

15.47 hrs.

STATUTORY RESOLUTION RE.  
INCREASING THE EXPORT DUTY  
ON COFFEE, GROUNDNUT KER-  
NEL, GROUNDNUT IN SHELL AND  
CARDAMOM

THE MINISTER OF FINANCE  
AND REVENUE AND BANKING  
(SHRI H. M. PATEL): I beg to move  
the following Resolution:—

“That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following Notifications of the Government of India in the Department of Revenue and Banking, namely:—

- (a) No. G.S.R. 870(E), dated the 6th November, 1976, increasing the export duty on coffee from Rs. 300 per quintal to Rs. 1300 per quintal,
- (b) No. G.S.R. 877(E), dated the 13th November, 1976, increasing the export duty on groundnut kernel from Rs. 800 per tonne to Rs. 1500 per tonne and on groundnut in shell from Rs. 600 per tonne to Rs. 1125 per tonne, and
- (c) No. G.S.R. 13(E), dated the 12th January, 1977, levying an export duty on cardamom at the rate of Rs. 50 per kilogram under the new Heading No. 22 in the Second Schedule to the said Act,

from the date of each of the notifications aforesaid.”

Following the steep increase in the international coffee prices in the latter half of 1975, the export duty on coffee had been increased from Rs. 50 per quintal to Rs. 300 per quintal on 12 February 1976. The current price of Uganda Robusta Coffee in the London market in February 1976 was around £ 850 per tonne. From April 1976 world coffee prices again began to increase rapidly. The shortage of stocks appeared also to

be compounded by the operation of speculative forces, which resulted in the price increase. The price situation in regard to coffee was kept under watch. It could not, however, be said with reasonable certainty whether the increased prices would be sustained. After climbing to a level of nearly \$ 1,600 at the end of June 1975 there was a sharp break in the price in July when it again fell to £ 1,100. Thereafter the price once again increased. Taking note of the increase in world prices, the export duty on coffee was raised on 6 November 1976 from Rs. 300 per quintal to Rs. 1,300 per quintal under notification GSR No. 870 (E).

Prior to 13 November 1976 there was an export duty of Rs. 800 per tonne on groundnut kernel and Rs. 600 per tonne on groundnut in shell. In November 1976 when an export duty of 50,000 tonnes was allowed by the Commerce Ministry, the rate of export duty was reviewed. Prices of groundnut kernels in the domestic market then ranged between Rs. 3000 and Rs. 3,500 per tonne depending upon the quality and the size. On the other hand, the likely realisation from exports of HPS groundnut (kernels) was estimated to be over \$600 per tonne. Having regard to the level of internal and international prices of groundnut it was decided to increase the export duty on groundnut kernel from Rs. 800 to Rs. 1,500 per tonne and on groundnut in shell from Rs. 600 to Rs. 1,125.

Cardamom prices, which were fairly steady in the international market till about August 1976, began to increase rapidly during the last quarter of the year. Alleppey green variety of cardamom was quoted in London market between £2.70 and £3 per pound during the period March to August 1976. By December, 1976 the price climbed up to £6.75 per pound. The question of a levy of export duty on cardamom was, therefore, examined with reference to prevailing domestic and international prices and it was decided on 12 January 1977 to levy a duty of Rs. 50

[Shri H. M. Patel]  
per kg. on cardamom under notification No. GSR No. 13(E). A low priced variety of cardamom known by the botanical name of *Amomum Subulatum* was however exempted from this levy.

Immediately after the notification levying export duty was issued, representations were received from the exporters of cardamom about their inability to bear this export duty. They represented that much of the last cardamom crop had been sold out to traders, who, in turn, had entered into export contracts. They also represented that neither would their normal margin allow them to absorb this amount of export duty nor would they be able to pass on the duty to the foreign buyers as there were no alternative sources of supply. This resulted in the export trade virtually coming to a standstill and action had to be taken to ensure that the country's exports were not adversely affected. Further, it was necessary to safeguard the interests of the grower, whose crop had been affected by the poor monsoons, by seeing that the balance of the crop still with him fetched a reasonable price. The export duty was accordingly reduced after careful consideration to Rs. 10 per kg. with effect from 24 February 1977 by notification GSR No. 84(E).

MR. CHAIRMAN: Resolution moved:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following Notifications of the Government of India in the Department of Revenue and Banking, namely:—

- (a) No. G.S.R. 870 (E), dated the 6th November, 1976, increasing the export duty on coffee from Rs. 300 per quintal to Rs. 1,300 per quintal.
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800 per tonne to Rs. 1,500 per tonne and on groundnut in shell from Rs. 600 per tonne to Rs. 1,125 per tonne, and

- (c) No. G.S.R. 13(E), dated the 12 January, 1977, levying an export duty on cardamom at the rate of Rs. 50 per kilogram under the new Heading No. 22 in the Second Schedule to the said Act.

from the date of each of the notifications aforesaid."

SHRI D. B. CHANDRE GOWDA (Chikamagalur): I should like to draw the attention of the hon. Finance Minister to certain points arising out of the raise in export duty. The first announcement came on 10 February 1976 and the second announcement came on 6 November 1976. The point for consideration here is that both the export duties which have been raised were raised keeping in view the new budget proposal. Sir, that apart, I would like to submit that this is a storm in the coffee cup which has a crippling effect on the coffee industry as a whole. The grower is the sufferer, not the exporter or the importing countries. We should look into the reasons why the international prices have gone up. There was a price rise in the international market. The reason for this price hike in the international market is that there was a frost in Brazil in July 1975, which destroyed about 70 per cent of the coffee crop. The civil war in Angola and the earthquake in Guatemala, floods in Columbia and Mexico and drought in South Africa are some of the major contributory factors for the decline in coffee production. Hence the international price of coffee went up. We took the best advantage of these prevailing situations outside the country and we could sell our coffee at higher prices. But the redeeming feature was when the coffee export duty was raised in February 1976 to Rs. 300 per quintal, at that time about 4765 tonnes of coffee was already in the

pipeline. The duty which was raised in February 1976 did not cover the quantity of coffee which was already in the pipeline; neither the exporter nor the country which was importing coffee did accept to bear the increased export duty. Then came the question as to what is to be done with this quantity of coffee which was already in the pipeline. May I remind the House that inspite of these things, the internal market price of coffee had been maintained for such a long time and it was one-fourth of the price that was prevailing in the international market.

Now, the question arises as to who should bear the increased export duty so far as the coffee in the pipeline is concerned. When the export duty was increased, this point was not considered and the exporters were caught unawares of this situation. The matter came up before the Coffee Board for discussion and ultimately it was decided that about Rs. 1.25 crores had to be borne by the exporters themselves. Again when there was a second enhancement of the duty, the matter again came up for discussion, it was decided that this second enhanced duty was to be paid out of the Coffee Board's Pool Funds. This fund was to be made available only to the growers. But the difference of increase in the export duty for the coffee which was in the pipeline was also paid out of this Pool Funds. Otherwise this fund would have gone to the coffee planters. This means that the planters had to pay the enhanced export duty through their nose and not the exporters. This decision was taken outside the purview of the Coffee Act. The Pool Funds were made available to the planters to make good the rise in export duty. I would like to know why there was a crippling effect on the coffee industry. Neither the exporters nor the importing countries would bear this heavy burden of enhanced export duty, from Rs. 50.0 to Rs. 300.0 per quintal; in other words, it has gone up from Rs. 3,000

to Rs. 13,000 per tonne and therefore the exporter quotes less price in the auction. He keeps in mind the increased export duty, when quoting the price in the auction.

16 hrs.

Whatever be the reasons, the grower is hit. Don't think of the few rich growers numbering 300 to 400. Remember that there are about 80,000 small growers in India. Coffee is a hot foreign exchange earning commodity. The reasons for enhancement of export duty are just a passing phase. If you can abolish the export duty on tea and reduce the export duty on cardamom from Rs. 50 to Rs. 10 per kg., coffee has a better case for reduction of export duty. I would beg of the Finance Minister to kindly reconsider this. For the last so many years, the internal consumption is at a standstill between 37000 to 39000 tonnes. Coffee grown in India is not sufficient for our internal consumption. Still, to help the country earn foreign exchange, we are exporting coffee and the performance has been quite good. The coffee board is functioning just like a cooperative society. It should be said to its credit that the coffee board has been working well for the last so many years. This duty coming like a bolt from the blue has hit the entire industry and I have no hesitation in saying that it will hamper the growth of coffee production in India. I want to ask the Finance Minister, if the export market price comes down, are you going to create any reserve fund to help the small growers at the time of crisis or will you leave them to themselves? In fact, in February when the first rise in export duty came, there was representation from all sides, particularly from the growers that this duty should be levied on an *ad valorem* basis. This was also supported by the Chairman of the Coffee Board and by the Board itself. Keeping in mind all these considerations, I request the Finance Minister to reconsider the increase of duty in one jump from: Rs. 3,000 to Rs. 13,000 per tonne,

[Shri Chandre Gowda]

which will have a crippling effect on the industry. He should kindly consider reducing the rate and also give some assistance to make good the losses which the coffee board has suffered so far as the coffee in the pipeline is concerned which has been agreed to be exported and which the coffee board has to make good from the pool payments. This loss should be made good by the Government of India. In the interest of boosting up the export, I request the Minister to see that some bargain is struck. If the duty is to be raised, it should be raised periodically so that the production of coffee is not hampered and the image we have built up in the export markets is not tarnished.

SHRI A. C. GEORGE (Mukandapuram): Sir, this Resolution which the hon. Finance Minister is placing before the House will have far reaching effects on the farmers. I am sure, Mr. Patel may have the temptation in his reply to take the plea that these notifications were issued much before he came into the Government. So, I humbly seek of him to review the situation so that a healthy agricultural set up is ensured in the southern States of India.

As my good friend, Mr. Chandre Gowda has pointed out, Tamil Nadu, Karnataka and Kerala are the three States which contribute almost hundred per cent of the coffee and cardamom. Of late, there has been some attempt by Sikkim for cardamom. The whole logic behind this decision at one time, I am sure and I have no hesitation to reassure you, was in the context of certain transient and passing phases. In 1971—73, the coffee crop was around 100 thousand tonnes and we had great difficulty in finding the export markets at that time. We had to make great efforts then and we were able to export 23 thousand tonnes of coffee and our realisation was less than Rs. 18 crores. But in a period of four or five years with the enormous efforts made both by the Coffee Board as well as by

the Commerce Ministry, we were able to push up the market for Indian coffee in 1975-76. If I remember aright, the realisation was nearly 66 crores and our export was to the tune of 60 thousand tonnes. We are just now able to establish the foothold for Indian coffee. Brazil is the most important producer of coffee. They had a frost and their crop was almost destroyed. Actually if you go into the statistics you will find that Indian crop is only 10 per cent of what is produced in Brazil. Just because the Brazilian crop is affected even to some extent which is a huge quantity, perhaps it may look as if Indian coffee is getting higher return. It is just getting out of frost which is a natural phenomenon. If you base our financial policy on certain passing phases, it will have disastrous affect on the farming community. From 3000 to 13,000 per tonne is a very drastic increase and it will have a crippling effect.

There is a notion prevailing among many of our friends that coffee is a planters' item. It is not so. It is a farmers' item. There are 280 big planters in this country and 66 per cent of the coffee is produced by more than 86000 small holders and so let us not be under any illusion that this duty will be passed on to the exporters. It will come straight on the head of the coffee farmers. I would request the hon. Finance Minister to review the whole position so that a market which we have built up with great effort is not lost. In 1970-71, we had a great glut but today our coffee is pushed up and has established a foothold in the international market.

Coming to cardamom, there is also a very interesting situation. In coffee, 70 per cent of the production is in Karnataka, 20 per cent in Kerala and 10 per cent in Tamil Nadu. In the case of cardamom 70 per cent of the crop is in Kerala, 20 per cent in Karnataka and 10 per cent again in Tamil Nadu. So, this is a crop which is somehow or the other shared between

the 3 Southern States. It was only in 1972 that there was a general clamour from the farmers to have a support price for cardamom. It is only recently that because of the 'karte' disease, about which the Cardamom Board is trying its level best to find a solution, the crop has come down. What used to be a crop of 3600 tonnes per year, exporting to the tune of 2500 or 2600 tonnes, has come down to 2000 tonnes. In regard to these two items, if you try to take advantage of the temporary phenomenon, it will not be in the interests of the country. We are really killing the goose which is laying the golden egg. I would request the Finance Minister to take a whole view of the situation and not to take the plea that it was not he who ordered this.

It may look very innocuous: i.e. when you say that it is Rs. 50 per kg. I was really confused when I read these 3 notifications. In one case it is per quintal; in the other, it was per tonne; and when you came to cardamom, you put it in kilograms. Rs. 50 per kg. came to Rs. 50,000 per tonne. In these 3 notifications, there is confusion about the various gradations. Rs. 50,000 per tonne is absolutely unbearable. If the Finance Minister goes into the mechanism of cardamom selling, he will find that there is a traditional and peculiar system prevailing in it. Even when the crop passes from the hands of the farmer, he does not realize it. Only when the exporter gets the money after the L.C., does the buyer pay him. Ultimately the farmer gets the money. Till then he is in a market limbo, where nobody wants and nobody works. I request that the whole position may be reviewed. As the Finance Minister pointed out, there were so many representations, about both coffee and cardamom. If I remember correct, at one time there was a feeling in the Finance Ministry that this was a bit too much and that

amelioratory measures have to be taken. The Finance Minister mentioned something about Rs. 10 per kg. and also about the quantity which was in the pipeline. In the whole international market situation, these two items, viz. coffee and cardamom are basically small producers' items. I would request the Finance Minister to review the whole situation and see that the farmers are benefitted and that the international market is not spoiled.

\*SHRI DHARMASINH BHAI PATEL (Porbandar): Mr. Chairman, Sir, the hon. Finance Minister, Shri Patel, has selected three items: (1) Coffee, (2) Groundnut and (3) Cardamom. So far as Coffee and Cardamom are concerned, Hon'ble Members have already spoken earlier and as such I am not going to take any more time of the House. I have to say about the export of groundnut only.

Sir, our country i.e. country of Bharat is primarily an agriculture-based country and 50 per cent share of the national income is derived from agriculture and the rest 50 per cent share from other commodities. It is the policy of our new Government that the agricultural produce should be increased and more and more commodities should be exported. So far as Coffee and Cardamom are concerned, two members have already spoken earlier and as such, I shall not discuss about them...

MR. CHAIRMAN: The difficulty is that there is no arrangement for translating speeches in Gujarati here. We will get the translation afterwards. The difficulty is that at present there is no arrangement.

SHRI VAYALAR RAVI: I believe that any Member can speak in his mother tongue. But he should inform the Secretariat one hour earlier. They can arrange it.

\*The original speech was delivered in Gujarati.

**SHRI DHARAMSINGH BHAT PATEL:** ...and so, I shall speak about groundnut only. Sir, about 45 lakh tonnes of groundnut is produced in our country. Out of this 45 tonnes, one-third share, that is 15 lakh tonnes of groundnut, is produced by only one of the regions of Gujarat. It is, therefore, essential that the produce of groundnut is increased and then the surplus stock should be exported. Now the duty of Rs. 800/- has been raised to Rs. 1500/- and thus the increase in duty is raised by Rs. 700/- per tonne. Thus it is doubled straightaway. So far as groundnut without husk is concerned, the duty of Rs. 600/- has been raised to Rs. 1125/-. Thus the duty is doubled. This is not proper. Sir, after thirty years of independence, the quantity of one lakh tonnes of gram is exported and 50,000 tonnes of groundnut with husk is being exported now-a-days after a lapse of 30 years period by the former Government.

Sir, it is the assumption of the Government that whatever prices a commodity fetches they go to the benefit of the producer or cultivator. This assumption of the Government is incorrect; this policy of Government is wrong. For any commodity produced in the country and exported at higher prices, the producer or cultivator would get the higher price—this policy of Government is quite wrong and incorrect. I shall request this hon. Finance Minister that the dates fixed i.e. 6-1-76 for coffee, 13-1-76 for groundnut and 12-1-76 for cardamom and the duty that has been decided to be imposed need sanction. The sanction may be given in future only after reducing the duty on the three items, that is coffee, groundnut and cardamom, which has been increased. The cultivators have no big industry in this country. They are producing these commodities by applying costly fertilisers, costly irrigation and through hard labour. Some quantity is exported by the cooperative societies, some quantity by the merchants and

some by the cultivators and producers themselves directly. I, therefore, urge the hon. Finance Minister not to raise the duty which has been proposed to be raised.

**SHRI C. M. STEPHEN (Idukki):** My hon. friend, Mr. George, has dealt with this question very effectively. I want to put in a few words because 70 per cent of the Indian production of cardamom is in my constituency of Idukki. I know the difficulties and the financial constraints under which the cardamom grower is today working.

Mr. George has narrated the history of the ups and downs in the prices of cardamom. In 1972 there had to be a floor price which indicates that the prices were very low. Subsequently there have been ups and downs. Now they have imposed a duty which, as he pointed out, cummulative comes to Rs. 50,000 per tonne. Even after the reduction, it comes to Rs. 10,160 or so per tonne. That is the present position.

You will realise next year that the production has absolutely crashed. Because of climatic conditions and pests the production has completely crashed. In order to improve production, the farmer is putting in a lot of inputs the price of which is rather high. Time was when cardamom was just a forest growth. That is not the position now. Today, the plant has got to be meticulously taken care of. This is a time when the farmer has to take care of every plant meticulously and money has got to be pumped to sustain the production of these plants. If you impose custom duty merely because there is a spurt in the prices it is rather too unkind. It is due to shortsightedness.

One can understand if you are imposing a sort of *ad valorem* duty. Whether that should be imposed on foreign exchange earning commodity is a different matter altogether. But merely because there is some spurt in prices, you want to collect money and are jumping over the farmer, who

\*The original speech was delivered

in Gujarati.

is completely helpless. This is absolutely a cruel approach. The Government of India can afford to forego Rs. 10,000 per tonne. Now, there is a spurt in prices because of the fall in production. The fall in the production has increased because of increase in the cost of inputs and all that. What is the additional care a farmer is taking of about it? What is the net amount that is being collected? That should be the criterion.

If somebody goes into it, he will find that the farmer today is in the red; he is not on the profit side because of the fall in production, because of the increase in the cost of production. The Government of India took a view about bringing down the custom duty from Rs. 50 to Rs. 10. They gave an explanation, a valid explanation, that it became necessary because of the accumulation of stock, because of the non-lifting of the stock and so on. Therefore, that became necessary. I suppose, the position today is that the duty is Rs. 10 and not Rs. 50. Suppose this Statutory Resolution is here purely, because whatever duty has to be imposed, it has to come before Parliament and therefore it has come. But I suppose this takes effect as on that date. What is now in force is, I suppose, Rs. 10 per quintal. If on the other hand Rs. 50 per quintal is to be the duty, it will be outrageous, completely devastating, dangerous and what not. Even that Rs 10 per quintal is quite unbearable

Anyway, I must congratulate the officers who have framed this Notification. In the light of what Mr. George has said, in respect of one commodity, you speak quintal, in respect of other commodity, you speak about kilogram in respect of another commodity, you speak about some other measurement and so on. These different units of measurement give a misleading sense of the burden of the tax. I would plead with my friend Mr. Patel to have a second look at the whole thing

and accept the principle of not rushing into collecting a little money when there is an occasional spurt in the prices. Let us not jump over it; let us not jump over the farmer; let him bring more and more price so that foreign exchange may be increased more and more.

If you do not encourage these small farmers, then how can they prosper. There are about 25,000 small farmers in number. There are no big planters, except one or two. They have got only 3-4 hundred acres. That is what has come to be known as big planters. All the other fellows are having 2-3 acres. It is on these people that the burden will come. Let us have a generous look at it.

SHRI C. K. CHANDRAPPAN (Cannanore): Mr. Chairman, Sir, I share the views expressed by my hon. friends here by bringing forward certain points to the hon. Minister for his kind consideration.

My feeling is that the Government is trying to take advantage of the coffee crisis all over the world. This crisis will not last long. The crisis, as has been pointed out by my hon. friend, Chandre Gowda, is due to certain temporary factors. There was a severe frost in Brazil. The coffee production fell 70 per cent and in terms of quantity. It was a fall to the tune of 7 million bags of coffee. Then, there was a civil war in Angola. It is over now. I think, they will produce more coffee in future. Further, there was flood and drought in certain Latin American countries. All these are certain temporary phenomena which these countries would overcome very soon. All this created a condition of crisis in the world market of coffee. Today, the coffee price has, therefore, gone very high and the Government's only argument which the hon. Minister has put forward is that the exporters are earning more than what they used to earn and that, naturally, a share of it should come to the Government.

[Shri C. K. Chandrappan]

Nobody will object to that. Normally, if there is a windfall of profits to the exporters of coffee, it is very legitimate and we would support the plea that a major share of it should come to the Government. But if you take the official view of it, it is not so. Even the Coffee Board says that. It is true that most of the growers are small growers. They say that the growers may get a return higher than the cost of production but not appreciably higher. I am quoting from the Coffee Board records, from the speech of its Chairman. What does it say? It says that they are getting slightly more than the cost of production; it is not appreciably more. So, the profit is made elsewhere. Utilising the crisis in the coffee market, the profit is made by exporters and that too for the time being. I think, on that basis, the Government should not base its policy.

In one of the coffee producing countries, in Columbia, the Chairman of the Coffee Producers' Federation says that he was sure that the shortage of coffee is temporary. Therefore, the Government should not base their policy on these temporary factors. I would, therefore, appeal to the hon. Minister to reconsider the question of imposing additional excise duty.

Another thing that I would like to bring to the attention of the hon. Minister is that in our country too the production is falling. I do not know whether this has come to the notice of the Government. In Wynad itself, in my constituency in north Malabar, there are 10,000 acres of coffee plantation which is affected by mealy bug, which is described in the *Economic Times* as a deadly parasite. This has brought down the production of coffee in Wynad. In Kerala, Wynad is a centre where a large number of small growers are contributing largely to the coffers of this country by producing coffee. About 2000 to 3000 tonnes of coffee is the annual production loss there today and, in

terms of money, the loss of foreign exchange earnings, it will come to about Rs. 4 crores per year. That is how the internal production has come down. The hon. Minister should also know the magnitude of the fall in production. There used to be the production of 50 to 60 tonnes of coffee in a plantation of one hundred acres. Today, the production has come down to 10 to 15 tonnes. That is the magnitude of the problem resulting from this parasite infection. So, taking this opportunity, I would like to make an appeal to the Government to take certain steps. Firstly, for giving loans and other assistance to the planters, who are largely small planters, to replant their plantations. Secondly, for sending a team of the ICAR to study and propose measures by which they can overcome this crisis. Lastly, for setting up a coffee research centre at Wynad so that a long-term solution can be found for this problem. I am suggesting this because you are now going to tax heavily and get a lot of money. A share of this should go to the producer, the small farmer.

So, my first appeal would be, don't base your policy on a temporary phenomenon and increase the export duty. The Minister may kindly consider this. Secondly, from the amount of duty which you will be getting, a share should go to the small grower so that the country will benefit ultimately because the production of coffee will go up. I hope the hon. Minister will consider this favourably. With this appeal I conclude.

**SHRI VAYALAR RAVI** (Chirayinkil): This Resolution which is before the House is a decision taken by the previous Government. I am grateful to the Hon. Minister that when we met him last time to represent the grievances of the growers due to the duty imposed on them, he assured us that he would look into it.

My view is that what is harmful to the interests of the growers is

harmful to the interests of the country also as it would ultimately affect the foreign exchange position. I would like to make a suggestion that before taking decisions for imposing duties on such items, you may please consider the views of the Statutory Boards constituted by the Government itself. There is the Coffee Board and the Cardamom Board etc. Your own Government nominees are Chairmen of these Boards and the majority of the Members are also Government officials. So they can represent the views of the Government on these Boards which will make their recommendations. They can at least express their views on the views of the Ministry. I wish that hereafter you would take into account the views of the respective Boards—Coffee, Cardamom, Coir or whatever it may be.

Now, I am not going into the statistics as it has been quoted here already. But I would say that the present situation is due to natural calamities. The condition of the Arabian market, the civil war in Angola etc. were responsible for this rise in the international market. This is not a permanent phenomenon at all. Even Brazil, which is the largest coffee growing country in the world, has contributed very little to the world pool and ultimately the prices went up.

We earned good foreign exchange to the tune of Rs. 65 crores year before last and now we are expecting to get Rs. 100 crores this year. But this will really affect whom? It is not the exporters who will be affected. The Coffee Board has its own system of pooling and auctioning. Even in exports, the Government Board has done good work in the last two years. It has entered into a contract with socialist countries and has captured a market.

Now, there is the Pool Fund which, if I am not wrong, is to the tune of Rs. 12.5 million. We have to pay this duty from the Pool Fund, which will affect about 86000 farmers. So, the

deficit is sought to be made up with the little money that the poor farmers are getting. I request the hon. Minister to take into account these facts and also the difficulties faced by the small growers and to see that this is withdrawn as early as possible. Hereafter the opinion of the Board should be taken into account.

Lastly, so far as cardamom is concerned, at present it has been reduced to Rs. 10. It is a problem concerning the States of Kerala, Karnataka and also Tamil Nadu. I hope, the hon. Minister will stick to Rs. 10 and will not increase it further. It is because of the efficient work done by the Cardamom Board that this position has come. I should give a word of praise to the Cardamom Board for the good work done by them.

Once again I would appeal to the hon. Minister to take into account the fact that, when we increase the price in the international market, our product may not be competitive in the international market and ultimately we may lose foreign exchange because the entire product may come back to the internal market. Especially in the United States, the biggest coffee-consuming country, there is a propaganda that coffee is a luxury item.

I hope and believe that the hon. Minister, being a practical man, will take all these facts into account and help the poor farmers of this country.

श्री नाथराम मिश्रा (नागौर) : सभापति जी, माननीय मंत्री जी स्वयंकाशतकार हैं और उसकी बात जानते हैं। जिस नोटिफिकेशन का हमने रेटिफाई करना है इस में मूंगफली, मूंगफली के दाने, काफी, इलायची के जिस तरह रेट बढ़ाये हैं वह शार्ट टर्म रेंज में रखा गया है, और लम्बी दृष्टि से उन चीजों की फौरन एक्सचेंज ग्रनिंग में क्या कैपेसिटी है और उसमें से कितना रुपया काशतकार को मिलना चाहिए, काशतकार को पैदा करने में कितनी तकलीफ हो रही है इन कमोडिटीज को कितनी बीमारियों का प्रतिक हो रहा है और काफी

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के कितने बगीचे उजड़ रहे हैं और इलायची की बेलों का इस देश में क्या हाल है और इसके ऊपर क्या टैक्सेशन है और किस तरह से ड्यूटी लगाते हैं इन सारी बातों का बहुत गहराई के साथ अध्ययन करके राष्ट्रीय कृषि आयोग ने सरकार के सामने कुछ सुझाव रखे हुए हैं रिपोर्ट के रूप में। कृषि मंत्रालय का जिसका कि इन के उत्पादन से सम्बन्ध है और कोमर्स मिनिस्ट्री का जो कि एक्सपोर्ट करती है, आपस में इन दोनों का कोई तालमेल नहीं है और ऐडवाक निर्णय ले लिए जाते हैं। नीजा यह होता है कि लम्बी दृष्टि से इन चीजों का उत्पादन बढ़ा कर जो विदेशी मुद्रा कमा सकते हैं वह हमारी क्षमता पूरी नहीं हो पाती है। इसलिए इन बातों को ध्यान में रख कर मैं आप से कहना चाहता हूँ कि जिन तारीखों में यह नोटिफिकेशन आप ने निकाला वह शार्ट रेंज से तो ठीक हो सकता है, पर इतनी ड्यूटी बढ़ा देने से अन्टी नेट असर इस का काश्तकार को मिलने वाली कीमत पर पड़ता है और काश्तकार मायूस हो जाता है, उस का उत्पादन नहीं बढ़ता है, वह बीमारियों का उपचार नहीं कर पाता, बगीचे उजड़ जाते हैं। जो कुछ पीछे हुआ उस को आप रेटाई करवाये। पर आगे इन चीजों पर एक्साइज ड्यूटी कैसे लगे, दूसरे कर किस प्रकार लगे इन सारी बातों पर गहराई से अध्ययन करके राष्ट्रीय कृषि आयोग ने जो रिपोर्ट दी है उस पर वित्त और कृषि मंत्रालय गार कर के भविष्य के लिए फैसला करे ताकि देश का उत्पादन भी बढ़े, काश्तकार का वाजिब हिस्सा भी मिले और देश आज फौरन एक्सचेंज उसी तरह से कमा सके। मेरा इस वक्त आपसे यही सुझाव है।

16.38 hrs.

[MR. SPEAKER in the Chair]

SHRI M. RAM GOPAL REDDY (Nizamabad): Mr. Speaker, Sir, India is not the only country which is exporting coffee. It is a competitive market, where we have to stand in competition with other countries.

If our coffee become costlier, nobody is going to purchase that. Naturally, to make it competitive, we have to reduce the coffee price that is going to be paid to the farmers and when the farmers would get less, they would not produce it. I want to give you two examples of sugar and cotton. The production of sugar was 48 lakh tonnes and when the incentives were withdrawn, and the taxes were raised, immediately it went down to 28 lakh tonnes. It went up again to 48 lakh tonnes when the incentives were given. In the case of cotton the production went up in one year and then in the next year there was a terrible shortage, I do not want that the hon. Minister should create conditions which would lead to shortage of coffee. When the production of coffee goes down, it is impossible to raise it immediately next year as we have done in the case of cotton and sugar. I would, therefore, request him to see that this duty is immediately withdrawn so that we may have competitive position in the international market and may be able to export coffee. Once the market is lost in the international field, it is wellnigh impossible to regain that market. We should keep that in mind always. I would request him to withdraw these suggestions immediately. There is no shortage of money; the previous Government has given you Rs. 3,000 crores of foreign exchange. You should not bother for this small money. I would request him to accede to my suggestions in order to maintain our exports of coffee to the extent of Rs. 50 crores per year as at present.

SHRI H. M. PATEL: Mr. Speaker, Sir, I am afraid the last speaker has not understood the point. This duty is being levied only because the prices in the market abroad went up. We wanted to take advantage of that. When the prices go up in the international market, the benefit certainly goes to somebody, and the Government intention is that when such a windfall benefit occurs, they should have a share in it. That is the theory in this.

**SHRI K. P. UNNIKRISHNAN** (Badagara): You have already done that once.

**SHRI H. M. PATEL:** There is no danger of the exports being affected adversely.

So far as Shri Mirdha's point is concerned, I fully agree with him that whatever recommendations the National Agricultural Commission has made, we should study them and take them into account in future. But I hope that it is not the intention of any hon. Member to suggest that when such a windfall profits occur, Government should not have a share in them. You may say that the sharing should be fair. Therefore, once that principle is accepted, I am quite agreeable to examining every proposition whether in imposing a particular rate of duty, we are reasonable or not.

So far as the subject under discussion is concerned, these duties were imposed in November, 1976—some of them—and one in January, 1977, and there was justification for that.

I would also answer Shri Chandrapan's point that we should not do this when the fluctuation of price is for a short period. So far as coffee is concerned, the disaster that occurred in Brazil is something that is going to endure for more than one year, may be two or three years. Why should we not take advantage of that? It is not going to affect the producer adversely.

**SHRI D. B. CHANDRE GOWDA:** It does, as I made out.

**SHRI H. M. PATEL:** The total production that has been recorded with us indicates that the production of coffee has not gone down; it is going up. But I am not entering into argument. I wish merely to point out that the theory underlying the imposition of duties of this nature again

is variable. The moment it is found that the duty is excessive and it may affect the exports, it may immediately be reduced or removed.

In the case of cardamom, for instance, when the imposition of duty was Rs. 50, whatever the argument that influenced the decision then, there were no exports under Rs. 50 and the exports began only when the duty was reduced to Rs. 10 which shows that the subsequent decision of reducing the duty was right.

Now, so far as the question of farmers and others being adversely affected is concerned, I can assure you that nothing can be farther from the truth, because this is a decision of the previous government and I imagine they also proceeded on the same basis and had no intention that small farmers should be adversely affected, nor is it going to be mine and I think we will certainly take into consideration whatever suggestions that have been made by various speakers in regulating this duty in future, but duty will be levied when circumstances warranted it and I hope the House will not grudge it because after all many things have to be met and the money has to come into the Exchequer. So far as groundnut is concerned, I am afraid again the price-rise has been quite considerable. In coffee for instance when the duty was raised from Rs. 50 to Rs. 300, the London price was Rs. 878. It is now Rs. 4015 and when it was raised to Rs. 300, it was Rs. 2600. So you will see that it is not the coffee-grower who is going to suffer. Nobody is going to suffer but the government is wanting a certain share in the windfall profits that come....

**SHRI D. B. CHANDRE GOWDA:** One point. What happens to the coffee deals which are already in the pipe-line? There may be many deals struck by Indian exporters. What happens to that?

**SHRI H. M. PATEL:** Some people may get the benefit and some people

[Shri H. M. Patel]

may not get it but they may get it at a later stage.

When it is reduced, somebody is going to get. I do not think those are considerations which should influence the general decision....

**SHRI D. B. CHANDRE GOWDA:** Crores of rupees will be lost.... I want your indulgence for a minute.

**SHRI H. M. PATEL:** I am not yielding. Crores of rupees go to whom? It is not a loss to this country.... (*Interruption*). I am yet to complete my reply. If the hon. member is anxious, I shall certainly give full consideration to the point that he has made when imposing or reducing duties in future, but, there is no use starting an argument here. If you wish, I shall try to satisfy you later, but this is not the point. Here, we consider only what the principle underlying imposition of this duty should be.

I think, Mr. Speaker, I have answered most of the points and I may assure the hon. Members that I shall take into account whatever they have said.

**SHRI C. M. STEPHEN:** I have sought a clarification, whether the passing of this resolution will have the effect of superseding a subsequent notification reducing the cardamom duty from Rs. 50 to Rs. 10.

**SHRI H. M. PATEL:** The duties become effective from the date when they are notified because the requirement under the Rules and the Act is that when the House is not in session and a notification is issued, then I must immediately place before the House the notification that is issued, within 15 days of the commencement of the session. It is in that context that it is done. But the notification becomes effective from the date when it is notified. The subsequent reduction in duty also becomes effective from that date and it will come in due course before Parliament.

**SHRI D. B. CHANDRE GOWDA:** My only point is that if the export duties are raised not in the Budget time but after the Budget or before the Budget, what happens? So far as the exporting countries are concerned, the bargains are struck at the rates that prevailed at the time of the Budget. But in between the time of the agreement and the time coffee is received in the importing countries, in that time gap there will be some coffee in the pipeline. The exporter says it should not be met by him because he will not be able to visualise what would be the attitude of the Government. This time the excise duty on coffee which was in the pipeline was met out of the pool fund which ought to have gone to the grower himself. Is the grower responsible for this?

I would request that at least this particular point may be considered.

**SHRI H. M. PATEL:** I will consider it although the answer is very clear and we will discuss it with you, if necessary.

**SHRI A. C. GEORGE (Mukandapuram):** I am submitting that the hon. Minister may have a closer look in so far as coffee and cardamom are concerned. It is the exporter who is suffering. The farmer will realise the money because of peculiar auction of cardamom, as well as coffee.

**SHRI H. M. PATEL:** Shri George should really be much more fully acquainted with this subject than perhaps, I am. Merely because he is sitting on the opposite side of the House he must say something. I can assure him that in the imposition of the duty of this nature, we do take into consideration who benefits and we want to deprive that person because it is a wind fall. The State exchequer has a share in it. It is the most important point. The word is 'share'. We are not taking the whole of it.

MR. SPEAKER: The question is:

"That in pursuance of sub-section (2) of section 8, read with sub-section (3) of section 7 of the Customs Tariff Act, 1975 (51 of 1975), this House approves the following Notifications of the Government of India in the Department of Revenue and Banking, namely—

(a) No. G.S.R. 870(E), dated the 6th November, 1976, increasing the export duty on coffee from Rs. 300 per quintal to Rs. 1300 per quintal,

(b) No. G.S.R. 877(E), dated the 13th November, 1976, increasing the export duty on groundnut kernel from Rs. 800 per tonne to Rs. 1500 per tonne and on groundnut in shell from Rs. 600 per tonne to Rs. 1125 per tonne, and

(c) No. G.S.R. 13(E), dated the 12th January, 1977, levying an export duty on cardamom at the rate of Rs. 50 per kilogram under the new Heading No. 22 in the Second Schedule to the said Act,

from the date of each of the notifications aforesaid."

*The motion was adopted.*

16.53 hrs.

MESSAGE FROM THE VICE-PRESIDENT ACTING AS PRESIDENT

MR. SPEAKER: I have to inform the House that I have received the following message dated the 6th April, 1977 from the Vice-President acting as President:

"I have received with great satisfaction the expression of thanks by the Members of the Lok Sabha for the Address which I delivered to both Houses of Parliament assembled together on the 28th March, 1977."

16.53½ hrs.

GOVERNMENT OF UNION TERRITORIES (AMENDMENT) BILL

गृह मंत्री (चौधरी चरण सिंह) :  
 अध्यक्ष महोदय, मैं प्रस्ताव करता हूँ :

" कि संघ राज्यक्षेत्र शासन अधिनियम, 1963 का और संशोधन करने वाले विधेयक पर विचार किया जाए ।"

जैसा हम सबको ही मालूम है कांस्टीट्यूशन में यह संशोधन कर दिया गया है कि देश के अन्दर जितनी विधान सभाएं हैं उनकी अवधि 5 वर्ष के बजाय 6 वर्ष होगी। तो गवर्नमेंट आफ इंडिया जो अब से पहले देश के चार्ज में थी उसका विचार यह था कि यूनियन टेरिटरीज की विधान सभाओं की मुद्दत भी पांच साल के बजाये 6 साल कर दी जाए। लेकिन क्यों कि लोक सभा डिजाइव की जा चुकी थी और राज्य सभा सेशन में नहीं थी, उसका इजलास चल नहीं रहा था तो उन्होंने एक आर्डिनेंस के जरिए पांच की जगह 6 साल यूनियन टेरिटरीज की विधान सभाओं की मुद्दत कर दी। लेकिन हम लोग अर्थात् मौजूदा गवर्नमेंट इस 6 साल की मुद्दत के खिलाफ है। हम इसको मुनासिब नहीं समझते और उसके लिए अलाहिदा एक विधेयक भी गलिबन प्रस्तुत करने का विचार है या प्रस्तुत किया जा चुका है। वह तो अलग बात है लेकिन इसमें यूनियन टेरिटरीज की भी हम मुद्दत 6 से 5 साल ही चाहते हैं। गवर्नमेंट आफ इंडिया ने आर्डिनेंस के जरिए 5 साल की जगह 6 साल कर दिया था अब हम उसको 5 साल 7 महीने करना चाहते हैं। गोवा, डामन, ड्यू और मिजोरम—यह यूनियन टेरिटरीज कहलाती हैं। पहले हमारा विचार था कि गोवा डामन, ड्यू में केवल 4 महीने की मुद्दत बढ़ाई जाये। 23 मार्च को मुद्दत खत्म होती थी और 23 जुलाई तक एलैक्शन कराने का विचार था लेकिन मुझको मालूम हुआ है कि वहां भी जून के आरम्भ में वर्षा आरम्भ हो जाती है जिसका मतलब यह है कि मई के बाद एलैक्शन कराने में कठिनाई होगी। इसलिए