that this is not going to affect the farmers. But the fact is that the manufacturers will pass on this burden to the traders and eventually it will land up on the farmers. As the whole House knows, the rubber farmers are facing a difficult period now due to the fall in the prices.

Even when expenditure on the soil has multiplied the price of the product has plunged. The Government which is reluctant to intervene to save the farmers is now coming up with this Amendment. This is going to worsen the situation. What the Government has to do is to help the farmers in such a way that the production will be increased and this, in a way will give more revenue to the Government.

Sir, I would say that the recent actions of the Government have gone against

[Sh. Thayil John Anjalose]

the interest of Kerala. The rubber cultivators and coconut growers are facing hardship throwing Kerala's economy to the brink of a collapse. Though the Government is not importing rubber, the exporters can bring in any amount of rubber due to the new policy of the Government. This is exactly the case of cocount also.

Sir, many a time we had given representations to the Government for evolving adequate mechanism for bringing stability in the prices of rubber and coconut. The Government which on earlier occasions used to intervene in the market is quitting from this role also as part of unleashing of market forces. The rubber price in Kerala has now reached an all time low level, even below the support price declared by the Central Government. It is surprising to note that the Government which is very keen to increase the prices of wheat and rice even by declaring bonus for the farmers is turning its back to the cash crop cultivators and cocount growers. The cost of production and the price is totally unmatched and is very explicitly adverse to the farmers in the case of Kerala's agricultural community.

Therefore, I urge upon the Minister to desist from bringing legislation which would increase the burden of the farmers and also would request him to show at least a bit of concern for the farmers of Kerala.

SHRI A. CHARLES (Trivandrum) : Mr. Deputy - Speaker, Sir, I support the Rubber (Amendment) Bill which is before the House now. This Bill has been introduced with a very limited purpose of enhancing the ceiling fixed in the excise duty. Now it is fixed at 50 paise per kilogram. Though this was fixed in 1947 and the

ceiling had already reached in 1984, for the last 10 years there has been no enhancement.

Sir, the fund is mainly spent for the expenditure of the Rubber Board and I totally agree with the hon. Minister because the Rubber Board is doing a commendable job. In this respect, I differ from my hon. friend Mr. Anjalose. I may tell him that in Kerala 80 per cent of the rubber growers are small and marginal farmers with less than two acres of land. So, my concern is, these small and marginal farmers will have to be supported.

The Rubber Board is doing a very commendable job. They have their research and development programmes. They have the latest varieties of rubber seedlings and these small and marginal farmers are given the seedlings at a subsidised rate. At least seven years will be required to tap rubber from the plant and all these seven years these small and marginal farmers are given some subsidy for the nursing programme also.

So, what is worrying is the marketing. In Kerala, after coconut, rubber is the mainstay of the economy for the people. There is a feeling, when we speak of rubber, that it is the cultivation of the monopolists. That is totally wrong. More than 80 per cent are small growers having half acre of land with 50 trees to 100 trees. One of the members of the family taps rubber, collects latex, another produces the rubber sheet and takes it to the market for sale. This is happening every day. If the cost of rubber is affected, they will face starvation. Quite unfortunately, in the last one year, the cost of rubber has gone down like anything. Even the Rubber Board has recommended a price of Rs. 30 per kg. That has not been

accepted by the STC. My request is that the support price has to be there. At least, some sort of distinction has to be drawn between the product by small growers and big growers. This enhancement of cess should not be passed on to the small growers. Somehow, they have to be protected. Recently, some steps have been taken by the Rubber Board for fixing the support price. Even the present cost of rubber is not sufficient to meet the expenditure. The cost of fertilizer has increased. The cost of labour has increased. All the input costs have increased. But there is no marginal increase in the cost of rubber. At least, the cost of rubber should be Rs. 30 per kg. Then only, small and marginal farmers would survive. I request that this aspect may also be looked into.

I am glad that the hon. Minister has given an assurance that at one stroke, it will not be raised to Rs. 2. It will be raised to Rs. 1 only. But after five years, if the economy changes, if there is a need, it has to be enhanced to more than Rs. 1 but up to Rs. 2. We are delegating the power up to Rs. 2. There is a categorical assurance that, for the present, the cess shall not exceed Re. 1. I am happy that that assurance is given.

I would repeat that the interests of the small growers should be protected and the Rubber Board should be given direction that the support price should always be there and the real cost of production shall be taken into consideration in fixing the support price so that the interests of the small growers are protected.

With this, I totally support the Bill because it is in the interest of the Rubber plantations, in the interest of the economy, in the interest of the people. I totally differ with Mr. Anjalose because I do not think, he is viewing things in the proper perspective. Opposing a Bill simply for the sake of oppo-

sition will not help the people. We have to take care of the country, of the people, for the rubber growers. This Bill is meant for this and I support it.

SHRI P. C. THOMAS
(Muvattupuzha) : As the hon. Speaker has also said, it appears to be an innocuous Bill since the amount of cess to be increased is from paise 50 to Rs. 2. As assured by the Hon. Minister, I Understand that though a formal amendment has not been moved, the cess will be fixed at Re. 1 only. I think, that is the assurance that has been given .

As has been stated by the hon. Minister, the increase in the cess is for the purpose of doing research and development for the rubber plantations, through the Rubber Board. How can the rubber plantations or the growers be helped to the maximum is the question which is relevant. It has already been said by the hon. Commerce Minister that there has been tremendous increase in the growth of rubber plantations.

As the hon. Commerce Minister said, the area under cultivation in 1950-51 was only 74,950 hectares and the production was 15,830 tonnes. It is also clear that as the years passed by, the land under cultivation increased from 1,43,905 hectares in 1961-62 to 2,17,188 hectares in 1971 and to 4,66,000 hectares in 1991-92. But this is not because of the efforts to the Rubber Board alone. It was mainly due to the efforts of the farmers. The farmers made great contribution. I agree with the hon. Members who have already spoken that the majority of the farmers who brought the cultivation to this extent of land being raised from 74,000 to 4,66,000 hectares are the small farmers. It is by the efforts of the farmers that the extent of land has gone up. The production which was 15,830 tonnes has increased enormously. It has come to 3,66,745 tonnes

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in 1991-92. That means, within 42 years, the area under cultivation increased six times and the production has increased twenty four times. We can see that a lot of effort has been put in by the small farmers. The area under cultivation by the big planters is only below ten per cent. Ninety per cent of the cultivation is being done by small farmers. How can this cultivation progress unless the small farmer are given due consideration? The small farmers can be given due consideration only if price stability is maintained. Unless proper price is given to the small farmer, unless he is assured that he will get a proper price for the rubber which he is producing, he will not go in for this plantation. This plantation in which india can say that we have gone to the extent of almost coming second or third or fourth in the world in rubber production, is because of the 90 per cent of small farmers who have cultivated one acre, 2 acres, 5 acres etc. producing small quantities by themselves. They are the backbone of this cultivation.

I just draw the kind attention of the House to the price situation also. Then we can say as to whether proper justice has been done to the small farmers of rubber. It can be seen that in 1981-82, the price for one quintal was Rs. 1,460 whereas in 1991, though the plantation has risen, the number of kilos which has been produced has also risen, the price has only gone up to Rs. 2,129/-. Even now, the price has not come up to the expectations. Percentage-wise, price escalation for the past ten years is 40 per cent. This is very low when compared to the price escalation for all other things in this country. What is the cost of cultivation? We can see that in 1981-82, the cost of cultivation of one hectare of land, as per the statistics available in the Rubber Board, was Rs. 16,000/- per hectare.

That is the Rubber Board's statistics. In 1990-91, within a period of ten years, as per the Rubber Board's statistics, the cost of cultivation has gone up to Rs. 37,000/- I do not agree with this figure because this is not a correct one. The correct one is much more. The production is also much more. Because of the fact they are small farmers, we do not get the correct data. The correct data is not obtained. The statistics about the correct area cultivated, the correct quantity of rubber produced is not clearly available. The cost of cultivation is also not correct. Even as admitted by the Rubber Board, the cost of cultivation, as above, has risen to 131 per cent comparing the cost of escalation during the period from 1980 to 1990. This is something which we have to take into account very seriously. Are we actually helping the farmers? Are we actually doing justice to the farmers?

Sir, tyre is a product of rubber. Regarding the Wholesale Price Index, there is absolutely no comparison between the gain that the primary producer gets and the manufacturer ultimately gets. In the case of tyre and tubes, the Wholesale Price Index has gone up. Taking the base 1970-71 as Rs. 100, in 1981-82 it was 291 points and between 1981 and 1988, within seven years, it has gone up to the figure of 424, that is, there is an increase of 45.7 per cent. In the case of synthetic rubber also, the increase, if it is calculated, comes to 109.4 whereas in the case of natural rubber grown to 26 per cent. The Wholesale Price index comes to 26.1 per cent. That is the reality. Whereas, taking the normal average, the Wholesale Price Index has escalated to 54.8 points. So, the small rubber planters are in a difficulty. In respect of other agricultural produces, for rice, it was 226.1 in 1981-82 and it has come up 363.7 in 1988-89. The increase is about 60.9 per cent. For sugar, it is 48.6. For wheat, it is 47.6 whereas for

rubber, it is only 26. These are not merely statements made without any statistics. But these are all taken from the study of the 'Economic Advisors' Union Government. The source is the Government of India itself. So, when this comparison is made, the Board, if at all it has been successful in extending the plantation, has completely failed in giving a remunerative price to the farmer. If the farmer is not going to be given a remunerative price, I think India would suffer a lot. In 1985-86, the consumption of India was 2,37,440 tonnes. In 1991-92, it has come up to 3,80,150 tonnes and in 1992-93, it has come up to 4,00,000 tonnes. It is estimated that in the year 2000 A.D., the requirement of rubber in India will be 680,000 tonnes. And, in 2010 A.D., it will come up to one million tonnes. How are we going to produce one million tonnes if the farmer is not given a remunerative price? This must be the crux of the problem when we are thinking of this rubber plantation. When we are thinking of increasing the cess, it is an increase of fifty paise per kilo. It is going to be increased to one rupee per kilo. I feel that when the farmer or producer or somebody connected with it is going to give the Government, the Board or the Consolidated Fund of India, he is giving double the amount.

Is he not entitled to get an increase in the price? But the situation is completely dark because now I do not know whether it is because of the off-shoot of the new policy. After the liberalisation has come, the imports are made without any limit. Now the advance licensing scheme is one scheme in which the imports are not properly monitored. Many who get advance licences are importing rubber into this country in spite of the fact that they are producing what they want. But still they are importing it and thus farmers are hit at the back. This is the condition. Therefore, unless a farmer is helped, the whole success which we have

gained, is about to go to the other side.

I may also just add one point. When we think of the rubber price, what is the assurance that the Government can give? the Government must give an assurance just as it is given to the other farmers saying that if the price goes low, then they will help them. That is an assurance that the Government should give. I am afraid the new policy or the new statement which has come from the side of the Government or the governmental agency is to point out that the Government is not hereafter going to have the support price scheme. There is no support price scheme for rubber. It is a benchmark price that is going to be declared. If it is not going to be declared and the Government does not come to the market when the price goes down, then what will the farmers do? It is a fact that small growers cannot keep rubber for long. (*Interruptions*)

MR. DEPUTY SPEAKER: Mr. Thomas, the time allotted to this subject is one hour and the question is only about the increase from fifty paise to one rupee. I think, it is better that you concentrate on that. If you start talking about cultivation and other things, it will be very difficult. We have to complete this subject before lunch.

SHRI P.C. THOMAS: The Government should not go back from the support price scheme. There should be a support price. It has to be declared when the price goes down. Manufacturers do one thing. They collectively come and get away from the market for some time. That is being done every time. When they get away from the market, the price will go down. They know very well about it. This is a plantation where 90 per cent are small growers and they have to bring their rubber to the market and then only they will benefit by that. That is how they usually see that the price is not

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the normal price or the fair price that is given to the farmers. So when the Government wants fifty paise more, then the Government should assure that at a time when the price goes down, or when the manufacturers haul up the farmers by getting away from the market, then the Government should come forward and see that the proper support price is given. Governmental agencies should also enter the market, take the rubber and keep the buffer stock. But I think, buffer stock scheme is not there and the last year itself, it was dropped.

I humbly plead with the hon. Minister for Commerce to kindly give an assurance in this House or give a clarification in this regard while replying to this debate because there is a feeling amongst the poor and small growers of Kerala and other places where the plantation is there, that the Government is going to get away from the duty of saving these farmers. That is my submission. As stated rightly, I am not going to the other details.

Recently, there was one programme in the Star TV where they had shown about the use of rubber. The per capita use of rubber for an Indian is 3.6 per cent. But in an advanced country, the per capita use of rubber per person comes to 12 per cent.

We are advanced and we have to expect that the per capita use of rubber is going to be increased. I think only by helping the farmers this can be done. I urge upon the hon. Minister and the Government, through you, Sir, to see that the farmer is helped. That is all I want to submit and conclude due to paucity of time.

SHRI SYED SHAHABUDDIN
(Kishanganj) : Mr. Deputy Speaker, Sir, I

rise to support the Bill particularly in view of the fact that the hon. Minister has agreed that the excise duty shall not be increased suddenly to Rs. 2, but immediately it shall be raised to Rs. 1 only.

Sir, much light has been thrown on various aspects of rubber cultivation. I think an excellent case has been made on the floor of the House for the Government to follow a policy of market intervention, especially if the price of raw rubber goes below the support price or a bench-mark price, which should be fixed by the Rubber Board. I support that suggestion made on the floor of the House.

Sir, the Hon. Minister has given us the figures which show that acreage; production and productivity have all increased. I would like the hon. Minister to tell us something about the cost of production in India and abroad because here is a commodity in which we are a net importer; here is a commodity in which we would like to be self-sufficient. And surely we would like to have our productivity to go up and our cost of production to go down to such a level so that we can compete equally with the imported rubber. I also know the difference, there are huge rubber plantations outside while here we are operating mainly through small and marginal farmers. So, there is a difference in scale of production. But despite the scale of production, from the national point of view, it is essential that the imported price and the price of indigenous rubber should be at par with each other so that at some stage we are able to be totally self-sufficient.

The second part where I find a certain lacunae which I hope that the hon. Commerce Minister will fill in relates to the expenditure incurred by the Rubber Board on the development activities and the addi-

tional outlay possible for the Rubber Board to incur for the development of rubber plantations once we agree to this rise in this excise levy.

The final point that I have got is in relation to the ultimate consumer because after all, granted that the interests of the producer must be kept in view, granted that the rubber industry has to function in an efficient manner, I am afraid that this rise in the excise levy might be used as an excuse by the rubber industry to add to its profits and thus to burden the consumer. I would, therefore, like the hon. Commerce Minister to assure us that this levy which is meant for the uplift of the grower, of the cultivator, of the planter shall not be permitted to be utilised by the rubber industry in order to fleece the consumer. That is one thing on which I would like an assurance from the hon. Minister.

Sir, with these suggestions I would like to support the Bill and I do hope that in the foreseeable future in this essential and strategic commodity, with this additional investment in plantation development, we are able to reach the level of self-sufficiency.

SHRI RAMESH CHENNITHALA (Kottayam): Sir, I rise to support the Bill which has been introduced by our hon. Commerce Minister. This Bill is for a limited purpose. The excise duty on rubber is going to be increased from fifty paise to Rs. 2. The hon. Minister was kind enough to reduce it to Rs. one.

MR. DEPUTY SPEAKER: Shri Ramesh, you can continue your speech after lunch.

SHRI RAMESH CHENNITHALA: I will take two or three minutes only, Sir. The

excise duty is going to be increased by Re. 1 only. If it is necessary, it can be increased upto Rs. 2. The entire purpose of this Bill is to give more financial support to the Rubber Board.

It is very true that at present the Rubber Board has undertaken a lot of activities. These activities are benefiting the poor small and marginal farmers. As a Member of the Rubber Board I can very well say that the research and other activities undertaken by the Rubber Board are widely welcomed by the farmers not only in the traditional areas, but in the non-traditional areas also. As rightly pointed out by the Minister now the area of rubber cultivation is increased a lot and the productivity has also increased. So we can very well say that it is because of the combined effort of the Rubber Board and the poor and small farmers who are concentrated in better cultivation.

There are three or four aspects. The first and foremost is the price. Time and again in this august House, Members cutting across the party line have been appealing to the Government regarding the remunerative price. We have to see whether farmers are getting remunerative price. If you go through the Rubber Board records or their suggestions, we can see that the proposal which was given by the Rubber Board is not at all accepted by the Ministry. Not only the Commerce Ministry is involved in this, but the Industry and the Finance Ministries are also involved in this. I do not know why the mechanism which is formulating remunerative price for the farmers is totally defective. Something should be done in this regard. Every year a hue and cry will be there among the farmers, among the Members of the Parliament and political parties all over the rubber cultivating areas. Time and again we are asking for the revision of the benchmark price and the farmers are

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coming out with agitations for this. There must be a permanent system for declaring the remunerative price before the season starts. That is the main thing.

What is happening? After the season, when everything is over, the support price for rubber is being declared. That will not give any benefit to the farmers. My first and important point is that the Government should take necessary steps to declare the support price will in advance, so that it will benefit the farmers.

Secondly, the support price should be declared after proper consideration of cost of production. I do not know how they are assessing the cost of production. The price of fertilizers and manures are escalating like anything. Wage component also especially small and marginal farmers are suffering a lot. The calculation of the cost of production is totally defective. I request the hon. Minister to look into the present system which is totally defective and come out with a new scheme for giving remunerative price for our small and marginal farmers who are working hard to increase the production.

All the Members who participated in this discussion were mentioning about the remunerative price. Today the price which is fixed and announced is inadequate. Farmers are demanding at least Rs. 30 a kilogram as the price. Then only can they grow more rubber.

Regarding import I would like to say that time and again there was import and the tyre industry and other people have been demanding the import. There is the advanced licencing scheme. In this scheme a lot of licences were issued and a lot of rubber is being imported. By this the small

and medium level farmers are affected adversely. The mathematics which is given by the Department is not correct. The total availability of rubber is being calculated on the basis of the registered plantation areas. There are unregistered areas. There are small holdings and small farmers who are growing rubber in their own premises. That is not coming into the record. Actually speaking, the total production of rubber in the country is much more than what is calculated by the Rubber Board or any other agency. They are only going by the registered plantations. But there are unregistered plantations also should be taken into account.

Actually speaking, the rubber production in our country is more than what has been assessed and calculated by the Rubber Board and other agencies. So, my assertion is that there is no need for import of rubber in our country. We will be able to export rubber and we will be able to compete with others in the international market. The quality of rubber that is produced by India is better than what it is in other countries. There must be a concerted effort by our Department and by our Ministry to export rubber to other countries. We have to find a market and we have to try to sell our rubber in other countries more in quantity. We will be able to compete in the market.

As Shri Thomas has rightly pointed point, there is an apprehension in the minds of the people of Kerala regarding market intervention. The rubber cultivators are very much worried about the new announcement which appeared in the Press from the Ministry's side regarding buffer stock scheme, that it will be withdrawn. When the prices go down, the Government will ask STC or any other Government agency to intervene in the market to protect the farmers. Now, that protection will be withdrawn.

I do not know why we are going to do this. On the one side we are helping the Rubber Board, we are giving more financial support to the Rubber Board so that they can carry out the activities which will help the poor and small rubber cultivators, on the other hand, we are withdrawing the buffer stock scheme which will adversely hamper the rubber cultivators. So, my appeal to the hon. Minister through you, Sir, in this House, is that he should give an assurance to the cultivators of our country that the buffer stock scheme will not be withdrawn. Already the farmers are suffering. By withdrawing this scheme, by withdrawing the Government support, by withdrawing the Government intervention in the market, the position of the farmers will become worse. So, I would request the hon. Minister to assure the House and assure the rubber cultivators of our country that this buffer stock scheme will be continued.

With these words, I fully support the Bill.

SHRI BHOGENDRĀ JHA (Madhubani) : Sir, as it was stated in the Bill itself that they are going to increase it by only one rupee and as the Minister himself has volunteered to say much of what the hon. Members could say, much less is required to be said now by us.

About the functioning of the Board, naturally, the Board should be more efficient and more effective. I would like to say something with regard to the productivity of rubber. The prices must be remunerative for any produce; and that must be taken for granted. But, if that is done and if the production is also raised, that will be very helpful for a country like India which is overpopulated. So, the productivity of rubber is much more important. When the Minister replies, we will like to hear about the special efforts they are making to modernise the

rubber cultivation and to increase the productivity of rubber per acre so that our rubber will be in a position to compete with the other countries of the world.

Secondly, we have now to compete not only with rubber of other countries, but also with other goods like synthetic rubber and other things so that rubber cultivation may not go out of picture. Just like Indigo which went out about half-a-century ago. In that context, I will like to say that rubber must be made much more competitive than all other equivalent factors in the developing world. So, the question is of productivity and remunerative prices, as stated by my friends. They must take into account the character of Indian agriculture where there are a large number of marginal and small farmers.

A State like Kerala contributes more than 87 per cent of the total land which is under rubber plantation. Same is the case with regard to labour also. Taking that into account, the Government should ensure that the primary producers of rubber, like any other producer, get the remunerative price for their produce. Otherwise, the middlemen will take away the entire profit. So, in order to ensure that the actual producers get the remunerative price, Government's intervention is unavoidable.

I would like to emphasise that the Government should not allow the export of raw rubber. We should be in a position to utilize all the raw rubber at home and export the finished product. So, the Government should evolve a policy to ensure this. At the same time the import of rubber should not be allowed, otherwise, it will bring down the prices of internal rubber which will hit our industry.

I would like to say that the Government's new Economic Policy is to go

[Sh. Bhogendra Jha]

on increasing the excise duty and go on reducing the custom duty. This policy of the Government goes against our national interest. This is being done in piecemeal. I would like to know from the hon. Minister whether it is going to increase the custom duty on the imported rubber. The Government should not increase the custom duty either on the finished rubber or raw rubber. Of course, it may not be the part of the Bill but, still we should know the mind of the Government on this because this is going to affect the rubber industry.

Finally, I would say that the interests of the primary producers, manufacturers and consumers should be protected. The Government and the Rubber Board play an important part in this.

With these words, I would like to express my thanks to you for giving me this opportunity to say a few things.

SHRI PRANAB MUKHERJEE: Mr. Deputy Speaker, Sir, I am grateful to all the Members who have participated in the debate and supported the provisions of the Bill. Connected to the Bill, certain other issues have also been raised by the Members.

Firstly, I would like to assure the hon. Members that the intention of the Government is to help the growers who have brought the production of natural rubber to a level which I can describe as one of the success stories of import substitution. Even 14-15 years ago, when I was the Commerce Minister, every year we had to import 50,000-60,000 tonnes of natural rubber. In the year 1993-94 we had to import 4131 tonnes of rubber because our demand was 4,51,000 tonnes and our production was more than

4,46,000 tonnes. Some rubber is also coming through export related import licence but that is not a very large quantity. It is only 14,000 to 15,000 tonnes. Due to some sort of an import obligation we have to import certain varieties of rubber in order to make the products competitive in the external market.

Instead of having a horizontal expansion and having larger area under rubber cultivation, both Shri Shahabuddin and Shri Jha referred to the need to increase the productivity. I am happy to inform the House that we have stepped up our productivity from 284 Kg. per hectare to nearly 1200 Kg. per hectare. Thanks to our scientists and farmers and also to some extent the R&D effort of the Rubber Board, that we are able to achieve this level.

Today, we are the second highest so far as productivity is concerned. I do hope that it would be possible for us to meet the requirements. Here, one pertinent point which was referred to by Mr. Jha is that, today, nearly 75 per cent to 78 per cent of our consumption is from the natural rubber sector. It is helping the growers. It is also helping them in expanding their production.

So far as rubber is concerned, if its cost becomes prohibitive, then its place will be taken over by the synthetic rubber. So, that is our market system. We do not want to have that. Therefore, a balanced approach is to be taken where the interests of the farmers, the interests of the consumers and also the interests of the users could be looked into in an integrated manner.

Mr. Shahabuddin has asked as to what are the activities that we are having and what is the need for having those activities. Up to 1980-81, the cess which we were realising was all right and we were able to

meet our expenditure. In 1991, the expenditure was more than Rs. 34 crore but the realisation from the cess was Rs. 16 crore for supporting the existing activities of the Rubber Board. Therefore, this gap has to be bridged.

SHRI SYED SHAHABUDDIN: I was talking about the developmental expenditure.

SHRI PRANAB MUKHERJEE: Regarding developmental expenditure I would like to say that we give them plantation subsidies. It is because replantation is needed. It is not only applicable to rubber but it is also applicable to almost all plantations. It is one of the major areas where we have failed in modernisation. We could not do adequate replantation in time. For example I can get the highest yield from the rubber plantation after seven to eight years. After that for the next three to four years, I will be able to get the maximum yield. Notionally you can say that the life will be extended up to 30 years. If you do not replant them or if you do not replace them, then, you won't get the highest yield.

Another problem which is emerging and which we shall have to take note of is this. When we are expanding these areas, particularly, the North-East and non-traditional areas other than Kerala—we also have the World Bank scheme—there, we have stepped up the subsidy for plantation from Rs. 5,000 per hectare to Rs. 8,000 per hectare.

So far as developmental expenditure of the Rubber Board is concerned, for the year 1994-95, it is Rs. 21,29,00,000. It is substantially a higher amount. So far as World Bank project is concerned, of course, there is also a foreign component involved

in it. We are also trying to step up the research and developmental activities and replantation subsidies particularly in the North-Eastern States. Here we are expanding it very fast and we are working out, in consultation with the Government of Tripura, a scheme so that the tribal people can derive maximum benefit out of it.

So, keeping that in view, I can assure the hon. Members that the intention of the Bill is to support the growers, the farmers and as I mentioned earlier, it is one of the success stories.

As far as import substitution is concerned, nowadays, people do not take much of import substitution. But, both in the case of edible oil and natural rubber, we have made a real dent.

So far as imports are concerned, it would be in my own interest to keep them as low as possible. I can assure that unless it is absolutely necessary we will not bring it. Of course I am not only getting feed-backs here about the need for supporting the rubber growers but also in the Consultative Committee and the interactions that I have individually with Members of Kerala.

It is true that a decision had been taken for phasing it out of the market intervention. But, surely, we would like to see that the farmers do not or are not subjected to sufferings. It is because the gains which we had achieved, in that case, will be lost. We would like to watch the situation. I can assure the hon. Members that it would be taken care of.

SHRI BHOGENDRA JHA: But how? The small farmers have no capacity to hold the stock for long. Unless you intervene, how can they do it?

SHRI PRANAB MUKHERJEE: All these schemes are mainly for the small farmers and the intervention which is taking place is to protect them. But the old traditional concept, I am sorry to disagree with you Mr. Jha, the Government can only intervene and support. Otherwise, we will only land ourselves into a difficulty, where, we have now landed ourselves into.

Therefore, let us not talk of that and discuss the whole policy parameter within the purview of it. If we had that capacity, today, perhaps we would have not landed ourselves into this problem. But that is a different story altogether.

SHRI BHOGENDRA JHA: You are the master outside the country.

SHRI PRANAB MUKHERJEE: Only you think of the master outside because you have always formulated your policy keeping an eye on some other countries. We are not worried about them. So, please do not talk about them.

SHRI BHOGENDRA JHA: You should not disown your own past at least.

SHRI PRANAB MUKHERJEE: You may have some master outside. We do not have any master outside. Only you are the master. I am appearing before my master. Except this House, I do not have any master in US. You may have somebody. Therefore, I don't think that there is much a substantive issue on these issues.

I am grateful to the hon. Members for cooperating with me. As I mentioned, it is not my intention to do it. In fact, it has taken 37 years to go to 50 paise from 1947 to 1984. As I mentioned, upto 1980-81, what-

ever we got, when the activities were not so much expanded, we would have done it. But substantial investment in research and development, re-plantation subsidy, bringing up new areas under cultivation, instead of having horizontal expansion, vertical expansion by stepping up productivity is required; for all these activities, money is required.

With these words, I thank you all.

SHRI SYED SHAHABUDDIN: What is the difference between the indigenous price and the imported crude rubber price?

SHRI PRANAB MUKHERJEE: Still the imported rubber is little cheaper compared to our rubber. But we are trying to improve it; and more we will be able to increase productivity to that extent, our cost of production will be less.

MR. DEPUTY SPEAKER: The question is:

"That the Bill further to amend the Rubber Act, 1947, be taken into consideration."

The motion was adopted.

MR. DEPUTY SPEAKER: The House will now take up clause-by-clause consideration of the Bill.

Clause 2 - Amendment of Section 12.

[Translation]

SHRI GIRDHARI LAL BHARGAVA (Jaipur): Sir, I beg to move:

page 1, line,-

for "Rs. two" substitute "seventy five paise" (3)

[English]

MR DEPUTY SPEAKER I shall now put amendment no 3 moved by Shri Girdhari Lal Bhargava to the vote of the House

Amendment No 3 was put and negatived

MR DEPUTY SPEAKER The question is "That clause 2 stand part of the the Bill "

The motion was adopted

Clause 2 was added to the Bill

Clause 1 - Short Title

Amendment made

Page 1, line 3, -
for "1992" substitute "1994" (2)

(SHRI PRANAB MUKHERJEE)

MR DEPUTY SPEAKER The question is "That Clause 1, as amended, stand part of the Bill "

The motion was adopted
Clause 1, as amended was added to the Bill

Enacting Formula

Amendment made

Page 1, line 1, -
For "Forty-third" substitute "Forty-fifth"
(1)

(SHRI PRANAB MUKHERJEE)

MR DEPUTY SPEAKER The ques-

tion is
"That the Enacting Formula, as amended, stand part of the Bill"

The motion was adopted

The Enacting Formula, as amended w. added to the Bill

MR DEPUTY SPEAKER The question is

"That the long Title stand part of the Bill

The Motion was adopted

The Long Title was added to the Bill

MR DEPUTY SPEAKER The Minister may now move the Motion that the Bill as amended be passed

SHRI PRANAB MUKHERJEE I beg to move

"The the Bill, as amended, be passed

MR DEPUTY SPEAKER The question is

"That the Bill, as amended, be passed

The motion was adopted

(Interruptions)

MR DEPUTY SPEAKER. Many hon Members have spoken on this Bill and they gave very relevant suggestions to the Government. Shri Bhogendra Jha was able to give all the relevant points in five minutes. So, sufficient time was allotted to this Bill

Thank you very much

Now, the House stands adjourned

for Lunch and to meet again at 3 p.m.

13.57 hrs.

The Lok Sabha then adjourned for Lunch till Fifteen of the Clock.

1504 hrs.

[English]

The Lok Sabha reassembled after Lunch at Four Minutes past Fifteen of the Clock

(MR. DEPUTY SPEAKER *in the Chair*)

PAYMENT OF GRATUITY
(AMENDMENT) BILL

As Passed by Rajya Sabha

MR. DEPUTY SPEAKER: We shall now take up Payment of Gratuity (Amendment) Bill. Shri P.A. Sangma.

THE MINISTER OF STATE OF THE MINISTRY OF LABOUR (SHRI P.A. SANGMA): Sir, I beg to move:

"That the Bill further to amend the Payment of Gratuity Act, 1972, as passed by Rajya Sabha, be taken into consideration".

As the hon. Members will be aware, the Payment of Gratuity Act, 1972 provides, for a scheme for a payment of gratuity to the employees employed in factories, mines, plantations, oil fields, ports, railway companies, shops and certain other establishments and for matters connected therewith. The payment of Gratuity under the Act is, at present, restricted to the employees drawing wages not exceeding Rs. 3,500 per month.

Under the Act, gratuity is payable in the event of superannuation, retirement or resignation from service subject to completion of five years service. The completion of five years service, however, does not apply in the case of termination of employment due to death or disablement. The employees in the non-seasonal establishments are entitled to gratuity at the rate of fifteen days wages for every completed years of service or part thereof in excess of six months, while the employees in seasonal establishments are entitled to seven days wages for each season. The payment of gratuity is further subject to a ceiling of Rs. 50,000. total emoluments. The trade unions have also been representing for removal of the wage limit and also for suitable enhancement in the ceiling on the maximum amount of gratuity.

The various suggestions/recommendations have been considered and it is now proposed to carry out the following amendments in the Act:-

- (i) The wage limit for coverage under the Act is being removed altogether. This will make all the employees legally eligible for gratuity, irrespective of their wages;
- (ii) The existing ceiling of Rs. 50,000 on the maximum amount of gratuity is being raised to Rs. 1 lakh.

These are, in short, the important amendments proposed in this Bill. I hope, the hon. Members will welcome the proposed amendments which are of non-controversial nature.

With these few words, I commend the Bill for consideration of the House.